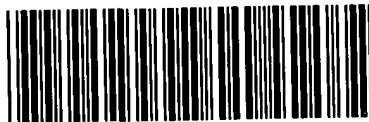


Company number: 10899991 (England and Wales)

FOUNDRIES.IO LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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FOUNDRIES.IO LIMITED

COMPANY INFORMATION

Directors	K Turner S Singhal
Company number	10899991
Registered office	Churchill House Cambridge Business Park Cowley Road Cambridge CB4 0WZ
Auditors	RSM UK Audit LLP Chartered Accountants Blenheim House Newmarket Road Bury St Edmunds Suffolk IP33 3SB
Solicitors	Goodwin Procter LLP 50-60 Station Road Cambridge CB1 2JH

FOUNDRIES.IO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present their Strategic Report and the audited consolidated financial statements for the year ended 30 September 2023.

PRINCIPAL ACTIVITIES

Foundries.io Limited ("the Company") is a cloud platform company and a holding company for the US subsidiary (collectively "the Group" or "Foundries.io") whose principal activities are that of providing cloud native platform solutions for development, management and maintenance of software to worldwide manufacturers of connected Internet of Things (IoT) and Edge computing devices.

Our world leading and award winning FoundriesFactory® product is offered as a subscription service providing infrastructure to enable rapid customization of secure firmware and Linux-based platform software to customer requirements, provide continuous integration and test frameworks, and enable our customers to deploy security and functionality updates over end-product lifetimes. Our products are architecture and cloud agnostic and enable manufacturers to manage where their product data is owned and stored. We operate in global markets with Tier 1 customers and partners in the USA, Europe and Asia.

BUSINESS REVIEW

As set out in the consolidated statement of comprehensive income on page 13, subscriptions revenue grew by 30% (2023: \$2.0m; 2022: \$1.6m) which drove the overall growth in total revenue (up by 27% year on year (2023: \$2.2m; 2022: \$1.8m)).

The revenue growth and resulting \$0.4m increase in gross profit was driven by our focus on the recurring subscription model, enabling us to increase our direct OEM business and strengthen our channel partnerships.

The directors believe that this strategy continues to provide a foundation for rapid future growth and will yield benefits and returns for our shareholders and other stakeholders.

Loss for the year totalled \$5.3m, being \$2.1m higher than in 2022 (2022: \$3.3m). The increased loss comprised i) \$0.4m gross profit benefit noted above and ii) increased costs of \$2.5m explained by:

- \$0.8m positive foreign exchange movements at the balance sheet date, of which \$0.2m was unrealised
- \$0.7m additional salary costs due to increased head count,
- \$0.2m reduction in R&D tax credit debtor due to changes in tax rates,
- \$0.3m incremental R&D amortisation driven from continued expanding R&D investment throughout 2021 and 2022.
- \$1.4m higher share based payment charge due to increase in the share price used in the Black-Scholes option pricing model based on the latest information
- \$0.7m adjustment in relation to the fair value measurement of the convertible loan notes

The cash balance as at 30 September 2023 was \$4.9m (2022: \$2.5m) and reflects the convertible loan note receipts of \$5.5m received in December 2022, January 2023 and May 2023, which was offset by R&D investment of \$3.4m. Additional information on research and development can be found in the Directors' report.

Net assets as at 30 September 2023 were \$1.8m (2022: \$5.5m). Together with the increase in cash noted above, intangible assets have increased by \$0.4m to \$3.3m (2022: \$3.0m) reflecting the movement arising from continued investment, less amortisation in the year. These increases in key assets have been offset by the convertible loan notes issued in the year, held at a fair value of \$6.1m (2022: nil).

FOUNDRIES.IO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

BUSINESS REVIEW (CONTINUED)

On 1 March 2024, Qualcomm Innovation Center, Inc. a wholly owned subsidiary of Qualcomm Incorporated ('Qualcomm') (NASDAQ: QCOM) acquired the Group. The acquisition was made to accelerate product commercialisation in the IoT and edge computing market.

FUTURE DEVELOPMENTS

The Group is well placed to take advantage of current industry and global IoT trends, with products that can be used worldwide to address challenges of device security and long-term software maintenance. In particular, the draft EU Cyber Resilience Act is expected to provide the company with significant additional business opportunities over the expected three-year transition period starting in early 2024.

PRINCIPAL RISKS AND UNCERTAINTIES

There are some risks and uncertainties that could impact the performance of Foundries.io, some of which are beyond the control of the Company and its board.

Management closely monitors market and technology trends and risks on an on-going basis and they are the focus of regular Executive meetings where KPIs are used to benchmark our operational performance. Financial performance is assessed versus annual budget, updated forecasts and prior periods. As well as regular operational reviews in depth strategic and planning meetings are held twice per year and Board meetings are held at least once per quarter. This comprehensive approach enables the Executive team and Board to determine and assess the Group's risk environment. Principal risks and uncertainties are:

Funding

The Group is at an early stage and is dependent on existing and new customers continuing to purchase our products and services. During the year, the Group raised \$5.5m through the issue of convertible loan notes and on 1 March 2024, the Group was acquired by Qualcomm. Integration into the Qualcomm group is likely to reduce operating costs and provide access to funding, should it be needed.

Customer and partner acquisition

The Group's goal is to solve the industry challenge of fragmentation of core platform software in the IoT and Edge marketplaces. We have customers in industrial robotics, secure network access devices, global asset tracking, factory automation, energy management systems and secure software management applications, with initial feedback being strongly positive. We expect to grow our customer base both directly and through establishing industry partnerships. We require our customers to adopt modern technologies for embedded software development and are delivering a new industry category of cloud tools. If the marketplace is slower to adopt the Group's products than expected, we may need to change our strategy and business plan accordingly.

FOUNDRIES.IO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Human resources

Foundries.io is entirely dependent on its people, and talent acquisition and development is an integral part of the Group's everyday business. Foundries.io intends to attract and retain highly talented people through the provision of leading-edge opportunities and competitive remuneration packages. However, in an industry where competition for talent is significant, global inflation is considerable, and the war in Ukraine continues to disrupt some members of our team, Foundries.io is very conscious of the continued risk of employee churn. Some of these risks are mitigated through monitoring packages and providing career progression opportunities and training initiatives. The Group also has a share option scheme to help incentivise and retain the best talent.

Global economy and market conditions

Foundries.io is not immune to the global economic and political factors affecting the technology sector, including the current US China trade war, and the Russian invasion of the Ukraine where several key employees are located. Nevertheless, given the expected growth of the global IoT market coupled with increasing global legislative action on IoT device security, we believe that the risk to the business is low given our open source-based products have global application.

KEY PERFORMANCE INDICATORS

The on-going performance of the Group is managed and monitored using a number of key performance indicators, both financial and qualitative. The most important financial KPIs are as follows:

	2023	2022	Movement
	\$	\$	%
Revenue	2,240,239	1,765,336	26.9
Recurring revenue only	2,040,239	1,570,404	29.9
Cash balances	4,861,795	2,528,289	92.3

On behalf of the Board



K Turner
Director

Date 11 July 2024

FOUNDRIES.IO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present their annual report and audited consolidated financial statements for the year ended 30 September 2023.

RESULTS AND DIVIDENDS

The Group's loss for the financial year was \$5.3m (2022: \$3.3m).

No dividends were paid (2022: £nil). The directors are precluded from recommending a payment of a final dividend.

DIRECTORS

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

I A Drew (resigned 1 March 2024)
G C Grey (resigned 1 March 2024)
K Visvanathan (resigned 1 March 2024)
IQ Capital Directors Nominees Ltd (resigned 1 March 2024)
J Hubbard (resigned 31 March 2023)
K Turner (appointed 1 March 2024)
S Singhai (appointed 1 March 2024)

DIRECTORS' INDEMNITIES

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

RESEARCH AND DEVELOPMENT

The Group has a structured development programme with the aim of continually developing and enhancing its software platform product which enables it to increase the accessible market for its product and the products' relevance to customers. Investment in development is seen as fundamental to further strengthen the Group's competitive position. The underlying expense on this activity for the year ended 30 September 2023 was \$3.4m (2022: \$3.1m), of which \$3.4m (2022: \$3.1m) was capitalised as development costs.

GOING CONCERN

During the year ended 30 September 2023, the Group's expenditure exceeded its income producing a loss for the financial year of \$5.3m (2022: \$3.3m) for the year. The Group has net assets as at 30 September 2023 of \$1.8m (2022: \$5.5m).

Additional macro-economic factors such as global inflation, demand for quality employee resources and significant fluctuations in FX rates, in particular the US Dollar continue to be a concern for the business. These sensitivities are factored into the stress tested cash headroom during the directors' assessment of going concern.

FOUNDRIES.IO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

GOING CONCERN (continued)

The directors have considered current cash resources, forecast revenues, operating expenses and have obtained a letter of support from Qualcomm Incorporated, its ultimate parent company, which provides financial support to the Company for a period of at least 12 months from the date of approval of these financial statements. The intention since the acquisition is for the Company to continue to trade for the foreseeable future and increase revenues. The directors are satisfied that the Group will have sufficient working capital to continue in operational existence for a period of no less than 12 months from the date of signing these accounts.

Accordingly, the directors have adopted the going concern basis in preparing the report and accounts.

POST BALANCE SHEET EVENTS

On 1 March 2024, Qualcomm Innovation Center, Inc. a wholly owned subsidiary of Qualcomm Incorporated ('Qualcomm') (NASDAQ: QCOM) acquired the Group. The acquisition was made to accelerate product commercialisation in the IoT and edge computing market.

As a result of the acquisition, the convertible loan notes were settled in full.

AUDITOR

RSM UK Audit LLP have indicated their willingness to continue in office and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.


STATEMENT OF DISCLOSURE TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the Group's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditor is aware of that information.

DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT

The Group has chosen, in accordance with section 414C(11) of the Companies Act 2006 to present information regarding its future developments in the Strategic Report.

On behalf of the Board


.....
K Turner
Director

Date 11 July 2024

FOUNDRIES.IO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Group financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors have elected under company law to prepare Group financial statements in accordance with UK-adopted International Accounting Standards and to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101, the Reduced Disclosure Framework.

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and financial performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards and for the Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FOUNDRIES.IO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOUNDRIES.IO LIMITED

Opinion

We have audited the financial statements of Foundries.io Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 30 September 2023 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

FOUNDRIES.IO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOUNDRIES.IO LIMITED (CONTINUED)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

FOUNDRIES.IO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOUNDRIES.IO LIMITED (CONTINUED)

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are UK-adopted IAS, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating computations received from external tax advisors.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates, and performing tests of detail to examine the cut-off of revenue transactions across the period end.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

FOUNDRIES.IO LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOUNDRIES.IO LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Mason

Andrew Mason (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP
Chartered Accountants and Statutory Auditor
Blenheim House
Newmarket Road
Bury St. Edmunds
Suffolk
IP33 3SB

Date: 16 July 2024

FOUNDRIES.IO LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 SEPTEMBER 2023**

		2023	2022
	Notes	\$	\$
Revenue			
Subscriptions		2,040,239	1,570,404
Engineering fees		200,000	194,932
Revenue total	5	<u>2,240,239</u>	<u>1,765,336</u>
Cost of sales		(391,874)	(277,572)
Gross profit		<u>1,848,365</u>	<u>1,487,764</u>
Administrative expenses		(7,266,274)	(5,702,549)
Other income		-	-
Operating loss	6	<u>(5,417,909)</u>	<u>(4,214,785)</u>
Finance income	7	64,469	11,511
Finance costs	7	(684,857)	-
Loss before tax		<u>(6,038,297)</u>	<u>(4,203,274)</u>
Income tax credit	9	698,876	936,314
Loss and total comprehensive expense, for the financial year		<u>(5,339,421)</u>	<u>(3,266,960)</u>

There is no comprehensive expense other than the loss for the financial year.

The loss and total comprehensive expense for the year are entirely attributable to the owners of the parent company.

The notes on pages 19 to 41 are an integral part of these financial statements.

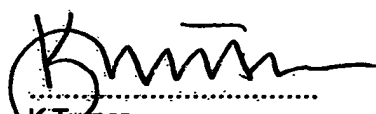
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

Assets	Notes	2023 \$	2022 \$
Non-current assets			
Property, plant and equipment	10	48,089	40,572
Intangible assets	11	3,325,535	2,957,398
		<u>3,373,624</u>	<u>2,997,970</u>
Current assets			
Trade and other receivables	13	590,623	372,204
Corporation tax		758,769	989,311
Cash and cash equivalents		4,861,795	2,528,289
		<u>6,211,187</u>	<u>3,889,804</u>
Total assets		<u>9,584,811</u>	<u>6,887,774</u>
Liabilities			
Non-current liabilities			
Borrowings	15	6,119,817	-
		<u>6,119,817</u>	<u>-</u>
Current liabilities			
Trade and other payables	14	1,624,013	1,361,108
Total liabilities		<u>7,743,830</u>	<u>1,361,108</u>
Net assets		<u>1,840,981</u>	<u>5,526,666</u>
Equity			
Share capital	18	28,881	28,365
Share premium		12,060,687	12,060,687
Share based payment reserve		2,052,629	399,409
Retained earnings		(12,301,216)	(6,961,795)
Total equity attributable to owners of the parent		<u>1,840,981</u>	<u>5,526,666</u>

The notes on pages 19 to 41 are an integral part of these financial statements.

The financial statements on pages 13 to 41 are approved by the Board of Directors and authorised for issue on 11 July 2024 and are signed on its behalf by:


 K. Turner
 Director

COMPANY STATEMENT OF FINANCIAL POSITION

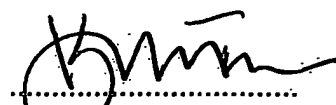
AS AT 30 SEPTEMBER 2023

Assets	Notes	2023	2022
		\$	\$
Non-current assets			
Property, plant and equipment	10	37,730	36,189
Intangible assets	11	3,325,535	2,957,398
Investments in subsidiary	12	10,000	10,000
		<u>3,373,265</u>	<u>3,003,587</u>
Current assets			
Trade and other receivables	13	570,904	344,968
Corporation tax		758,769	989,311
Cash and cash equivalents		4,810,938	2,439,849
		<u>6,140,611</u>	<u>3,774,128</u>
Total assets		<u><u>9,513,876</u></u>	<u><u>6,777,715</u></u>
Liabilities			
Non-current liabilities			
Borrowings	15	6,119,817	-
		<u>6,119,817</u>	-
Current liabilities			
Trade and other payables	14	1,870,088	1,490,750
Total liabilities		<u>7,989,905</u>	<u>1,490,750</u>
Net assets		<u><u>1,523,971</u></u>	<u><u>5,286,965</u></u>
Equity			
Share capital	18	28,881	28,365
Share premium		12,060,687	12,060,687
Share based payment reserve		2,052,629	399,409
Retained earnings		(12,618,226)	(7,201,496)
Total equity attributable to owners of the parent		<u>1,523,971</u>	<u>5,286,965</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income and related notes. The Company's loss and total comprehensive expense for the year ended 30 September 2023 was \$5.4m (2022: \$3.3m).

The notes on pages 19 to 41 are an integral part of these financial statements.

The financial statements on pages 13 to 41 are approved by the Board of Directors and authorised for issue on 11 July 2024 and are signed on its behalf by:


 K Turner
 Director

FOUNDRIES.IO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Share capital \$	Share premium \$	Share based payment reserve \$	Retained earnings \$	Total equity \$
Balance as at 1 October 2021 (as restated)	28,365	12,060,687	142,569	(3,694,835)	8,536,786
Loss and total comprehensive expense for the financial year	-	-	-	(3,266,960)	(3,266,960)
Transactions with owners in their capacity as owners: Share based payment charge	-	-	256,840	-	256,840
Balance as at 30 September 2022	28,365	12,060,687	399,409	(6,961,795)	5,526,666
Loss and total comprehensive expense for the financial year	-	-	-	(5,339,421)	(5,339,421)
Transactions with owners in their capacity as owners: Shares issued	516	-	-	-	516
Share based payment charge	-	-	1,653,220	-	1,653,220
Balance as at 30 September 2023	28,881	12,060,687	2,052,629	(12,301,216)	1,840,981

Share capital

Share capital represents the par value of ordinary shares issued by the Company.

Share premium

The aggregate amount of premium over and above nominal value paid upon issue of shares.

Share based payment reserve

The share based payment reserve represents the cumulative share-based payment expense for the Group's share option schemes.

Retained earnings

Retained earnings represent the cumulative profit and loss net of distributions to owners.

The notes on pages 19 to 41 are an integral part of these financial statements.

FOUNDRIES.IO LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	\$	\$	\$	\$	\$
Balance as at 1 October 2021 (as restated)	28,365	12,060,687	142,569	(3,877,133)	8,354,488
Loss and total comprehensive expense for the financial year	-	-	-	(3,324,363)	(3,324,363)
Transactions with owners in their capacity as owners:					
Share based payment charge	-	-	256,840	-	256,840
Balance as at 30 September 2022	<u>28,365</u>	<u>12,060,687</u>	<u>399,409</u>	<u>(7,201,496)</u>	<u>5,286,965</u>
Loss and total comprehensive expense for the financial year	-	-	-	(5,416,730)	(5,416,730)
Transactions with owners in their capacity as owners:					
Shares issued	516	-	-	-	516
Share based payment charge	-	-	1,653,220	-	1,653,220
	<u>516</u>	<u>-</u>	<u>1,653,220</u>	<u>-</u>	<u>1,653,736</u>
Balance as at 30 September 2023	<u><u>28,881</u></u>	<u><u>12,060,687</u></u>	<u><u>2,052,629</u></u>	<u><u>(12,618,226)</u></u>	<u><u>1,523,971</u></u>

Share capital

Share capital represents the par value of ordinary shares issued by the Company.

Share premium

The aggregate amount of premium over and above nominal value paid upon issue of shares.

Share based payment reserve

The share based payment reserve represents the cumulative share-based payment expense for the Group's share option schemes.

Retained earnings

Retained earnings represent the cumulative profit and loss net of distributions to owners.

The notes on pages 19 to 41 are an integral part of these financial statements.

FOUNDRIES.IO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023	2022
	\$	\$
Cash flows from operating activities		
Loss for the financial year	(5,339,421)	(3,266,960)
<i>Adjustments for:</i>		
Finance income	(64,469)	(11,511)
Finance costs	684,857	-
Depreciation	22,693	17,932
Amortisation	3,026,983	2,425,681
Corporation tax	(698,876)	(936,314)
Share based payment	1,653,220	256,840
Unrealised foreign currency losses	-	548,307
Operating cash flows before movements in working capital	(715,013)	(966,025)
Increase in trade and other receivables	(227,363)	(38,075)
Increase in trade and other payables	256,872	365,473
Cash used in operating activities	(685,504)	(638,627)
Income tax received	944,396	1,261,744
Net cash generated from (used in) operating activities	258,892	623,117
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(30,210)	(25,684)
Payments to acquire intangible fixed assets	(3,395,120)	(3,116,780)
Net cash used in investing activities	(3,425,330)	(3,142,464)
Cash flows from financing activities		
Finance income received	64,469	11,511
Proceeds from issue of shares	516	-
Issue of convertible loan notes	5,434,959	-
Net cash used in financing activities	5,499,944	11,511
Net increase/(decrease) in cash and cash equivalents	2,333,506	(2,507,836)
Cash and cash equivalents at the beginning of the year	2,528,289	5,584,432
Effect of foreign exchange	-	(548,307)
Cash and cash equivalents at the end of the year	4,861,795	2,528,289
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and restricted cash amounts.		
Cash at bank and in hand	4,861,795	1,411,209
Restricted cash amounts	-	1,117,080
Total cash and cash equivalents	4,861,795	2,528,289

The notes on pages 19 to 41 are an integral part of these financial statements.

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1. GENERAL INFORMATION

Foundries.io Limited ("the Company") is a private company limited by shares and it is incorporated and domiciled in England and Wales. The address of its registered office is Churchill House, Cambridge Business Park, Cowley Road, Cambridge, CB4 0WZ.

The principal activities of the Group and Company are described in the Strategic Report.

2. ALTERNATIVE PERFORMANCE MEASURES AND GLOSSARY OF TERMS

The Group uses a series of non-IFRS alternative performance measures ('APMs') in its narrative and financial reporting. These measures are used because we believe they provide additional insight into the performance of the Group and are complementary to our IFRS performance measures. This belief is supported by the discussions that we have on a regular basis with a wide variety of stakeholders, including shareholders, staff and advisers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1. BASIS OF PREPARATION AND FIRST TIME ADOPTION OF IFRS

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS"). They have been prepared under the historical cost convention. The figures presented in relation to the Company's individual financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

The preparation of the consolidated and company financial statements in compliance with adopted IFRS and FRS101, respectively, requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements have been made and their effect is disclosed in note 4.

3.2. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

The following relevant new standards, amendments to standards and interpretations became effective in the current financial period, but have had no significant impact on the Group's or Parent Company's financial statements:

- Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – phase 2 (effective 1 January 2021)
- Amendments to IFRS 4 insurance contracts – deferral of IFRS 9 (effective 1 January 2021)

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

3.3. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Foundries.io Limited and all of its subsidiaries (i.e., entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

3.4. REDUCED DISCLOSURES

In accordance with FRS 101 the following exemptions from the requirements of IFRS have been applied in the preparation of the Company financial statements and, where relevant, equivalent disclosures have been made in the consolidated financial statements of the parent company:

- Presentation of a Company Cash Flow Statement and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Inclusion of an explicit and unreserved statement of compliance with IFRS;
- Disclosure of Company key management compensation;
- Disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments;
- For Company financial instruments measured at fair value, the valuation techniques and inputs used to measure fair value, the effect of fair value measurements with significant unobservable inputs on the result for the period and the impact of credit risk on the fair value;
- Comparative narrative information for property, plant & equipment and intangible fixed assets;
- Related party disclosures in respect of two or more wholly owned members of the Group; and
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date.

The financial statements of the Company are consolidated within these financial statements which are publicly available from Companies House, Crown Way, Cardiff, CF14 3OZ.

3.5. COMPANY STATEMENT OF COMPREHENSIVE INCOME

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income and related notes. The Company's loss and total comprehensive expense for the year ended 30 September 2023 was \$5,416,730 (2022: \$3,324,363).

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

3.6. GOING CONCERN

During the year ended 30 September 2023, the Group's expenditure exceeded its income producing a loss for the financial year of \$5,339,421 (2022: \$3,266,960) for the year. The Group has net assets as at 30 September 2023 of \$1,840,981 (2022: \$5,526,666).

Additional macro-economic factors such as global inflation, demand for quality employee resources and significant fluctuations in FX rates, in particular the US Dollar continue to be a concern for the business. These sensitivities are factored into the stress-tested cash headroom during the directors' assessment of going concern.

The directors have considered current cash resources, forecast revenues, operating expenses and have obtained a letter of support from Qualcomm Incorporated, its ultimate parent company, which provides financial support to the Company for a period of at least 12 months from the date of approval of these financial statements. The intention since the acquisition is for the Company to continue to trade for the foreseeable future and increase revenues. The directors are satisfied that the Group will have sufficient working capital to continue in operational existence for a period of no less than 12 months from the date of signing these accounts.

Accordingly, the directors have adopted the going concern basis in preparing the report and accounts.

3.7. REVENUE

The Group primarily derives its revenue from its internet of things ("IoT") and Edge operating system subscriptions, and engineering fees. Revenue is measured based on the consideration specified in a contract with a customer. Amounts receivable for the goods and services supplied are stated net of discounts, returns and value added taxes.

Subscriptions

Subscription service revenues consist of fees paid by a customer to access the Group's IoT and Edge operating systems. Subscriptions are for a flat rate and do not change based on usage. The contracts provide access to the service for a fixed period of time, typically between one month and one year. Provision of access to the operating systems is the only performance obligation of the Group. Subscription revenue is invoiced in advance and recognised on a monthly basis.

Engineering services

The provision of engineering services revenue provided on a time and materials incurred basis, and occasionally for a fixed fee basis. Revenue is recognised over time as the services are provided. Revenue recognised reflects the transfer of control for the services provided to a customer. The timing of satisfaction of the performance obligations relates to the typical timing of payment.

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

3.8. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate assets' cost amounts to their residual values over their estimated useful lives, as follows:

Office equipment 3 years straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the income statement.

3.9. INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on the research phase of projects to develop new software is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Capitalised internally developed software is accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied:

Development costs 2 years straight line

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing.

Amortisation has been included within administration expenses. Subsequent expenditures on the maintenance of computer software and trade names are expensed as incurred. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

3.10. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

3.11. IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

At each reporting end date, the Group reviews the carrying amounts of its intangible assets and property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.12. FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised on the statement of financial position when the Group has become party to the contractual provisions of the instrument. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Trade and other receivables

Trade receivables are initially measured at their transaction price. Other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

3.12. FINANCIAL INSTRUMENTS (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, and cash which subject to restrictions over access. Restricted cash balances are those that are not immediately available.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

Trade and other payables

Trade and other payables are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method, with all movements being recognised in the statement of comprehensive income. Cost approximates fair value.

Convertible loan notes

Loan notes are measured at fair value through profit and loss. At each reporting date a calculation of fair value is prepared which includes an estimate of the outflows that may arise from the different scenarios included within the loan agreement. Probabilities are applied to those scenarios which calculates an overall expected cash outflow that is discounted using the internal rate of return specific to the instrument. The probabilities are based on management expectations taking into account the overall position and strategy of the company at year end.

Equity

Equity instruments issued are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets and liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset, it is derecognised ('written off'). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

3.12. FINANCIAL INSTRUMENTS (CONTINUED)

Trade receivables

For trade receivables, the simplified approach is used for expected credit losses as there is no significant financing component. The lifetime expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Impairment of other receivables measured at amortised cost

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the Group's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant. In assessing whether credit risk has increased significantly, the Group compares the risk of default at the year-end with the risk of a default when the investment was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost.

The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those receivables ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses, and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

3.13. CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

3.13. CURRENT AND DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is released or the deferred income tax liabilities is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.14. SHARE OPTION SCHEMES

The Group operates an equity settled share-based remuneration plan, under which the Group receives services from its employees as consideration for equity instruments (options) of the Company. The awards are granted by the Company and the subsidiaries have no obligation to settle the awards. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save). Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the share-based payment reserve in equity.

Where share options are granted to employees of subsidiaries, the fair value of the options is recharged by the parent company to the subsidiary through the intercompany account.

3.15. PENSIONS

The Group operates a defined contribution plan for its employees. The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

3.16. EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

3.17. FOREIGN AND FUNCTIONAL CURRENCIES

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which it operates ('the functional currency').

The accounts are prepared in US Dollars, which is the functional currency of the company and presentational currency of the group. Monetary amounts in these financial statements are rounded to the nearest \$.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Non-monetary items are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

On consolidation and where required, assets and liabilities of foreign operations are translated into the functional currency of the Group, being US Dollars at year-end exchange rates.

3.18. LEASES

At inception, the Group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a property, plant or equipment asset is acquired through a lease, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of premises that have a lease term of 12 months or less. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions concerning the future which impact the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The accounting estimates resulting from these judgements and assumptions seldom equal the actual results but are based on historical experiences and future expectations.

The critical accounting estimates and judgements are as follows:

FOUNDRIES.IO LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2023****4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)*****Share based payment charge***

In relation to equity-settled remuneration schemes, employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant. The fair value of share options is estimated by using the Black-Scholes valuation model on the date of grant, based on certain assumptions stated in note 18.

Development expenditure

Management has to make judgements as to whether development expenditure has met the criteria for capitalisation or whether it should be expensed in the year. Development expenditure is capitalised only after its reliable measurement, technical feasibility and commercial viability can be demonstrated. Management also estimate the useful economic life of the development expenditure capitalised and set the amortisation period accordingly. Management also consider at each year end whether there are any indicators of impairment in relation to the capitalised development costs. At the year end, no indicators were identified.

Fair value revaluation of convertible loan notes

The Company received \$5.5m of convertible loan notes in the year. The Company has used discounted cash flow analyses for valuing the financial liability and made estimates about expected future cash flows and the likelihood of each possible outcome taking place based on conditions at the balance sheet date.

5. REVENUE

Revenue from contracts with customers derive from the Group's sole reportable segment, this being the provision of software subscriptions and engineering services for IoT devices. Revenue is from continuing operations. The disaggregation of revenue from contracts with customers is as follows:

	2023	2022
	\$	\$
<i>Revenue by class of business</i>		
Subscriptions	2,040,239	1,570,404
Engineering services	200,000	194,932
	<u>2,240,239</u>	<u>1,765,336</u>
<i>Revenue by geographical location</i>		
United Kingdom	111,750	263,856
Europe	467,334	435,625
USA	1,536,155	885,855
ROW	125,000	180,000
	<u>2,240,239</u>	<u>1,765,336</u>

Brought forward deferred revenues of \$898k (2022: \$612k) were recognised as revenue in the year. Invoices totalling \$2.4m (2022: \$1.8m) were raised during the year, with \$1,053k (2022: \$898k) being deferred at the year end, due to unsatisfied performance obligations. These are anticipated to be satisfied within the next 12 months and recognised as revenue.

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

6. OPERATING LOSS

	2023	2022
	\$	\$
Operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment (note 10)	22,693	17,932
Amortisation of intangible assets (note 11)	3,026,983	2,425,681
Research and Development expenditure recognised as an expense	11,647	85,346
Foreign exchange loss/(gain)	(230,655)	647,921
Staff costs (note 8)	3,334,901	1,598,861
Auditor's remuneration		
- statutory audit of the company financial statements	22,650	18,550
- statutory audit of the consolidated financial statements	14,000	11,450
	<u> </u>	<u> </u>

7. FINANCE INCOME AND COSTS

	2023	2022
	\$	\$
Finance income		
Other interest income	64,469	11,511
	<u> </u>	<u> </u>
Finance costs		
Fair value revaluation of convertible loan notes	(684,857)	-
	<u> </u>	<u> </u>

8. EMPLOYEES AND DIRECTORS

The average monthly number of persons (including directors) employed by the Group and Company during the year was:

	Group		Company	
	2023	2022	2023	2022
	Number	Number	Number	Number
Executive team	5	5	5	4
Engineering and Support	22	21	17	16
Sales, Marketing and Administration	6	2	5	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	33	28	27	22
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

8. EMPLOYEES AND DIRECTORS (CONTINUED)

The aggregate payroll costs (including directors' remuneration) were as follows:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Wages and salaries	4,516,517	3,921,005	3,513,046	2,976,422
Social Security costs	232,027	226,124	163,443	160,486
Pensions	114,986	121,277	54,819	64,619
Share based payment charge	1,653,220	256,840	1,677,211	234,290
	<u>6,516,750</u>	<u>4,525,246</u>	<u>5,408,519</u>	<u>3,435,817</u>
Less: Amounts capitalised in development costs	(3,181,849)	(2,926,385)	(2,065,390)	(1,881,523)
	<u>3,334,901</u>	<u>1,598,861</u>	<u>3,343,129</u>	<u>1,554,294</u>

Directors' remuneration

	2023	2022
	\$	\$
Company and Group		
Directors' emoluments	581,062	694,621
Compensation for loss of office	37,318	-
Pensions	-	22,445
	<u>618,380</u>	<u>717,066</u>

The number of directors to whom retirement benefits are accruing under money purchase schemes was 1 (2022: 2). One (2022: nil) director was granted and exercised share options in the current year.

Highest paid director

	2023	2022
	\$	\$
Company and Group		
Directors' emoluments	340,952	350,661
Pensions	-	-
	<u>340,952</u>	<u>350,661</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel during the year was \$1,268,336 (2022: \$1,182,262) and relating to this, Employer's social security costs was \$81,623 (2022: \$112,718) and share-based remuneration expense was \$711,334 (2022: nil).

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

9. INCOME TAX

	2023	2022
Current tax:	\$	\$
UK Corporation tax	(758,769)	(989,311)
Adjustments in respect of previous periods	71,128	44,900
Foreign tax	-	8,097
Adjustments in respect of prior periods (deferred tax)	(11,235)	-
Total current tax and tax on loss	(698,876)	(936,314)

Factors affecting tax charge for the year

The tax assessed for the year is lower (2022: lower) than the effective rate of corporation tax as explained below:

	2023	2022
	\$	\$
Loss before income tax	(6,038,297)	(4,203,274)
Loss before income tax multiplied by the effective rate of corporation tax 22% (2022:19%)	(1,332,995)	(798,622)
Effects of:		
Expenses not deductible for tax purposes	387,283	47,036
Other permanent differences	(122,319)	491
Additional deduction for R&D expenditure	(694,325)	(732,713)
Surrender of tax losses for R&D tax credit refund	578,449	307,028
Adjustments in respect of prior periods	-	44,900
Adjustments in respect of prior periods (deferred tax)	11,235	-
Other temporary differences	(267,802)	(49,454)
Current tax (prior period) exchange difference arising on movement between opening and closing spot rates	59,871	-
Deferred tax not recognised	683,069	252,007
Other deductions	(1,342)	(6,987)
Income tax credit	(698,876)	(936,314)

FOUNDRIES.IO LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2023****9. INCOME TAX (CONTINUED)****Unrecognised deferred tax**

The Group and company has the following unprovided deferred tax assets/(liabilities) with the same tax authority:

	2023	2022
	\$	\$
Temporary differences arising from		
Property, plant and equipment	-	(9,047)
Intangible assets	-	(696,202)
Trading losses	810,811	988,777
Share based payments	259,135	232,158
Provisions	-	10,520
Net unrecognised deferred tax asset	<u>1,069,946</u>	<u>526,206</u>

The parent company has trading losses with a tax carrying value of \$6,123,417 (2022: \$3,955,109) which have been carried forward to utilise against future trading profits.

In the March 2023 Budget, it was announced that the UK tax rate would increase from 19% to 25% with effect from 1 April 2023, together with the introduction of a small profits rate at 19%. These rate changes have affected the Group's tax charge during the year.

10. PROPERTY, PLANT AND EQUIPMENT

Group	Office equipment \$
Cost or Valuation	
At 1 October 2022	71,867
Additions	30,210
Disposals	(3,037)
At 30 September 2023	<u>99,040</u>
Depreciation	
At 1 October 2022	31,295
Charge for the period	22,693
Disposals	(3,037)
At 30 September 2023	<u>50,951</u>
Net book value	
At 30 September 2023	<u>48,089</u>
At 30 September 2022	<u>40,572</u>

FOUNDRIES.IO LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2023****10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Company	Office equipment \$
Cost or Valuation	
At 1 October 2022	58,588
Additions	20,995
Disposals	-
At 30 September 2023	79,583
Depreciation	
At 1 October 2022	22,399
Charge for the period	19,454
Disposals	-
At 30 September 2023	41,853
Net book value	
At 30 September 2023	37,730
At 30 September 2022	36,189

Depreciation on property, plant and equipment is recognised within administrative expenses.

11. INTANGIBLE ASSETS

Group and Company	Development costs \$
Cost or Valuation	
At 1 October 2022	9,448,839
Additions	3,395,120
At 30 September 2023	12,843,959
Amortisation	
At 1 October 2022	6,491,441
Charge for the period	3,026,983
At 30 September 2023	9,518,424
Net book value	
At 30 September 2023	3,325,535
At 30 September 2022	2,957,398

FOUNDRIES.IO LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2023****11. INTANGIBLE ASSETS (CONTINUED)**

The development costs are internally generated and relate to the creation of software projects. Once the software project has been completed and is ready for use, the development costs relating to it are amortised from that point.

Any amortisation on development costs, which is made over the expected life each software project, or impairment is recognised within administrative expenses.

12. INVESTMENTS

Company	Shares in subsidiary undertakings
	\$
Cost	
At 1 October 2022 and 30 September 2023	10,000
	<u> </u>
Carrying amount	
At 30 September 2022 and 30 September 2023	10,000
	<u> </u>

The Company's subsidiary undertakings as at 30 September 2023 are set out below:

Name of company and registered office	Country of incorporation or registration	Class of shares held	Proportion of class
Foundries.io Inc.	USA	Ordinary	100%

The registered office of Foundries.io Inc is The Green, Ste A, Dover, 19901 Delaware.

The subsidiary is engaged in the provision of development staff to the parent company.

13. TRADE AND OTHER RECEIVABLES

Group	2023	2022
	\$	\$
Current		
Trade receivables	443,000	262,500
Other receivables	47,207	43,394
Prepayments and accrued income	100,416	66,310
	<u>590,623</u>	<u>372,204</u>

FOUNDRIES.IO LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2023****13. TRADE AND OTHER RECEIVABLES (CONTINUED)**

Company	2023	2022
	\$	\$
Current		
Trade receivables	443,000	262,500
Other receivables	47,206	34,451
Prepayments and accrued income	80,698	48,017
	<u>570,904</u>	<u>344,968</u>

At 30 September 2023, no receivables were past due or impaired (2022: none). The fair value of the Group's and Company's trade and other receivables is the same as their book value stated above.

14. TRADE AND OTHER PAYABLES

Group	2023	2022
	\$	\$
Current		
Trade payables	100,436	66,313
Social security and other taxes	58,623	56,169
Other payables	9,634	581
Accruals	402,496	340,108
Deferred income	1,052,824	897,937
	<u>1,624,013</u>	<u>1,361,108</u>

Company	2023	2022
	\$	\$
Current		
Trade payables	78,812	42,869
Amounts owed to group undertakings	298,973	177,135
Social security and other taxes	58,556	55,861
Accruals	380,923	316,948
Deferred income	1,052,824	897,937
	<u>1,870,088</u>	<u>1,490,750</u>

FOUNDRIES.IO LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2023****15. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS****Financial instruments**

The Group's principal financial instruments, from which financial risk arises, comprise of the following:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Convertible loan notes

The Group does not issue or use financial instruments of a speculative nature.

The totals for each category of financial instruments, measured in accordance with IFRS 9 as detailed in the accounting policies to these consolidated financial statements, are as follows:

Loans and receivables

	2023	2022
	\$	\$
Current assets		
Trade and other receivables	477,451	296,951
Cash and cash equivalents	4,861,796	2,528,288
Total financial assets	<u>5,339,247</u>	<u>2,825,239</u>

The carrying value of these assets approximate to their fair value due to the short-term nature of the balances.

Financial liabilities held at amortised cost

	2023	2022
	\$	\$
Current Liabilities		
Trade and other payables	506,533	407,002
Total financial liabilities held at amortised cost	<u>506,533</u>	<u>407,002</u>

The carrying value of these liabilities approximate to their fair value due to the short-term nature of the balances.

Financial liabilities held at fair value through profit and loss

	2023	2022
	\$	\$
Non-current Liabilities		
Convertible loan notes	6,119,817	-
Total financial liabilities held at fair value through profit and loss	<u>6,119,817</u>	<u>-</u>

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Convertible loan notes

In December 2022, the Company issued convertible loan notes totalling \$5.5m. The loan notes attract interest at 7%, calculated daily, and are convertible into ordinary shares of the Company upon sale, IPO, further fundraising, or on maturity ('conversion event'). The conversion is at the option of the loan note holders and they can request their loan principal plus accrued interest and a premium of 25% is repaid to them in cash on such events. The loan notes mature 2 years after issue. They are convertible into a variable number of shares that will depend upon the issue price of the shares in any conversion event.

Gains and losses on financial instruments included within the income statement

	2023	2022
	\$	\$
Finance expense		
Fair value revaluation of convertible loan notes	684,857	-
Total expense on financial liabilities	<u>684,857</u>	<u>-</u>

Financial risks

The directors monitor the Group's financial risks and management policies. The directors' overall risk management strategy seeks to assist the Group in meeting its financial targets whilst minimising potential adverse effects on financial performance. The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk
- Capital management

Credit risk

Credit risk is the risk of financial loss to the Group if a commercial or individual customer to a financial asset fails to meet its contractual obligations. The maximum exposure to credit risk at 30 September was as follows:

	2023	2022
	\$	\$
Trade and other receivables	477,451	296,951

The Group actively manages its credit exposures by ensuring it engages with reputable and established customers, and through the utilisation of a functional credit control facility. When increased exposure is detected, action is taken to mitigate the risks.

The Group does not hold any collateral as security or any other credit enhancements, nor does it hold any derivatives which mitigate credit risk. At the year end, the Group had outstanding receivables that were past due but not impaired. These items have been considered for credit risk and are considered to be recoverable.

FOUNDRIES.IO LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2023****15. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)***Liquidity risk*

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due. The Group endeavours to maintain sufficient cash and adequate credit facilities to meet its obligations at all times. The Group liquidity position is monitored by management and short-term cash requirements and long-term funding projections are constantly reviewed to manage the funding requirements. The Group employs efficient cash management, credit control and a low fixed cost base to minimise liquidity risk.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	2023			
	Carrying amount \$	Contractual cash flow \$	1 year or less \$	1 to 5 years \$
Financial liabilities				
Trade and other payables	506,533	506,533	506,533	-
Convertible loan notes	6,119,817	7,533,337	-	7,533,337
	<u>6,626,350</u>	<u>6,626,350</u>	<u>506,533</u>	<u>6,119,817</u>
	2022			
	Carrying amount \$	Contractual cash flow \$	1 year or less \$	1 to 5 years \$
Financial liabilities				
Trade and other payables	406,421	406,421	406,421	-
	<u>406,421</u>	<u>406,421</u>	<u>406,421</u>	<u>-</u>

Market risk

Market risk is the risk of financial losses from changes in market factor such as foreign exchange rates and interest rate changes.

The foreign exchange risk arises because the Group has operations in various parts of the world.

Foreign exchange risk arises because the Group operates globally and funding has historically largely been in GBP. Costs arise largely in USD and also in GBP and EUROS. Foundries.io's income is received mainly in US dollars, therefore the Group has a significant natural hedge in terms of its US dollar denominated cost base. The Group operates a centralised treasury model and intends to utilise hedging facilities to mitigate this foreign exchange risk when appropriate.

At 30 September 2023, the Group had no variable rate instruments (2022: none). During the year the Group has issued fixed rate Convertible Loan Notes. These mitigate the risk of material fluctuations in the Group's financial performance as a result of market interest rate changes.

FOUNDRIES.IO LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2023****15. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)****Capital management**

The Group monitors its capital, which includes all components of equity. The Group's objectives when maintaining capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Group consists of debt and equity. Debt consists of trade and other payables (note 14) and convertible loan notes. Equity consists of share capital and undistributed earnings as presented in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt, seek out new funding facilities or make repayments to existing funding facilities.

Reconciliation of net debt

Group	At 1 October \$	Cash flow \$	Non-cash movements \$	At 30 September \$
Cash and cash equivalents	(2,528,289)	(2,333,506)	-	(4,861,795)
Convertible loan notes	-	5,434,960	684,857	6,119,817
	<u>(2,528,289)</u>	<u>3,101,454</u>	<u>684,857</u>	<u>1,258,022</u>

16. RETIREMENT BENEFITS SCHEMES**Defined contribution schemes**

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The cost charged represents contributions payable by the Group to the funds. At the balance sheet date no contributions (2022: \$42,080) were outstanding.

	2023 \$	2022 \$
Contributions payable by the Group for the year	<u>114,986</u>	<u>121,277</u>

17. SHARE BASED PAYMENTS**Company and Group**

The Company and Group operate an equity-settled share-based option scheme to reward and incentivise its employees, directors and consultants. Under the scheme, the Board of directors of the Company can grant options over the shares of the Company to directors and employees of the Company and its subsidiaries. The scheme is an EMI approved remuneration scheme in so far as it applies to UK employees.

Options are granted at a fixed price based on the estimated fair value at the time of the grant. The options expire 10 years after the date of the grant. The options will lapse if the holder leaves the Group as a bad leaver prior to the exercise date, but if they are a good leaver then they can retain any options already vested at the point of leaving. Options can be exercised upon an exit event, which is a sale of the Group or listing on a stock market, or at any other point the Board of directors agree to. If the options are not exercised during this period, they shall lapse.

FOUNDRIES.IO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

17. SHARE BASED PAYMENTS (CONTINUED)

The vesting period of the options is 33% after one year of the grant date, and then monthly thereafter over the following two years. The Board can, at its discretion, accelerate the vesting to allow option holders to exercise their options in full in the event of an exit event.

The number of share options outstanding at the balance sheet date are:

	2023 Weighted average exercise price \$	2023 Total share options No.	2022 Weighted average exercise price \$	2022 Total share options No.
Outstanding at 1 October	2.73	147,212	4.15	102,592
Granted during the year	0.01	51,417	0.01	49,620
Exercised during the year	0.01	(41,167)	0.01	-
Forfeited/cancelled during the year	4.48	(45,112)	4.03	(5,000)
		<hr/>		<hr/>
Outstanding at 30 September	1.09	112,350	2.73	147,212
		<hr/>		<hr/>

The exercise price of the options outstanding at 30 September 2023 ranged between \$0.01 and \$4.34 (2022: \$0.01 and \$4.53) and their weighted average remaining contractual life as at 30 September 2023 was 8.0 years (2022: 8.5 years).

Of the total number of options outstanding at 30 September 2023, 68,119 (2022: 65,156) had vested and were exercisable.

Options were valued using the Black-Scholes option pricing model. The fair value of the share options was determined by the Black-Scholes pricing model, using the key assumptions noted in the table below:

	2023	2022
Share price at the date of grant	\$27.85	\$8.02
Expected life	5 years	5 years
Expected volatility	101.67%	88.07%
Expected dividend yield	0.00%	0.00%
Risk free interest rate	4.57%	4.40%

Expected volatility was determined by reference to the volatility of third party listed firms that are involved in similar activities to the Group. The Group's total charge for the year relating to the share-based payment scheme was \$1,653,220 (2022: \$256,840), and the Company's total charge was \$1,630,020 (2022: \$234,290).

The share-based remuneration expense disclosed in key management personnel compensation (note 8) in relation to the equity-settled scheme was \$711,334 (2022: nil). The Group did not enter into any share-based payment transactions with parties other than employees (former and existing) during the current and previous period.

FOUNDRIES.IO LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2023****18. SHARE CAPITAL**

Company	2023 No.	2022 No.
Share capital issued and fully paid		
Ordinary shares of £0.01 each	1,093,799	1,052,632
Preferred shares of £0.01 each	583,302	583,302
A ordinary shares of £0.01 each	532,817	532,817
	<u>2,209,918</u>	<u>2,168,751</u>
Company	2023 \$	2022 \$
Share capital issued and fully paid		
Ordinary shares of £0.01 each	14,518	14,002
Preferred shares of £0.01 each	7,223	7,223
A ordinary shares of £0.01 each	7,140	7,140
	<u>28,881</u>	<u>28,365</u>

Ordinary shares

Each ordinary share carries the right to vote, to receive dividends and, in the event of winding up, a capital distribution.

Preferred shares

Each preferred share carries the right to vote, to receive dividends and, in the event of winding up, a priority over other classes of shares to a capital distribution.

A Ordinary shares

Each ordinary share carries the right to vote, to receive dividends and, in the event of winding up, a capital distribution.

19. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

There were no related party transactions during the year.

Key management personnel compensation has been disclosed in note 8 of the accounts.

20. POST BALANCE SHEET EVENTS

On 1 March 2024, Qualcomm Innovation Center, Inc. a wholly owned subsidiary of Qualcomm Incorporated ('Qualcomm') (NASDAQ: QCOM) acquired the Group. The acquisition was made to accelerate product commercialisation in the IoT and edge computing market.

As a result of the acquisition, the convertible loan notes were settled in full.

21. CONTROLLING PARTIES

After the acquisition of the Group by Qualcomm, the directors consider Qualcomm Incorporated to be the ultimate controlling party.