RNS Number : 1126G
Quadrise PLC
30 September 2024

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Quadrise plc

("Quadrise", "QED", the "Company" and together with its subsidiaries the "Group")

Final Results and Notice of AGM

Quadrise (AIM:QED), the supplier of MSAR® and bioMSAR™ emulsion technology and fuels, providing innovative lower cost and cleaner alternatives to fuel oil and biofuels, is pleased to announce its audited final results for the year ended 30 June 2024.

Operational Summary:

- **Marine** - The signature of the binding trial agreement between Quadrise, MSC Shipmanagement Ltd ("MSC") and Cargill NV ("Cargill") has been subject to delays, however, the parties are collaborating positively to finalise as soon as possible. Upon signature, installation and commissioning of the Company's trial equipment at the MAC² terminal is planned in Q4 2024, ahead of fuel production and the Proof-of-Concept tests commencing in early Q1 2025. The bioMSAR™ LONO trial is planned to complete 6-8 months following the 2-month long Proof-of-Concept tests of MSAR® and bioMSAR™. During the LONO trial the parties intend to conclude a Commercial Supply Agreement and secure bioMSAR™ bunker supply operations to the marine sector by Cargill from MAC² facilities in Antwerp and Bruges on a permanent basis in anticipation of a successful trial conclusion.

- **Morocco** - Following the successful industrial demonstration test at an OCP SA ("OCP") industrial site in Morocco, a Commercial Framework Agreement was signed with OCP in May 2024. Preparations for a 30-day commercial trial at OCP's Jorf Lasfar site are now underway and in parallel Quadrise has opened discussions with candidate suppliers for long-term commercial MSAR® supply with a view to signing term supply agreements following successful trial completion.

- **Utah -** Following successful pilot drilling in Q2 2024, oil production testing commenced in July 2024 managed by Valkor. Oil production from the first well was confirmed in September 2024. Representative production barrels of heavy sweet oil were prepared by Valkor in September, samples of which are being shipped to Quadrise for analysis and formulation optimisation testing at QRF. Commercial marketing of MSAR® to commence once the samples have been tested. Valkor expect to drill additional oil wells on site by 2024 year-end to increase oil production to 500-800 barrels per day. Provided a minimum of US 15 million of project financing is successfully raised by Valkor, Valkor will pay Quadrise US 1.0 million under the terms of the Site License and Supply Agreement. A further US 0.5 million is then due from Valkor upon delivery of an MSAR® Manufacturing Unit to the project site in Utah. Valkor have confirmed to the Company that they are confident about their efforts to secure the necessary project financing to enable these activities.

- **bioMSAR™ -** During the period, testing commenced on blends of bioMSAR™ incorporating 'B30' marine biofuel (a blend of 30% biodiesel and 70% fuel oil) which, combined with glycerine, reduces the fossil fuel content of our emulsion blends, providing an additional potential pathway to bioMSAR™ Zero. When compared to diesel, the B30-based bioMSAR™ blends demonstrated over 38% well-to-wake CO_2 reductions, enhanced diesel engine efficiency of 3-7%, and reductions in NOx emissions of 43%-59% compared with diesel fuel during testing. Testing is now underway on higher concentrations of waste-based bio-oils with the intention to produce our first prototypes of 'B100' bioMSAR™ Zero, a 100% sustainable biofuel. Quadrise is therefore on track to being able to demonstrate a commercial bioMSAR™ Zero product well ahead of the Company's 2030 target.

Financial Summary:

- Loss after tax of £2.9m (2023: £3.1m), of which of £1.5m (2023: £1.7m) is attributable to production and development costs and £1.3m (2023: £1.3m) relates to administrative and corporate expenses.

- Total assets of £6.7m as at 30 June 2024 (2023: £5.3m).

- Cash balances as at 30 June 2024 of £3.0m (2023: £1.3m).

- Cumulative tax losses of £64.7m (2023: £62.1m) potentially available for set-off against any future profits.

Jason Miles, Chief Executive Officer of Quadrise, commented:

"The Company entered the 2024-25 financial year with strong momentum and is preparing to play its part in accelerating the global transition away from fossil fuels.

Energy economics, environmental considerations, and emissions regulations are increasingly driving the business case for MSAR® and bioMSAR™ technology. With strong market conditions, the Company is well-positioned to progress commercial trials with industry majors and build on traction gained during the period with new potential clients while advancing biofuel options for bioMSAR™ production and net-zero solutions.

The pending agreement with MSC and Cargill will formally kick off activities at the MAC² terminal during Q4 2024, to prepare for fuel supply to the MSC vessel trial from Q1 2025 onward followed by commercial supply upon success. Our team is also preparing to complete the OCP commercial trial in Morocco in early Q4 and has commenced discussions with candidate suppliers for long-term commercial MSAR® supply upon success. Heavy sweet oil from the Valkor projects in Utah has commenced production, with the State of Utah approving Valkor's plans for future drilling. Conclusion of the MSAR® site license and planned equipment delivery to Valkor in Utah is therefore expected, pending successful resolution of eagerly awaited project financing by Valkor.

We acknowledge that progress during the period has been slower than we had previously anticipated, however the time for Quadrise technology delivery is now and the team are focused on achieving that goal."

Notice of Annual General Meeting

Quadrise also gives notice that the Company's Annual General Meeting ("AGM") will be held at 12 noon on 22 November 2024 at the Park Plaza County Hall Hotel, 1 Addington Street, London, SE1 7RY.

For additional information, please contact:

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About Quadrise

Quadrise is the supplier of MSAR® and bioMSAR™ emulsion technology and fuels, providing innovative lower cost and lower carbon alternatives to fuel oil and biofuels in the global power generation, shipping, industrial and refining industries.

Learn more: www.quadrise.com

Certain of the information contained within this announcement is deemed by the Company to constitute inside information as stipulated under The Market Abuse Regulation (EU 596/2014) pursuant to the Market Abuse (Amendment) (EU Exit) Regulations 2018. Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

Chair's Statement

The 2023-24 financial year has been one of incremental progress, with the Company in a stronger position operationally and financially at year end than at the same time last year. Events after year end are further strengthening the Company's position, with the awaited signature of a collaboration agreement with MSC and Cargill allowing sitework to commence for the vessel trials. With drilling samples from Valkor having now been prepared and trials in Morocco with OCP due to commence soon, the Company has entered the 2024-25 financial year with strong momentum and remains both eager and well placed to play its part in the global transition away from fossil fuels.

The global commercial and regulatory landscape has never been more favourable for the adoption of Quadrise technology. This was especially evident at the December 2023 COP 28 climate conference in Dubai, which saw nearly 200 countries reach a landmark agreement to phase out fossil fuels. This milestone is boosting global efforts to fast-track decarbonisation technologies, as governments, companies, and investors push to prevent the worst effects of climate change.

The shipping sector is now at the forefront of this transition, with shipping operators and their customers leading the way. At COP 28, CEOs of major shipping companies called for a deadline on the manufacture of newbuild fossil fuel-powered vessels and urged the IMO to establish regulations for green fuel adoption. Meanwhile, marine freight buyers like Amazon, Philips, and Nike joined the Zero Emission Maritime Buyers Alliance (ZEMBA) to promote zero-emission shipping. In September 2023, ZEMBA launched a request for proposals, seeking bids to transport 600,000 containers over three years on ships that offer a 90% reduction in emissions compared to traditional fossil fuels.

Quadrise technology focuses on the affordable and progressive decarbonisation of shipping through the replacement of heavy fuel oils. It enables production of MSAR® and lower carbon bioMSAR™ fuels, which are lower cost, cleaner, simpler and safer alternatives to heavy fuel oil and currently available biofuels. This allows shipping companies to meet their emissions targets whilst avoiding the need for new vessels or expensive and time-consuming retrofits.

Quadrise continues to build its profile within our target market sectors. Efforts to expand our client network this year have resulted in several promising opportunities arising with prospective commercial partners. As part of these efforts, the Company launched its second Sustainability Report in November 2023. This report provides an accessible reference point for leaders and decision-makers in the shipping and industrial sectors who are looking to decarbonise their businesses practically and economically.

The Sustainability Report sets out our firm ambition to develop a commercially competitive net-zero carbon emission fuel, 'bioMSAR™ Zero', by replacing the hydrocarbon element of bioMSAR™ fuel with zero-carbon or carbon-negative substitutes. Our goal is to have this fuel market-ready by 2030 and the development programme is already well underway with formulations tested to date that reduce CO_2 by up to 38% on a 'well to wake' basis.

already well underway with formulations tested to date that reduce CO_2 by up to 30% on a "well-to-wake" basis.

Whilst we look to develop new opportunities, our near-term approach remains unchanged, with continued focus on our key projects with MSC, Valkor and OCP. These represent the most appropriate use of our financial and other resources and provide the most material pathways to commercialisation and profitability in line with the Company's core strategy.

Our project portfolio has been developed to address the Company's strategy of creating demand points for our technology in key geographical locations, whilst stimulating supply around these areas. This will enable marine customers such as MSC to bunker our fuel worldwide and incentivise production partners to produce MSAR® and bioMSAR™. Our project with Valkor is directed towards the production of less carbon-intensive and very low sulphur versions of MSAR® and bioMSAR™ for marine and power customers in North America. Our project with OCP in Morocco is intended to generate MSAR® supply in the Mediterranean, whilst our prospective projects in Southeast Asia and Central America potentially provide further points of presence in those regions, preparing ourselves for the scaling of our business to meet demand.

In last year's final results, I commented that the year had been one of "continued strategic and operational progress, but without a breakthrough". The year ending 30 June 2024 may have been more of the same, with the clear promise shown around the time of the April 2024 fundraise then severely tested by project delays outside the direct control of the Company. Planned activities will provide a clear validation of Quadrise focus on the decarbonisation of shipping and enable us to plan in earnest for profitability and scaling of the business. We are not yet completely "in the clear", as trials still need to be successfully navigated, but our technology is tested, and we are confident of success.

As I have stated on occasions before, our ambitions for the business are limited more by the availability of financial and operational resources than by the scale of the significant opportunities that Quadrise can address. Subject to financial circumstances, we intend to explore and advance complementary technologies to strengthen our decarbonisation proposition to customers. This will increase the Company's impact on sustainability and ensure that our products and services are high on the list when potential clients are looking for solutions to reduce emissions.

On behalf of the Board, I would like to express my sincere appreciation to our loyal shareholders for their support. We recognise that this has been another year of frustration and slower than expected progress, but we are confident your patience will be rewarded.

Financial Results

The consolidated after-tax loss for the year to 30 June 2024 was £2.9m (2023: £3.1m), with the loss per share for the year reducing to 0.18p from 0.22p in 2023. Production and development costs of £1.5m (2023: £1.7m) comprise the costs of the Group's R&D facility ('QRF') in Essex, its operational staff and consultants, and ongoing bioMSAR™ and MSAR® development costs. These costs are largely related to fixed costs with the reduction due to lower bioMSAR™ development and testing costs.

Administration expenses of £1.3m (2023: £1.3m), comprise the Group's corporate staff and directors' costs, professional advisor fees, PR/IR costs and head office costs.

At 30 June 2024, the Group had total assets of £6.7m (2023: £5.3m). The most significant balances were cash of £3.0m (2023: £1.3m), intangible assets of £2.9m (2023: £2.9m), and property, plant and equipment of £0.4m (2023: £0.4m). The Group has tax losses arising in the UK of approximately £64.7m (2023: £62.1m) that are potentially available to be carried forward against any future profits.

Andy Morrison
Non-executive Chair
27 September 2024

Chief Executive's Statement

Addressing the Energy Transition Challenge

The shipping sector is responsible for roughly 3% of global GHG emissions and is therefore under increasing pressure from regulators and customers to decarbonise. The sector is now in the midst of great transformation, with numerous alternative fuel sources already in use or proposed as longer term options. Each solution has its benefits numerous alternative fuel sources already in use or proposed as longer-term options. Each solution has its benefits and drawbacks, with some requiring entirely new vessels to be built (in the case of future fuels, such as liquified natural gas 'LNG' or methanol). Some require expensive retrofitting of existing vessels with them removed from active service for long periods of time, and some posing significant safety and logistical challenges (ammonia, nuclear).

Quadrise offers a solution for shipping operators to meet their decarbonisation targets whilst continuing to use their existing fleet with minimal capital investment, thus extending the life of vessels and reducing both fuel costs and emissions.

Revolutionary Quadrise Technology and Synthetic Fuels

Our patented Quadrise blending technology and fuels offer a practical and cost-effective path for operators in the marine sector, as well as those in the industrial and power sectors, to decarbonise, reduce energy costs and lower associated emissions safely. Our unique technology can blend a wide range of oil and water-soluble components to produce highly stable MSAR® and bioMSAR™ emulsion fuels.

- MSAR® is a synthetic fuel oil that is supplied at lower energy cost. When compared to conventional fuel oil, it reduces carbon dioxide ("CO_2") emissions by up to 10% in diesel engines by lowering fuel consumption (further lowering costs) as well as lowering emissions of nitrogen oxides and particulates. It is an oil-in-water emulsion, made by blending oil refinery residue streams (or heavy bitumen or crude oils) with water and specialised additives in a proprietary production process.

- bioMSAR™ incorporates renewable glycerine to produce a synthetic biofuel that offers all the benefits of MSAR® but with 20-30% less CO_2 than fuel oil and cost savings of approximately 10% compared to standard biofuels. bioMSAR™ outperforms LNG and marine biofuel blends in terms of lower CO_2 emissions per unit of energy "well to wake". Other benefits include improved safety during use, and improved dispersibility and biodegradability in the unlikely event of a spill.

Immediately Deployable, Future-Proof Solutions

Our modular systems are commercially proven and ready for rapid deployment at scale to the downstream, power, industrial and global shipping sectors. The economic and environmental savings generated deliver immediate benefits to users as the world transitions towards net-zero fuel solutions at a pace that is still uncertain and governed by regulation, adoption and customer choice.

A Quadrise blending module is a low capital technology that can manufacture MSAR® or bioMSAR™ interchangeably, providing a lower-cost environmental solution to conventional liquid fuels today whilst offering the opportunity to transition to sustainable biofuels based on consumer choice.

With one eye on the future, we have an established R&D strategy that leverages our innovative, adaptable technology and our commercial application experience. We are collaborating with fellow innovators in the sustainable fuel sector to expand our portfolio of lower-cost, renewable, and abundant biofuel components.

Supply partners and collaborators include Cargill NV (who supply sustainable biofuels, bio-oils and glycerine), Vertoro BV (producers of a crude sugar oil "CSO™" that we have successfully tested in diesel engines) and BTG Bioliquids BV (using their 'FPBO' biofuel products and sugar components produced by fast pyrolysis) derived from sustainable biomass such as agricultural and sawmill waste.

Our Quadrise Research Facility (QRF) in Essex is a valuable resource for "proof-of-concept" testing of a range of second-generation biofuel components offered by an increasing number of potential suppliers interested in the bioMSAR™ solution to ultimately provide a net-zero solution for hard-to-abate energy sectors.

Quadrise is the transition technology partner that creates low-carbon, low-emission and low-cost energy solutions. These solutions are more accessible than future fuel alternatives and are compatible and retrofit-ready with existing fleets, enhancing profitability, extending asset life, and reducing emissions and GHG impacts.

Key project status

Decarbonisation of Global Shipping: MSC

Our flagship project with MSC Shipmanagement, which operates the largest shipping container fleet in the world, will demonstrate that Quadrise can play an important role in the decarbonisation of shipping. The project covers trials of MSAR® and bioMSAR™ fuels on board an operationally active MSC vessel (the MSC Leandra V) ahead of commercial supply to MSC upon successful trial completion.

In preparation for the MSC vessel trial fuel supply, a Collaboration Agreement between Quadrise, Cargill NV and MAC² Solutions NV was signed in February 2024. The fuels for the trial will be produced using a Quadrise MSAR® Manufacturing Unit ('MMU') and associated equipment, which will be installed at the MAC² bunker facility in Antwerp, Belgium. MSAR® and bioMSAR™ fuels will then be produced using fuel oil and glycerine feedstocks supplied by Cargill, who will also be responsible for bunkering operations to supply the fuels to the MSC vessel. Planning for success, during the LONO trial the parties expect to conclude a Commercial Supply Agreement and secure bioMSAR™ bunker supply operations to the marine sector by Cargill from MAC² facilities in Antwerp and Bruges on a permanent basis.

Following signature of the Collaboration Agreement, Quadrise have completed the purchase of critical-path trial equipment, including centrifuges and fuel filters, whilst MAC² have obtained the permits required for the trial to proceed and have prepared the groundworks in readiness for installation of Quadrise equipment.

The signature of the binding agreement between Quadrise, MSC and Cargill has unfortunately taken longer than envisaged, however, the parties are collaborating positively to finalise this as soon as possible. The binding 3-way agreement establishes heads-of-terms covering associated binding bilateral agreements for toll manufacture, terminal services and fuel supply, which will also follow during Q4 2024, and in parallel trial preparations will commence as soon as the initial binding agreement has been signed.

The trial will comprise initial Proof of Concept ("POC") tests of MSAR® and bioMSAR™, followed by 4,000 hours of operation on bioMSAR™ to obtain a Letter of No Objection ("LONO") from the engine manufacturer, Wärtsilä. The bioMSAR™ LONO trial is expected to conclude 6-8 months following completion of the 2-month long POC tests. Approximately 10,000-12,000 tonnes of Quadrise fuels will be consumed over the period. In preparation for the vessel trial a Hazard Identification Study ("HAZID") was completed in September 2023 by Lloyds Register as Class Society for the vessel. This involved experts from MSC, Wärtsilä and Quadrise. Installation and commissioning of the Quadrise trial equipment at MAC² is currently expected in Q4 2024, ahead of fuel production commencing in early Q1 2025.

In addition to the MSC project, the Company continues to develop strategic options and partnerships with other shipping companies with the intention of accelerating the commercialisation of both bioMSAR™ and MSAR® for marine applications.

In line with our strategy to decarbonise shipping, we are exploring opportunities in parallel to supply MSAR® to MSC and others from North-West Europe, the Mediterranean, North and Central America, and Southeast Asia to support demand from the major marine bunker hubs and our other clients.

Morocco: OCP

The Company's key project with OCP S.A. ('OCP'), a major international manufacturing and mining group in Morocco, will at the same time stimulate supply of MSAR® in the Mediterranean, a significant region for maritime trade and bunkering due to its strategic location.

In November 2023, Quadrise successfully completed an industrial demonstration test of MSAR® and bioMSAR™ at one of OCP's major industrial sites in Morocco. The industrial unit tested was successfully operated at varying loads of up to 100%, equivalent to 33MW of energy that is supplied by a single burner. This is similar to the energy consumption of a medium-sized container ship. This was the first demonstration of bioMSAR™ in a commercial application.

Under the Commercial Framework Agreement ("CFA") signed in May 2024, a further paid-for trial was agreed to expand the opportunity for both OCP and Quadrise, as well as the process to progress commercial supply discussions for MSAR®. The Company is thus currently finalising preparations for a 30-day MSAR® trial at OCP's Jorf Lasfar site ('Jorf') whilst also completing the engineering studies necessary for commercial MSAR® use there. The MSAR® equipment has been shipped to site to prepare for the trial, which is scheduled to be completed in Q4 2024.

Quadrise has opened discussions with candidate suppliers for long-term commercial MSAR® production and delivery with a view to signing a term supply agreement following successful completion of the Jorf trial.

USA lower carbon fuels: Valkor, Utah

The project with Valkor targets the supply of very-low sulphur MSAR® and bioMSAR™ from extra-heavy oil deposits directly into the marine and power sectors. Quadrise technology will be installed at a central processing facility at Valkor's Asphalt Ridge site in Utah, USA, with the finished products then transported to major ports and power stations. The available hydrocarbon reserves at Asphalt Ridge comprise billions of barrels, with Valkor having sizeable interests in several projects at this location. Unitisation and enhanced oil recovery plans for the project were approved by State of Utah's Board of Oil, Gas and Mining in July 2024.

The properties of Valkor's heavy oil will enable MSAR® or bioMSAR™ derived from it to comply with International Maritime Organisation regulations without the need for costly and carbon-intensive oil refining, providing highly marketable lower carbon, ultra-low sulphur emulsion fuel.

In June 2023, Quadrise signed a Site License and Supply Agreement ("SLS") with Valkor, under which the Company granted Valkor the exclusive right and license to use its technology at the planned central processing facility and to market the finished products on a non-exclusive basis. Under the SLS, Valkor will pay Quadrise a US 1.0 million license fee subject to receipt by Valkor of project financing of at least US 15 million. Valkor will pay Quadrise a further US 0.5 million upon receipt of an MMU and a quarterly retainer of US 75,000 for engineering, project development and support services for at least two years.

Following successful pilot drilling in Q2 2024, oil production testing of the downhole electrical heating system commenced in July 2024 managed by Valkor. Oil production from the first well was confirmed in September 2024. Representative production barrels of 6-8°API extra-heavy sweet oil were prepared by Valkor in September, samples of which are being shipped to Quadrise for analysis and formulation optimisation testing at QRF. Commercial marketing to the marine, utilities and industrial sectors is expected to commence as soon as testing is completed by Quadrise. Initial marketing targets will include local power producers and marine vessels bunkering on the US West Coast. Valkor expect to drill additional oil wells by 2024 year-end to increase oil production to 500-800 barrels per day and are increasingly confident about their efforts to secure project financing.

Other Projects

During the period, Quadrise commenced discussions with an oil refinery in Southeast Asia that is interested in conducting a trial using MSAR® technology for internal thermal applications, as a precursor to commercial supply of a "Mini-MMU" producing 5 tons per hour. The refinery is situated near to bulk oil storage and offers potential opportunities to supply Singapore, the world's largest bunker hub.

The expansion of availability of MSAR® and bioMSAR™ into other major marine hubs such as the Panama Canal is seen by the Board as being vital to the future scaling of the Company's business. In 2023, Quadrise signed a Letter of Intent with Sparkle Power, a power generator in Panama for a commercial test of MSAR® and bioMSAR™. During this financial year, prolonged drought conditions in Panama reduced hydroelectric power supply capacity and Sparkle Power were called upon to provide additional emergency power. With no spare capacity available, they were not able to progress trial preparations. Environmental conditions have now improved, and discussions with Sparkle have resumed.

Together with our local agents, we also continue to explore other opportunities in the region to create demand and stimulate supply in and around Panama and Honduras, the latter being a large consumer of fuel oil for power generation.

bioMSAR™: the transition solution for net-zero energy

The Quadrise product development roadmap is focused on providing low-carbon, low-emission and low-cost solutions to address key transition challenges for maritime decarbonisation and other market sectors that we serve:

- Supplying a drop-in biofuel solution (bioMSAR™) rapidly, at commercial scale globally at terminals or on-board vessels.
- Ensuring the bioMSAR™ platform is sufficiently adaptable to incorporate a range of sustainable biofuel feedstocks.
- Delivering a commercially viable 'bioMSAR™ Zero' (labelled 'B100' - with 100% biogenic energy) solution before 2030.

Collaboration is key to this initiative, and we are working with several like-minded strategic partners to investigate lower cost, renewable and abundant biofuel feedstocks for bioMSAR™. Work on this important programme during the period has been very active:

bioMSAR™ incorporating biodiesel and bio-oil byproducts

During the period, testing commenced on blends of bioMSAR™ incorporating 'B30' biofuel, supplied by major trading companies. B30 is a blend of 30% fatty acid methyl esters (or 'FAME', which is also used in biodiesel) and 70% fuel oil and is currently the most widely available marine biofuel. Incorporation of B30 combined with glycerine further reduces the fossil fuel content of our emulsion blends, providing an additional potential pathway to bioMSAR™ Zero.

When compared to diesel, the B30-based bioMSAR™ blends demonstrated:

- Over 38% well-to-wake CO_2 reductions based on the carbon intensity of the components.
- Enhanced diesel engine efficiency of 3-7% with a corresponding reduction in fuel consumption (further reducing overall CO_2 emissions to 45%).
- Reductions in NOx emissions of 43%-59%.

During Q3 2024, testing continued, incorporating higher concentrations of waste-based bio-oils with the intention to produce our first prototypes of 'B100' bioMSAR™ Zero, a 100% sustainable biofuel. Following successful pilot testing at QRF, engine testing is now scheduled at Aquafuel Research Limited, where our 40kW Cummins diesel engine is situated. Quadrise is therefore on track to demonstrate a commercial bioMSAR™ Zero product well ahead of the Company's 2030 target.

bioMSAR™ incorporating sustainable biomass-derived sugars and alcohols

Large-scale supply and wide availability of fuel options are seen as key customer requirements for scale-up into marine and industrial applications. The ability to use water-soluble biomass sugars within the Company's unique oil-in-water emulsion fuels opens access to abundant bio-energy waste resources, presenting the Company with a significant opportunity.

In December 2023, a bioMSAR™ blend incorporating crude sugar oils ("CSO™") provided by Vertoro BV was successfully tested on the Company's Cummins engine. This testing showed reductions of up to 25% in CO_2 emissions, engine efficiency improvements of 6-7% (taking total CO_2 reductions to >30%) and reductions in NOx of around 30% compared with diesel.

In May 2024 Vertoro announced a partnership with Force Motor Yachts to design and supply a luxury yacht that will run on bioMSAR™ Zero incorporating CSO™. This initiative was formally launched at the Cannes Yacht Show in September 2024. The new Force yacht provides a floating laboratory and validation unit to accelerate access to Quadrise bioMSAR™ Zero and Blend-on-Board technologies to lower costs and emissions.

Work has also progressed during the year with BTG Bioliquids BV ("BTL"), whose technology produces pyrolysis sugars derived from biomass. BTL and Quadrise are working with prospective partners who can use BTL's technology to supply sugars for incorporation into bioMSAR™ at commercial scale. Following successful pilot testing at QRF on bioMSAR™ incorporating around 20% BTL pyrolysis sugars, engine testing is now scheduled with results expected early Q4 2024.

with results expected early Q4 2024.

Outlook

To paraphrase a recent report by Lloyd's Register "*The challenge of maritime decarbonisation is not that it is happening, but that it needs to happen so quickly.*"

Energy economics, environmental considerations and emissions regulations are increasingly driving the business case for MSAR® and bioMSAR™ technology. Quadrise intends to make a significant contribution to the decarbonisation of shipping through the coming year with the signature of further license agreements and completion of commercial-scale trials, leading to supply contracts and commercial revenues from MSAR® and bioMSAR™ during the next 12 months.

Green fuel choices for the marine and industrial markets that Quadrise serves are still far off, and e-fuel availability at a competitive price remains a problem. This has led some proponents of future fuels to hedge their bets with new ship orders for conventional fuels. Those taking delivery of new "dual-fuel" liquified natural gas (LNG) vessels are complaining about limited fuel availability, with 80% still running on marine fuel oil or biofuels. As conventional bio and renewable diesel fuels face growing demand from other sectors, the need for lower-cost and more widely available biofuels is likely to rise.

Market and regulatory trends are set to create an increasingly favourable environment for the Company to advance its business. The implementation of new environmental regulations, particularly in Europe, such as the EU ETS and 'Fit-for-55' are expected to significantly boost biofuel use and technology investment, especially in the shipping sector. As conventional biofuels like biodiesel and renewable diesel, currently used in shipping, face growing demand from other sectors, the need for lower-cost and widely available non-conventional biofuels is likely to rise. These regulations, along with subsidies for renewable waste-based biofuel feedstocks such as glycerine, should enhance the attractiveness of bioMSAR™ for end-users. With strong market conditions, the Company is well-positioned to progress through commercial trials and gain further traction with key clients.

The focus of Quadrise on the decarbonisation of shipping and other sectors is an important statement of intent. License agreements and commercial-scale trials are designed to lead to supply contracts and commercial revenues from MSAR® and bioMSAR™. Looking ahead, our continued development of bioMSAR™ and net-zero solutions opens exciting opportunities to deploy our unique proven emulsion technology, helping our partners and clients to deliver a cleaner future for us all.

Quadrise has a small, highly motivated and capable team and our continued progress is only possible through the significant contribution of everyone working within the business and our shareholders for their loyal support. We are very aware that project delays outside of our control have disrupted our planned commercial progress this year, but we are doing all that we can to expedite successful outcomes in multiple continents and applications that should benefit us all.

Jason Miles
Chief Executive Officer
27 September 2024

Strategic Report

For the year ended 30 June 2024

Principal Activity

The principal activity of the Company is to develop markets for its proprietary emulsion fuels, MSAR® and bioMSAR™ as low-cost, more environmentally friendly substitutes for conventional heavy fuel oil ("HFO") and biofuels for use in large marine diesel engines, power generation plants and industrial applications.

Business Review and Future Developments

A full review of the Group's activities during the year, recent events and future developments is contained in the

Chairman and CEO Statements.

Key Performance Indicators

The Group's key performance indicators are:

- Performance against its annual plan, including project timetables established with partners and clients, and
- Financial performance and position against the approved budgets and cashflow forecasts.

The Board regularly reviews the Group's progress against the key performance indicators above, with a review held at least monthly with Non-Executive Directors. The commercial performance of the Company and each of the Company's key projects and business development opportunities are discussed at length in the Chairman and CEO Statements.

Each year, a detailed two-year budget and cash forecast is prepared by the Executive team and following a comprehensive review process, is then approved by the Board. Performance against budget and updated cash projections are included within the monthly management accounts issued to and reviewed by the Board.

For the year ended 30 June 2024, progress against the Group's business model was slower than anticipated, with delays to key projects as discussed in the CEO statement. The financial performance of the Group was ahead of budget due to lower than forecast expenditure on operations, staff and consulting costs and net project expenditure.

Going Concern

The Group had a cash balance of £3.0m as of 30 June 2024. Based on the latest Company forecasts which assume the anticipated and important receipt of an aggregate of US 1.5m from Valkor as described above, these funds are expected to be sufficient to reach forecast commercial revenues and cover net project expenditure and fixed costs up to the end of June 2025. Additional funding will be required beyond this point to bridge the gap to the generation of sustainable positive cashflows, which are currently planned to commence in H1 2026. The Directors have determined that the continuation of the Group as a going concern will be dependent upon successfully raising sufficient funds in the future to bridge this gap and the prior receipt of the Valkor income. The Directors have a reasonable expectation that such funds will be raised, although no binding funding agreements are in place at the date of this report and have therefore determined that it is appropriate to prepare the financial statements on a going concern basis. However, in the absence of additional funding being in place at the date of this report, these conditions indicate the existence of a material uncertainty. This may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. For further details behind the judgments and estimations used by the Directors in reaching this determination, refer to note 2.4.

Longer term viability statement

In reaching its conclusion on the going concern assessment and longer-term viability of the Group, the Board reviewed the Group's three-year cash flow forecasts which cover the period to revenue generation and positive cashflow. This period is applicable because it extends to the point at which the Group is forecast to be generating sustainable positive cashflows. The Board reviewed the underlying assumptions in this cashflow, together with sensitivity analysis performed on these projections. The Board believes these forecasts are based on a prudent assessment of the Group's prospects and target markets, taking account of reasonably possible scenarios given current market and economic conditions. The risks outlined below have been considered by the Board in their determination of longer-term viability, most significantly 'Delay in commercialisation of MSAR® and funding risks' and 'No profit to date'.

In its sensitivity analysis and review of underlying assumptions, which cover these risks, the Board looked at delays in project timelines or that certain projects might not be realised. The impact on the Company's longer-term viability is that the timing and level of funds required to take the Group to the point of sustainable positive cashflows is then affected. However, the Board consider that the Group remains viable in the longer term under the sensitivities modelled.

The Board therefore has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, provided it is in receipt of the Valkor income and is able to raise the funding required as outlined in the Going Concern note above.

Climate Change

As discussed in both the Chairman's and CEO's statements, our bioMSAR™ technology offers an alternative to HFO with over 25% lower CO_2 emissions. The Directors believe that the growing global emphasis on the COP 26 Goals, specifically the goal of transition to global net-zero carbon by 2050, present Quadrise with increasing opportunities to assist marine, power and industrial clients in obtaining a cost-effective solution to lowering their carbon emissions. Government actions to reduce climate change therefore provide opportunities to Quadrise, but the Board acknowledges that the Company may also be presented with additional risks due to these actions.

Risks, including those introduced by climate change and governmental actions to reduce climate change, are discussed in the next section.

Principal Business Risks

Each year in the second quarter, the Audit Committee assists the Executive Team in a structured zero-based re-assessment of the Company's principal and emerging risks. The review considers each operational sector and organisational level including the Company's research and development facility, QRF, and risks are then triaged for the Company as a whole. The risk level is determined by its probability, its potential impact on the Company, and whether these factors have increased or decreased over the last 12 months. A summary of "Principal Risks and Uncertainties" is reviewed at a Board meeting. Subsequently a Risk Mitigation Strategy and Action Plan is incorporated into the annual Business Planning exercise conducted in June each year.

The principal risks identified during this exercise, ranked in order of the likelihood of occurrence, are set out below. These may not include all the risk factors that could affect future results. Actual results could differ materially from those anticipated because of these and various other factors, and those set forth in the Group's other periodic and current reports filed with the authorities from time to time.

Receipt of funds from Valkor
The Company's cashflow forecasts assume the receipt of an aggregate of US 1.5m (approx. £1.2m) of revenues from Valkor, which, together with the £3.0m cash balance as at 30 June 2024 is expected to be sufficient to reach forecast commercial revenues and cover net project expenditure and fixed costs up to the end of June 2025. At the date of this report, there remains a risk that the 1.5m from Valkor is either not received or is significantly delayed, in which event the Company's ability to progress its projects will be at risk without further funding. The Group mitigates this risk by maintaining strong control over its pre-revenue expenditure, as well as by actively evaluating strategic initiatives that would de-risk and/or facilitate the delivery of the Group's key objectives.

Market scope and risk
Faced with pressure to move away from hydrocarbons, the Group still needs to progress its MSAR® and bioMSAR™ endeavours into a volume business. The Group addresses this challenge by continuing to promote the immediate and practical environmental contribution of MSAR® and bioMSAR™ to the shipping industry. The Group further mitigates this risk by promoting the applicability of Quadrise technology to other sectors such as in the power generation and industrial sectors discussed in the CEO's Statement. The marketability of our technology and the fuels produced is affected by the variability of price spreads between light and heavy oils, the relative cost of biofuel components, and the relative competitiveness of oil, gas, biofuel and coal prices both for prompt and future delivery and other factors beyond the control of the Group.

Commercial return
The Group has made considerable progress in its rapid development and enhancement of bioMSAR™ to meet the requirement for cleaner biofuels, whilst continuing to advance commercial opportunities for MSAR® and reduce its treat costs in the face of reductions to fuel oil-gasoil spreads in the future. During the commercial roll-out of bioMSAR™ there remain the considerable challenges of testing, feedstock availability (see below), biofuel treatment options, formulation optimisation and commercial demand still to overcome. There is a risk the Group will not achieve a commercial return due to major unanticipated change in a key variable or, more likely, the aggregate impact of changes to several variables which results in sustained depressed margins.

The competitive position could be affected by government regulations concerning taxation, duties, specifications, importation and exportation of hydrocarbon fuels and environmental aspects. Freight costs contribute substantially to the final cost of supplied products and a major change in the cost of bulk liquid freight markets could have an adverse effect on the economics of the fuels business. The Group would mitigate this risk through establishing appropriate flexibilities in the contractual framework, offtake arrangements and price risk management through hedging.

***Feedstock sourcing* - MSAR®**

The IMO2020 regulation designed to motivate the use of very low sulphur fuel oils has negatively impacted high sulphur residue supply, due to lack of alternative markets. There is a risk that appropriately located high sulphur residues cannot be sourced. The Group mitigates this risk by utilising its deep understanding of the global refining industry, targeting qualifying suppliers matched to prospective major consumers. There are economic and other advantages to refiners in running a proportion of high sulphur crude oils and the Group believes that the emergence of an MSAR® commercial business would motivate candidate feedstock suppliers to expedite high sulphur residue supply.

***Feedstock sourcing* - bioMSAR™**

Sufficient quantities have been identified for immediate trial purposes, but the volumes and quality of renewable glycerine required for a substantial commercial marine or industrial bioMSAR™ contract are beyond those readily accessible. To mitigate this the Company is rapidly increasing its knowledge of current and potential glycerine sources and contracting with suppliers such as Cargill NV. Clearly a commercial contract would again stimulate this market and thus expedite feedstock supply. The Company is researching other renewable feedstocks that could be utilised together with, or instead of glycerine, such as Vertoro's CSO™ and BTL's pyrolysis sugar biofuels from sustainable biomass.

Delay in commercialisation and funding risks

There is a risk that the commercialisation of MSAR® and bioMSAR™ could be delayed further, or unforeseen technical and/or commercial challenges arise. This could mean that the Group may ultimately need to raise further equity funds to remain operational. Depending on market conditions and investor sentiment, there is a risk that the Group may be unable to raise the required funds when necessary. The Group mitigates this risk by maintaining strong control over its pre-revenue expenditure, keeping up the momentum on its key projects and maintaining regular contact with the financial markets and investor community.

Technological risk

There is a risk firstly that the markets for MSAR® and bioMSAR™ fuels adopt alternative fuels, making these technologies redundant or secondly that the technology used for their production may not be adequately robust for all applications. This is in respect of the character and nature of the feedstock and the parameters of transportation and storage pertaining to a specific project. This risk may jeopardise the early commercialisation of the technology and subsequent implementation of projects; or give rise to significant liabilities arising from defective fuel during plant operations. The Group mitigates this risk by ensuring that its highly experienced key personnel are closely involved with all areas of MSAR® and bioMSAR™ formulation and manufacture, and that the fuel is thoroughly tested before being put into operational use.

Competition risks

There is a risk that new competition could emerge with similar technologies sufficiently differentiated to challenge the Company's process. Were such competition to emerge, this could result, over time, in further price competition and pressure on margins beyond that assumed in the Group's business planning. This risk is mitigated by the limited global pool of expertise in the emulsion fuel market combined with an enhanced R&D programme aimed at optimising cost and performance and protection of intellectual property. The Group also makes best use of scarce expertise by developing close relationships with strategic counterparties such as Nouryon while ensuring that key employees are suitably incentivised.

Environment, Social and Governance risks (ESG)

Quadrise is committed to providing safer, cleaner and more affordable energy. By leveraging our extensive RDI capabilities, and through continuous improvement processes, Quadrise aims to be carbon-neutral by 2030. Furthermore, high standards of corporate governance have always been a strength and this places the Company in the top tier of AIM companies. We maintain this commitment by adopting the highest disclosure standards of the UK Corporate Governance Code, through the experience and commitment of our Non-executive Directors and by following stringent Board policies and procedures. The Company works to exceptional health, safety, environmental protection and quality standards, with strong risk management processes in place, all of which are supported by a first-class team of professional advisors.

Other Business Risks

Dependence on key personnel

The Group's business is dependent on obtaining and retaining the services of key personnel of the appropriate calibre as the business develops. The success of the Group will continue to be dependent on the expertise and experience of the Directors and the management team, and the loss of personnel could still have an adverse effect on the Group. The Group mitigates this risk by ensuring that key personnel are suitably incentivised and contractually bound.

Environmental risks

The Group's operations are subject to the environmental risks inherent in the oil processing and distribution industry. The Group is subject to environmental laws and regulations in connection with all its operations. Although the Group ensures compliance with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances that could expose the Group to potential liability.

Further, the Group may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals may prevent or delay such activities. The Group is unable to predict definitively the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business, or affect its operations in any area of its business. The Group mitigates this risk by ensuring compliance with environmental legislation in the jurisdictions in which it operates, and closely monitoring any pending regulation or legislation to ensure compliance.

No profit to date

The Group has incurred aggregate losses since its inception, and it is therefore not possible to evaluate its prospects based on past performance. There can be no certainty that the Group will achieve or sustain profitability or achieve or sustain positive cash flow from its activities.

Corporate and regulatory formalities

The conduct of petroleum processing and distribution requires compliance by the Group with numerous procedures and formalities in many different national jurisdictions. It may not in all cases be possible to comply with or obtain waivers of all such formalities. Additionally, functioning as a publicly listed Company requires compliance with the stock market regulations. The Group mitigates this risk through commitment to a high standard of corporate governance and 'fit for purpose' procedures, and by maintaining and applying effective policies.

Economic, political, judicial, administrative, taxation or other regulatory factors

The Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Group operates and conducts its principal activities. The Group has no direct exposure to the Ukraine/Russia conflict and is not directly affected by the ongoing conflict in the Middle East.

Andy Morrison
Non-executive Chair
27 September 2024

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	Notes	**Year ended 30 June 2024 £'000s**	Year ended 30 June 2023 (Restated) £'000s
Continuing operations			
Revenue		**-**	-
Production and development costs		**(1,461)**	(1,746)
Other administration expenses		**(1,336)**	(1,334)
Share option charge	9	**(260)**	(178)
Warrant charge	10	**(30)**	-
Loss on disposal on fixed assets	6	**(3)**	

Loss on disposal on fixed assets	6	(3)	-
Foreign exchange loss		**(2)**	(6)
Operating loss		**(3,092)**	(3,264)
Finance costs		**(9)**	(8)
Finance income		**32**	12
Loss before tax		**(3,069)**	(3,260)
Taxation	4	**209**	154
Loss and total comprehensive loss for the year from continuing operations to owners of the parent		**(2,860)**	(3,106)
Loss per share - pence			
Basic	5	**(0.18)**	(0.22)
Diluted	5	**(0.18)**	(0.22)

Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	As at 30 June 2024 £'000s	As at 30 June 2023 (Restated) £'000s	As at 1 July 2022 (Restated) £'000s
Assets				
Non-current assets				
Property, plant and equipment	6	**388**	374	398
Right of Use assets		**159**	283	85
Intangible assets	7	**2,924**	2,924	2,924
Non-current assets		**3,471**	3,581	3,407
Current assets				
Cash and cash equivalents		**3,048**	1,342	4,423
Trade and other receivables		**118**	89	103
Prepayments		**91**	119	177
Inventory		**-**	174	-
Current assets		**3,257**	1,724	4,703
TOTAL ASSETS		**6,728**	5,305	8,110
Equity and liabilities				
Current liabilities				
Trade and other payables		**239**	175	262
Lease liabilities due in less than one year		**102**	108	26
Provision for lease dilapidations		**56**	56	28
Current liabilities		**397**	339	316
Non-current liabilities				
Lease liabilities due in greater than one year		**43**	145	45
Non Current liabilities		**43**	145	45
Equity attributable to owners of the parent				
Issued share capital		**17,648**	14,069	14,069
Share premium		**77,647**	77,189	77,189
Merger reserve		**3,777**	3,777	3,777
Share option reserve		**839**	718	1,151
Warrant reserve		**30**	-	970
Reverse acquisition reserve		**522**	522	522
Accumulated losses		**(94,175)**	(91,454)	(89,929)
Total shareholders' equity		**6,288**	4,821	7,749
TOTAL EQUITY AND LIABILITIES		**6,728**	5,305	8,110

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Issued capital £'000s	Share premium £'000s	Merger reserve £'000s	Share option reserve £'000s	Warrant reserve £'000s	Reverse acquisition reserve £'000s	Accumulated losses £'000s	Total £'000s
1 July 2022 (as reported)	14,069	77,189	3,777	1,151	970	522	(89,915)	7,763
Prior year adjustment	-	-	-	-	-	-	14	14
1 July 2022 (as restated)	14,069	77,189	3,777	1,151	970	522	(89,929)	7,749
Loss and total comprehensive loss for the year (Restated)	-	-	-	-	-	-	(3,106)	(3,106)
Share option charge	-	-	-	178	-	-	-	178
Transfer of balances relating to expired share options	-	-	-	(611)	-	-	611	-
Transfer of balances relating to expired warrants	-	-	-	-	(970)	-	970	-
30 June 2023 (Restated)	**14,069**	**77,189**	**3,777**	**718**	**-**	**522**	**(91,454)**	**4,821**
1 July 2023	14,069	77,189	3,777	718		522	(91,454)	4,821
Loss and total comprehensive loss for the year	-	-	-	-	-	-	(2,860)	(2,860)
New shares issued	3,579	895						4,474
Share issue costs		(437)						(437)
Share option charge	-	-	-	260	-	-	-	260
New warrants issued	-	-	-	-	30	-	-	30
Transfer of balances relating to expired share options	-	-	-	(139)	-	-	139	-
30 June 2024	**17,648**	**77,647**	**3,777**	**839**	**30**	**522**	**(94,175)**	**6,288**

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Notes	**Year ended 30 June 2024 £'000s**	Year ended 30 June 2023 (Restated) £'000s
Operating activities			
Loss before tax from continuing operations		**(3,069)**	(3,260)
Depreciation	6	**205**	197
Loss on disposal of fixed assets	6	**3**	-
Finance costs paid		**9**	8
Finance income received		**(32)**	(12)
Share option charge	9	**260**	178
Warrant charge		**30**	-
Working capital adjustments			
(Increase)/decrease in trade and other receivables		**(29)**	14
Decrease in prepayments		**28**	58
Increase/(decrease) in trade and other payables		**64**	(87)
Decrease/(increase) in inventory		**174**	(174)
Net cash used in Operating Activities		**(2,357)**	(3,078)
Finance costs paid		**(9)**	(8)
Taxation received	4	**209**	154
Net cash outflow from operating activities		**(2,157)**	(2,932)
Investing activities			
Finance income received		**32**	12

Finance income received		32	12
Purchase of property, plant and equipment	6	**(98)**	(95)
Net cash outflow from investing activities		**(66)**	(83)
Financing activities			
Issue of Ordinary Share Capital		**4,474**	-
Issue Costs		**(437)**	-
Payment of lease liabilities		**(108)**	(66)
Net cash inflow/(outflow) from financing activities		**3,929**	(66)
Net decrease in cash and cash equivalents		**1,706**	(3,081)
Cash and cash equivalents at the beginning of the year		**1,342**	4,423
Cash and cash equivalents at the end of the year		**3,048**	1,342

Notes to the Financial Information

1. Basis of Preparation and Significant Accounting Policies

The financial information for the year ended 30 June 2024 has been prepared in accordance UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and effective, or issued and early adopted, as at the date of those statements.

The financial information contained in this announcement does not constitute the Company's statutory financial statements for the year ended 30 June 2024 but has been extracted from them. These financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on these financial statements, and their report was unqualified and did not contain any statement under section 498(2) or (3) Companies Act 2006.

The financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Details of the accounting policies applied are set out in the financial statements for the year ended 30 June 2024.

The financial information is prepared in Pounds Sterling and all values are rounded to the nearest thousand Pounds (£'000) except where otherwise indicated.

Statutory financial statements for the year ended 30 June 2023 were delivered to the Registrar of Companies. The auditor's report on these financial statements was unqualified and did not contain any statement under section 498(2) or (3) Companies Act 2006.

The Directors do not propose a dividend in respect of the year ended 30 June 2024 (2023: nil).

This announcement was approved by the Board on 27 September 2024.

2. Going Concern

As at 30 June 2024, the Group had a cash balance of £3.0m. These funds are expected to be sufficient to cover net project expenditure and fixed costs up to 30 June 2025, beyond which additional funding will be required to bridge the gap to the generation of sustainable positive cashflows, with these now forecast to commence in H1 2026.

The basis for these expectations is the Group business model, budget and business plan, and sensitivity analysis, which have been reviewed and approved by the Board. The model comprises the financial forecasts associated with each project opportunity deemed to have a realistic chance of progressing, with assumptions based on the latest market information, agreements with counterparties and the status of discussions.

The Directors carry out a detailed risk assessment process each year, with key risks and mitigating actions identified. Despite the ongoing global disruption caused by Russia's invasion of Ukraine, the Directors note the positive and sustained levels of engagement with partners, prospective clients and project stakeholders worldwide during the year, with progress continuing with regard to the Company's primary projects with MSC, Valkor and OCP in Morocco. Existing and prospective commercial partners make decisions based on long-term considerations, and the Directors believe that the economic and environmental advantages offered by MSAR® and bioMSAR™ are increasingly attractive in periods of global uncertainty as counterparties look to both generate savings and further improve their environmental performance.

The Group's ability to reach commercial revenues and sustainable positive cashflows will be determined by the successful outcome of the forthcoming trials. The Board are confident that the trials will be successful based upon the following:

- Morocco: The forthcoming trial in Morocco involves the combustion of MSAR® for thermal applications. This is a similar application to that successfully trialled by Quadrise at another OCP facility on a larger kiln installed with a 33MW burner in 2023.

- MSC: Once agreements are signed, the MSC trials will take place on the same vessel used for the Maersk LONO trial (the MSC Leandra, formerly the Seago Istanbul). In addition, the engine manufacturer (Wartsila) and MSC are happy to proceed directly to on-vessel trials, rather than commencing with an initial stationary engine test, given their assessment of the low-risk nature of the trial.

- Utah: The Utah application is in the upstream sector, where similar technology has been successfully demonstrated previously by Quadrise Canada and in Venezuela with Orimulsion involving Quadrise employees and consultants.

In addition, the positive results generated by the Aquafuel testing on bioMSAR™ and the similar properties of MSAR® and bioMSAR™ mean that trials involving bioMSAR™ do not have a significantly higher risk of failure than the MSAR® equivalents.

The Directors have reviewed both the Group and Company's ability to operate as a going concern up to the 31 December 2026, and have determined that the continuation of the Group and Company as a going concern will be dependent upon successfully raising sufficient funds within 12 months of the financial statements sign off date to bridge the gap between the exhaustion of existing funds and the generation of sustainable positive cashflows. The Company is the 100% parent of Quadrise International Limited ('QIL'), the subsidiary through which the Group runs the operating and project activities discussed above. The Directors have a reasonable expectation that with positive trial results and ongoing progress to commercial revenues, such funds will be raised, although no binding funding agreements are in place at the date of this report, furthermore, notwithstanding the Board's confidence, there are currently no binding agreements in place in respect of commercial revenues.

The Directors have therefore concluded that it is appropriate to prepare the Group and Company financial statements on a going concern basis; however, in the absence of additional funding being in place at the date of this report, these conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The audit report draws attention to going concern by way of a material uncertainty.

The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

3. Segmental Information

For the purpose of segmental information, the reportable operating segment is determined to be the business segment. The Group principally has one business segment, the results of which are regularly reviewed by the Board. This business segment is a business to produce emulsion fuel (or supply the associated technology to third parties) as a low-cost substitute for conventional heavy fuel oil ("HFO") for use in power generation plants and industrial and marine diesel engines.

Geographical Segments

The Group's only geographical segment during the year was the UK.

4. Taxation

	Year ended 30 June 2024 £'000s	Year ended 30 June 2023 £'000s
UK corporation tax credit	**(209)**	(154)
Total	**(209)**	(154)

No liability in respect of corporation tax arises as a result of trading losses.

Tax Reconciliation	**Year ended 30 June 2024 £'000s**	Year ended 30 June 2023 (Restated) £'000s
Loss on continuing operations before taxation	**(3,069)**	(3,260)
Loss on continuing operations before taxation multiplied by the UK corporation tax rate of 25% (2023: 20.5%)	**(767)**	(668)
Effects of:		
Non-deductible expenditure	**77**	40
Super deduction		(3)
R&D tax credit	**(209)**	(154)
Tax losses carried forward	**690**	631
Total taxation credit on loss from continuing operations	**(209)**	(154)

At the Spring Budget 2021, the government announced that the Corporation Tax rate would increase from 19% to 25% from 1 April 2023. As such, a blended rate of 20.5% has been applied to the previous financial year to account for the change in Corporation tax as at 1 April 2023. The current year UK corporation tax rate is 25%.

current year UK corporation tax rate is 25%.

The Group has tax losses arising in the UK of approximately £64.7m (2023: £62.1m) that are available, under current legislation, to be carried forward against future profits. However, the ability to utilise the losses is restricted, being dependant on the type of loss and when it arose. The use of losses under the UK corporation tax regime was reformed from 1 April 2017 such that different rules on the use of losses apply to losses arising pre-April 2017 and post-April 2017. Pre-2017 trading losses can only be deducted against profits of the same trade within the company in which they arose, whereas the post-2017 trading losses can be used more widely and are deductible against total profits of the group.

Reconciliation of tax losses	**Year ended 30 June 2024 £'000s**	Year ended 30 June 2023 £'000s
Trading losses	**38,879**	36,255
Non-trade deficits arising in Intangible Assets within Quadrise International Limited	**25,758**	25,758
Capital losses	**89**	89
Total	**64,726**	62,101

A deferred tax asset representing these losses and other temporary differences at the statement of financial position date of approximately £16.18m (2023: £15.53m) has not been recognised as a result of existing uncertainties in relation to its realisation.

5. Loss Per Share

The calculation of loss per share is based on the following loss and number of shares:

	Year ended 30 June 2024	Year ended 30 June 2023 (Restated)
Loss for the year (£'000s)	**(2,860)**	(3,106)
Weighted average number of shares:		
Basic	**1,600,731,743**	1,406,904,968
Diluted	**1,600,731,743**	1,406,904,968
Loss per share:		
Basic	**(0.18)p**	(0.22)p
Diluted	**(0.18)p**	(0.22)p

Basic loss per share is calculated by dividing the loss for the year from continuing operations of the Group by the weighted average number of ordinary shares in issue during the year.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive options over ordinary shares. Potential ordinary shares resulting from the exercise of share options have an anti-dilutive effect due to the Group being in a loss position. As a result, diluted loss per share is disclosed as the same value as basic loss per share. The 18.3m dilutive share options issued by the Company and which are outstanding at year-end could potentially dilute earnings per share in the future if exercised when the Group is in a profit-making position.

6. Property, plant and equipment

Consolidated

	Leasehold Improvements £'000s	**Computer Equipment £'000s**	**Software £'000s**	**Furniture and Office Equipment £'000s**	**Plant and machinery £'000s**	**Total £'000s**
Cost						
Opening balance - 1 July 2023	89	96	43	24	1,524	1,776
Additions	-	1	-	-	97	98
Disposals	-	-	(20)	-	(64)	(84)
Closing balance - 30 June 2024	**89**	**97**	**23**	**24**	**1,557**	**1,790**
Depreciation						
Opening balance - 1 July 2023	(79)	(91)	(43)	(16)	(1,173)	(1,402)
Depreciation charge for the year	(3)	(2)	-	(1)	(75)	(81)
Disposals	-	-	20	-	61	81
Closing balance - 30 June 2024	**(82)**	**(93)**	**(23)**	**(17)**	**(1,187)**	**(1,402)**
Net book value at 30 June 2024	**7**	**4**	**-**	**7**	**370**	**388**

Company

	Leasehold Improvements	Computer Equipment	Software	Furniture and Office Equipment	Plant and machinery	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost						
Opening balance - 1 July 2023	-	69	44	24	-	137
Additions	-	-	-	-	-	-
Disposals	-	-	(20)	-	-	(20)
Closing balance - 30 June 2024	-	69	24	24	-	117
Depreciation						
Opening balance - 1 July 2023	-	(66)	(44)	(16)	-	(126)
Depreciation charge for the year	-	(1)	-	(1)	-	(2)
Disposals	-	-	20	-	-	20
Closing balance - 30 June 2024	-	(67)	(24)	(17)	-	(108)
Net book value at 30 June 2024	**-**	**2**	**-**	**7**	**-**	**9**

7. Intangible Assets

Consolidated

	QCC royalty payments	MSAR® trade name	Technology and know-how	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
Balance as at 1 July 2023 and 30 June 2024	**7,686**	**3,100**	**25,901**	**36,687**
Amortisation and Impairment				
Balance as at 1 July 2023 and 30 June 2024	**(7,686)**	**(176)**	**(25,901)**	**(33,763)**
Net book value as at 30 June 2024	**-**	**2,924**	**-**	**2,924**
Cost				
Balance as at 1 July 2022 and 30 June 2023	7,686	3,100	25,901	36,687
Amortisation and Impairment				
Balance as at 1 July 2022 and 30 June 2023	(7,686)	(176)	(25,901)	(33,763)
Net book value as at 30 June 2023	-	2,924	-	2,924

Intangible assets comprise intellectual property with a cost of £36.7m, including assets of finite and indefinite life. Quadrise Canada Corporation's ("QCC's) royalty payments of £7.7m and the MSAR® trade name of £3.1m are termed as assets having indefinite life as it is assessed that there is no foreseeable limit to the period over which the assets would be expected to generate net cash inflows for the Group, as they arise from cashflows resulting from Quadrise and QCC gaining a permanent market share. The assets with indefinite life are not amortised, but the QCC royalty payments intangible asset became fully impaired in 2012.

The remaining intangibles amounting to £25.9m, primarily made up of technology and know-how, are considered as finite assets and were amortised over 93 months, being fully amortised in 2012. The Group does not have any internally generated intangibles.

MSAR® trade name intangible asset

In accordance with IAS 36 "impairment of assets" and IAS 38 "intangible assets", a review of impairment for indefinite life intangible assets is undertaken annually or at any time an indicator of impairment is considered to exist. The discount rate applied to calculate the present value is for the cash generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of the CGU is assessed by reference to the value in use ("VIU"), being the net present value ("NPV") of future cash flow expected to be generated by the asset, and fair value less costs to sell ("FVLCS").

The recoverable amount of the MSAR® trade name intangible asset has been determined using a VIU model. The expected future cash flows utilised in the VIU model are derived by quantifying the royalties that would result if the asset was licensed from a third party in order to determine the income stream directly attributable to the asset in isolation. The royalties are based on a percentage of projected future revenues up to 30 June 2034 with an assumed growth rate being used beyond that date.

The key assumptions used in this calculation are as follows:

	2024	2023
Royalty rate (% of projected revenue) [1]	0.5%	0.5%
Discount rate [2]	20%	20%
Revenues forecast up to [3]	30 June 2034	30 June 2033
Growth rate beyond forecast period [4]	0%	0%

1) The royalty rate used upon initial recognition of this intangible asset was 0.33% of revenues determined as part of a third-party intangible asset valuation exercise. This was increased to 0.5% of revenues from 2011 onwards to reflect the wider awareness of the MSAR® trademark in the market.
2) The discount rate of 20% has been determined by management as conservative estimate based on the uncertainty inherent in the revenue forecasts. Management estimates the discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks specific to expected future projects.
3) The 2024 revenue forecast extends to 30 June 2034 which is considered to be a reasonable timeframe that allows each project included within the forecast to reach full maturity.
4) No growth has been forecast beyond the forecast period due to the uncertainty inherent in the revenue projections beyond the stage of project maturity.

The revenue forecast is based on the latest Company business model, which is regularly reviewed by management. The basis for the inclusion of projects and the estimation of growth rates, margins and project lifespans within the business model is based on the latest agreements with counterparties, commodity and chemical prices and the most recent discussions with customers, suppliers and other business partners.

The 'base-case' impairment assessment based on the above inputs shows a recoverable amount for the asset that is in excess of the net book value of asset and therefore no impairment has been identified, with the VIU exceeding the carrying value by £2.02m (the 'headroom').

Management have performed sensitivity analyses whereby certain parameters were flexed downwards by reasonable amounts and certain scenarios were modelled for the CGU to assess whether the recoverable value would result in an impairment charge. In isolation, none of these scenarios would result in an impairment to the MSAR® Trade Name intangible asset. However, a combination of two or more of these scenarios could result in an impairment charge, but management do not consider this likely.

The following sensitivities were applied:

Results of sensitivity analysis

Scenario	Resulting headroom (£'m)	Scenario which would reduce headroom to nil
Delayed revenues (1 year)	1.52	A 3 year delay to forecast revenues.
Delayed revenues (2 years)	0.78	A 3 year delay to forecast revenues.
Increase in discount rate to 25%	0.61	Increase in discount rate to 27.6%.
Removal of projects which generate 25% of forecast revenues	1.07	Removal of projects which generate 45% of revenues.
Finite company lifespan (to 30 June 2035).	0.88	Finite company lifespan (to 30 June 2033).

Amortisation of Intangible Assets

The Board has reviewed the accounting policy for intangible assets and has amortised those assets which have a finite life. All intangible assets with a finite life were fully amortised as at 30 June 2024.

8. Investments

At the statement of financial position date, the Group held a 20.44% share in the ordinary issued capital of Quadrise Canada Corporation ("QCC"), a 3.75% share in the ordinary issued capital of Paxton Corporation ("Paxton"), a 9.54% share in the ordinary issued capital of Optimal Resources Inc. ("ORI") and a 16.86% share in the ordinary issued capital of Porient Fuels Corporation ("Porient"), all of which are incorporated in Canada.

QCC is independent of the Group and is responsible for its own policy-making decisions. There have been no material transactions between QCC and the Group during the period or any interchange of managerial personnel. As a result, the Directors do not consider that they have significant influence over QCC and as such this investment is not accounted for as an associate.

The Group has no immediate intention to dispose of its investments unless a beneficial opportunity to realise these investments arises.

Given that there is no active market in the shares of any of above companies, the Directors have determined the fair value of the unquoted securities at 30 June 2024. The shares in each of these companies were valued at CAD nil on 1 July 2022 due to their business models being highly uncertain, with minimal possibility of any material value being recovered from their asset base. During the year there has been no indication that this situation has changed, therefore the Directors have determined that the investments should continue to remain valued at CAD nil at 30 June 2024.

9. Share Options

Share option expense for the year ended 30 June 2024 was £260k (2023: £178k).

Movement in the year:

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

	Number 30 June 2024	**WAEP (pence) 30 June 2024**	Number 30 June 2023	WAEP (pence) 30 June 2023
Outstanding as at 1 July	**35,763,811**	**4.39**	21,385,343	9.00
Granted during the year	**52,444,444**	**1.51**	36,233,038	3.28
Expired during the year	**(18,500,000)**	**3.60**	(21,854,570)	7.07
Exercised during the year	**-**	**-**	-	-
Options outstanding as at 30 June	**69,708,255**	**2.44**	35,763,811	4.39
Exercisable as at 30 June	**29,763,811**	**4.17**	16,231,895	6.55

The weighted average remaining contractual life of the 69.71 million options outstanding at the statement of financial position date is 7.45 years (2023: 6.40 years). The weighted average share price during the year was 1.61p (2023: 1.57p) per share.

The expected volatility of the options reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the options is based on historical data available at the time of the option issue and is not necessarily indicative of future trends, which may not necessarily be the actual outcome.

The Share Option Schemes are equity settled plans, and fair value is measured at the grant date of the option. Options issued under the Schemes vest over a one-to-three-year period provided the recipient remains an employee of the Group. Options also may be exercised within an agreed period of an employee leaving the Group at the discretion of the Board.

The Company issued 52.4 million share options to directors and employees during the year (2023: 36.2 million). The fair value was calculated using the Black Scholes option pricing model. The weighted average inputs were as follows

	2024	**2023**
Stock price:	1.18p	1.46p
Exercise Price	1.51p	3.28p
Interest Rate	5.25%	2.16%
Volatility	98.23%	104.85%
Expected term (years)	2.69	3.69

10. Warrants

Movement in the year:

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, warrants during the year:

	Number 30 June 2024	**WAEP (pence) 30 June 2024**	**Number 30 June 2023**	**WAEP (pence) 30 June 2023**
Outstanding as at 1 July	-	-	**40,228,026**	**6.98**
Granted during the year	**3,600,000**	**1.45**	**-**	**-**
Exercised during the year	**-**	**-**	**-**	**-**
Expired during the year	-	-	(40,228,026)	6.98
Warrants outstanding as at 30 June	**3,600,000**	**1.45**	**-**	**-**
Exercisable as at 30 June	**3,600,000**	**1.45**	**-**	**-**

The warrants are equity settled warrants which vest immediately on grant date. Fair value is measured at the grant date of the option using the Black Scholes pricing model. The inputs into this model are: Stock price at the date of grant, exercise price, interest rate, expected term and expected volatility. The expected volatility of the warrants reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the warrants is based on historical data available at the time of the option issue and is not necessarily indicative of future trends, which may not necessarily be the actual outcome.

The weighted average inputs into the Black Scholes option pricing model were as follows:

	2024	2023
Stock price:	1.70p	-
Exercise Price	1.45p	-
Interest Rate	5.25%	-
Volatility	112.86%	-
Expected term (years)	1.0	-

As at 30 June 2024, the weighted average remaining contractual life of the 3.6 million warrants outstanding was 0.92 years. The weighted average share price during the year was 1.61p (2023: 1.57p) per share. No warrants were outstanding as at 30 June 2023. The warrant charge for the year ended 30 June 2024 was £30k (2023: £nil).

11. Prior year restatement

Under IFRS 16, the disclosures and accounting treatment of leases required under this standard should have been adopted for the year ended 30 June 2023. The comparative figures for the year ended 30 June 2023 have been therefore been restated to reflect the correct accounting treatment.. Each of the affected financial statement line items for the prior periods has been restated as follows:

Consolidated Statement of Comprehensive Income	30 June 2023 £'000	Increase/(decrease)	30 June 2023 (Restated) £'000
Production and development cost	(1,741)	(5)	(1,746)
Other administrative expenses	(1,331)	(3)	(1,334)
Finance costs	(4)	(4)	(8)
Loss before tax	(3,248)	(12)	(3,260)

Consolidated Statement of Financial Position	30 June 2023 £'000	Increase/(decrease)	30 June 2023 (Restated) £'000
Right of use assets	-	283	283
Provision for lease dilapidations	-	(56)	(56)
Lease liabilities due in less than one year	-	(108)	(108)
Lease liabilities due in greater than one year	-	(145)	(145)
Accumulated losses	(91,428)	(26)	(91,454)

Consolidated Statement of Changes in Equity	30 June 2023 £'000	Increase/(decrease)	30 June 2023 (Restated) £'000
Accumulated losses as at 1 July 2022	(89,915)	(14)	(89,929)
Loss and total comprehensive loss for the year	(3,094)	(12)	(3,106)

Consolidated Statement of Cash Flows	30 June 2023 £'000	Increase/(decrease)	30 June 2023 (Restated) £'000
Loss before tax from continuing operations	(3,248)	(12)	(3,260)
Depreciation	119	178	197
Finance costs paid	4	4	8
Payment of lease liabilities	-	(66)	(66)

12. Related Party Transactions

There are no transactions with Directors or other related parties during the period other than their remuneration as disclosed in the Report of Directors' Remuneration.

13. Events After the end of the Reporting Period

Issuance of Share Options

Performance Options

On 1 August 2024, the Company granted a total of 13,880,000 options (the 'Performance Options') over new ordinary shares of 1p each in the Company executives and employees of the Company in accordance with the provisions of the Company's Enterprise Management Incentive Plan ("EMI Plan") and the Company's Unapproved Share Option Plan 2016 ("2016 Plan"). The issue of these options follows the lapsing in full of the 13,500,000 options issued by the Company on 3 August 2023 due to the specific performance conditions of those options not having been met. 7,500,000 of the Performance Options were granted to Jason Miles, Chief Executive Officer of the Company.

The Performance Options have an exercise price of 2.5p, and will vest as to 50% on the first anniversary of grant and the remaining 50% shall vest on the second anniversary of the date of grant. All vestings are subject to the satisfaction of specific performance conditions prior to the first anniversary of grant. The Performance Options issued under the EMI Plan will be exercisable from vesting until the tenth anniversary of the date of grant. The Performance Options issued under the 2016 Plan will be exercisable from vesting until the eighth anniversary of the date of grant

Additional Options

On 1 August 2024 Quadrise also granted 6,000,000 options over new ordinary shares of 1p each in the Company to Non-Executive Directors of the Company in accordance with the provisions of the Company's Unapproved Share Option Plan 2016 ("2016 Plan") in the amounts set out below (the "Additional Options").

Director	**Number of Additional Options**
Andrew Morrison	3,000,000
Laurie Mutch	1,500,000
Vicky Boiten-Lee	1,500,000
Total	**6,000,000**

The Additional Options have an exercise price of 2.5p. There are no performance conditions to the vesting of the Additional Options, which will vest as to 50% on the first anniversary of grant and the remaining 50% shall vest on the second anniversary of the date of grant. The Additional Options will be exercisable from vesting until the eighth anniversary of the date of grant.

Nominal Value Options

On 3 August 2024, the Company granted a total of 4,195,804 nominal value options ('NVOs') over new ordinary shares of 1p each in the Company to executives and employees in accordance with the provisions of the EMI Plan.

These Options have an exercise price of 1p, and will vest after 12 months from the date of grant, with vesting not subject to performance conditions. The NVOs will be exercisable from vesting until the tenth anniversary of the date of grant.

14. Copies of the Annual Report and Notice of Annual General Meeting

Copies of the annual report and of the notice convening the Company's 2024 annual general meeting will be available shortly from the Company's website at www.quadrisefuels.com and from the Company's registered office, Eastcastle House, 27-28 Eastcastle Street, London, W1W 8DH.

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