DOCUMENT 2 OF 4 · COMPANY RESEARCH

Quantum eMotion

NYSE American: QNC · TSX Venture: QNC
Bull case, bear case, quant rating, and where the puts are

PRICE	**$2.16** at the 23 July 2026 close · 100 shares = **$216** Quoted around **$2.14** as this went to press.
WHAT IT DOES	Makes a chip that generates truly random numbers from quantum physics, used to build encryption keys that cannot be predicted. Now also sells the software platform that manages those keys.
QUANT RATING	**BEAR** — 84% probability of remaining in the Bear regime. Low statistical confidence: only 104 sessions of U.S. history. See §4.
TIMING SCORE	**−3 of −3** — price, momentum and volume all low. Conditions favour selling puts. See §3.
KEY DATE	**~27 August 2026** — quarterly results. Note: some data providers list 13 August instead. **Confirm on the company's IR page before selling any August contract.** See §6.3.
PREREQUISITE	**Document 1 — Selling Cash-Secured Puts**. This report assumes you have read it.

THE ONE-PARAGRAPH VERDICT RESTING LIMIT ORDER AT BEST

Quantum eMotion is a genuine technology company attached to a genuine, mandated industry shift, with $37M in the bank and a real government certification in progress. It is also a company whose entire revenue last year was **$11,171**, which spends **five times more on stock-based compensation than on research and development**, whose insiders have sold C$1.8M net, and which no institution owns. Its option chain is barely functional — the only sensible put strike shows a $0.00 bid. Treat this as a small, deliberate lottery ticket on a resting order, sized so that losing all of it changes nothing.

1 · What the company actually does

1.1 The problem it solves

Every time you log into a bank, send a message, or buy something online, your device encrypts the data using a secret key. That key is built out of **random numbers**. If an attacker can predict the random numbers, they can reconstruct the key and read everything — no matter how strong the encryption algorithm itself is.

Here is the uncomfortable part: computers cannot actually produce randomness. They run a formula that produces numbers which *look* random. Given enough output, or knowledge of the starting conditions, those numbers can sometimes be predicted. For most purposes this is good enough. For a bank, a government, or a defence network, it is a known weak point.

1.2 What Quantum eMotion makes

A semiconductor chip that generates random numbers from **quantum physics** rather than from a formula. It measures electron tunnelling — a genuinely unpredictable physical event — and converts it into numbers. This is called a **Quantum Random Number Generator**, or QRNG. The randomness is not "very hard to predict"; it is unpredictable as a matter of physics.

Since April 2026 the company has also owned **SecureKey**, a software platform that *uses* that randomness — generating, storing and protecting encryption keys for organisations. This matters commercially: selling a component is a small business, and selling the complete system that customers actually buy is a much larger one.

1.3 Why the timing might be right

A deadline is forming across the industry. Once sufficiently powerful quantum computers exist, they will break most encryption in use today. Attackers know this, so some are running what is called **"harvest now, decrypt later"** — stealing encrypted data today and storing it until they can crack it later. Governments have responded by mandating a migration to **post-quantum cryptography**. That migration is not optional, is not finished, and requires exactly the category of hardware QNC sells.

So the market is real and it is coming. The entire question in this report is whether *this company* captures any of it — and whether the current $474 million price already assumes it will.

1.4 The company in numbers

TABLE 1 — QNC AT A GLANCE, 23 JULY 2026

ITEM	VALUE	COMMENT
Share price	$2.16	100 shares = $216
Market capitalisation	$473.8M	What the market says the company is worth
Shares outstanding	219.4M	As of 14 May 2026
Revenue, FY2025	**$11,171**	Eleven thousand dollars. Not a typo.
Revenue, trailing twelve months	**$21,753**	Roughly 21,800× sales
Net loss, FY2025	−$10.5M	Up from −$3.0M in FY2024
Cash & short-term investments	**$37.2M**	Strong. Not going bust.
Total debt	**~$56K**	Effectively debt-free
Accumulated deficit	−$26.7M	Total losses since inception
52-week range	$1.90 – $4.44	Currently 10% off the bottom of the range
Listed on NYSE American	24 Feb 2026	Only 5 months of U.S. trading history

2 · Reading this stock day to day

This is the section to come back to. Rather than telling you what the stock did, it shows you twelve sessions of real data with the timing score from Document 1 §6 computed for every single day — so you can see how the score moves, and which input does the moving.

The setup, in the author's words

The institutions are **stormtroopers** — big, slow, and they cannot be bothered with a company this small. You are a **Jedi**: quick, patient, and answerable to nobody. That is the edge, and it only works if you use it.

Trade what you know, not what you think. You do not know where this goes next week. You *do* know today's price and today's volume. When both are as low as you have seen them and the business is stronger than it was, that is the moment — so get *paid* to buy it cheap instead of YOLOing your cash into shares at the market. Think like a market maker, not a mark.

At $2.16 this is still in put-selling territory: about $200 secures one contract. Keep selling them while it is down here. If it ever gets back over $3–$4, you want to already own the shares and already be selling covered calls on the other side.

Full version: Document 1, "Stormtroopers and Jedi."

2.1 The last twelve sessions, scored

TABLE 2 — QNC DAILY TAPE WITH TIMING SCORE, 8–23 JULY 2026

DATE	CLOSE	VOLUME	20-DAY AVG PRICE	RSI	%B	REL. VOL	PRICE	MOM.	VOL.	SCORE
Wed 08 Jul	$2.82	718,300	$3.06	43.7	0.21	0.92	−1	−1	0	−2
Thu 09 Jul	$2.82	462,800	$3.05	43.7	0.22	0.60	−1	−1	−1	−3
Fri 10 Jul	$2.75	552,900	$3.05	41.8	0.14	0.73	−1	−1	−1	−3
Mon 13 Jul	$2.46	1,430,200	$3.03	35.0	−0.07	**1.90**	−1	−1	+1	−1
Tue 14 Jul	$2.47	800,200	$3.00	35.4	0.02	0.96	−1	−1	0	−2
Wed 15 Jul	$2.42	566,600	$2.95	34.3	0.04	0.66	−1	−1	−1	−3
Thu 16 Jul	$2.24	1,473,200	$2.90	30.6	−0.02	**1.81**	−1	−1	+1	−1
Fri 17 Jul	$2.17	767,100	$2.85	29.2	0.02	0.84	−1	−1	0	−2
Mon 20 Jul	$2.08	598,400	$2.79	27.6	0.03	0.66	−1	−1	−1	−3
Tue 21 Jul	$2.20	887,900	$2.73	33.0	0.13	1.06	−1	−1	0	−2
Wed 22 Jul	$2.21	788,000	$2.68	33.5	0.18	0.95	−1	−1	0	−2
Thu 23 Jul	**$2.16**	**334,476**	**$2.63**	**32.3**	**0.18**	**0.40**	−1	−1	−1	−3

Relative volume here is measured against the trailing 10-session average — the strictest test, since the recent baseline is already depressed. Against the 30-session average today's reading is **0.12**; against the 3-month average, 0.20. Low on every basis.

2.2 What this table teaches

1. **Price and momentum have been −1 every single day for twelve sessions.** They are not telling you anything new. Once a stock is in a downtrend, these two inputs simply stay pinned.
2. **Volume is what moves the score.** Every reading between −1 and −3 in that column is driven entirely by the volume input. This is the practical proof of the "volume is the tiebreaker" principle in Document 1 §6.4 — it is the only input carrying live information.
3. **Look at 13 and 16 July.** Volume spiked to 1.90× and 1.81× normal and the score jumped to −1. Those were the two days the framework said *do not sell puts* — real sellers were present, and on both days the stock fell hard (−11.7% and −7.3%). The framework kept you out of exactly the right days.
4. **Now look at today.** Relative volume 0.40, the lowest reading in the entire window, and the stock fell only 2.3%. Almost nobody is selling. That is the opposite condition, and the score of −3 reflects it.

THE PATTERN WORTH INTERNALISING

Over these twelve sessions QNC fell from $2.82 to $2.16, a 23% decline. But **the biggest single-day drops happened on the highest-volume days**, and the quiet days drifted or bounced. Selling puts on the high-volume down days would have been painful. Selling on the quiet ones — like today — is the entire point of the framework.

2.3 Your daily card for this specific stock

QNC · sixty-second daily check

STEP	WHERE TO FIND IT	SELL PUTS IF	SELL CALLS IF
1. Volume	Yahoo quote page: "Volume" ÷ "Avg. Volume"	Under 0.8	Over 1.3
2. Price	Is it below the 20-day moving average?	Below ~$2.63	Above ~$2.63
3. Momentum	RSI(14) on any free chart	Under 45	Over 60

Add the three scores. −2 or lower → sell puts. +2 or higher → sell calls. Anything between → do nothing.

The $2.63 figure is today's 20-day average and it moves a little every day — look it up rather than memorising it. Key levels to watch: support at **$2.05**, resistance at **$3.25**.

2.4 Today's full technical picture

TABLE 3 — QNC INDICATORS, 23 JULY 2026 CLOSE

INDICATOR	VALUE	READING
Close / previous close	$2.16 / $2.21	−2.26% on the day
Session open / high / low	2.19 / 2.20 / 2.10	Closed mid-range
After-hours bid / ask	$2.14 / $2.27	**A 6% spread — the liquidity warning**
Volume vs 30-session average	334,476 / 2,767,363	**Relative volume 0.12**
20-day / 50-day average	$2.633 / $2.904	17.8% and 25.6% below
RSI (14)	32.3	Oversold territory (under 45 = low)
MACD / signal	−0.239 / −0.186	Below signal — negative momentum
ADX / DI+ / DI−	29.4 / 11.8 / 32.3	An organised downtrend, not chop
Bollinger %B	0.17	Near the bottom of its band
ATR (14)	$0.196	Typical daily range is 9.1% of the price
Support / resistance	$2.05 / $3.25	Support is only 5% below
Implied volatility rank	100	Options are at their most expensive in a year
Implied vs realised volatility	107% vs 83%	Options priced above how much it actually moves

3 · Timing score: −3 of −3

TABLE 4 — TODAY'S SCORE IN DETAIL

INPUT	EVIDENCE	SCORE
Price	Bollinger %B 0.17 (under 0.30); $2.16 against a 20-day average of $2.63 and a 50-day of $2.90	**−1**
Momentum	RSI 32.3 (under 45); MACD −0.239 below its signal of −0.186; DI− 32.3 versus DI+ 11.8	**−1**
Volume	334,476 traded. Relative volume 0.40 against 10 sessions, 0.12 against 30, 0.20 against 3 months — under 0.8 on every basis	**−1**
Total — conditions favour selling puts		**−3**

A −3 is the strongest reading the framework produces. Taken literally it licenses strikes close to the current price. This report does not take that full licence, for reasons in §4 — the quantitative regime model strongly disagrees about near-term direction, and where two models conflict the right response is a smaller, further-out position rather than picking a winner.

4 · Quant rating: BEAR

The timing framework in §3 tells you about *conditions*. This section is a separate, independent model that classifies the stock's *regime* and estimates what happens next. It is deterministic mathematics, not opinion.

4.1 How the model works

It labels every day in the stock's history as **Bull** (rolling 20-day return above +5%), **Bear** (below −5%) or **Sideways**. It then counts how often each state has historically followed each other state, producing a transition matrix, and from that derives both the probability of tomorrow's state and the long-run share of time spent in each.

QNC · Quant rating — BEAR

CURRENT REGIME	20-DAY RETURN	HISTORY AVAILABLE
Bear	**−29.4%**	**104 sessions**

PROBABILITY	BEAR	SIDEWAYS	BULL
Tomorrow, given today is Bear	**84.4%**	12.5%	3.1%
Long-run share of all days	38.6%	19.3%	**42.2%**

State persistence: Bear 84% · Sideways 50% · Bull 86%. Both trending states are sticky; the sideways state is a coin flip, meaning this stock rarely drifts — it tends to be going somewhere.

Walk-forward validation: not available. With only 104 sessions of U.S. trading history the model could not run an out-of-sample backtest. Treat the numbers above as descriptive, not predictive.

4.2 Reading the rating

- **The headline is unambiguous: BEAR, and sticky.** An 84% chance of another Bear day is a strong statement that this decline has staying power. The model is not calling a bottom.
- **But look at the gap between the two rows.** Tomorrow's Bull probability is **3.1%**, while the long-run Bull share is **42.2%** — a 39-point gap. The model is saying the current state is unusually loaded to the downside relative to how this stock normally behaves. The translation is: *mean reversion is the eventual base case, but not this week.*
- **The confidence caveat is real.** 104 sessions is a thin sample and it covers only the period since the NYSE American listing — which happens to be a period of almost continuous decline from the $4.44 high. The model has essentially never seen this stock in a sustained uptrend, so its Bull statistics are barely evidenced.

THE TWO MODELS DISAGREE, AND THAT IS USEFUL INFORMATION

The timing framework says **−3: the strongest possible sell-puts signal**. The quant model says **Bear with 84% persistence: expect further weakness**.

They are not actually contradicting each other — they answer different questions. The timing score says premium is generous and sellers are exhausted. The regime model says the trend is still down. Both can be true, and the sensible synthesis is: **sell puts, but further below the price and in smaller size than the −3 alone would justify.** That is precisely how the strike in §6 was chosen. When two independent models disagree, reduce size — do not pick a side.

5 · The case for and against

5.1 The bull case

A. A REAL GOVERNMENT CERTIFICATION IS IN PROGRESS, WITH A PUBLISHED TIMELINE

On **16 July 2026** QNC's SecureKey module was accepted onto the U.S. National Institute of Standards and Technology's Cryptographic Module Validation Program register as an **Implementation Under Test** — formal entry into the FIPS 140-3 certification pipeline, with Intertek Laboratories handling adjudication. Management guides to reaching the "Modules In Process" stage in three to four months, meaning October or November 2026.

This is the most under-appreciated item in the file. FIPS 140-3 is the gate that allows a cryptographic product to be sold into U.S. federal, defence, financial-services and healthcare procurement at all. Without it those markets are simply closed. With it, the entire sales motion changes character. It is also **verifiable** — you can check the NIST register yourself, which is more than can be said for most small-cap announcements.

B. IT BECAME A FULL-STACK VENDOR WITHOUT SPENDING ITS CASH

Announced 27 February and closed **2 April 2026**: the acquisition of 100% of SKV Technology, bringing in the SecureKey platform built by Jet Lab Technologies. The structure is notably shareholder-friendly — a milestone-based earn-out of up to **C$7M** plus potential royalties of up to **$15M**, both contingent on the combined architecture actually working. QNC paid mostly in "if it succeeds" money rather than cash, which is the correct way to buy a platform when you hold $37M and generate no revenue.

C. NAMED PARTNERS WITH PRODUCTS ALREADY SHIPPING

- **Krown Technologies** — an exclusive worldwide licence to commercialise the QRNG2 technology across blockchain, decentralised finance and digital wallets. Two products have launched: *Excalibur* (a cold wallet) and *Qastle* (a hot wallet). The parties have publicly floated **$8–15M of first-year gross revenue** from transaction fees and premium tiers. Treat that as a company projection, not a forecast — but note it would be 400–700× current revenue, so even partial delivery transforms the financial picture.
- **Aegis Critical Energy Defence and SEETEL** — the *PWR Flex 261Q* quantum-secured energy storage platform, unveiled 12 May with a **first U.S. commercial deployment announced 26 May 2026**. SEETEL provides North American manufacturing, which makes the NATO-aligned and government procurement angle credible rather than aspirational.
- **Vertical Data** — a memorandum of understanding signed 12 June 2026 to embed the technology into AI infrastructure, with a pilot targeted within 2026. Explicitly **non-binding**.
- Also named: Greybox Solutions, JMEM TEK, Malahat Battery Technologies.

D. THE BALANCE SHEET IS GENUINELY STRONG

$37.2M in cash and short-term investments against roughly **$56,000** of total debt. Working capital of $37.1M. On the FY2025 operating cash burn of $4.1M that is many years of runway. Whatever else is true, this company is not about to run out of money — a rare and real advantage among micro-caps, and it means management can take the time the certification process requires.

E. GOVERNMENT CO-FUNDING AND A SUPPORTIVE FINANCING HISTORY

Funding has come from a C$10M brokered financing at C$0.75 per unit, a C$6M placement led by A.G.P. Canada Investments also at C$0.75, and up to **$600,000 from Canada's NRC IRAP programme** (announced 17 March 2026) for quantum-secure semiconductor research. Government co-funding of the R&D is a quiet third-party validation that costs shareholders nothing.

F. THE ONLY COVERING ANALYST IS CONSTRUCTIVE

Alliance Global Partners initiated on **27 April 2026** at **Buy with a $5.00 target** — 131% above the current price. Read §5.2 before weighting that.

5.2 The bear case

THE SINGLE MOST IMPORTANT NUMBER IN THIS REPORT

QNC's revenue for the full 2025 financial year was **$11,171**. In 2024, 2023 and 2022 it was **zero**. Trailing twelve-month revenue is $21,753. Against a $473.8M market capitalisation that is roughly **21,800 times sales**.

Everything in §5.1 is a claim about the future. After four years, essentially none of it has yet appeared in the income statement, and the market is already paying a very large price for the possibility that it will.

A. IT SPENDS FIVE TIMES MORE ON STOCK COMPENSATION THAN ON RESEARCH

This is the finding that most changed my view of the company. In the most recent quarter, against a C$3.59M net loss:

TABLE 5 — WHERE THE MONEY ACTUALLY GOES (MOST RECENT QUARTER, C$)

EXPENSE	AMOUNT	SHARE OF LOSS	COMMENT
Stock-based compensation	**C$2.07M**	58%	Non-cash, but real dilution of your ownership
General & administrative	C$1.24M	35%	Overhead, promotion, professional fees
Research & development	**just under C$0.40M**	11%	The actual technology

The full-year picture is the same: FY2025 operating expenses of $11.0M contained only **$1.1M of R&D** — ten percent. For a company whose entire investment thesis rests on deep technology leadership, spending five dollars on compensating insiders for every one dollar spent on research is difficult to defend. It is also the mechanism by which your ownership stake shrinks each year without the company selling a single new share to the public.

B. LOSSES TRIPLED WHILE REVENUE STAYED AT ZERO

Net loss went from **−$3.0M in FY2024 to −$10.5M in FY2025**. Revenue over the same period went from $0 to $11,171. Costs scaled; the business did not.

C. INSIDERS ARE NET SELLERS

Insiders collectively disposed of roughly **C$1.8M more than they bought over the last twelve months**. The standout: on 22 May 2026 Tullio Panarello sold approximately **202,000 shares** on-market at around C$4.09 — about **half of his entire direct holding** — within a few dollars of the

52-week high. CEO Francis Bellido retains roughly 6.58M shares (about 3%), but his last recorded open-market *purchase* was November 2024. The board also accelerated vesting on 125,000 options for a former director. Nobody with an information advantage has bought this 51% decline.

D. NO INSTITUTIONAL OWNERSHIP

Standard 13F databases return no reportable institutional holders. The shareholder base is retail and momentum money — which is precisely why relative volume collapsed to 0.12 once the story cooled, and precisely why the option chain barely functions.

E. THE ONE ANALYST IS NOT INDEPENDENT OF THE CAPITAL STRUCTURE

A.G.P. Canada Investments led the C$6M placement; Alliance Global Partners then initiated coverage at Buy with a $5.00 target. This is a normal and disclosed arrangement in small-cap finance, but a price target from the placement agent is not the same quality of evidence as an unaffiliated initiation. No published accuracy record exists for the covering analyst, and the individual is not named in the release. Compare this with the two independent, publicly-ranked analysts covering the company in Document 3.

F. CONTINUOUS DILUTION

Shareholders' equity went from $1.3M to $42.2M in a single year. Some of that is the $11.7M of stock issuance recorded in the cash flow statement; the rest reflects placements, warrant and option exercises. There remains a legacy tranche of 7.5M units carrying $0.20 warrants. The share count moves in one direction while revenue does not.

G. IT FELL ON ITS BEST NEWS OF THE QUARTER

The NIST announcement — unambiguously the most positive development of the year — was met with a **7.4% decline**, removing roughly $43M of market value. When a stock falls on good news, existing holders are looking for exits.

H. A PUBLISHED BEAR THESIS THAT HAS BEEN RIGHT

Seeking Alpha's 18 March 2026 note, "Still A Sell On Sluggish Commercial Adoption," made the revenue argument directly. The stock has fallen substantially since.

5.3 Weighing it

The bull case and the bear case here are not in conflict about the facts — they are in conflict about *time*. The technology is real, the market is real and mandated, the certification is genuinely in progress, and the balance sheet funds several more years of trying. What is missing is any evidence, after four years, that this company converts those advantages into revenue. The compensation-versus-research split suggests where management's energy has actually gone.

That combination — real optionality, no execution, strong balance sheet, weak governance signals — is what a lottery ticket looks like. It is not worthless. It is also not something to size like a conviction position.

6 · Where to sell the puts

Now the practical part. Everything above says "small, patient, low-conviction." The chain says something even more restrictive.

6.1 The chain, in full

TABLE 6 — EVERY LISTED QNC PUT, WITH LAST-TRADE TIMESTAMPS

EXPIRY	DAYS	STRIKE	BID	ASK	LAST	OPEN INT.	LAST TRADED	ASSESSMENT
21 Aug 2026	**29**	**$2.00**	**0.00**	**0.25**	**0.13**	**35**	**Today, 2:25 pm**	**The only sensible strike**
21 Aug 2026	29	$3.00	0.50	1.00	0.95	20	17 Jul	Deep in the money — you would be buying above today's price
21 Aug 2026	29	$4.00	1.40	3.70	1.10	1	**23 Jun**	Open interest of 1. Not a market.
20 Nov 2026	120	$3.00	0.70	1.30	1.10	17	22 Jul	The *only* listed November put. Deep in the money.
19 Feb 2027	211	$3.00	0.05	3.20	1.18	15	**22 Jun**	A 63-fold spread. Unquotable.

There is **no $1.00, $1.50 or $2.50 put listed anywhere on QNC**. The November expiry lists exactly one put strike and it is $0.84 in the money. The strike ladder is $1.00 wide on a $2.16 stock, so a single step between strikes is a 46% move. This is what an option chain looks like five months after a listing, before market makers commit to it.

THE $0.00 BID IS LESS DAMNING THAN IT FIRST LOOKS

The August $2.00 put shows no bid — but it **traded today at $0.13**, two contracts, at 2:25 pm. So a buyer does exist; they simply do not leave a resting order on the book between fills. That reframes the situation: it is not "no market," it is "a market that appears only when someone crosses the spread." A patient seller can transact here. A seller who needs to transact on a particular day cannot.

Note also that three of the five listed strikes have not traded in a month. Their quotes are market-maker placeholders, not evidence of a price — exactly the check described in Document 1 §5.3.

6.2 What that strike is actually worth

TABLE 7 — QNC 21 AUG $2.00 PUT, FAIR VALUE ACROSS VOLATILITY ASSUMPTIONS

VOLATILITY ASSUMPTION	FAIR PRICE	DELTA	BREAKEVEN	ANNUALISED YIELD
83% — what the stock actually did	$0.121	−0.32	$1.88	76%
100%	$0.159	−0.34	$1.84	100%
107% — what the chain implies	$0.174	−0.34	$1.83	110%
120%	$0.203	−0.34	$1.80	128%
Today's only actual trade, $0.13	**implies 87%**	**−0.33**	**$1.87**	**82%**

Fair value sits in a **$0.12–0.20** band. Today's single print at $0.13 lands at the bottom of it, implying 87% volatility against 83% realised — meaning the seller captured essentially nothing for taking the risk. The posted ask of $0.25 implies 141% and *is* above fair value on every assumption. That gap is where the seller's edge lives, and it is the entire reason this belongs on a resting limit order.

6.3 The construction

QNC · SELL 1 × 21 Aug 2026 $2.00 PUT · limit $0.25 GTC per contract

CASH REQUIRED	PREMIUM IF FILLED	YOUR COST IF ASSIGNED	DELTA / ANNUALISED
$200	**$25**	**$1.75**	**−0.35 / 157%**

Why this strike. It is the only tradeable one QNC lists. At $2.00 it sits 7.4% below the current price and just under the $2.05 support shelf, so it is at a level the stock has recently defended. Assignment would give you 100 shares at a real cost of $1.75, which is 19% below today's price and 8% below the 52-week low of $1.90.

How to work the order. Post **$0.25** good-till-cancelled and leave it alone. There is no bid to hit and no reason to lift anyone. **$0.18–0.20 is a good fill. Below $0.15 this is not worth doing** — at $0.13 you are taking the risk for no compensation. If it never fills, you have lost nothing, and that is the expected outcome most of the time.

Check the earnings date before you place this. Quarterly results are expected around **27 August** — which would land *after* the 21 August expiry, leaving it clean. But some data providers list **13 August**, which would land inside it. The two dates give completely different answers, and QNC has a documented habit of falling on its own news, including a 7.4% drop on the NIST announcement. **Confirm on the company's investor-relations page before selling anything.** This is exactly the situation Document 1 §4.3 warns about.

The constraint that matters most. With 35 contracts of open interest, **one contract is the hard maximum** and you should assume you cannot close early at a fair price. Plan to hold to expiry or to be assigned. Do not enter this expecting an exit.

What you are actually underwriting. A $200 commitment to a company with $21,753 of revenue, insiders who are net sellers, no institutional ownership, and a covering analyst affiliated with its placement agent — offset by $37M of cash, a verifiable certification in progress, and real partners. That is an acceptable lottery ticket at this size and at no larger size.

6.4 Covered calls — not yet

If you are assigned, the natural next step in the wheel is to sell a covered call. **Do not do it at today's score.** A covered call wants a timing score of +2 or better; QNC is at −3. Selling calls into a 51%-off-the-high stock caps your recovery at exactly the wrong moment. Wait for relative volume above 1.3, RSI above 60, and price above the 20-day average. Your call strike must also be above your real cost basis of $1.75 — the $3.00 strike is the first sensible candidate, and it is the only other one listed.

7 · What would change the thesis

TABLE 8 — TRIGGER LIST

WATCH FOR	INTERPRETATION
SecureKey moves from "Implementation Under Test" to **"Modules In Process"** on the NIST register (guided Oct–Nov 2026)	**On-schedule execution against the only catalyst with a published timeline. You can verify this yourself on the NIST site. Re-underwrite the whole case.**
First disclosed revenue from Krown/Qastle against the $8–15M projection	**The number that converts story to business. Any material figure re-rates the stock.**
R&D spending rising toward parity with stock compensation	**Would signal the governance concern in §5.2a is being addressed.**
An insider buying on the open market	**Has not happened since November 2024. Would be the first confirming signal in a long time.**
Another equity placement below C$0.75, or continued insider distribution	**Confirms the dilution treadmill. Cancel any resting order.**
The Vertical Data memorandum lapsing without a binding agreement, or the 2026 pilot slipping	**Non-binding memoranda that quietly expire are the base rate in this sector.**
FIPS certification failing or stalling past Q1 2027	**Removes the principal near-term reason to own it.**
Relative volume sustained above 1.3 on an *up* day with RSI recovering through 60	Timing score flips positive — stop selling puts; consider calls if you hold shares.

8 · Risks specific to this stock

Liquidity is the dominant risk, not the business. A $0.00 bid on the only usable strike and a 6% after-hours spread on the stock itself mean that if you need to exit — either the option or the shares — you will transact on someone else's terms. Size on the assumption that you cannot get out.

This is a pre-revenue company at a $474M valuation. There is very little underneath the story. Unlike the company in Document 3, there is no large cash pile per share to cushion a fall — $37M across 219M shares is about **$0.17 per share**, or 8% of the price.

Only 104 sessions of U.S. price history exist. Every statistical measure in this report — the regime model, the volatility estimates, the reported beta of −2.9 — rests on a thin sample from a single declining period. Treat all of them as indicative rather than reliable.

Assignment is a real possibility, not a remote one. At −0.35 delta there is roughly a one-in-three chance of owning 100 shares. Be certain you are content to hold them.

If you remember nothing else from this report

Add it to your watchlist. Then, when price and daily volume are as low as they are right now, either sell a put or buy some shares.

These are good companies. There is no reason for this much selling other than **fear** — and fear is temporary. **Greed always prevails in the end.** Over time the market does one thing reliably: it distributes wealth **from the impatient to the patient.**

Be the patient one. That is the whole edge.

— the author. This is a personal conviction, not a forecast. Markets can and do stay irrational, and good companies can and do go to zero. Manage the risk, keep the positions small, and never let one trade end the experiment.

9 · Method, sources and disclaimer

METHOD

Price, volume, indicator, option chain and fundamental data were pulled from **Yahoo Finance** after the close on 23 July 2026, with quotes refreshed through 5:20 p.m. ET. Financial statement figures come from the company's filed annual accounts. Every option contract was checked for **quote freshness** — the exchange timestamp of its most recent trade — because on thin chains a bid/ask pair can persist for weeks with no transaction behind it, making any derived implied volatility meaningless. Fair values in Table 7 were computed by bisection on Black-Scholes (r = 4%, no dividend) rather than taken from the chain. Relative volume is reported against three baselines because a single denominator can flatter or damn a reading depending on where past volume spikes fall. The quant rating in §4 comes from a Markov regime classifier using a 20-day rolling return with a ±5% threshold and a maximum-likelihood transition matrix.

SOURCES

- Yahoo Finance — quote, chain, daily history, financial statements.
- SEC EDGAR — Quantum eMotion Form 40FR12B and Form 6-K, FY2026; Form 40-F, FY2025.
- StockTitan — NIST IUT release (16 Jul 2026); Q1 2026 Form 6-K loss detail; AGM filings.
- MarketBeat — analyst forecast page and the Alliance Global Partners initiation (27 Apr 2026).
- Simply Wall St — ownership and management pages: insider net selling, Bellido and Panarello holdings.
- Quiver Quantitative — institutional ownership (nil reportable holders).
- The Quantum Insider, Quantum Computing Report, Quantum Zeitgeist — NYSE American uplisting (24 Feb 2026), the Krown exclusive alliance, the C$6M A.G.P.-led placement, NRC IRAP funding.
- Newsfile and AccessNewswire — Krown Qastle and Excalibur launches; Vertical Data memorandum (12 Jun 2026); Aegis and SEETEL PWR Flex 261Q releases (12 and 26 May 2026).
- ad-hoc-news — quarterly expense breakdown (R&D, G&A, stock-based compensation).
- Seeking Alpha — "Quantum eMotion: Still A Sell On Sluggish Commercial Adoption" (18 Mar 2026).

DISCLAIMER

This document is independent research prepared for general information and education. It is **not investment advice**, not a recommendation or solicitation to buy or sell any security, and not personalised to any reader's financial situation, objectives, risk tolerance or tax position. Quantum eMotion is a pre-revenue, loss-making micro-capitalisation company; total loss of capital is a realistic outcome. Options involve substantial risk and are not suitable for every investor. Every figure is a point-in-time snapshot taken after the 23 July 2026 close and will be stale by the next session — option quotes on a $2 stock especially so. Forward-looking items attributed to the company or its partners — the $8–15M Krown first-year revenue projection, the three-to-four-month NIST timeline, the earn-out and royalty figures — are management or partner projections, not independent estimates, and are reproduced as claims rather than facts. Read the Options Clearing Corporation's *Characteristics and Risks of Standardized Options* before trading options, and consult a licensed professional about your own circumstances. The author may hold, or may in future hold, positions in the securities discussed.