
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of June 2023

Commission File Number: 001-40777

ARQIT QUANTUM INC.

(Exact name of registrant as specified in its charter)

Nova North, Floor 7, 11 Bressenden Place
London SW1E 5BY, United Kingdom

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

EXPLANATORY NOTE

On June 2, 2023, Arqit Quantum Inc. (the “**Company**”) issued unaudited condensed consolidated interim financial statements as of and for the six months ended March 31, 2023 and management’s discussion and analysis of financial condition and results of operations (“**MD&A**”) for the six months ended March 31, 2023. A copy of the unaudited condensed consolidated interim financial statements is attached hereto as Exhibit 99.1. A copy of the MD&A is attached hereto as Exhibit 99.2.

Other than as indicated below, the information furnished in this Report of Foreign Private Issuer on Form 6-K shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by a specific reference in such filing.

The information furnished in [Exhibit 99.1](#) and [Exhibit 99.2](#) to this Report of Foreign Private Issuer on Form 6-K shall be deemed to be filed with the Securities and Exchange Commission and incorporated by reference into the Company’s registration statements on Form S-8 (File No. 333-262215), Form F-3 (File No. 333-268786) and Form F-3 (File No. 333-259982), and shall be a part thereof, to the extent not superseded by documents or reports subsequently filed or furnished.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Unaudited Condensed Consolidated Interim Financial Statements as of and for the Six Months Ended March 31, 2023
99.2	Management’s Discussion and Analysis of Financial Condition and Results of Operations for the Six Months Ended March 31, 2023

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ARQIT QUANTUM INC.

By: /s/ David Williams
Name: David Williams
Title: Chief Executive Officer

Date: June 2, 2023

Arqit Quantum Inc.
Unaudited Condensed Consolidated Interim Financial Statements
As of and for the period ended 31 March 2023

Arqit Quantum Inc.
Unaudited Condensed Consolidated Interim Financial Statements
as of and for the period ended 31 March 2023

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Arqit Quantum Inc.
Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the period ended 31 March 2023

	Note	Unaudited six month period ended 31 March 2023 \$'000	Unaudited six month period ended 31 March 2022 \$'000
Revenue		19	5,293
Other operating income		2,570	6,959
Administrative expenses	2	(24,963)	(26,600)
Impairment loss on trade receivables and contract assets		(12,203)	—
Operating loss		(34,577)	(14,348)
Change in fair value of warrants		12,910	72,464
Finance costs		(169)	(69)
Finance income		—	—
(Loss)/ profit before tax		(21,836)	58,047
Income tax		—	—
(Loss)/ profit for the financial year attributable to equity holders		(21,836)	58,047
Other comprehensive (loss)/income :			
Items that may be reclassified to profit or loss			
Currency translation differences		(2,503)	258
Total comprehensive (loss)/ profit for the year attributable to equity holders		(24,339)	58,305
Earnings per ordinary share from continuing operations attributable to equity holders			
Basic earnings per share		(0.17409)	0.48212
Diluted earnings per share		(0.17409)	0.47999

All of the Group's activities were derived from continuing operations during the above financial periods.

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Arqit Quantum Inc.
Condensed Consolidated Statement of Financial Position
As at 31 March 2023

	Note	Unaudited 31 March 2023 \$'000	Audited 30 September 2022 \$'000
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ASSETS			
Non-current assets			
Property, plant and equipment		2,435	2,206
Right of use asset		7,106	6,139
Intangible assets	3	57,221	40,291
Fixed asset investments		31	28
Trade and other receivables	4	1,918	18,565
Total non-current assets		68,711	67,229
Current assets			
Trade and other receivables	4	4,252	7,677
Cash and cash equivalents		41,504	48,966
Total current assets		45,756	56,643
Total assets		114,467	123,872
LIABILITIES			
Current liabilities			
Trade and other payables	5	19,203	22,655
Lease liabilities		1,580	1,154
Total current liabilities		20,783	23,809
Non-current liabilities			
Trade and other payables	5	5,293	4,183
Lease liabilities		7,595	6,681
Warrants liability		633	10,644
Total non-current liabilities		13,521	21,508
Total liabilities		34,304	45,317
Net assets		80,163	78,555
EQUITY			
Share capital	6	13	12
Share premium	7	109,195	92,306
Other reserves	7	166,804	166,804
Foreign currency translation reserve	7	854	3,357
Share-based payment reserve	7	32,272	23,216
Retained earnings	7	(228,975)	(207,140)
Total Equity		80,163	78,555

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Arqit Quantum Inc.
Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the period ended 31 March 2023

	Share Capital	Share Premium	Other reserves	Foreign currency translation	Share option reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 October 2021	11	70,999	166,805	256	303	(272,215)	(33,841)
Profit for the year	—	—	—	—	—	58,046	58,046
Other comprehensive income	—	—	—	258	—	—	258
Total comprehensive income	—	—	—	258	—	58,046	58,304
Transactions with owners in their capacity as owners:							
Share option charge	—	—	—	—	10,134	—	10,134
Earnout shares	1	—	(1)	—	—	—	—
Exercise of warrants	—	21,279	—	—	—	—	21,279
Balance at 31 March 2022 attributable to owners of the Group	12	92,278	166,804	514	10,437	(214,169)	55,876
Balance at 1 October 2022	12	92,306	166,804	3,357	23,216	(207,140)	78,555
Loss for the period	—	—	—	—	—	(21,835)	(21,835)
Other comprehensive income	—	—	—	(2,503)	—	—	(2,503)
Total comprehensive income	—	—	—	(2,503)	—	(21,835)	(24,338)
Issuance of ordinary shares	1	16,889	—	—	—	—	16,890
Transactions with owners in their capacity as owners:							
Share option charge	—	—	—	—	9,056	—	9,056
Balance at 31 March 2023 attributable to owners of the Group	13	109,195	166,804	854	32,272	(228,975)	80,163

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Condensed Consolidated Statement of Cash Flows (Unaudited)
For the period ended 31 March 2023

	Unaudited six month period ended 31 March 2023 \$'000	Unaudited six month period ended 31 March 2022 \$'000
Cash flows from operating activities		
Cash used in operations	(9,356)	(13,221)
Net cash used in operating activities	<u>(9,356)</u>	<u>(13,221)</u>
Cash flows from investing activities		
Capital expenditure on property, plant and equipment	(207)	(609)
Capital expenditure on intangibles	(16,930)	(12,883)
Net cash used in investing activities	<u>(17,137)</u>	<u>(13,492)</u>
Cash flows from financing activities		
Shares issued on exercise of warrants	—	21,279
Proceeds from issue of shares, net of issue costs	19,788	—
Payments of lease liabilities	(558)	(205)
Payments of interest portion of lease liabilities	(99)	(73)
Proceeds from government grants	508	—
Net cash generated from financing activities	<u>19,639</u>	<u>21,001</u>
Net decrease in cash and cash equivalents	<u>(6,854)</u>	<u>(5,712)</u>
Cash and cash equivalents at beginning of period	48,966	86,966
Foreign exchange on cash and cash equivalents	(608)	904
Cash and cash equivalents at end of period	<u>41,504</u>	<u>82,158</u>

Arqit Quantum Inc.
Condensed Consolidated Notes to the Financial Statements (Unaudited)
For the period ended 31 March 2023

1. General information and significant accounting policies

General information

Arqit Quantum Inc. (the “Company”) is a Cayman Islands exempted limited liability company with registered number 374857. The address of its registered office and its principal place of trading is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

These unaudited condensed consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”).

The principal activity of the Group is provision of cybersecurity services via satellite and terrestrial platforms.

Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB, including IAS 34 ‘Interim Financial Reporting’. They do not include all of the information required in annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended September 30, 2022. The report of the auditors on those financial statements was unqualified. The comparative balance sheet figures for the year ended September 30, 2022 were derived from the audited consolidated financial statements.

The unaudited condensed consolidated financial statements have been presented in United States Dollars “USD” which is also the Group’s functional currency. All values are rounded to the nearest units (USD ‘000), except when otherwise indicated.

Information on the accounting policies applied can be found in the Group’s latest annual audited financial statements. The unaudited interim financial statements are prepared on the historical cost basis, other than investor warrants held at fair value through profit or loss. The preparation of the unaudited interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

New and amended standards adopted by the Group

There have been no new or amended standards adopted by the Group for the first time during the interim period.

2. Expenses by Nature

	Period ended 31 March 2023 \$'000	Period ended 31 March 2022 \$'000
Employee benefit expense and other staff costs	15,557	9,628
Capitalised within intangible assets	(3,149)	(2,474)

Legal and professional	4,828	2,441
Foreign exchange	(9,294)	989
Property costs	1,363	374
Share based compensation	9,004	10,133
Depreciation	469	91
Depreciation of right of use asset	693	225
Other expenses	5,492	5,193
Total administrative expenses	<u>24,963</u>	<u>26,600</u>

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Arqit Quantum Inc.
Condensed Consolidated Notes to the Financial Statements (Unaudited) (continued)
For the period ended 31 March 2023

3. Intangible fixed assets

	Development Costs \$'000
Cost	
At 1 October 2021	18,235
Additions	25,294
Foreign exchange on translation	(3,238)
At 30 September 2022	40,291
Additions	12,144
Foreign exchange on translation	4,786
At 31 March 2023	<u>57,221</u>
Amortisation	
At 1 October 2021	—
Charge	—
At 30 September 2022	—
Charge	—
At 31 March 2023	—
Net Book Value	
At 31 March 2023	57,221
At 31 September 2022	<u>40,291</u>

The Group's intangible assets under development are internally generated and the Group has not yet begun amortisation of these finite useful economic life assets. \$1.0 million (2022: \$0.201 million) of these capitalised costs relate to QuantumCloud™. An impairment test was performed for the period ended March 31, 2023, which considered the value of existing contracts and forecasted revenues. No impairment was deemed necessary. The Group will begin amortisation when the intangible assets are available for use.

4. Trade and other receivables

	31 March 2023 \$'000	30 September 2022 \$'000
Current assets		
Trade debtors	1,116	5,924
Other debtors	736	892
Prepayments and accrued income	2,400	861
Total	<u>4,252</u>	<u>7,677</u>

An allowance for doubtful debts has been made in relation to balances with Virgin Orbit LLC. Please see note 8 for more details.

The directors consider that the carrying amount of financial assets recorded at amortised costs in the financial statements approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

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Arqit Quantum Inc.
Condensed Consolidated Notes to the Financial Statements (Unaudited) (continued)
For the period ended 31 March 2023

	31 March 2023 \$'000	30 September 2022 \$'000
Non-current Assets		
Prepayments	—	15,873
Trade debtors	—	975
Other debtors	1,918	1,717
Total	<u>1,918</u>	<u>18,565</u>

In the prior period, non-current prepayments comprise the payment of a non-refundable deposit towards the cost of the first satellite launch service, which was expected to be more than one year from the accounting reference date.

5. Trade and other payables

	<u>31 March</u> <u>2023</u> \$'000	<u>30 September</u> <u>2022</u> \$'000
Current liabilities		
Trade payables	13,286	17,478
Other tax and social security	815	633
Other creditors	620	516
Accruals	4,482	3,803
Deferred income	—	225
Total	<u>19,203</u>	<u>22,655</u>

Trade payables and accruals relate to amounts payable at the balance sheet date for services received during the period. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The directors consider that the carrying amount of financial liabilities recorded at amortised costs in the financial statements approximate their fair value.

	<u>31 March</u> <u>2023</u> \$'000	<u>30 September</u> <u>2022</u> \$'000
Non-current Liabilities		
Deferred government grants	5,293	4,183
	<u>5,293</u>	<u>4,183</u>

6. Share capital

As of March 31, 2023, the total number of ordinary shares of the Company outstanding is 134,078,493 with a par value of \$0.0001.

	<u>Number of ordinary</u> <u>shares</u>	<u>Share capital</u> <u>\$</u>
September 30, 2022 – par value \$0.0001	<u>121,926,166</u>	<u>12,192</u>
Shares issued in direct offering	10,000,000	1,000
Shares issued in ATM	472,396	47
EMI exercised	1,196,981	120
Grants vested	482,950	48
March 31, 2023 – par value \$0.0001	<u>134,078,493</u>	<u>13,408</u>

Arqit Quantum Inc. Condensed Consolidated Notes to the Financial Statements (Unaudited) (continued) For the period ended 31 March 2023

7. Reserves

Share premium

Includes the difference in price between the par value of shares, and the total price the Group received for those shares, net of expenses.

Foreign currency translation reserve

Includes other comprehensive income relating to the translation of subsidiaries into the presentational currency of the group.

Share based payment reserve

Cumulative charges in respect of share options issued.

Retained earnings

Includes cumulative profit and loss and all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Other reserves

Other reserve includes the IFRS 2 deemed acquisition cost and other reserves assumed as part of the reverse acquisition.

8. Post balance sheet events

On April 4, 2023 Virgin Orbit LLC ('Virgin Orbit') filed for Chapter 11 bankruptcy protection and Arqit Limited was listed as the largest creditor. On May 24, 2023 it was announced that Virgin Orbit has shut down operations. An impairment provision has been made for the balances outstanding with Virgin Orbit, with the related expenses recorded in the Statement of Other Comprehensive Income.

Arqit Quantum Inc. (“Arqit”)**Management’s Discussion and Analysis of Financial Condition and Results of Operations****Comparison of the Six Months Ended March 31, 2023 and 2022****Revenue**

Revenue decreased by \$5.3 million from \$5.3 million for the six months ended March 31, 2022 to \$19 thousand for the six months ended March 31, 2023. The decrease was due to the time required to establish revenue generation through channel partnerships following Arqit’s change in sales model from primarily enterprise sales to sales through channel partners during the six months ended March 31, 2023.

Other Operating Income

Other operating income decreased by \$4.4 million from \$6.9 million for the six months ended March 31, 2022 to \$2.5 million for the six months ended March 31, 2023. Other operating income primarily relates to project revenues under Arqit’s contract with ESA in connection with its satellite business. During the six months ended March 31, 2023, Arqit reached fewer revenue recognition milestones under the ESA contract, compared with the number of milestones during the six months ended March 31, 2022.

Administrative Expenses

Total administrative expenses decreased by \$1.6 million from \$26.6 million for the six months ended March 31, 2022 to \$25 million for the six months ended March 31, 2023. Higher personnel-related costs as a result of increased headcount for the six months ended March 31, 2023 were offset primarily by favorable movements in foreign exchange rates resulting in lower foreign exchange expense during the period. Administrative expense for the six months ended March 31, 2023 also included a \$9 million non-cash charge for share based compensation compared with a \$10.1 million charge for the six months ended March 31, 2022.

Impairment Loss on Trade Receivables and Contract Assets

Arqit incurred impairment loss on trade receivables and contract assets of \$12.2 million for the six months ended March 31, 2023 as a result of impairment recognized in connection with a provision for amounts owed to Arqit by Virgin Orbit, Inc., which has filed for bankruptcy in the U.S. No impairment loss on trade receivables and contract assets was recognized for the six months ended March 31, 2022.

Change in Fair Value of Warrants

The change in fair value of warrants represents the difference in valuation of Arqit’s warrants as of March 31, 2023, compared with the valuation as of September 30, 2022, which was non-cash profit of \$12.9 million for the six months ended March 31, 2023, compared with a non-cash profit of \$72.5 million for the six months ended March 31, 2022.

Finance Costs

Finance costs increased by \$100 thousand from \$69 thousand for the six months ended March 31, 2022 to \$169 thousand for the six months ended March 31, 2023. The increase was primarily due to increased interest costs incurred on lease agreements in relation to Arqit’s U.K. and U.S. offices, as well as data center leases.

Liquidity and Capital Resources

Arqit began to generate revenue from its principal business operations — the provision of cybersecurity services — in the fiscal year ended September 30, 2021. Prior to then, as a pre-revenue company, the net losses Arqit has incurred since inception are consistent with its strategy and budget. Arqit will continue to incur net losses in accordance with its operating plan as it begins commercialization of its products.

Since inception, Arqit has funded its operations, research and development, capital expenditure and working capital requirements through capital contributions, loans and borrowings from certain venture investors and grants from UK government’s Future Fund. Arqit’s primary source of liquidity and capital resources to fund its growth to date have been from (1) net proceeds of approximately \$19.8 million from a registered direct offering million of its ordinary shares and the issue of shares under its ATM Program (as defined below) during the six months ended March 31, 2023, (2) the net proceeds of approximately \$117.3 million from its business combination with Centricus Acquisition Corp. and related private placement financing in September 2021, including the exercise of warrants issued in connection therewith and (3) from the issuance of convertible loan notes prior to the completion of the business combination. In connection with the business combination, all of the convertible loan notes were converted into ordinary shares. Since September 2021, Arqit’s primary uses of liquidity have been expenses in connection with the commercialization of its products.

In December 2022, Arqit established an at-the-market equity offering program (the “ATM Program”) pursuant to which it may issue and sell ordinary shares with an aggregate offering price of up to \$50 million. Arqit has no obligation to sell any such shares under its ATM Program. Actual sales will depend on a variety of factors to be determined by the Group from time to time, including, among others, whether additional capital is required, market conditions, the trading price of Arqit’s ordinary shares, determination of the appropriate sources of funding for the Group, and potential uses of available funding. Arqit intends to use the net proceeds from the offering of such shares, if any, for general corporate purposes. During the six months ended 31 March 2023, Arqit issued 472,396 shares under the ATM Program, generating proceeds to the company before fees and expenses of approximately \$1.2 million.

Cash Flows Summary

Arqit released its earnings on May 17, 2023, including its statement of cash flows. The final version of the unaudited condensed consolidated interim financial statements to which this management’s discussion and analysis relates include updates to the previously released statement of cash flows for the six months ended March 31, 2023, including an increase in cash flows provided by financing activities from \$18.5 million to \$19.8 million, which reflects the full amount of proceeds from issuance of shares during the period, and an increase in cash flows used in operating activities from \$8.1 million to \$9.4 million, which reflects an adjustment to the movement in foreign exchange during the period. There have been no changes to Arqit’s previously reported cash and cash equivalents balance as of March 31, 2023.

Cash Flows Used in Operating Activities

Cash flows used in operating activities to date have primarily resulted from personnel related costs, fluctuations in trade payables and other current assets and liabilities. During the six months ended March 31, 2023 cash used in operating activities was \$9.4 million. The primary factors affecting operating cash flows during the period were a net loss of \$21.8 million and adjustments for non-cash items of \$12.4 million.

During the six months ended March 31, 2022 cash used in operating activities was \$13.2 million. The primary factors affecting operating cash flows during the period were a net profit of \$58 million and adjustments for non-cash items of \$71.2 million.

Arqit's non-cash items primarily consist of fair value movement on warrant valuation, share-based charges and depreciation, while movements in working capital are primarily driven by changes in trade and other payables.

Cash Flows Used in Investing Activities

Net cash used in investing activities was \$17.1 million for the six months ended March 31, 2023, compared with \$13.5 million for the six months ended March 31, 2022. These year over year increases were primarily attributed to the costs incurred in the development of intangible fixed assets.

Cash Flows Provided by Financing Activities

Net cash generated from financing activities was \$19.6 million for the six months ended March 31, 2023, compared with \$21.0 million for the six months ended March 31, 2022. Net cash provided by financing activities for the six months ended March 31, 2023 was primarily related to shares issued in connection with a registered direct offering and sales under the ATM Program during the period. Net cash provided by financing activities for the six months ended March 31, 2022 was primarily related to shares issued upon the exercise of warrants.
