

Foundries.io Limited

**Annual report and financial statements
For the year ended 30 September 2024**

Registered Number: 10899991

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Foundries.io Limited

Annual report and financial statements for the year ended 30 September 2024

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Strategic report

The directors present their strategic report on the affairs of Foundries.io Limited (the "Company") for the year ended 30 September 2024. Comparative financial information is presented for the year ended 30 September 2023.

Business review, principal activities and future developments

The Company is a cloud platform company 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.

The Company's 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. The Company operates in global markets with Tier 1 customers and partners in the USA, Europe and Asia.

On 1 March 2024, Qualcomm Innovation Center, Inc. a wholly owned subsidiary of Qualcomm Incorporated ('Qualcomm') (NASDAQ: QCOM) acquired the company. The acquisition was made to accelerate product commercialisation in the IoT and edge computing market. As part of the acquisition, the employees of the Company were transferred to other Qualcomm entities. As a result of the acquisition, the convertible loan notes were settled in full.

As set out on note 5 to the financial statements on page 21, subscriptions revenue fell by 13% (2024: \$1.8 million; 2023: \$2.0 million).

The reduction in revenue was largely due to a choice by management, not to renew subscriptions including services agreements with certain customers. The revenue remained focused on the recurring subscription model, to increase the direct OEM business and strengthen the channel partnerships

The resulting increase in gross profit of \$0.5 million, as Foundries.io Inc, a former subsidiary of the Company, had 5 months of recharges relating to staff costs before the acquisition rather a full 12 months as with previous years.

Loss for the year totaled \$8.3 million, being \$2.9 million higher than in 2023 (2023: \$5.4 million). The increased loss was mainly due to the settlement of interest and premium paid on the termination of the convertible loan notes.

As reported in the balance sheet on page 11, at 30 September 2024, the Company had \$2.35 million of cash and cash equivalents (2023: \$4.81 million) and net assets of \$6.27 million (2023: \$1.52 million).

Future Developments

The Company 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.

Key performance measures

The on-going performance of the Company is managed and monitored using a number of key performance indicators, both financial and non-financial. Management consider that there are no relevant non-financial indicators as result of the restructuring of the company.

The most important financial KPIs are as follows:

	2024	2023	Movement
	\$	\$	%
Revenue	1,820,313	2,240,239	(19)%
Cash and cash equivalents	2,351,616	4,810,938	(51)%

Strategic report (continued)

Principal risks and uncertainties

Risk: Geopolitical conflicts, natural disasters, pandemics and other health crises, and other factors outside of the Company's control, could significantly disrupt their business.

Acts of war, terrorism, geopolitical conflicts, political instability or tensions, natural disasters, the effects of climate change, pandemics and other health crises affecting any of the regions in which the company operates, and particularly those in which their customers, suppliers, manufacturing facilities and/or significant portions of the workforce are concentrated, could significantly disrupt the Company's business by, among others, reducing demand for their products and services or end-user devices incorporating their products; delaying or preventing suppliers from providing with critical components, delaying or preventing network operators from upgrading their wireless networks to meet new technology standards; or preventing a significant number of employees, or employees who perform critical functions, from performing their duties.

Political actions, including trade protection and national security policies of the U.S. and Chinese governments, such as tariffs, bans or placing companies on restricted entity lists, have in the past, currently are and could in the future limit or prevent us from transacting business with certain of our Chinese customers or suppliers, limit, prevent or discourage certain of our Chinese customers or suppliers from transacting business with us, or make it more expensive to do so.

Risk: The Company's business and operations could suffer in the event of security breaches of our information technology systems, or other misappropriation of our technology, intellectual property or other proprietary or confidential information

Attempts by others to gain unauthorised access to the Company's information technology systems are increasingly more sophisticated. Our technology, intellectual property and other proprietary or confidential information that we have provided to our customers, licensees or other business partners could also be wrongfully obtained by third parties through cyber-attacks on such customers', licensees' or other business partners' IT systems. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to its computers and networks, exploiting vulnerabilities in hardware, software or other IT infrastructure and impersonating authorised users, among others. The Company seeks to detect and investigate all security incidents and to prevent their recurrence, but in some cases, it might be unaware of an incident or its magnitude and effects.

The theft, unauthorised use or publication of the Company's intellectual property and/or confidential business information could harm its competitive position, reduce the value of its investment in research and development and other strategic initiatives and/or otherwise adversely affect its business. To the extent any security breach results in inappropriate disclosure of its customers' confidential information, the Company may incur liability.

The Company expects to continue to devote resources to the security of its information technology systems, seeking external advice where appropriate. The Company may implement cybersecurity laws that require our overall information technology security environment to meet certain standards and/or be certified. Such laws may be complex, ambiguous and subject to interpretation, which may create uncertainty regarding compliance. As a result, our efforts to comply with such laws may be expensive and may fail, which could adversely affect our business, results of operations and cash flows. In addition, our contracts with certain of our customers require us to obtain cybersecurity certifications for our IT systems. Failure to obtain or maintain the necessary cybersecurity certifications could result in loss of future revenues, damage to our customer relationships and reputation, and a shift of business to our competitors.

Risk: the enforcement and protection of the Company's intellectual property rights may be expensive, could fail to prevent misappropriation or unauthorised use of its proprietary intellectual property rights, could result in the loss of its ability to enforce one or more patents, and could be adversely affected by changes in patent laws, by laws in certain foreign jurisdictions that may not effectively protect its intellectual property rights or by ineffective enforcement of laws in such jurisdictions.

The Company relies primarily on patent, copyright, trademark and trade secret laws, as well as nondisclosure and confidentiality agreements, international treaties and other methods, to protect its proprietary information, technologies and processes, including its patent portfolio.

Strategic report (continued)

Principal risks and uncertainties (continued)

Risk: We are subject to various laws, regulations, policies and standards. Our business may suffer as a result of existing, or new or amended laws, regulations, policies or standards and/or our failure or inability to comply with laws, regulations, policies or standards.

Our business, products and services, and those of our customers, are subject to various laws and regulations globally, as well as government policies and the specifications of international, national and regional communications standards bodies. Compliance with, or change in the interpretation of, existing laws, regulations, policies and standards, the adoption of new laws, regulations, policies or standards, changes in the interpretation of existing laws, regulations, policies or standards, changes in the regulation of our activities by a government or standards body and/or rulings in court, regulatory, administrative or other proceedings relating to such laws, regulations, policies or standards, including, among others, those affecting licensing practices, competitive business practices, the use of our technology or products, protection of intellectual property, trade and trade protection including tariffs, cybersecurity, foreign currency, investments or loans, spectrum availability and license issuance, adoption of standards, the provision of device subsidies by wireless operators to their customers, taxation, export control, privacy and data protection, environmental protection, health and safety, supply chain, labor and employment, human rights, corporate governance, public disclosure and reporting, AI technologies or business conduct could have an adverse effect on our business and results of operations.

Laws, regulations, policies and standards are complex and changing and may create uncertainty regarding compliance. Laws, regulations, policies and standards are subject to varying interpretations in many cases, and their application in practice may evolve over time. As a result, our efforts to comply may fail, particularly if there is ambiguity as to how they should be applied in practice. Failure to comply with any law, regulation, policy or standard may adversely affect our business, results of operations and/or cash flows. New laws, regulations, policies and standards or evolving interpretations of legal requirements may cause us to incur higher costs as we revise current practices, policies and/or procedures and may divert management time and attention to compliance activities.

Environment

The Company is committed to minimising impacts to the environment throughout its business. The Company expands its operations while aiming to minimise its carbon footprint, conserve water and reduce waste and develops products that take into account environmental and social impacts.

The Strategic report of Foundries.io Limited, was approved by the board of directors and signed on their behalf by:



Kathryn Turner
Director
26 June 2025

Directors' report

The directors present their report on the affairs of the Company, together with the audited financial statements for the year ended 30 September 2024. Comparative financial information is presented for the year ended 30 September 2023.

Going concern

The financial statements are prepared on the going concern basis. The directors have considered future cash forecasts and revenue projections, based on prudent market data, in their consideration of going concern to allow the Company to meet its liabilities as they fall due and the directors therefore have a reasonable expectation that the Company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

The Company's business activities, together with the factors likely to affect its future development, financial performance and position are set out on pages 1 to 3.

Significant events during the Year

On 1 March 2024, Qualcomm Innovation Center, Inc. a wholly owned subsidiary of Qualcomm Incorporated ('Qualcomm') (NASDAQ: QCOM) acquired the Company.

Financial Instruments

Note 15 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of the financial instruments and hedging activities; and its exposure to credit risk. The principal risks and uncertainties which could adversely impact the long-term performance of the Company are discussed on pages 1 to 3 in the strategic report.

At 30 September 2024, the Company had no external debt liabilities and there was no material exposure to credit risk.

Directors

The directors of the Company throughout the period from 1 October 2023 and up to the date of signing the financial statements, unless otherwise stated, were:

Ian Drew (resigned 1 March 2024)
George Grey (resigned 1 March 2024)
Krishna Visvanathan (resigned 1 March 2024)
Kathryn Turner (appointed 1 March 2024)
Sandeep Singhai (appointed 1 March 2024)

Political donations

The Company did not make any political donations for the year ended 30 September 2024. (2023: nil)

Dividends

The directors do not recommend the payment of a final dividend for the year ended 30 September 2024. (2023: nil)
No interim dividend was paid for the year ended 30 September 2024. (2023: nil)

Environment

The Company is part of the Qualcomm Incorporated group of companies ("Group"). The Group recognises the importance of social, environmental and ethical matters.

Streamlined Energy and Carbon Reporting

Information is not being disclosed pursuant to the Streamlined Energy and Carbon Reporting as the Company consumed less than 40,000 kWh of energy in the UK during the reporting period.

Directors' and officers' indemnity insurance

A fellow Group company has taken out insurance to indemnify, against third party proceedings, the directors of the Company whilst serving on the board of the Company. This indemnity policy subsisted throughout the period and remains in place at the date of this report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Directors' report (continued)

Under company law, 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

On behalf of the board

Kathryn Turner
Director
26 June 2025



Independent auditors' report to the members of Foundries.io Limited

Report on the audit of the financial statements

Opinion

In our opinion, Foundries.io Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2024 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 30 September 2024; the Income statement, Statement of comprehensive income, Statement of changes in equity and Cash flow statement for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Foundries.io Limited (continued)

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax regulations and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate the financial results. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries meeting specified criteria considered to be unusual or indicative of potential fraud;
- Reviewing meeting minutes, including those of the board of directors;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Foundries.io Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Other matter

The Company took an exemption from preparing consolidated financial statements for the year ended 30 September 2024. Consequently, the Company income statement, statement of comprehensive income, cash flow statement, and related notes to the financial statements, forming part of the corresponding figures of the financial statements for the year ended 30 September 2024, are unaudited.



Imran Younus (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
26 June 2025

INCOME STATEMENT

For the year ended 30 September 2024

	Note	30 September 2024	30 September 2023 (Unaudited)
		\$	\$
Revenue	5	1,820,313	2,240,239
Cost of sales		(915,692)	(1,817,142)
Gross Profit		904,621	423,097
Administrative expenses		(3,217,653)	(5,917,048)
Operating Loss	6	(2,313,032)	(5,493,951)
Finance Income	7	54,196	64,469
Finance Cost	7	(6,593,800)	(684,857)
Loss before tax		(8,852,636)	(6,114,339)
Income tax credit	9	512,852	697,609
Loss for the period	8	(8,339,784)	(5,416,730)

The results were all derived from continuing operations. The loss for the current and the prior period respectively are wholly attributable to equity holders of Foundries.io Limited.

The notes on pages 14 to 33 form an integral part of the financial statements.

1

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2024

	30 September 2024	30 September 2023 (Unaudited)
	\$	\$
Loss for the year	(8,339,784)	(5,416,730)
Other comprehensive income	—	—
Total comprehensive loss for the period	(8,339,784)	(5,416,730)

The results were all derived from continuing operations.

The total comprehensive loss for the current and prior periods are wholly attributable to equity holders of Foundries.io Limited.

The notes on pages 14 to 33 form an integral part of the financial statements.

BALANCE SHEET

As at 30 September 2024

Assets	Note	30 September 2024 \$	30 September 2023 \$
Non-current assets			
Intangible assets	10	2,123,243	3,325,535
Property, plant and equipment	11	17,851	37,730
Investments in subsidiary	12	—	10,000
Deferred tax asset	9	512,852	—
		<u>2,653,946</u>	<u>3,373,265</u>
Current assets			
Trade and other receivables	13	1,170,722	570,904
Corporation tax asset		829,809	758,769
Cash and cash equivalents		2,351,616	4,810,938
		<u>4,352,147</u>	<u>6,140,611</u>
Total assets		<u>7,006,093</u>	<u>9,513,876</u>
Current liabilities			
Trade and other payables	14	734,585	1,870,088
		<u>734,585</u>	<u>1,870,088</u>
Net current assets		<u>3,617,562</u>	<u>4,270,523</u>
Non-current liabilities			
Borrowings	15	—	6,119,817
		<u>—</u>	<u>6,119,817</u>
Total liabilities		<u>734,585</u>	<u>7,989,905</u>
Net assets		<u>6,271,508</u>	<u>1,523,971</u>
Equity			
Share capital	18	30,324	28,881
Share premium account	19	12,176,370	12,060,687
Share based payment reserve	19	2,308,879	2,052,629
Capital contribution reserve	19	12,713,945	—
Accumulated losses	19	(20,958,010)	(12,618,226)
Total equity		<u>6,271,508</u>	<u>1,523,971</u>

The Company's loss and total comprehensive loss for the year ended 30 September 2024 was \$8,339,784 (2023: \$5,416,730).

The notes on pages 14 to 33 form an integral part of the financial statements.

The financial statements on pages 9 to 33 of Foundries.io Limited registered number 10899991, were approved by the board of directors and authorised for issue on 26 June 2025 and signed on their behalf by:


 Kathryn Turner
 Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2024

	Share Capital	Share premium account	Share based payment reserve	Capital contribution reserve	Accumulated losses	Total equity attributable to equity holders
	\$	\$	\$	\$	\$	\$
Balance as at 1 October 2022 (Unaudited)	28,365	12,060,687	399,409	—	(7,201,496)	5,286,965
Loss and total comprehensive loss 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
Balance as at 30 September 2023 (Unaudited)	28,881	12,060,687	2,052,629	—	(12,618,226)	1,523,971
Loss and total comprehensive loss for the financial year	—	—	—	—	(8,339,784)	(8,339,784)
Transactions with shareholders						
Shares issued	1,443	115,683	—	—	—	117,126
Share based payment charge	—	—	256,250	—	—	256,250
Capital contribution arising from company's settlement of convertible loan notes	—	—	—	12,713,945	—	12,713,945
Balance as at 30 September 2024	30,324	12,176,370	2,308,879	12,713,945	(20,958,010)	6,271,508

The notes on pages 14 to 33 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 September 2024

	30 September 2024	30 September 2023
	\$	(Unaudited) \$
Cash flows from operating activities		
Loss before tax	(8,852,636)	(6,114,339)
<i>Adjustments for:</i>		
Interest Income	(54,196)	(64,469)
Fair value revaluation of convertible loan notes	—	684,857
Interest and premium paid on repayment of convertible loan notes	6,593,800	—
Depreciation	21,660	19,454
Amortisation	2,901,576	3,026,983
Share based payment	256,250	1,630,020
Operating cash flows before movements in working capital	<u>866,454</u>	<u>(817,494)</u>
Increase in trade and other receivables	(670,858)	(225,936)
(Decrease)/increase in trade and other payables	(1,135,175)	395,509
Cash used in operating activities	<u>(939,579)</u>	<u>(647,921)</u>
Income tax received	—	944,396
Net cash (used in)/generated from operating activities	<u>(939,579)</u>	<u>296,475</u>
Cash flows from investing activities		
Purchases of tangible assets	(2,357)	(30,210)
Purchase of intangible assets	(1,699,284)	(3,395,120)
Proceeds on disposal of tangible assets	575	—
Proceeds on disposal of investment	10,000	—
Interest received	54,196	—
Net cash used in investing activities	<u>(1,636,870)</u>	<u>(3,425,330)</u>
Cash flows from financing activities		
Proceeds from issue of shares	117,127	516
Interest received	—	64,469
Issue of convertible loan notes	—	5,434,959
Repayment of convertible loans	—	—
Net cash generated from financing activities	<u>117,127</u>	<u>5,499,944</u>
Net (decrease)/increase in cash and cash equivalents	(2,459,322)	2,371,089
Cash and cash equivalents at the beginning of the year	4,810,938	2,439,849
Cash and cash equivalents at the end of the year	<u><u>2,351,616</u></u>	<u><u>4,810,938</u></u>

During the year, the Company made a payment of interest and premium relating to the convertible loan notes of \$12,713,939, and the same has been funded as part of \$12,713,939 capital contribution from its parent entity, Qualcomm Innovation Center Inc.

The notes on pages 14 to 33 form an integral part of the financial statements.

Notes to the financial statements

For the year ended 30 September 2024

1. GENERAL INFORMATION

Foundries.io Limited ("the Company") is a private company limited by shares and it is incorporated in England and Wales and domiciled in United Kingdom. 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. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

Standards not affecting the reported results nor the financial position:

The following new and revised Standards have been adopted in the current period. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IFRS 17	Insurance contracts (effective for annual periods beginning on or after 1 January 2023)
IAS 1 and IAS 8 (amended)	'Accounting Policies, Changes In Accounting Estimates and Errors' – improvement on accounting policy disclosures and clarify distinction between changes in accounting policies and changes in accounting (effective for annual periods beginning on or after 1 January 2023)
IAS 12 (amended)	IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023); IAS 12 – International tax reform – pillar two model rules (effective immediately)

At the date of authorisation of these financial statements, the following new and revised Standards which have not yet been applied in these financial statements were in issue but not yet effective (and in some cases, had not yet been adopted):

IAS 1 (amended)	IAS 1, 'Presentation of financial statements' on classification of liabilities (effective for annual periods beginning on or after 1 January 2024); IAS 1 – clarification on the classification of non-current liabilities with covenants (effective for annual periods beginning on or after 1 January 2024)
IFRS 16 (amended)	Amendments on the requirements for sale and leaseback transactions (effective for annual periods beginning on or after 1 January 2024)
IAS 7 and IFRS 7 (amended)	Supplier finance arrangements and their effects on a company's liabilities, cashflows and exposure to liquidity risk (effective for annual periods beginning on or after 1 January 2024)
IAS 21 (amended)	Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

The directors anticipate that the adoption of the other standards listed above in future periods will have no material impact on the financial statements of the Company.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material 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.

BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis. The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The preparation of the Company's financial statements in compliance with 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.

In prior year, the Company took advantage of certain exemptions available to its Company financial statements. Hence, the prior year income statement, statement of comprehensive income, cash flow statement, and related notes to the financial statements, forming part of the corresponding figures of the financial statements for the year ended 30 September 2023, are unaudited.

Notes to the financial statements

For the year ended 30 September 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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:

- Disclosure of the objectives, policies and processes for managing capital; (The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1)
- Inclusion of an explicit and unreserved statement of compliance with IFRS; (The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1)
- Comparative narrative information for property, plant & equipment and intangible fixed assets; (The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: Paragraph 79(a)(iv) of IAS 1 Paragraph 73(e) of IAS 16 Property, Plant and Equipment Paragraph 118(e) of IAS 38 Intangible Assets).

GOING CONCERN

During the year ended 30 September 2024, the Company's expenditure exceeded its income producing a loss for the financial year of \$8,339,784 (2023: \$5,416,730) for the year. The company has net assets as at 30 September 2024 of \$6,271,508 (2023: \$1,523,971).

The financial statements are prepared on the going concern basis. The directors have considered future cash forecasts and revenue projections, based on prudent market data, in their consideration of going concern to allow the Company to meet its liabilities as they fall due and the directors therefore have a reasonable expectation that the Company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

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

REVENUE

Under IFRS 15 Revenue from Contracts with Customers, Revenue is recognised based on the satisfaction of performance obligations following the five-step process- Identify the contract with a customer, Identify the separate performance obligations in the contract, Determine the transaction price, Allocate the transaction price to the separate performance obligations and Recognise revenue when (or as) each performance obligation is satisfied.

Revenue is recognised only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the right of return is subsequently resolved. When management determines that it cannot recognise all of the consideration received as revenue for the sale of goods with a right of return, the entity recognises some of the consideration received as a refund liability

The Company 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 Company'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 Company. 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.

Notes to the financial statements

For the year ended 30 September 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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 Company 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 year 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.

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 Company intends to and has sufficient resources to complete the project
- the Company 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.

Notes to the financial statements

For the year ended 30 September 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENTS IN SUBSIDIARY

Investments in subsidiary 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. The subsidiary Foundries.io Inc was dissolved on 20 September 2024.

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.

IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

At each reporting end date, the Company 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 Company 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) in 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.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised on the balance sheet when the Company 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.

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 Company 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.

Notes to the financial statements

For the year ended 30 September 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

FINANCIAL INSTRUMENTS (continued)

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.

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 Company'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 Company 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.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's asset or liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The amount of tax payable or receivable on profits or losses for any period is subject to the agreement of the tax authority and the tax liability or asset position is open to review for several years after the relevant accounting period ends. In determining the provisions for income taxes, management is required to make assumptions based on interpretations of tax statute and case law, which it does after taking account of professional advice and prior experience. Uncertainties in respect of enquiries and additional tax assessments raised by tax authorities are measured by estimating the probable amount that is payable but the amounts ultimately payable or receivable may differ from the amounts of any provisions recognised in the financial statements as a result of the estimates and assumptions used.

Notes to the financial statements

For the year ended 30 September 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

TAXATION (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused carried forward tax losses and unused carried forward tax credits can be utilised. However, such assets and liabilities are not recognised if the temporary differences arise from:

- the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- investments in subsidiaries and associates, and interests in joint ventures, where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax laws and rates that have been substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income or directly to equity, in which case deferred tax is also dealt with in comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

R&D TAX CREDITS

Following the changes made to the claiming of R&D tax credits in the 2013 Finance Act, UK R&D tax credits, for qualifying R&D expenditure incurred subsequent to 1 April 2013, have been accounted for under IAS 20 Government Grants and Disclosure and recognised within operating profit.

The expected R&D tax credit is accrued within the income statement as qualifying R&D expenditure is incurred and has been offset against research and development expenditure within the income statement.

SHARE OPTION SCHEMES

The Company operates an equity settled share-based remuneration plan, under which the Company 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 Company 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.

In 2024, all share options were fully settled.

PENSIONS

The Company 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 balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the financial statements

For the year ended 30 September 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

FOREIGN AND FUNCTIONAL CURRENCIES

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

The financial statements 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.

LEASES

At inception, the Company 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 Company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets, if any, are included within property, plant and equipment.

The Company 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:

Share based payment charge

In 2023, the 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 17.

In 2024, there no share based payment charges as all share options were fully settled.

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.

Notes to the financial statements

For the year ended 30 September 2024

5. REVENUE

Revenue from contracts with customers derive from the Company'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:

	2024	2023
		(Unaudited)
	\$	\$
<i>Revenue by class of business</i>		
Subscriptions	1,770,313	2,040,239
Engineering services	50,000	200,000
	<u>1,820,313</u>	<u>2,240,239</u>
<i>Revenue by geographical location</i>		
United Kingdom	149,000	111,750
Europe	520,629	467,334
America	1,025,684	1,536,155
Rest of the world	125,000	125,000
	<u>1,820,313</u>	<u>2,240,239</u>

Brought forward deferred revenues of \$1,053k (2023 - unaudited: \$898k) were recognised as revenue in the year. Invoices totalling \$1.8m (2023 - unaudited: \$2.4m) were raised during the year, with \$597k (2023 - unaudited: \$1,053k) 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.

6. OPERATING LOSS

	Note	2024	2023
			(Unaudited)
		\$	\$
Operating loss is stated after charging/(crediting):			
Depreciation of property, plant and equipment	11	21,660	22,693
Amortisation of intangible assets	10	2,901,576	3,026,983
Research and Development expenditure recognised as an expense		39,218	11,647
Foreign exchange gain		(329,297)	(290,993)
Staff costs	8	981,751	3,319,138

The auditors' remuneration for the period was borne by Qualcomm Technologies International, Ltd. Amounts receivable by the auditors' in respect of the audit of Foundries.io Limited for the year ended 30 September 2024 were \$91,057. There was no recharge made to the company with regards to the audit fees. The audit fee of FY2023 (unaudited) of \$22,650 is paid by the Company.

There were no fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services for the year ended 30 September 2024 (2023 - unaudited: \$nil).

Notes to the financial statements

For the year ended 30 September 2024

7. FINANCE INCOME AND COSTS

	2024	2023 (Unaudited)
	\$	\$
Finance income		
Other interest income	54,196	64,469
Finance costs		
Fair value revaluation of convertible loan note	—	(684,857)
Interest and premium paid on repayment of convertible loan notes	(6,593,800)	—

8. STAFF COSTS

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

	2024	2023 (Unaudited)
	Number	Number
Executive team	2	5
Engineering and Support	7	17
Sales, Marketing and Administration	3	5
	<u>12</u>	<u>27</u>

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

	2024	2023 (Unaudited)
	\$	\$
Wages and salaries	1,729,291	3,513,046
Social security costs	76,797	163,443
Other pension costs	35,595	54,819
Share based payment charge	256,250	1,653,220
	<u>2,097,933</u>	<u>5,384,528</u>
Less: Amounts capitalised in development costs	(1,116,182)	(2,065,390)
	<u>981,751</u>	<u>3,319,138</u>

Notes to the financial statements
For the year ended 30 September 2024

8. STAFF COSTS (continued)

Directors' remuneration

	2024	2023 (Unaudited)
	\$	\$
Directors' emoluments	238,868	581,062
Compensation for loss of office	9,743	37,318
	<u>248,611</u>	<u>618,380</u>

The number of directors to whom retirement benefits are accruing under money purchase schemes was nil (2023 - unaudited: 1). Nil (2023 - unaudited: 1) director was granted and exercised share options in the current year.

The directors post Qualcomm acquisition did not receive any remuneration for their services to the Company for the year ended 30 September 2024. In 2024, directors' remunerations are settled by another company, not recharged and that services to the company are inconsequential in comparison to responsibilities across the group.

Highest paid director

	2024	2023 (Unaudited)
	\$	\$
Directors' emoluments	152,650	340,952
	<u>152,650</u>	<u>340,952</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The total compensation paid to key management personnel during the year was \$350,626 (2023 - unaudited: \$1,268,336) and relating to this, Employer's social security costs was \$32,950 (2023 - unaudited: \$81,623) and share-based remuneration expense was nil (2023 - unaudited: \$711,334).

The key management personnel post Qualcomm acquisition did not receive any remuneration for their services to the Company for the year ended 30 September 2024.

9. INCOME TAX CREDIT

	2024	2023 (Unaudited)
	\$	\$
Current tax:		
UK Corporation tax	—	(757,480)
Adjustment in respect of previous periods	—	59,871
Total current tax	<u>—</u>	<u>(697,609)</u>
Deferred tax:		
Current year	(512,852)	—
Total deferred tax	<u>(512,852)</u>	<u>—</u>
Total tax credit in the Income statement	<u>(512,852)</u>	<u>(697,609)</u>

Notes to the financial statements

For the year ended 30 September 2024

9. INCOME TAX CREDIT (continued)

Factors affecting tax charge for the year

The tax for the period can be reconciled to the profit/(loss) per the income statement as follows:

	2024	2023 (Unaudited)
	\$	\$
Loss before income tax	<u>(8,852,636)</u>	<u>(6,114,339)</u>
Loss before income tax multiplied by the effective rate of corporation tax 25% (2023: 22%)	(2,213,159)	(1,345,657)
Effects of:		
Adjustments in respect of prior periods	—	59,871
Expenses not deductible for tax purposes	5,094	376,897
Other permanent differences (share schemes)	(402,356)	(109,810)
Tax rate changes	—	(1,351)
Deferred tax not recognised	2,097,569	438,317
R&D tax credit	—	(115,876)
Tax credit in the income statement	<u>(512,852)</u>	<u>(697,609)</u>

Corporation tax is calculated at 25% (2023 - unaudited: 22%) on estimated assessable profit for the period. An increase to the main rate of UK corporation tax to 25% (from 19%) with effect from 1 April 2023 was substantively enacted on 24 May 2021.

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published Global Anti-Base Erosion ("GloBE") Model Rules for Pillar Two, a global minimum tax system designed to address base erosion and profit shifting. These rules require multinational enterprises (MNEs) with consolidated annual revenues exceeding €750 million to pay a minimum of 15% tax on their profits in each jurisdiction where they operate.

On 11 July 2023, the UK Pillar Two legislation received Royal Assent as part of Finance (No. 2) Act 2023 and will come into effect for accounting periods beginning on or after 31 December 2023.

The Qualcomm group is within the scope of Pillar Two. Since the Pillar Two legislation was not yet in effect for the reporting period, the entity has no related current tax exposure. The entity applies the IASB amendment to IAS 12 which provides a mandatory temporary exception from recognising or disclosing deferred tax assets and liabilities related to Pillar Two.

Qualcomm is assessing the group's potential exposure to Pillar Two top-up taxes in the UK, with the Pillar Two legislation effective from the period ended 26 September 2025. Based on the group's analysis, Pillar Two is not expected to have a material impact derived from this new regulation because the group expects its UK jurisdictional effective tax rate to exceed 15%.

Notes to the financial statements

For the year ended 30 September 2024

9. INCOME TAX CREDIT (continued)

Recognised and unrecognised deferred tax

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

	2024	2023 (Unaudited)
	\$	\$
Recognised deferred tax		
Fixed assets	482,945	739,210
Temporary differences trading	—	(19,167)
Losses	(995,797)	(720,043)
	<u>(512,852)</u>	<u>—</u>
Unrecognised deferred tax:		
Trading losses	(2,902,771)	(810,811)
Share based payments	—	(259,135)
	<u>(2,902,771)</u>	<u>(1,069,946)</u>

At the balance sheet date, the Company had temporary differences in relation to tax trading losses of \$11,611,082 (2023 - unaudited: \$3,243,244) and share based payments of \$Nil (2023 - unaudited: \$1,036,540) on which no deferred tax assets have been recognised. The tax losses may be carried forward indefinitely.

10. INTANGIBLE ASSETS

	Development costs
	\$
Cost	
At 1 October 2023	12,843,959
Additions	1,699,284
At 30 September 2024	<u>14,543,243</u>
Amortisation	
At 1 October 2023	9,518,424
Charge for the period	2,901,576
At 30 September 2024	<u>12,420,000</u>
Net book value	
At 30 September 2024	<u>2,123,243</u>
At 30 September 2023	<u>3,325,535</u>

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.

Notes to the financial statements
For the year ended 30 September 2024

11. PROPERTY, PLANT AND EQUIPMENT

	Office equipment
	\$
Cost or Valuation	
At 1 October 2023	79,583
Additions	2,357
Disposals	(3,671)
At 30 September 2024	<u>78,269</u>
Depreciation	
At 1 October 2023	41,853
Charge for the period	21,660
Disposals	(3,095)
At 30 September 2024	<u>60,418</u>
Net book value	
At 30 September 2024	<u>17,851</u>
At 30 September 2023	<u>37,730</u>

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

12. INVESTMENTS

	Shares in subsidiary undertakings
	\$
Cost	
At 1 October 2023	10,000
Disposal	(10,000)
At 30 September 2023	<u>—</u>
Carrying amount	
At 1 October 2023	10,000
Disposal	(10,000)
At 30 September 2023	<u>—</u>

The subsidiary Foundries.io Inc was dissolved on 20 September 2024.

Notes to the financial statements

For the year ended 30 September 2024

13. TRADE AND OTHER RECEIVABLES

	2024	2023
	\$	\$
Current		
Trade receivables	232,829	443,000
Other receivables	21,272	47,206
Prepayments and accrued income	89,058	80,698
UK RDEC Receivable	316,380	—
Amounts due from other group undertakings	511,173	—
	<u>1,170,722</u>	<u>570,904</u>

The amounts receivable from other Group undertakings are interest free unsecured receivables and are repayable on demand.

The directors consider that the carrying amount of the receivables approximates to their fair values.

Financial instruments have been assessed for IFRS 9's expected credit loss model to establish an allowance for impairment that represents its estimate of expected losses in respect of financial assets. Before accepting any new customers, the Company uses a credit scoring system to assess the potential customer's credit quality and define credit limits by customer. Credit limits and credit quality are regularly reviewed. It is the policy of the Company to only transact with creditworthy entities to mitigate the risk of default associated with trade receivables. The Company provides for trade receivables based on amounts estimated as irrecoverable determined by reference to past default experience.

As there has been no significant change in the credit quality of the receivables and as the historical default rates and expected future default rates are very low, the Company has identified that any expected credit loss provision would not be material and hence no expected credit loss provision has been recorded (2023: \$nil).

At 30 September 2024, a specific allowance has been made for estimated irrecoverable amounts within trade receivables of \$9,000 (2023: \$nil). No allowance for credit notes and price adjustments has been made within trade receivables (2023: \$nil).

14. TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
Current		
Trade payables	32,817	78,812
Amounts owed to group undertakings	—	298,973
Social security and other taxes	—	58,556
Accruals	104,839	380,923
Deferred income	596,929	1,052,824
	<u>734,585</u>	<u>1,870,088</u>

The directors consider that the carrying amount of the financial liabilities approximates to their fair value. Amounts due to other Group undertakings are unsecured, interest free and due on demand.

Notes to the financial statements

For the year ended 30 September 2024

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial Instruments

The Company'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 Company 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:

Financial assets at amortised cost

	2024	2023
	\$	\$
Current assets		
Trade and other receivables	248,850	477,451
Cash and cash equivalents	2,351,616	4,810,938
Total financial assets	2,600,466	5,288,389

Financial liabilities held at amortised cost

	2024	2023
	\$	\$
Current Liabilities		
Trade and other payables	137,656	459,735
Total financial liabilities held at amortised cost	137,656	459,735

The carrying value of these assets and 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

	2024	2023
	\$	\$
Non-current Liabilities		
Convertible loan notes	–	6,119,817
Total financial liabilities held at fair value through profit and loss	–	6,119,817

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. During the financial year, the convertible loans were repaid in full.

Notes to the financial statements

For the year ended 30 September 2024

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)

Gains and losses on financial instruments included within the income statement

	2024	2023 (Unaudited)
	\$	\$
Finance expense		
Fair value revaluation of convertible loan note	—	684,857
Interest and premium paid on repayment of convertible loan notes	6,593,800	—
Total expense on financial liabilities	6,593,800	684,857

Financial risks

The directors monitor the Company's financial risks and management policies. The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets whilst minimising potential adverse effects on financial performance. The Company 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 Company if a commercial or individual customer or a financial asset fails to meet its contractual obligations. The maximum exposure to credit risk at 30 September was as follows:

	2024	2023
	\$	\$
Trade and other receivables	248,850	477,451

The Company 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 Company 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 Company had outstanding receivables that were past due has provided for a doubtful debt for \$9,000. These items have been considered for credit risk and are considered to be recoverable.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due.

The Company endeavours to maintain sufficient cash and adequate credit facilities to meet its obligations at all times. The Company 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 Company 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 Company's financial liabilities based on contractual undiscounted payments:

	Carrying amount	2024		
		Contractual cash flow	1 year or less	1 to 5 years
	\$	\$	\$	\$
Financial liabilities				
Trade and other payables	137,656	137,656	137,656	—
Convertible loan notes	—	—	—	—
	137,656	137,656	137,656	—

Notes to the financial statements

For the year ended 30 September 2024

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)

	2023			
	Carrying amount	Contractual cash flow	1 year or less	1 to 5 years
	\$	\$	\$	\$
Financial liabilities				
Trade and other payables	459,735	459,735	459,735	—
Convertible loan notes	6,119,817	7,533,337	—	7,533,337
	<u>6,579,552</u>	<u>7,993,072</u>	<u>459,735</u>	<u>7,533,337</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 Company has operations in various parts of the world.

Foreign exchange risk arises because the Company operates globally and funding has historically largely been in GBP. Costs arise largely in USD and also in GBP and EUROS. Foundries.io Limited's income is received mainly in US dollars, therefore the Company has a significant natural hedge in terms of its US dollar denominated cost base.

At 30 September 2024, the Company had no variable rate instruments (2023: none).

Capital risk management

The Company monitors its capital, which includes all components of equity. The Company's objectives when maintaining capital are to safeguard the Company'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 Company consists of debt and equity. Debt consists of trade and other payables (note 14). Equity consists of share capital, reserves, and retained earnings as presented in the balance sheet.

Reconciliation of net debt

	At 1 October	Cash flow	Non-cash movements	At 30 September
	\$	\$	\$	\$
Cash and cash equivalents	4,810,938	(2,459,322)	—	2,351,616
Convertible loan notes	(6,119,817)	—	6,119,817	—

16. RETIREMENT BENEFIT SCHEMES

Defined contribution schemes

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The cost charged represents contributions payable by the Company to the funds. At the balance sheet date no contributions (2023: Nil) were outstanding.

	2024	2023
	\$	\$
Contributions payable by the Company for the year	<u>35,595</u>	<u>54,819</u>

Notes to the financial statements

For the year ended 30 September 2024

17. SHARE BASED PAYMENTS

Company

The Company operates 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 Company 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 Company 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.

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:

	2024	2024	2023	2023
	Weighted average exercise price	Total share options	Weighted average exercise price	Total share options
	\$	No.	\$	No.
Outstanding at 1 October	1.09	112,350	2.73	147,212
Granted during the year	—	—	0.01	51,417
Exercised during the year	(1.09)	(112,350)	0.01	(41,167)
Forfeited/cancelled during the year	—	—	4.48	(45,112)
Outstanding at 30 September	—	—	1.09	112,350

The exercise price of the options outstanding at 30 September 2024 ranged was nil as no options were outstanding at year end (2023: \$0.01 and \$4.34). The weighted average remaining contractual life as at 30 September 2024 was nil years as no options were outstanding at year end (2023: 8.0 years).

Of the total number of options outstanding at 30 September 2024, nil (2023: 68,119) had vested and were exercisable as no options were outstanding at year end.

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:

	2024	2023
Share price at the date of grant	\$ 27.85	\$ 27.85
Expected life	5 Years	5 years
Expected volatility	103.25 %	101.67 %
Expected dividend yield	— %	— %
Risk free interest rate	3.86 %	4.57 %

Expected volatility was determined by reference to the volatility of third party listed firms that are involved in similar activities to the Company. The Company's total charge for the year relating to the share-based payment scheme was \$256,250 (2023 - unaudited: \$1,653,220).

The share-based remuneration expense disclosed in key management personnel compensation (note 8) in relation to the equity-settled scheme was \$39,380 (2023 - unaudited: \$711,334). The Company did not enter into any share-based payment transactions with parties other than employees (former and existing) during the current and previous period.

Notes to the financial statements
For the year ended 30 September 2024

18. Share Capital

	2024	2023
	No.	No.
Share capital issued and fully paid		
Ordinary shares of £0.01 each	1,208,149	1,093,799
Preferred shares of £0.01 each	583,302	583,302
A ordinary shares of £0.01 each	532,817	532,817
	<u>2,324,268</u>	<u>2,209,918</u>
	2024	2023
	\$	\$
Share capital issued and fully paid		
Ordinary shares of £0.01 each	15,961	14,518
Preferred shares of £0.01 each	7,223	7,223
A ordinary shares of £0.01 each	7,140	7,140
	<u>30,324</u>	<u>28,881</u>

On 1 March 2024, the Company increase its share capital by issuing 114,350 of ordinary shares of £0.01 nominal value each.

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. Reserves

Share premium account

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 Company's share option schemes.

Capital contribution reserve

The capital contribution reserve arising from the company's settlement of convertible loans.

Accumulated losses

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

20. Related party transactions

The ultimate parent undertaking and controlling party of the Company is considered to be Qualcomm Incorporated. The immediate parent company is Qualcomm Innovation Center Inc. Transactions between the Company and related parties are disclosed below.

	2024	2023
	\$	\$
Transactions with parent company		
Qualcomm Innovation Center Inc		
- Intercompany Sweep	511,173	—
	<u>511,173</u>	<u>—</u>

Notes to the financial statements

For the year ended 30 September 2024

21. Parent and ultimate controlling party

At 30 September 2024, the directors regarded Qualcomm Innovation Center Inc, a Company incorporated in the United States of America, as the immediate parent company and Qualcomm Incorporated (Qualcomm), a Company incorporated in the United States of America, as the ultimate parent undertaking and controlling party.

Qualcomm Incorporated (Qualcomm) is the parent Company of the smallest and largest group of which the Company is a member and for which consolidated financial statements are drawn up. Copies of the financial statements for Qualcomm Incorporated are available from Qualcomm Incorporated, 5775 Morehouse Drive, San Diego, California, USA and on that company's website (www.qualcomm.com).