

No securities regulatory authority or regulator has assessed the merits of the securities described in this offering document or reviewed this document. Any representation to the contrary is an offence. This offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.

The securities described in this offering document have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any of the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This offering document does not constitute an offer to sell, or the solicitation of an offer to buy, any of the securities described herein within the United States. “United States” has the meaning ascribed to it in Regulation S under the U.S. Securities Act.

OFFERING DOCUMENT UNDER THE LISTED ISSUER FINANCING EXEMPTION

May 29, 2025

QUANTUM EMOTION CORP.



1. SUMMARY OF OFFERING

What are we offering?

Offering: Quantum eMotion Corp. (the “**Corporation**”) is offering 4,000,000 units of the Corporation (each, a “**Unit**”) at a price of \$1.50 per Unit (the “**Offering Price**”) for gross proceeds of \$6,000,000 on a private placement basis, pursuant to the Listed Issuer Financing Exemption under Part 5A of National Instrument 45-106 – *Prospectus Exemptions* (the “**Offering**”).

Each Unit will consist of (i) one common share in the capital of the Corporation (a “**Share**”), and (ii) one common share purchase warrant (a “**Warrant**”). Each Warrant will entitle its holder to acquire one additional common share (a “**Warrant Share**”) at a price of \$1.82 for a period of 3 years following the Closing Date (as defined herein).

Offering Price: \$1.50 per Unit

Offering Amount: A minimum of \$6,000,000

Closing Date: It is expected that closing of the Offering will occur in one or more closings on or about June 2, 2025 (the “**Closing Date**”), or such other date(s) as the Corporation and the Agents (as defined below) may determine.

Exchange: The common shares of the Corporation (the “**Common Shares**”) are listed for trading on the TSX Venture Exchange (“**TSXV**”) under the symbol “QNC” and on the OTCQB under the symbol “QNCCF”.

Last Closing price On May 28, 2025, 2025, the last trading day prior to the date of this offering document, the closing price of the Common Shares on the TSXV was \$1.46 and on the OTCQB was US \$1.05.

The Corporation is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 *Prospectus Exemptions*. In connection with this Offering, the Corporation represents the following is true:

- **The Corporation has active operations and its principal asset is not cash, cash equivalents or its exchange listing.**
- **The Corporation has filed all periodic and timely disclosure documents that it is required to have filed.**
- **The Corporation is relying on the exemptions in Coordinated Blanket Order 45-935 Exemptions from Certain Conditions of the Listed Issuer Financing Exemption (the “Order”) and is qualified to distribute securities in reliance on the exemptions included in the Order.**
- **The total dollar amount of this Offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption and under the Order in the 12 months immediately before the date of the news release announcing the Offering, will not exceed \$50,000,000**
- **The Corporation will not close this Offering unless the Corporation reasonably believes that it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**
- **The Corporation will not allocate the available funds from this Offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the Corporation seeks security holder approval.**

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This offering document contains “forward-looking information” within the meaning of applicable securities laws, which is based upon the Corporation’s current internal expectations, estimates, projections, assumptions and beliefs. Such forward-looking statements and forward-looking information include, but are not limited to, statements concerning the Corporation’s expectations with respect to the use of proceeds and the use of the available funds following completion of the Offering, the completion of the Offering, if it is to be completed at all; the expected Closing Date; and the completion of the Corporation’s business objectives, and the timing, costs, and benefits thereof. Forward-looking statements or forward-looking information relate to future events and future performance and include statements regarding the expectations and beliefs of management based on information currently available to the Corporation. Such forward-looking statements and forward-looking information often, but not always, can be identified by the use of words such as “plans”, “expects”, “potential”, “is expected”, “anticipated”, “is targeted”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements or forward-looking information are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements or forward-looking information, including, without limitation, risks and uncertainties relating risks inherent to the cybersecurity industry, the value of the Corporation’s intangible assets, completing proof of concept studies, protecting intangible assets rights, timing and availability of external financing on acceptable terms or at all, the possibility that

future results will not be consistent with the Corporation's expectations, increases in costs, changes in legislation and regulation, changes in economic and political conditions and other risks involved in the cybersecurity industry and inherent to new technologies, such as risk of obsolescence, slow adoption and competing technological advances; and those risks set out in the Corporation's public documents filed on SEDAR+ at www.sedarplus.ca.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or forward-looking information. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that could cause results not to be as anticipated, estimated or intended. For more information on the Corporation and the risks and challenges of its business, investors should review the Corporation's annual filings that are available at www.sedarplus.ca. The Corporation provides no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Corporation disclaims any intent or obligation to update any forward-looking information.

CURRENCY

Unless otherwise indicated, all references to "\$" or "dollars" in this offering document refer to Canadian dollars.

2. SUMMARY DESCRIPTION OF BUSINESS

What is our business?

The Corporation's mission is to address the growing demand for affordable hardware and software security for connected devices. The Corporation has become a pioneering force in classical and quantum cybersecurity solutions thanks to its patented Quantum Random Number Generator ("QRNG"), a security solution that exploits the built-in unpredictability of quantum mechanics and aims to provide enhanced protection for high-value assets and critical systems.

The Corporation intends to target highly valued sectors, included but not limited to, financial services, healthcare, military, blockchain applications, cloud-based IT security infrastructure, classified government networks and communication systems, secure device keying (internet of things, automotive, consumer electronics) and quantum cryptography.

Recent Developments

On February 24, 2025, the Corporation closed a best efforts brokered private placement for total gross proceeds of \$10,000,000, consisting of the issuance of 13,333,333 units of the Corporation at a price of \$0.75 per unit.

On April 8, 2025, the Corporation announced the official launch of its U.S. subsidiary, Quantum eMotion America (QeMA), based in Irvine, California.

On May 26, 2025, the Corporation announced having successfully completed and validated its first-generation QRNG chip design. The design, utilizing a 65-nm CMOS process, has been submitted for fabrication to Taiwan Semiconductor Manufacturing Company (TSMC).

More detailed information regarding the above recent developments, together with all of the Corporation's other material information, can be obtained by reviewing copies of the applicable news releases and other materials filed on SEDAR+ under the Corporation's profile at www.sedarplus.ca.

Material Facts

The Units are being offered on a private placement basis in the Provinces of Alberta, British Columbia and Ontario pursuant to the Listed Issuer Financing Exemption under Part 5A of National Instrument 45-106 – *Prospectus Exemptions*, as well as to purchasers outside of Canada, including to purchasers resident in the United States pursuant to applicable securities exemptions therein, on a basis which does not require the qualification or registration of any of the Corporation's securities and the Corporation to be subject to any ongoing disclosure requirements, under domestic or foreign securities laws.

There are no material facts about the securities being distributed that have not been disclosed in this offering document or in any other document filed by the Corporation in the 12 months preceding the date of this offering document.

What are the business objectives that we expect to accomplish using the available funds?

The Corporation expects to use the net proceeds of the Offering to further accelerate the pace of the Corporation's research and development ("R&D") efforts, expand the R&D team, continue to hire staff for the commercialization initiatives underway and for general working capital needs. The following milestones must occur in order for the Corporation to accomplish the business objectives set out:

<u>Business Objectives and Milestones</u>	<u>Target Completion</u>	<u>Estimated Cost</u>
R&D⁽¹⁾		
› Complementary metal oxide semiconductor (CMOS chip)	December 2025	\$ 300,000
› Quantum Random Number (QRN) technology & Generative AI	December 2025	\$1,500,000
› Software development kit	September 2025	\$500,000
› Quantum Hard Wallet project	September 2025	\$500,000
Commercialization⁽²⁾		
› New partnership in digital therapeutics	September 2025	\$400,000
› New partnerships for commercialization in South East Asia	October 2025	\$300,000
› Integration costs of all verticals	November 2025	\$1,000,000
› First commercialization CMOS chipset	December 2025	\$1,000,000
› Subsidiary in Irvine, California related fees	Up to December 2025	\$500,000
Total		\$6,000,000

Notes:

- (1) We plan to continue to expand our R&D in house team to accelerate ongoing initiatives, with a particular focus on the development of the CMOS chip. Our efforts will also prioritize the integration of pure randomness in generative AI within our Quantum Random Number (QRN) technology, advancing the testing of our SentryQ system in collaboration with our partners at PINQ², and further developing the Quantum Valet project.
- (2) We intend to invest in training and deploying personnel to drive the development of the business segments we have identified, each of which requires a unique set of skills. Our commercialization strategy includes active

participation in trade shows, enhancing our presence in the United States, and establishing a more robust presence in additional markets. The focus on the Software development Kit (SDK) will require integration costs at all levels for several verticals.

3. USE OF AVAILABLE FUNDS

What will our available funds be upon the closing of the Offering?

		Assuming Minimum Offering
A	Amount to be raised by this Offering	\$ 6,000,000
B	Selling commissions and fees	\$ (360,000)
C	Estimated offering costs (e.g. legal, accounting, audit)	\$ (100,000)
D	Net proceeds of offering: $D = A - (B + C)$	\$ 5,540,000
E	Working capital as at April 30, 2025	\$ 10,700,000
F	Additional sources of funding	\$ nil
G	Total available funds: $G = D + E + F$	\$16,240,000

How will we use the available funds?

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering
R&D ⁽¹⁾	\$2,800,000
Commercialization Activities ⁽²⁾	\$3,200,000
General and Administration ⁽³⁾	\$1,500,000
Working capital	\$8,740,000
Total: Equal to "G" Total Available Funds in Available Funds table above	\$16,240,000

Notes:

- (1) Includes salaries for the hiring of R&D personnel in order to accelerate R&D.
- (2) Includes salaries for the hiring of business development and sales personnel, training costs, travel expenses and cost related to participation to trade shows worldwide, establishment and maintenance of the new Irvine subsidiary and deployment in South East Asia to enhance our presence in the Philippines.
- (3) Includes audit & regulatory costs.

The above noted allocation represents the Corporation's current intentions with respect to its use of proceeds based on current knowledge, planning and expectations of management of the Corporation. Although the Corporation intends to expend the proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including the Corporation's ability to execute on its business plan and financing objectives.

The ability of the Corporation to meet its commitments and discharge its liabilities as they become due and become profitable is dependent on the completion of the development of its technology and its commercial production, and on its ability to raise additional funding to finance these activities. To the extent that the Corporation has negative cash flows from operating activities in the future periods, the net proceeds from the Offering may be used to fund such negative cash flow from operating activities in future periods. Unless and until the Corporation's operations begin to generate positive cash flow, the Offering is not expected to

affect the decision to include a going concern note in the Corporation's next interim or annual financial statements.

Describe the timing and stage of research and development that management anticipates will be reached using the funds

Assuming closing of the Offering, the Corporation expects that most if not all of the products (namely, Entropy Portal, QRNG + genAI, Sentry-Q, CMOS microchip, Q-wallets) currently at different stages of development will have reached commercialization maturity.

Describe the major components of the proposed programs the Corporation will use the available funds for, including an estimate of anticipated costs

Assuming closing of the Offering, the Corporation intends to use the available funds to further expand its R&D team in order to accelerate ongoing initiatives, and put its commercialization strategy in action, as described and within the estimated budget presented in the Business Objectives and Milestones table above.

Our efforts will focus on the completion of the development of the CMOS chip and also prioritize the integration of pure randomness in generative AI within our Quantum Random Number (QRN) technology, advancing the testing of our SentryQ system in collaboration with our partners at PINQ², and further developing the Quantum Valet project. We intend to invest in training and deploying personnel to drive the development of the various business segments we have identified, each of which requires a unique set of skills. Our commercialization strategy includes active participation in trade shows, enhancing our presence in the United States, and establishing a more robust presence in additional markets, specifically in South East Asia where we already have a presence.

State if the Corporation is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods

The Corporation is conducting its own R&D under the supervision of its Chief Technology Officer, using a combination of employees, researchers like the inventor of the technology, and partners like ÉTS and PINQ². The Corporation's will hire new employees to the core team of its R&D division.

Describe the additional steps required to reach commercial production and an estimate of costs and timing

Each business segment is currently at a distinct stage of maturity. In the telemedicine segment, we have integrated our solutions within a deployment-ready system. The majority of the associated costs have already been incurred, and we have effectively mitigated the technical risks. Consequently, the timing for this business segment is immediate, and we do not anticipate any significant additional costs, except for integration costs when required.

For the remaining business segments, the primary steps involve further development and integration efforts, with the exception of the CMOS chip. We anticipate reaching the commercialization stage for these business segments within the next 18 months.

How have we used the other funds we have raised in the past 12 months?

Available proceeds from financings in the past 12 months	Proposed expenditures of proceeds	Actual expenditures of proceeds
February 24, 2025: Private placement of units for gross proceeds of \$10,000,000	The net proceeds were intended to be used to accelerate the pace of the Corporation's research and development ("R&D") efforts, expand the R&D team, hire staff for the commercialization initiatives underway and for general working capital needs.	Approximately \$2,000,000 have been used so far as per prior disclosure.
November 15, 2024: Private placement of units for gross proceeds of \$750,000	The net proceeds were intended to be used for general working capital purposes.	All funds used without variance from prior disclosure.

4. FEES AND COMMISSIONS

Who are the dealers or finders that we have engaged in connection with this offering, if any, and what are their fees?

A.G.P. Canada Investments ULC, on behalf of itself and a syndicate of agents (hereinafter referred to collectively as the "**Agents**"), will act as agent on a "best-efforts" agency basis in connection with the Offering.

The Agents will receive an aggregate cash fee equal to 6 % of the gross proceeds of the Offering. In addition, the Corporation will issue to the Agents non-transferable warrants (the "**Agent Warrants**") representing 4 % of the aggregate number of Units issued pursuant to the Offering. Each Agent Warrant will entitle its holder to purchase one Common Share at an exercise price of \$1.66 for a 30-month period from the date of issuance.

Do the Agents have a conflict of interest?

To the knowledge of the Corporation, it is not a "related issuer" or "connected issuer" of or to the Agents, as such terms are defined in *Regulation 33-105 respecting Underwriting Conflicts*.

5. PURCHASERS' RIGHTS

Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this offering document, you have a right:

- (a) To rescind your purchase of these securities with the Corporation; or
- (b) To damages against the Corporation and may, in certain jurisdictions, have a statutory right to damages from other persons.

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations. You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal advisor.

6. ADDITIONAL INFORMATION

Where can you find more information about us?

A security holder can access the Corporation's continuous disclosure record at www.sedarplus.ca or the issuer's website at <https://www.quantumemotion.com/>.

Prospective investors should read this offering document and consult with their own professional advisors to assess the tax, legal, risk factors and other aspects of their investment.

U.S. Securities Laws Matters

The securities offered under the Offering have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, subject to certain exemptions from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold within the United States.

Any placement agent utilized for sales in the United States is to agree that it will not offer or sell the Units within the United States except to institutional accredited investors (as defined in Rule 501(a) (1), (2), (3), (7), (8), (9), (12) or (13) of Regulation D ("**Regulation D**") under the U.S. Securities Act) ("**U.S. Institutional Accredited Investors**") and/or qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) that also qualify as U.S. Institutional Accredited Investors in accordance with the exemption from registration under the U.S. Securities Act provided by Rule 506(b) of Regulation D and/or Section 4(a)(2) of the U.S. Securities Act and similar exemptions from the registration requirements of applicable securities laws of any state of the United States. Offers and sales of the Units will be made outside the United States in accordance with Rule 903 of Regulation S under the U.S. Securities Act.

This offering document does not constitute an offer to sell or a solicitation of an offer to buy any Units in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration provisions of the U.S. Securities Act and applicable state securities laws unless made in accordance with an exemption from the registration requirements under the U.S. Securities Act and similar exemptions under applicable state securities laws.

7. DATE AND CERTIFICATE

This offering document, together with any document filed under Canadian securities legislation on or after May 29, 2025, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.

Dated May 29, 2025."



Francis Bellido
Chief Executive Officer

Marc Rousseau
Chief Financial Officer

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