

Action Summary – 10 August 2026 - Analyst Theodore R. O'Neill

We are initiating coverage of Quantum Cyber N.V. with a Buy rating and \$9 PT. QUCY is a U.S.-based manufacturer assembling an AI-powered, quantum-accelerated System-of-Systems autonomous defense platform that integrates drone warfare, counter-UAS, autonomous naval mine countermeasures, EMP shielding, anti-drone ammunition, command-and-control, and quantum antenna applications under a single Nasdaq-listed company.

There is a clear demand signal for U.S. drone acquisition. The conflicts in the Eastern hemisphere have demonstrated that drones, because of their low cost and rapid production, are the new must-have battle equipment. Earlier this year, **The Department of War (DoW)**, **U.S. Special Operations Command (SOCOM)** and **The Marines** have all launched initiatives to fast-track drone deployment.

Defense industry procurement is changing in ways that favor companies like QUCY. To accelerate acquisition and deployment, the military is identifying specific field operational problems and prototyping technical components directly alongside operational units, as seen in the DoW's Drone Dominance program. We believe this newer process favors agile drone manufacturers that can rapidly prototype and assemble drones in Groups 1 and 2.

QUCY has newly acquired drone development and production capacity. In June, it acquired an established prototype and production facility fully equipped to produce and develop drones. The facilities which we have visited include tool and die making equipment and experienced personnel, allowing QUCY to design and produce dies for the mass production of drone parts and airframes.

It has the designs used on the battlefield in Ukraine. The basic drone designs that are in production at QUCY and pictured in this report are generally in the public domain. The basic outline, the airframe or fuselage are all designs that have proved their usefulness on the battle lines in Ukraine and are the reason they are almost universally used. The company is complementing this with IP licenses from BP United and Project LightShift.

Attractive valuation. The shares sell at a discount to our discounted earnings driven price target and to their peers. Our earnings driven price target is \$9 and if the company achieved even the average sales metric to its peers on 2028 revenue, the share price would be ~\$4.50. Either way, these shares appear undervalued.

8/7 price: \$1.44	Market cap: \$42MM	2028 Mkt Cap/Sales: 1.18x	2028 EV/Sales: 1.06x
Shares outstanding: 29MM	Insider ownership: 7%	3-mo. avg. trading volume: >100,000	Dividend/Yield: NA/NA

GAAP estimates (EPS in \$ – Revenue in \$millions)

Period	EPS	Revenue	Op. Margin
1Q26A	(\$0.43)	\$0.0	
2Q26E	(\$0.68)	\$0.0	
3Q26E	(\$0.18)	\$1.0	
4Q26E	(\$0.17)	\$1.1	
FY26E	(\$1.12)	\$2.1	NME
FY27E	(\$0.55)	\$9.15	(175%)
FY28E	(\$0.07)	\$35.5	(5%)

Note: Numbers may not add due to rounding. See our full model at the back of this report.

Cash balance (in \$millions)

• 2025A	• \$702
• 2026E	• \$1,550
• 2027E	• \$2,355
• 2028E	• \$2,845

Short and long-term debt (in \$millions)

• 2025A	• \$0.2
• 2026E	• \$0.2
• 2027E	• \$0.5
• 2028E	• \$0.0

Risks/Valuation

- Risks include competition, state and federal government regulations, ability to land contracts and fulfill them, history of losses.
- Our \$9 target is derived using a discounted future earnings model.

Company description: Quantum Cyber N.V. is assembling an AI-powered, quantum-accelerated System-of-Systems autonomous defense platform that integrates drone warfare, counter-UAS, autonomous naval mine countermeasures, EMP shielding, anti-drone ammunition, command-and-control, and quantum antenna applications under a single Nasdaq-listed company. The Company acquires, licenses, and develops combat-proven autonomous technologies, deploying them as a coordinated, multi-domain portfolio across air, land, and sea. Quantum Drones Corporation is a wholly owned Nevada-incorporated subsidiary of Quantum Cyber N.V. established to serve as the operational vehicle for the Company's domestic defense technology programs and U.S. government procurement activities.

Figure 1 – Quantum Cyber N.V. – One-Year Trading snapshot



Source: FactSet

Investment Thesis

- 1) **There is a clear demand signal for U.S. drone acquisition.** The conflicts in the Eastern hemisphere have demonstrated that drones, because of their low cost and rapid production, are the new must-have battle equipment. Earlier this year, **The Department of War (DoW)** announced Drone Dominance, an iterative \$1 billion plan to purchase small, lethal drones over the next two years with the intent to accelerate growth of the U.S. industrial base and rapidly arm combat units with low cost, consumable drones at scale. The program intends to purchase over 200,000 drones that can produce lethal effects in the toughest battlefield environments. According to numerous sources, **U.S. Special Operations Command (SOCOM)** is looking for vendors of small one-way attack drones that can be launched from aircraft and use automatic target recognition capabilities to find their prey. Specifically, SOCOM is interested in Group 1 and Group 2 unmanned aerial systems that could fit inside a common launch tube with a 5.9-inch diameter and 42-inch maximum overall length. Most of the loitering munitions that have made headlines in recent years have been ground-launched. However, there is growing interest in U.S. military circles in one-way attack drones that can be fired from airborne platforms. **The Marines** are setting up a new organization to oversee training and standardization efforts related to

small drones and counter-small unmanned aerial systems, according to MARADMIN number 307/26 issued July 2. The Marine Corps Robotics Integration Group (MCRIG) will be based at Twentynine Palms, California, and is expected to serve as the training and education command for Group 1 and Group 2 UAS and C-sUAS training integration, standardization and coordination across the force and support the development of tactics, techniques and procedures for employment of those types of platforms.

2) Defense industry procurement is changing in ways that favor companies like QUCY.

To accelerate acquisition and deployment, the military is identifying specific field operational problems and prototyping technical components directly alongside operational units, as seen in the Drone Dominance program. While procurement processes may be essentially unchanged for large weapons acquisition programs as it is for larger Group 3-5 drones made by Anduril and General Atomics, this newer process favors agile drone manufacturers that can rapidly prototype and assemble drones in Groups 1 and 2.

3) QUCY has newly acquired drone development and production capacity. In June, it acquired an established prototype and production facility with all the equipment to produce and develop drones. The facilities, which we have visited, includes, tool and die making equipment and the personnel to man them allowing it to develop dies for the mass production of drone parts and airframes. It also includes all the equipment and personnel to rapidly and inexpensively stamp out parts and airframes in significant quantity and bringing this up to the modern age it has eighty 3-D printers, each capable of producing drone parts and mainframes in lightweight plastic.

4) It has the designs used on the battlefield in Ukraine. The basic drone designs that are in production at QUCY and pictured in this report are generally in the public domain. The basic outline, the airframe or fuselage are all designs that have proved their usefulness on the battle lines in Ukraine and are the reason they are almost universally used. The IP in drone making is not the fuselage, but in the calibration and system performance of the drone itself. This is where QUCY is building its technology moat. Patents, trade secrets and supply chains are where we believe QUCY will have an advantage. The company is complementing this with IP licenses from BP United and Project LightShift.

1) Attractive valuation. The shares sell at a discount to our discounted earnings driven price target and to their peers. Our earnings driven price target is \$9 and if the company achieved even the average sales metric to its peers on 2028 revenue, the share price would be ~\$4.50. Either way, these shares appear undervalued.

Business and Company Background

Until recently, the U.S. drone industry has been characterized by many small companies focused on producing comparatively lightweight, commercially oriented platforms, and a smaller group of established defense firms producing larger, military-grade systems. Think of General Atomics for the military and AeroVironment (AVAV-NR) for the rest. In the U.S., drones are characterized by weight, altitude and speed and the standards for classification are determined by the non-profit Association of Uncrewed Vehicle Systems International (AUVSI) in its Uncrewed Systems & Robotics Database (USRD) (see Figure 2.)

Figure 2 – Quantum Cyber – USRD

Unmanned Aircraft Systems Categorization Chart				
UA Category	Maximum Gross Takeoff Weight (lbs)	Normal Operating Altitude (ft)	Speed (KIAS)	Representative UAS
Group 1	0-20	< 1200 AGL	100 kts	WASP III, TACMAV RQ-14A/B, Buster, Nighthawk, RQ-11B, FPASS, RQ16A, Pointer, Aqua/Terra Puma
Group 2	21-55	< 3500 AGL	< 250	ScanEagle, Silver Fox, Aerosonde
Group 3	< 1320	< 18,000 MSL	< 250	RQ-7B Shadow, RQ-15 Neptune, XPV-1 Tern, XPV-2 Mako
Group 4	> 1320		Any Airspeed	MQ-5B Hunter, MQ-8B Fire Scout, MQ-1C Gray Eagle, MQ-1A/B/C Predator
Group 5	> 1320	> 18,000 MSL	Any Airspeed	MQ-9 Reaper, RQ-4 Global Hawk, RQ-4N Triton

AGL	above ground level	lbs	pounds
FPASS	force protection aerial surveillance system	MSL	mean sea level
ft	feet	TACMAV	tactical micro air vehicle
KIAS	knots indicated airspeed	UA	unmanned aircraft
kts	knots	UAS	unmanned aircraft system

Source: U.S. Federal Aviation Administration

Unmanned aerial vehicles (UAVs) of all sizes play an increasingly important role in defense and national security. While the United States has long been one of the leading developers of military-grade drones, cheaper, multi-use commercial platforms developed in other countries have in recent years become more useful across a range of applications. The mass production and deployment of small UAVs for military operations in the Russia-Ukraine war exemplifies this trend. Due to concerns about foreign surveillance, access to classified information and supply chain resilience, the U.S. government has signaled its interest in working more closely with domestic drone manufacturers. This is exemplified by the recent executive order “Unleashing American Drone Dominance” and the Department of Defense’s (DOD) Replicator initiative. The White House effort seeks to accelerate the integration of UAVs into the National Airspace System, scale U.S. drone commercialization, and strengthen the domestic industrial base. The DOD initiative, overseen by the Defense Innovation Unit (DIU), aimed to field “multiple thousands” of cheaper,

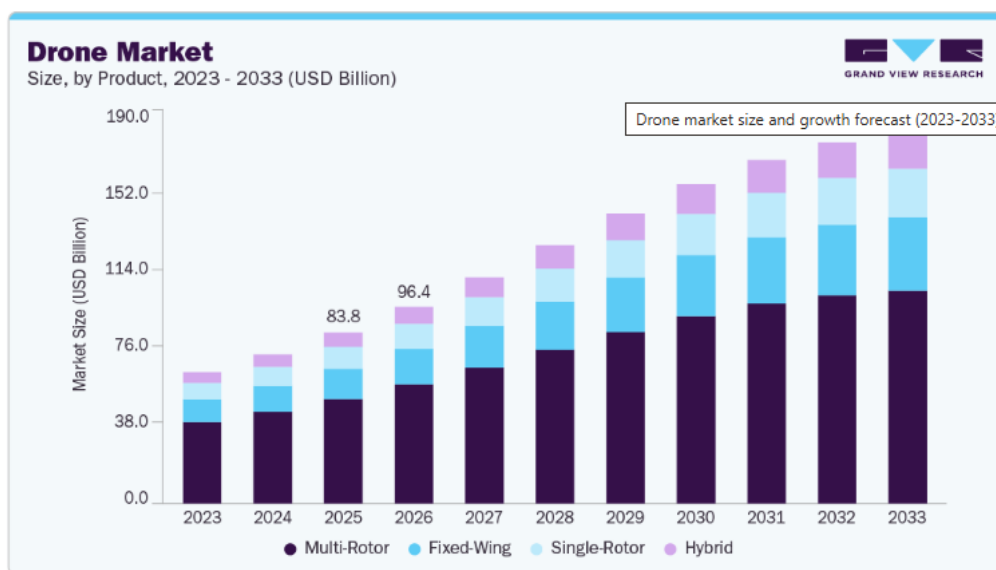
attributable drones. Trump administration has indicated that it will continue to support further investments in the initiative. There are concerns, however, that the U.S. drone industry will be unable to provide the DOD with the platforms it will need in a future conflict. It is also unclear how many of these systems will be needed, as the U.S. military's procurement requirements will ultimately depend on several factors, including where, and for what purpose, the systems are intended to be deployed. If one considers the Russia-Ukraine war an appropriate benchmark, as we do, the DOD will need to acquire hundreds of thousands or potentially millions of smaller, shorter-range, and less sophisticated first-person-view (FPV) drones. Regardless of the types of platforms that will be acquired and the theaters to which they will be deployed, there is a clear demand signal for drone acquisition.

One major issue confronting domestic production of Class 1-3 drones is domestic drone company manufacturing capacity and the supply chains that underpin drone production. Critical components such as batteries, sensors, and software are often sourced from specialized suppliers that fall outside the scope of platform-focused analyses. These component-level dependencies pose serious risks to U.S. manufacturing resilience.

Market size

Grand view research pegs the worldwide drone market currently at \$96.4B with the largest segment being multi rotor (see Figure 3).

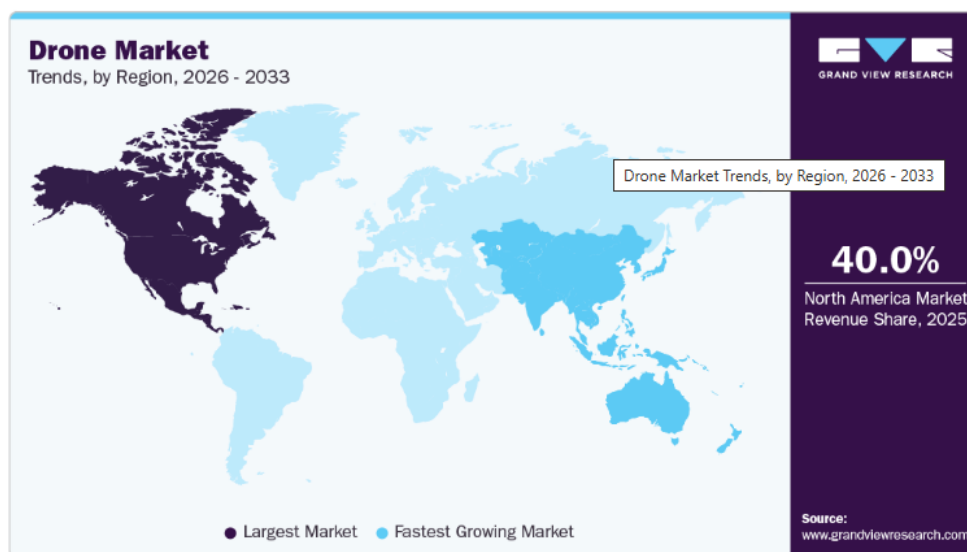
Figure 3 – Quantum Cyber – Global Drone Market



Source: Grand View Research

Grand View pegs the US market at 40% of the total or \$38.6B (see Figure 4).

Figure 4 – Quantum Cyber – U.S. Market



Source: Grand View Research

We believe the relevant market in the U.S. that is available for Group 1, and 2 drones is more like \$800MM to \$1B/year. This is assuming a \$4,000 ASP and 200,000 units/year and this is consistent with Drone Dominance initial acquisition plans. Worldwide, we believe the market is 2X-3X that size.

Manufacturing Facility

The company acquired a 50,000 sq. ft. operating prototype and production facility in Bridgeport in June. The facility is staffed and has all the equipment in place to design and manufacture a wide variety of high-volume products. The facility is already producing revenue from unrelated sales, but we anticipate it will be producing drones immediately due to the addition of 80 3D printers. We visited the facility on 16 July. Your analyst was a machinist and tool and die maker before attending college and getting into this line of work, so my visit was very much due diligence for those who cannot visit the plant in person. No part of the plant was off limits to my visit, and I spoke with many of the employees. The production and prototype equipment is fully depreciated, and it is all in use. The equipment is old, but it may have a useful life of more than 100 years if properly maintained. We estimate it would cost far more than the \$3.2 million acquisition cost to reproduce today. We show some sample pictures of our visit. Figure 5 is the prototype area. This is one of the areas where the dies for mass produced stampings would be executed.

Figure 5 – Quantum Cyber – Prototype Area



Source: Litchfield Hills Research

The next area to highlight is the production area. Figure 6 shows one portion of it, but it is a good representation.

Figure 6 – Quantum Cyber – Production Area



Source: Litchfield Hills Research

When you make stamped parts in large quantities, a die specifically designed for the part is used and can last more or less forever. This is a sample of the die library it can draw on to make different

parts at high volumes. While none of these dies are used to make drone parts, they demonstrate the capabilities of the facility and the people employed there (see Figure 7).

Figure 7 – Quantum Cyber – Die library



Source: Litchfield Hills Research

There is plenty of warehouse space, see Figure 8, which is representative of a small section of the available space.

Figure 8 – Quantum Cyber – Warehouse area



Source: Litchfield Hills Research

While the equipment in these photos may look old school, and is, the company also has 21st century production equipment, including an initial purchase of 80 Babu Labs H2D 3D printers. One unit was set up in a temporary area (see Figure 9), a portion of the warehouse houses the remaining 79 printers along with the production filaments (see Figure 10).

Figure 9 – Quantum Cyber – 3D printer



Source: Litchfield Hills Research

Figure 10 - Quantum Cyber – More 3D printers to unbox.



Source: Litchfield Hills Research

Drone Product Line

The company has more than a half dozen products, which we show here, but each can be configured differently, potentially resulting in 100s of SKUs within the same fuselage. They also may be unique to the country or branch of service in which they are deployed. One “interceptor” might be represented in a dozen SKUs, although they look the same in these pictures. We are showing photos from four different drones, but this is not the limit of the company’s drone products. All of these designs have been battle tested in Ukraine. The first is called Drone “Bug”. It is a lightweight tactical drone for surveillance, control, and targeted ground operations (see Figure 11).

Figure 11 – Quantum Cyber – Drone Bug



Source: Company photo

The next is a High-speed interceptor drone “Green”. It is designed for the rapid pursuit and interception of aerial targets aka counter UAS (see Figure 12).

Figure 12 – Quantum Cyber – HS Interceptor “Green”



Source: Company photo

Figure 13 shows an advanced multi-platform unmanned aerial system for tactical operations, interception and precision strike missions. It is called the Sky Guard Pro (see Figure 13).

Figure 13 - Quantum Cyber – Sky Guard Pro



Source: Company photo

Our last photo shows a high-speed interceptor drone engineered for rapid response and aerial neutralization, called Small Interceptor (see Figure 14).

Figure 14 - Quantum Cyber – Small Interceptor



Source: Company photo

Supply Chain

The company is confident in its product supply chain, but there is one aspect we would like to bring to investors' attention. Supply chain in conflict areas such as Ukraine is highly constrained, forcing drone makers to resort to "urban mining", meaning harvesting parts from unrelated products to build new drones. From an engineering perspective this has been interesting to understand. There are no such supply constraints here in the U.S., but the use of urban mining of components may help QUCY produce very competitively priced products. For obvious reasons, we will not disclose the company's approach to sourcing batteries, but it is very clever. They should have zero issues getting all they want.

Current battlefield Issues

One of the primary defenses against drones is GPS jamming or spoofing. The company is developing multiple ways to counteract these defensive responses with both novel, patentable methods as well as trade secrets. While an inertial guidance system could eliminate reliance on

GPS all together, in our opinion, the added complexity and expense make such systems more appropriate for Group 3-5 drones.

Management

David Lazar, CEO

David Lazar currently serves as the CEO and Chairman of Sow Good (NASDAQ: SOWG) since January 2026. Previously David served as the CEO and Chairman of Kala Bio Inc. (NASDAQ: KALA) from December 2025 to February 2026. David previously served as CEO & Chairman of Novabay Pharmaceuticals, Inc. (NASDAQ: NBY) from August - November 2025. Prior to that, David previously served as director on the board of directors of FIEE, Inc. (NASDAQ: FIEE) (formerly Minim, Inc.) where he also previously served as the CEO and CFO from December 2023 to February 2025. David served as interim CEO and principal Financial Officer of Bio Green Med Solution Inc. (NASDAQ: BGMS) (formerly Cyclacel Pharmaceuticals, Inc.), from January 2, 2025, through February 26, 2025. David served as the CEO of Black Titan Corporation listed on Nasdaq (NASDAQ: BTTC) (formerly Titan Pharmaceuticals, Inc.) from August 2022 to April 2024, where he also served as a Director and board Chairman from August 2022 until October 2023. David also served as the CEO and Chairman of the board of directors of OpGen, Inc. (OTC: OPGN) from March 2024 to August 2024. David also served as the president and a member of the board of directors of LQR House Inc. (NASDAQ: YHC) from October 2024 to April 2025. David served as the CEO of Activist Investing from March 2018 to April 2022.

William Caragol, CFO

William Caragol has over thirty years of experience working with growth stage technology companies. In 2018, he founded and is the Managing Director of Quidem LLC, a corporate strategic and financial advisory firm. From November 2021 to September 2025, Mr. Caragol served as the Chief Operating Officer and Chief Financial Officer of Iron Horse Acquisitions Corp. (NASDAQ: IROH). Since November 2024 Mr. Caragol has served as a director and CFO of Iron Horse Acquisition II Corp. (NASDAQ: IRHO). Since July 2023, Mr. Caragol has also been on the board of directors and has been Chairman of the audit committee of DeFi Development Corp. (NASDAQ: DFDV), serves on the board of Workspost Ltd. (NASDAQ: WKSP) since June 2021, and served on the board of directors of Greenbox POS (NASDAQ: GBOX) from 2021 to April 2023. Since 2015, Mr. Caragol has been Chairman of the Board of Thermomedics, Inc., a medical diagnostic equipment company. Mr. Caragol earned a B.S. in business administration and accounting from Washington & Lee University and is a member of the American Institute of Certified Public Accountants.

Peter O'Rourke Sr., President, Quantum Drones Corporation

Peter M. O'Rourke Sr. is a seasoned executive, veteran, and strategic advisor with decades of leadership experience spanning government, healthcare, defense, and corporate governance. He previously served as Acting Secretary of the U.S. Department of Veterans Affairs, overseeing more than 380,000 employees and a \$300 billion budget, while helping drive landmark reforms focused on accountability, healthcare access, and operational modernization. As Founder and Managing Partner of TCI Partners LLC, he advises organizations on government relations, policy strategy, and institutional growth. O'Rourke also serves on several corporate boards, bringing expertise in leadership, public-private partnerships, and organizational transformation. A former U.S. Air Force officer and U.S. Navy veteran, he combines military discipline with executive insight to help

companies and institutions navigate complex regulatory and political environments. His career reflects a commitment to innovation, accountability, and delivering measurable impact across both public and private sectors.

Guidance and Financial Model Assumptions

The company does not provide financial guidance. Our assumptions are that there is some revenue from the acquired business and this will continue in the near term. We assume the company will be successful in generating sales in the drone market and that margins, and net income will improve over time. Our model assumes breakeven at a \$40MM annual run rate. We also assume the company will need to raise funds to support its working capital requirements although the amount will depend on the pace of the growth ramp-up.

For 2Q26, the immediate quarter, we expect the company to book expenses related to licensed IP from BP United and LightShift, the acquisition of the Bridgeport facility and non-cash exec comp. We do not know with any precision the amounts going into each expense category, but we assume Op ex will be more or less ~\$11M. This level of expense will not repeat in 3Q26.

Valuation Methodology

We believe QUCY is undervalued, and we support that belief with an absolute and relative valuation. To determine our price target, we use a discounted future earnings model. The following valuation techniques are used:

- 1) The discounted value of all future earnings was used for our price target (see Figure 15)
- 2) Valuation relative to peers (see Figure 16)

Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$9.00 is based on a discounted earnings model. For valuation purposes, we sum up all future earnings discounted at 12%, which we feel adequately addresses the risk. Our valuation model is shown in Figure 15 below. Note, this model understates future new products and growth through acquisitions and probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied share price is \$9.05, which we round to \$9.00.

Figure 15 – Quantum Cyber N.V. – Price Target Calculation

Value of discounted future earnings		\$9.05
Year	EPS	Discounted EPS
2027	(0.55)	(0.55)
2028	(0.07)	(0.06)
2029	0.35	0.28
2030	0.60	0.43
2031	0.73	0.46
Terminal Value:		8.50

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

Figure 16 is a summary of our QUCY peer comparison. The shares sell at a discount to our discounted earnings driven price target and to their peers. Our earnings driven price target is \$9 and if the company achieved even the average sales metric to its peers on 2028 revenue, the share price would be ~\$4.50. Either way, these shares appear undervalued.

Figure 16 – Quantum Cyber N.V. – Comp Tables

FactSet Ticker	Company Name	Closing Price	Market Cap \$MM	EV \$MM	2028 Consensus	
					Market Cap / Sales	EV /Sales
BA-US	Boeing Company (US Listing)	\$234.42	185,279	224,024	1.50	1.71
LMT-US	Lockheed Martin Corp.	\$587.95	135,693	157,410	1.50	1.69
NOC-US	Northrop Grumman Corp.	\$571.58	81,200	94,454	1.62	1.92
ESLT-US	Elbit Systems Ltd (US Listing)	\$859.14	39,677	41,114	3.56	3.72
TDY-US	Teledyne Technologies	\$691.30	32,046	34,155	4.46	4.74
KTOS-US	Kratos Defense & Security Solutions Inc.	\$60.77	11,408	10,093	4.26	3.85
AVAV-US	AeroVironment Inc.	\$186.73	9,450	9,495	3.22	3.19
ONDS-US	Ondas Inc	\$9.11	5,191	4,017	3.96	1.98
RCAT-US	Red Cat Holdings Inc	\$9.21	1,406	1,128	5.11	3.45
UMAC-US	Unusual Machines Inc.	\$26.11	1,304	1,030	7.64	5.60
EH-US	EHang Holdings Ltd.	\$5.74	431	350	2.71	2.32
DPRO-US	Draganfly Inc (US Listing)	\$4.65	172	69	4.64	1.20
SPAI-US	Safe Pro Group, Inc.	\$4.57	94	80	3.05	2.58
UAVS-US	AgEagle Aerial Systems, Inc.	\$0.92	54	21		
RKT-AU	RocketDNA Ltd	\$0.02	20	18		
AVERAGE					3.63	2.92
QUCY-US	Quantum Cyber N.V.	\$1.44	42	38	1.18	1.06
QUCY-US Premium/(Discount) to peers:					-68%	-64%

Source: Litchfield Hills Research LLC and FactSet

Figure 17 – Quantum Cyber N.V. – Income Statement (\$'000)

December ending year	2025A	2026E					2027E					2028E				
	Year	Q1A	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Year
Total Revenue	\$0	\$0	\$0	\$1,000	\$1,050	\$2,050	\$1,150	\$2,000	\$2,500	\$3,500	\$9,150	\$4,500	\$8,000	\$10,000	\$13,000	\$35,500
YoY growth										233%	346%				271%	288%
Total cost of revenue	0	0	0	800	840	1,640	920	1,520	1,750	2,100	6,290	2,250	4,000	4,800	5,980	17,030
Gross profit	0	0	0	200	210	410	230	480	750	1,400	2,860	2,250	4,000	5,200	7,020	18,470
Gross profit %				20%	20%	20%	20%	24%	30%	40%	31%	50%	50%	52%	54%	52%
Operating expenses:																
Sales and marketing	1,161	282	500	800	1,000	2,582	1,000	1,000	1,000	1,000	4,000	1,000	1,000	1,000	1,000	4,000
Research and development	89	59	4,000	500	500	5,059	550	550	550	600	2,250	600	600	600	600	2,400
General and administrative	1,496	2,122	6,500	3,000	3,000	14,622	3,000	3,000	3,200	3,400	12,600	3,500	3,500	3,500	3,500	14,000
Other operating expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	2,746	2,463	11,000	4,300	4,500	22,263	4,550	4,550	4,750	5,000	18,850	5,100	5,100	5,100	5,100	20,400
Operating income	(2,746)	(2,463)	(11,000)	(4,100)	(4,290)	(21,853)	(4,320)	(4,070)	(4,000)	(3,600)	(15,990)	(2,850)	(1,100)	100	1,920	(1,930)
Operating income %											-175%	-63%	-14%	1%	15%	-5%
Total other income/(expense)	(22)	(23)	(300)	(500)	(500)	(1,323)	(20)	(20)	(20)	(20)	(80)	(20)	(20)	(20)	(20)	(80)
Earnings before taxes	(2,767)	(2,486)	(11,300)	(4,600)	(4,790)	(23,176)	(4,340)	(4,090)	(4,020)	(3,620)	(16,070)	(2,870)	(1,120)	80	1,900	(2,010)
Tax expense/(benefit)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income from continuing operations	(2,767)	(2,486)	(11,300)	(4,600)	(4,790)	(23,176)	(4,340)	(4,090)	(4,020)	(3,620)	(16,070)	(2,870)	(1,120)	80	1,900	(2,010)
Net income from disc. Operations	(2,235)	(2,596)	(1,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	(5,003)	(5,082)	(12,300)	(4,600)	(4,790)	(23,176)	(4,340)	(4,090)	(4,020)	(3,620)	(16,070)	(2,870)	(1,120)	80	1,900	(2,010)
GAAP EPS Continuing ops	(\$0.81)	(\$0.21)	(\$0.63)	(\$0.18)	(\$0.17)	(\$1.12)	(\$0.15)	(\$0.14)	(\$0.14)	(\$0.12)	(\$0.55)	(\$0.10)	(\$0.04)	\$0.00	\$0.07	(\$0.07)
GAAP EPS Disc ops	(\$0.65)	(\$0.22)	(\$0.06)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total GAAP EPS	(\$1.46)	(\$0.43)	(\$0.68)	(\$0.18)	(\$0.17)	(\$1.12)	(\$0.15)	(\$0.14)	(\$0.14)	(\$0.12)	(\$0.55)	(\$0.10)	(\$0.04)	\$0.00	\$0.07	(\$0.07)
Diluted Shares Outstanding	3,431	11,799	18,000	25,000	28,000	20,700	29,000	29,005	29,010	29,015	29,008	29,020	29,025	29,030	29,035	29,028

Source: Company reports and Litchfield Hills Research LLC

Figure 18 – Quantum Cyber N.V. – Balance Sheet (\$'000)

December ending year	FY2028E	FY2027E	FY2026E	FY2025A
Balance sheet				
Current Assets				
Cash and S.T.I.	\$2,845	\$2,355	\$1,550	\$702
Accounts receivable	9,000	7,000	100	0
Inventories	5,000	4,000	575	0
Other assets	<u>1,300</u>	<u>1,200</u>	<u>100</u>	<u>3,512</u>
Total Current Assets	18,145	14,555	2,325	4,214
Net PP&E	2,800	2,900	3,000	0
Intangible assets	500	500	1,000	1,113
Other non-current	<u>200</u>	<u>200</u>	<u>100</u>	<u>0</u>
Total Assets	\$21,645	\$18,155	\$6,425	\$5,327
Current Liabilities				
Accounts payable and accrued	\$15,000	\$12,000	\$1,000	\$186
Notes payable and due related party	0	500	200	184
IP acquisition liability	200	200	450	488
Other current liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,828</u>
Total current liabilities	15,200	12,700	1,650	4,686
Note payable	0	0	0	0
Lease liability - non-current	<u>200</u>	<u>200</u>	<u>0</u>	<u>0</u>
Total Liabilities	15,400	12,900	1,650	4,686
Stockholders' Equity				
Preferred stock	0	0	0	0
Common stock	3	3	3	108
Additional paid-in-capital	153,000	150,000	133,000	106,054
Retained earnings	(146,158)	(144,148)	(128,078)	(104,902)
Cum. trans. adj. and treasury stock	<u>(600)</u>	<u>(600)</u>	<u>(150)</u>	<u>(618)</u>
Total stockholders' equity	<u>6,245</u>	<u>5,255</u>	<u>4,775</u>	<u>642</u>
Total Liabilities and equity	\$21,645	\$18,155	\$6,425	\$5,327

Source: Company reports and Litchfield Hills Research LLC

Figure 19 – Quantum Cyber N.V. – Cash Flow (\$'000)

	FY28E	FY27E	FY26E
Net Income	(\$2,010)	(\$16,070)	(\$23,176)
Receivables	(\$2,000)	(\$6,900)	(\$100)
Inventories	(\$1,000)	(\$3,425)	(\$575)
Other assets	(\$100)	(\$1,100)	\$3,412
Net PP&E	\$100	\$100	(\$3,000)
Intangible assets	\$0	\$500	\$113
Other non-current	\$0	(\$100)	(\$100)
Accounts payable and accrued	\$3,000	\$11,000	\$814
Notes payable and due related party	(\$500)	\$300	\$16
IP acquisition liability	\$0	(\$250)	(\$38)
Liabilities held for sale	\$0	\$0	(\$3,828)
Note payable	\$0	\$0	\$0
Lease liability - non-current	\$0	\$200	\$0
Preferred stock	\$0	\$0	\$0
Common stock	\$0	\$0	(\$105)
Additional paid-in-capital	\$3,000	\$17,000	\$26,946
Accumulated other comp. loss & other	\$0	(\$450)	\$468
Dividends and transition adjustments			
Total Cash Flow	\$490	\$805	\$848

Source: Litchfield Hills Research LLC

Disclosures:

Analyst Certification

We, the Litchfield Hills Research Department, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company and the underlying securities.

FINRA Compliant Research Report

We, the Litchfield Hills Research Department, hereby certify that this report is compliant with FINRA research rules 2241, 3110, and the report has been reviewed by a Supervisory Analyst.

MiFID II Compliant Research Report

Our research is classified as a minor non-monetary benefit under MiFID II. This applies to all forms of transmission, including email, website and financial platforms such as Bloomberg, FactSet, S&P Global, Refinitiv and 11 others. We do not seek payment from the asset management community and do not have any execution function. Investors can continue to receive our research under the MiFID II regime without the need for a contract for services to be put in place. This applies to all forms of transmission, including email, websites and financial platforms.

Litchfield Hills Research LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Other Disclosures

Litchfield Hills Research, LLC ("LHR") is not a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission nor a member of Financial Industry Regulatory Authority. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LHR or any divisions, subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction.

All material presented in this report, unless specifically indicated otherwise, is under copyright to LHR and the subject company. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party,



Quantum Cyber N.V.

QUCY- Buy-USD \$9 PT

without the prior express written permission of LHR or the subject company. All trademarks, service marks and logos used in this report are trademarks, service marks, registered trademarks, or service marks of LHR or its affiliates. The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. LHR may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable, appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. LHR does not offer advice on the tax consequences of investment, and you are advised to contact an independent tax adviser. LHR believes the information and opinions in the Disclosure Appendix of this report are accurate and complete. The information and opinions presented in this report were obtained or derived from sources LHR believes are reliable, but LHR makes no representations as to their accuracy or completeness.

Ownership and Material Conflicts of Interest

The analyst owns no shares of the subject company. The analyst and his family have no known material conflicts of interest in authoring this report.

Investment Banking and Fees for Services

Litchfield Hills Research has not received compensation for advisory or investment banking services from the Company in the past 12 months. Litchfield Hills Research LLC has received compensation from CapitaLynx Ltd. on behalf of the company for distribution and investor targeting services.

Market Making

Litchfield Hills Research LLC does not make a market in the subject company's securities.

Additional information is available upon request. LHR accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to LHR. This report is not to be relied upon in substitution for the exercise of independent judgment.