

Registered number: 09882159

MIND FOUNDRY LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2022

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MIND FOUNDRY LIMITED
REGISTERED NUMBER: 09882159

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

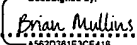
	Note	2022 £	2021 £
Fixed assets			
Tangible assets	5	81,371	203
Investments	6	10,000,000	-
		<u>10,081,371</u>	<u>203</u>
Current assets			
Debtors: amounts falling due within one year	7	3,418,553	1,273,432
Cash at bank and in hand	8	7,646,816	4,359,546
		<u>11,065,369</u>	<u>5,632,978</u>
Creditors: amounts falling due within one year	9	(2,564,821)	(351,394)
Net current assets		<u>8,500,548</u>	<u>5,281,584</u>
Net assets		<u><u>18,581,919</u></u>	<u><u>5,281,787</u></u>
Capital and reserves			
Called up share capital	10	4,169	3,436
Share premium account		36,178,816	18,238,151
Foreign exchange reserve		(23,549)	(25,620)
Share based payment reserve		4,620,574	3,410,980
Profit and loss account		(22,198,091)	(16,345,160)
		<u><u>18,581,919</u></u>	<u><u>5,281,787</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the consolidated statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
DocuSigned by:

A562D381E3CE418...
B Mullins
 Director

Date: 28 April 2023 | 16:20 BST

The notes on pages 5 to 14 form part of these financial statements.

MIND FOUNDRY LIMITED
REGISTERED NUMBER: 09882159

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

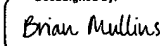
	Note	2022 £	2021 £
Fixed assets			
Tangible assets	5	81,371	203
Investments	6	10,000,008	8
		<u>10,081,379</u>	<u>211</u>
Current assets			
Debtors: amounts falling due within one year	7	4,110,776	1,931,285
Cash at bank and in hand	8	7,635,681	4,347,815
		<u>11,746,457</u>	<u>6,279,100</u>
Creditors: Amounts Falling Due Within One Year	9	(2,562,055)	(346,160)
Net current assets		<u>9,184,402</u>	<u>5,932,940</u>
Net assets		<u><u>19,265,781</u></u>	<u><u>5,933,151</u></u>
Capital and reserves			
Called up share capital	10	4,169	3,436
Share premium account		36,178,816	18,238,151
Share based payment reserve		4,620,574	3,410,980
Profit and loss account brought forward		(15,719,416)	(10,868,772)
Loss for the year		(6,137,329)	(5,482,830)
Other changes in the profit and loss account		318,967	632,186
Profit and loss account carried forward		<u>(21,537,778)</u>	<u>(15,719,416)</u>
		<u><u>19,265,781</u></u>	<u><u>5,933,151</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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B Mullins
 Director

Date: 28 April 2023 | 16:20 BST

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MIND FOUNDRY LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Foreign exchange reserve	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2022	3,436	18,238,151	(25,620)	3,410,980	(16,345,160)	5,281,787
Loss for the year	-	-	-	-	(6,171,898)	(6,171,898)
Currency translation differences	-	-	2,071	-	-	2,071
Shares issued during the year	733	17,940,665	-	-	-	17,941,398
Transfer from share based payment reserve	-	-	-	-	318,967	318,967
Transfer to profit and loss account	-	-	-	(318,967)	-	(318,967)
Share based payment charge	-	-	-	1,528,561	-	1,528,561
At 31 December 2022	4,169	36,178,816	(23,549)	4,620,574	(22,198,091)	18,581,919

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Foreign exchange reserve	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021	3,146	14,810,738	(33,905)	2,010,047	(11,225,518)	5,564,508
Loss for the year	-	-	-	-	(5,751,828)	(5,751,828)
Currency translation differences	-	-	8,285	-	-	8,285
Shares issued during the year	290	3,427,413	-	-	-	3,427,703
Transfer from share based payment reserve	-	-	-	-	632,186	632,186
Transfer to profit and loss account	-	-	-	(632,186)	-	(632,186)
Share based payment charge	-	-	-	2,033,119	-	2,033,119
At 31 December 2021	3,436	18,238,151	(25,620)	3,410,980	(16,345,160)	5,281,787

The notes on pages 5 to 14 form part of these financial statements.

MIND FOUNDRY LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2022	3,436	18,238,151	3,410,980	(15,719,416)	5,933,151
Loss for the year	-	-	-	(6,137,329)	(6,137,329)
Shares issued during the year	733	17,940,665	-	-	17,941,398
Transfer from share based payment reserve	-	-	-	318,967	318,967
Transfer to profit and loss account	-	-	(318,967)	-	(318,967)
Share based payment charge	-	-	1,528,561	-	1,528,561
At 31 December 2022	4,169	36,178,816	4,620,574	(21,537,778)	19,265,781

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	3,146	14,810,738	2,010,047	(10,868,772)	5,955,159
Loss for the year	-	-	-	(5,482,830)	(5,482,830)
Shares issued during the year	290	3,427,413	-	-	3,427,703
Transfer from share based payment reserve	-	-	-	632,186	632,186
Transfer to profit and loss account	-	-	(632,186)	-	(632,186)
Share based payment charge	-	-	2,033,119	-	2,033,119
At 31 December 2021	3,436	18,238,151	3,410,980	(15,719,416)	5,933,151

The notes on pages 5 to 14 form part of these financial statements.

MIND FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Mind Foundry Limited is a private company limited by share capital and incorporated in England and Wales.

The address of the registered office is 9400, Garsington Road, Oxford Business Park, Oxford, OX4 2HN. The Company's principal place of business is Ewert House, Ewert Place, Oxford, OX2 7DD

The principal activity of the Company is that of technology service activities.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The financial statements are presented in pounds Sterling, the functional currency of the Company. The financial statements are rounded to the nearest pound Sterling.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 20 November 2015.

2.3 Going concern

The directors are comfortable that the Group has sufficient cash on hand and revenue visibility to be able to continue trading as a going concern.

MIND FOUNDRY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2. Accounting policies (continued)****2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	33%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

MIND FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.8 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.12 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

MIND FOUNDRY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2. Accounting policies (continued)****2.13 Pensions****Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss 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 Group in independently administered funds.

2.14 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

2.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.16 Research and development

Research and development costs are written off in the period in which they are incurred.

The Company recognises its research and development tax credit on the accruals basis.

3. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Employees	54	34

4. Directors' remuneration

The highest paid director received remuneration of £260,000 (2021 - £293,668).

MIND FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. Tangible fixed assets

Group and Company

	Office equipment £
Cost or valuation	
At 1 January 2022	41,461
Additions	100,600
At 31 December 2022	<u>142,061</u>
Depreciation	
At 1 January 2022	41,258
Disposals	19,432
At 31 December 2022	<u>60,690</u>
Net book value	
At 31 December 2022	<u><u>81,371</u></u>
At 31 December 2021	<u><u>203</u></u>

MIND FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6. Fixed asset investments

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2022	8	-	8
Additions	-	10,000,000	10,000,000
At 31 December 2022	8	10,000,000	10,000,008
Net book value			
At 31 December 2022	8	10,000,000	10,000,008
At 31 December 2021	8	-	8

The investment in subsidiary companies relates to the 100% owned subsidiary, Mind Foundry Corporation, incorporated on 13 January 2020 and registered in the United States of America.

The unlisted investment relates to an investment in the company, AIOI R&D Labs Limited, incorporated on 15 November 2022 and registered in England and Wales, in which Mind Foundry Limited holds 15 preference shares.

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Mind Foundry Corporation	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States of America	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Mind Foundry Corporation	737,227	(34,571)

MIND FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	2,478,000	-	2,478,000	-
Amounts owed by group undertakings	-	-	692,414	657,853
Other debtors	7,768	136,046	7,768	136,046
Prepayments and accrued income	281,521	597,451	281,521	597,451
Tax recoverable	651,264	539,935	651,073	539,935
	<u>3,418,553</u>	<u>1,273,432</u>	<u>4,110,776</u>	<u>1,931,285</u>

8. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	7,646,816	4,359,546	7,635,681	4,347,815
Less: bank overdrafts	(4,041)	-	(4,041)	-
	<u>7,642,775</u>	<u>4,359,546</u>	<u>7,631,640</u>	<u>4,347,815</u>

9. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdrafts	4,041	-	4,041	-
Bank loans	34,841	44,487	34,841	44,487
Trade creditors	159,253	56,599	156,487	55,867
Corporation tax	68	68	68	68
Other taxation and social security	593,072	116,922	593,072	116,922
Other creditors	67,678	44,632	67,678	44,632
Accruals and deferred income	1,705,868	88,686	1,705,868	84,184
	<u>2,564,821</u>	<u>351,394</u>	<u>2,562,055</u>	<u>346,160</u>

MIND FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
263,633 (2021 - 240,809) Ordinary shares of £0.01 each	2,636	2,408
153,282 (2021 - 102,800) Preference shares of £0.01 each	1,533	1,028
	<hr/>	<hr/>
	4,169	3,436
	<hr/>	<hr/>

During the year the Company allotted 22,824 (2021: 1,660) Ordinary shares of £0.01 each for a total consideration of £5,442,074 (2021: £21,555).

During the year the Company allotted 50,486 (2021: 27,865) Preference shares of £0.01 each for a total consideration of £12,499,324 (2021: £3,406,147).

During the year, the Company received a convertible loan from a shareholder of £500,000 which carried 0% interest and had no fixed repayment date. This loan was converted into Preference shares during the year.

MIND FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Share-based payments

The Company operates an EMI scheme for employees. The vesting conditions can include performance related conditions as well as requiring employees to remain in the employment of the Company. The options lapse on or before the 10th anniversary of the grant subject to the vesting conditions and exercising conditions.

In addition to the EMI options, the Company has granted unapproved options to employees. The unapproved options vest over a specified period and expire on or before the 10th anniversary of the grant subject to the vesting conditions and exercising conditions.

Options are forfeited if the employee leaves the Company before the options vest.

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at the beginning of the year	4,266	66,313	4,919	53,058
Granted during the year	3,019	17,673	2,958	25,031
Forfeited during the year	1,977	(5,146)	4,936	(10,116)
Exercised during the year	2,000	(917)	1,348	(1,660)
Outstanding at the end of the year	4,161	77,923	4,266	66,313

	2022	2021
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price (pence)	12,501	12,501
Weighted average exercise price (pence)	3,019	2,958
Weighted average contractual life (days)	3,650	3,650
Average expected volatility	38%	58%
Average risk-free interest rate	1.52%	0.77%
	2022	2021
	£	£
Equity-settled schemes	1,528,561	2,033,119

At the year end, 41,334 (2021: 32,150) options were exercisable with a weighted average exercise price of £34.21 (2021: £31.63).

MIND FOUNDRY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****12. Commitments under operating leases**

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	111,380	-	111,380	96,700
	111,380	-	111,380	96,700

13. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2022 was unqualified.

The audit report was signed on 5 May 2023 by Sue Staunton MA FCA CF (Senior Statutory Auditor) on behalf of James Cowper Kreston Audit.