

Company Number: 02956279

**ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
BRANDSHIELD SYSTEMS PLC**

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BRANDSHIELD SYSTEMS PLC
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FOR THE YEAR ENDED 31 DECEMBER 2022

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BRANDSHIELD SYSTEMS PLC

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS:	A Moscovici (Non-Executive Chairman) Y Keren (Chief Executive Officer) Y Zantkeren (Chief Technical Officer) R Freedman (Chief Financial Officer) H Kodesh (Non-Executive Director) J Taylor (Non-Executive Director)
COMPANY SECRETARY:	Ben Harber on behalf of Shakespeare Martineau LLP 60 Gracechurch Street, London, EC3V 0HR
REGISTERED OFFICE:	60 Gracechurch Street, London, EC3V 0HR
REGISTERED NUMBER:	02956279 (England and Wales)
INDEPENDENT AUDITOR:	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
BANKER:	Barclays Bank Plc 1 Churchill Place London E14 5HP
NOMINATED ADVISER:	Spark Advisory Partners Limited 5 St John's Lane London EC1M 4BH
REGISTRAR:	Link Asset Services Northern House, Woodsome Park Fenay Bridge, Huddersfield West Yorkshire HD8 0LA
BROKERS:	Shore Capital Stockbrokers Limited Cassini House, 57 St. James's Street London SW1A 1LD

BRANDSHIELD SYSTEMS PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

BrandShield Systems Plc. ("BrandShield" or the "Company") is a leading cybersecurity company that provides brand oriented digital risk protection. The Company specialises in the monitoring, detection and removal of online threats such as phishing attempts, scams, impersonation, fraud, counterfeit products and trademark infringements. The business was established to revolutionise the way companies can protect their digital assets outside their security perimeter. Ever since launch, BrandShield has introduced ground-breaking innovative technologies for online brand protection powered by artificial intelligence ("AI"), machine learning and big data analysis to provide the most automated and relevant solutions for the 21st century.

The Group delivered a strong performance during the period, generating revenues of \$6.39m, up 55% from \$4.13m in 2021, underpinned by solid business momentum, including multiple customer wins across a diverse range of sectors. BrandShield strengthened its financial foundations during the period, ending FY 2022 with available cash reserves of \$2.6m, which will facilitate its continued expansion by enhancing the Group's R&D, marketing, and sales capabilities.

During the period, BrandShield raised a total of £4.25m in new equity and the Company has focused on deploying new capital to target profitability by increasing investment in marketing and sales initiatives and accelerating the growth of its customer footprint as well as Annual Recurring Revenues ("ARR"), a key performance indicator. BrandShield delivered on its ARR growth aspirations during the period, with the ARR as at the end of FY 2022 at \$8.42m, representing a 61% increase from FY 2021 (\$5.22m). This, alongside the significant expansion of its customer base to 183 (FY 2021: 130), demonstrates the robust operational progress achieved by the Company in FY 2022.

BrandShield hired 20 new employees across key departments in the period, including sales directors in the US and UK, to accelerate client growth in those regions. Expansion in the US remains a strategic priority for the Group, and North America now constitutes c.70% of BrandShield's total client base, spanning industries including financial services, healthcare, consumer goods and media and entertainment. Moreover, BrandShield recruited a sales director with the primary responsibility of developing partnership distribution channels to scale its client base.

Given a very strong Life Time Value to Customer Acquisition Cost ("LTV to CAC") ratio, the Board has been clear in its desire for the Company to continue to grow aggressively whilst ensuring profitability is pursued, and it remains a key intention to hit cash flow positive within our existing resources in 2024. BrandShield offers a superior product in a largely underserved market and, therefore, the priority must be on marketplace consolidation and achieving a leading position in the online brand protection competitive environment.

BrandShield has minority interests in assets inherited as a result of the Reverse Takeover ("RTO") transaction conducted with Two Shields Investments Plc in December 2020. These include holdings in WeShop Ltd (now renamed Community Social Investment Ltd) and legacy mining assets, namely Kalahari Key Mineral Exploitation Company (Pty) Ltd, Leopard Lithium Pty Ltd and International Geosciences Limited ("IGS"). These assets are considered non-core and we remain focused on the orderly disposal of these legacy investments where value can be realised for our shareholders.

BrandShield's core activities

BrandShield is a fast-growing provider of cyber solutions, delivering an end-to-end brand oriented digital risk protection solution to its global customer base. Its software protects customers from the financial costs and reputational damage caused by an increasing number of online threats including online scams, phishing, impersonation, and sale of counterfeit

goods. Unlike traditional solutions, BrandShield's Software as a Service ("SaaS") operates outside of an organisation's perimeter and therefore requires no integration. BrandShield's highly developed software works by detecting potential threats, analysing them, prioritising them and then taking them down. BrandShield has developed a suite of proprietary AI-powered software that largely automates the analysis and prioritisation of fraudulent online cases. The technology uses big data and algorithms to find networks of fraudulent online activity and clusters of scammers.

BrandShield's software monitors millions of datapoints across many types of online platforms including websites, marketplaces, social media, mobile apps and Pay Per Click ads. The AI and machine learning nature of the software means that it is continually improving as it adds new datapoints and identifies new types of threats. In response to customer demand, BrandShield established its own in-house online hunting and enforcement team, consisting mostly of qualified lawyers with experience in IP law. The service is customised to the requirements of BrandShield's customers and experiences high success rates.

Strategy

Leveraging capital raised during the period, BrandShield is committed to driving the continued expansion of its offering globally, the keystone of the Board's overarching growth strategy. BrandShield is prioritising achieving profitability and cash flow positivity and continues to explore opportunities to expand its customer base, which already includes SMBs and large enterprises across five continents, demonstrating that the need for brands to secure external online brand protection services transcends international borders. As previously mentioned, the number of clients increased from 130 at year end 2021 to 183 at year end 2022, representing a significant period of growth.

The Company's ARR figure increased from \$5.22m for FY 2021 to \$8.42m in the period, a 61% increase year on year, and that upward trajectory has continued through the start of 2023 with the May 2023 ARR standing at \$9.3m.

Cybersecurity is an ever-evolving sector, and this year we witnessed the emergence of a number of new and highly sophisticated cyberthreats which have the potential to tarnish the reputation of brands across the globe and disrupt their day-to-day operations. BrandShield is focused on ensuring it is positioned at the forefront of innovation in the digital risk protection services arena by investing in sales promotion, marketing and R&D activities to stay ahead of market trends, whilst strategically recruiting new employees with robust sector knowhow and experience.

BrandShield demonstrated the effectiveness of the Company's existing strategy by delivering significant operational and financial progress across FY 2022. Funding raised during the period will enable the Company to build on this momentum as it pursues further commercial opportunities to protect brands worldwide from a host of digital threats. Alongside this the company has delivered significant cost savings as a result of increased efficiencies delivered through the adoption of the 'BrandShield 3.0' platform by our clients. This has enhanced automation within the Company's enforcement processes and allowed a re-structuring to be carried out within the enforcement function which continues. Cloud based costs have also been reduced since the period end which has reduced the Company's operational cash burn significantly.

Across the year, the Company raised a total of £4.25m (\$5.45m), which will enable BrandShield to continue to execute its strategy of aggressively targeting client growth whilst aiming for profitability in the medium to long term. Further, this investment will allow BrandShield to expand its marketing and sales efforts and to continue to drive ARR forwards. Given BrandShield's highly scalable SaaS platform, the Company is focused on the top line whilst customer conversion continues to be of paramount importance for 2023. That said, the Company believes it will get cash flow positive during 2024 without the need for further funding.

Outlook

As we look to the future, BrandShield is focused on securing new mandates to diversify its growing multi-sector portfolio of clients alongside targeting further ARR growth. In a time of rapid technological and social change where more emphasis

is placed on a brand's online identity than ever before, an increasing number of companies recognise that securing external threat prevention and elimination assistance, such as that BrandShield offers, is now a necessity.

From e-commerce and crypto companies to businesses in the fashion and hospitality spaces, a fast-growing number of brands are trusting BrandShield to safeguard their reputations by providing comprehensive digital risk protection from a broad range of prevalent cyberthreats. With ARR and overall commercial revenue up, in addition to continued strong backing from investors, BrandShield is well-placed to deliver on our medium to long term growth aspirations.

DocuSigned by:



Azriel Moscovici
Chairman

2 July 2023

BRANDSHIELD SYSTEMS PLC
CEO REVIEW
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

We are pleased to report a strong performance across FY 2022, with BrandShield delivering excellent financial and operational progress. Integral to our success is the progress the Company has made in delivering ARR of \$8.42m as at year end, a 61% increase from FY 2021 (\$5.22m), continuing the very strong growth trend. Encouragingly, that strong growth trend has continued into 2023 with the May ARR figure standing at \$9.3m.

This was underpinned by the acquisition of clients across a number of sectors and the ongoing investment in, and expansion of, the Company's marketing and sales functions. The Company now services over 200 clients, adding 53 across 2022, and a further 21 so far in 2023.

Given a very strong LTV to CAC ratio, we have been clear that BrandShield will continue to focus on aggressive growth within existing resources with a view to achieving positive cash flow in Q1 2024. Management believes BrandShield offers a superior product in a largely unserved market and, therefore, the priority must be on marketplace consolidation and achieving a leading position in the digital risk protection competitive environment.

Revenues for FY 2022 increased 55% to \$6.39m, compared to FY 2021 \$4.13m, with the Group reporting a loss of \$7.33m (FY 2021: loss of \$6.30m), which was in-line with management's expectations. \$1.7m of the loss (2021 was \$1.9m) can be attributed to share based payments calculations which do not reflect the actual operating loss of the company from its operations of \$5.77m (2021: \$4.4m).

The Company added 53 new customers in FY 2022, built across a growing list of sectors and market-leading brands. These have included new or extended contracts with companies operating in the financial services, pharmaceutical, crypto, entertainment, fashion, sports, and cosmetics sectors.

BrandShield has delivered significant customer traction during the period, and whilst confidentiality agreements prevent the Company from disclosing all our successes, including some of the world's largest and well-known brands, the Company has been able to announce the following:

- Delivered a strategic partnership with The Sandbox, a leading decentralised gaming virtual world and a subsidiary of Animoca Brands, to safeguard the crypto and HFT digital ecosystem
- Secured a new business mandate with one of the world's largest consumer electronics brands to protect the business from illicit trade and unauthorised online sales
- Strengthened its collaboration with the Pharmaceutical Security Institute ("PSI") and subsequently published its findings from its annual pharma fraud disruption programme:
 - From January 2022 to January 2023, BrandShield successfully detected and removed over 430 rogue pharmacies and 7,500 fraudulent marketplace listings
- Gained a number of new clients in the crypto space, including an online gaming client focused on the crypto gaming sub-sector
- Generated strong new business impetus, expanding its presence in the financial, healthcare, consumer products, and media spaces via a number of key customer acquisitions
- Bolstered reputation as a go-to digital risk protection ("DRP") company of choice for brands operating in the financial services market

- Prioritised the expansion of its market presence globally via strategic marketing and sales initiatives, and accordingly entered new geographies in FY 2022

The value that BrandShield can add to our clients was reinforced by the post period end publication of the Company's annual pharma fraud report, which was carried out in cooperation with PSI.

Over the 12-month period, BrandShield took down more than 7,500 fraudulent pharmaceutical listings across social media platforms, websites, and marketplaces, accounting for hundreds of thousands of dollars' worth of counterfeit drugs.

With the majority of fraudulent marketplace listings originating in regions including Indonesia, China, and India, and removed listings containing medicines relating to cancer, diabetes, and Covid-19 among others, the report highlights both BrandShield's global reach and the instrumental role the Company performs to protect individuals from potentially life-threatening online scams.

Market dynamics

According to global business consultancy group Frost & Sullivan ("F&S"), the DRP market is on a high growth trajectory as the number of cyberattacks on organisations' brands, customers, and employees continues to rise. The DRP market is increasing at a compound annual growth rate of 39.7% from 2021 to 2026, whilst F&S expects it to reach \$917.7 million by 2026.

Against this favourable macroeconomic backdrop, BrandShield's prudent strategy is designed to ensure the Company is well poised to capitalise on the projected long-term global demand for reliable DRP services. As evidenced by the diverse nature of our new customer wins in 2022, this surge in demand is sector agnostic, and BrandShield intends to proactively explore further commercial opportunities across a range of industries as digital threat protection grows in importance for brands.

BrandShield has been recognised as the third best provider of cybersecurity solutions for brand oriented DRP globally in F&S' 2023 Global Digital Risk Protection New Product Innovation and Best Practices Award. BrandShield scored highly for its ability to stay sensitive to emerging trends and challenges in the technology space, and was also praised for its expansion into new markets and industry verticals, such as blockchain and gaming. F&S' industry experts commended BrandShield for its comprehensive brand protection capabilities, noting the highly adaptable features of the Company's AI-powered technology.

Our unique proposition

We believe that our technology is well placed to lead this transition as enterprises increase their online protection and move from focusing on internal cybersecurity to requiring solutions for external threats, providing comprehensive brand oriented digital risk protection solutions. BrandShield's market-leading solutions are underpinned by:

- A mature product, creating higher barriers to entry;
- Ongoing investment in R&D to ensure market leadership is maintained;
- AI/ML powered technology;
- Strong threat network detection capabilities;
- Unique image recognition and Optical Character Recognition ("OCR") – focusing on detection of emerging threats on websites, social media and e-commerce marketplaces; and
- Big data investigation tools with multi-brand and platform capabilities.

In addition, BrandShield adopts a multi-layered approach to the detection and mitigation of online threats, which includes Data Detection, Automated Analysis and Prioritisation, Easy-to-Use Interface and Highly Automated Takedown Actions.

Strategy

The further expansion of BrandShield's global customer footprint remains a core growth priority as the Company seeks to increase ARR from clients in a variety of sectors. This is being primarily achieved through the expansion of the marketing and sales activities.

Key pillars of the Company's long-term growth plan include the following strategic priorities:

- Continue to invest in and grow the sales and marketing teams;
- Specific expansion of the sales teams in the US and UK;
- Establishing a broader marketing footprint;
- Expansion of advertising, sales promotion and digital marketing campaigns; and
- Ongoing Business-to-Business public relations and brand building activities.

Product development

Throughout 2022, the Company developed capability enhancements to its existing platform and expanded its AI protection solution to provide security against a range of new and evolving threats to digital assets.

BrandShield 3.0 version was launched during 2022, providing an enhanced layer of protection against external digital threats such as web fraud, phishing, social media scams, impersonations and online-counterfeiting.

BrandShield 3.0 is a completely new version of the BrandShield platform which was developed in accordance with the latest market requirements and to meet the most recent digital risk protection and brand protection challenges. The SaaS technology includes a completely new and robust infrastructure, and its innovative user interface is both intuitive and enables more ways to detect threat networks and carry out immediate takedowns whilst covering more threats in less time.

In addition, the Company launched NFT Shield™ in October 2022, a bespoke AI solution aimed at detecting and removing illegitimate digital assets. With NFTs now playing a prominent role in the digital economy, the risk of online asset fraud has become more evident. In turn, BrandShield, in order to help safeguard an NFT economy currently worth approximately \$3 billion, developed an AI solution to counter the growing number of fake listings, scams, and impersonations across NFT marketplaces.

Key hires

The US is an important market for BrandShield, where c.70% of the Group's clients are based. In 2021, the Company established physical sales presences in the US as well as the UK, and BrandShield continued to build on this progress during 2022 by recruiting sales directors with considerable experience in both territories to further accelerate growth.

Outlook

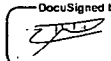
The Company performed strongly throughout 2022, achieving significant financial and operational growth and augmenting its already strong DRP capabilities through innovative product launches. Strategic hires have already enabled the Company to enhance its marketing and sales functions in key regions, and once fully integrated, will facilitate new business development.

BrandShield's talented employees are the backbone of the business, and I would like to express my profound thanks to all staff for their continued hard work and tenacity throughout the year, which has been pivotal in helping the Company consolidate its position as a leading provider of cutting-edge DRP solutions.

With a significant and fast-growing global footprint, in addition to clients across a range of verticals, BrandShield is well positioned to continue to deploy its highly automated SaaS offering to capitalise on the high demand for DRP services.

Looking ahead, the Company remains confident in meeting expectations for the full year 2023 and in the Company's future growth prospects.

Yoav Keren
Chief Executive Officer

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2 July 2023

BRANDSHIELD SYSTEMS PLC
BOARD OF DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

Azriel Moscovici – Non-Executive Chairman – appointed 1 December 2020

Azriel ("Uzi") Moscovici is an experienced manager and technologist with considerable knowledge in information, communications and cyber technology. Uzi is currently the Chief Executive of Waveguard, an intelligence and offensive cyber company based in Tel Aviv. Prior to that he was Vice President of the Missile Systems division of Israeli Aviation Industries. He is also a Major General (reserves) and the former head of the Israeli Defence Force's Cyber Defence and IT directorate, where he was responsible for IT architecture, communications, software, computing centres, cryptography, spectrum and cyber defence. Before that Uzi was a commander of front line units up to a division level. Uzi qualified as an aerodynamics engineer and holds an MSc. in Strategy and an MBA. He is chair of the Remuneration Committee and a member of the Audit Committee.

Yoav Keren – Chief Executive Officer – appointed 1 December 2020

Yoav is one of the founders of BrandShield Systems Plc. He has more than 25 years of experience in financial management, marketing and business development. He is currently a member of the anti-counterfeiting committee at INTA and was formerly a Council Member at ICANN. Yoav was Senior Advisor to a minister in the Israeli government and was the head of the Technology branch of the Israeli military's Information Security Department. He holds an MBA from the Kellogg & Recanati business school (Northwestern University & Tel-Aviv University), and a B.A. in Economics and Physics from the Tel-Aviv University.

Yuval Zantkeren – Chief Technical Officer – appointed 1 December 2020

Yuval is one of the founders of BrandShield Systems Plc and he is an internet information systems expert. He has more than 20 years of experience in managing software development and web development, specialising in domain name systems and IDN (Internationalised Domain Name) systems. Yuval was formerly a member of the Government Advisory Committee at ICANN for Israel. Yuval holds an L.L.B and is a qualified lawyer. He earned a Business Administration degree Cum Laude specialising in Information Technology and holds a Bachelor's degree in Computer Science from IDC Herzliya.

Ravit Freedman – Chief Financial Officer – appointed 1 December 2020

Ravit has over 20 years of experience acting as CFO, Financial Controller, VP Finance and Auditor in a range of sectors including internationally focused technology companies. She is a Certified Public Accountant and holds a Masters of Law (LLM) from Bar-Ilan University and a B.A. in Accounting and Economics from the Tel-Aviv University. She started her career as an auditor with Arthur Andersen before acting as CFO for a number of early stage companies. From 2002 to 2009 she was Financial Controller of RDT Group. More recently she was CFO of The Port of Tel Aviv and VP Finance for KiloLambda Technologies Limited which was acquired by Elbit Systems Ltd.

BRANDSHIELD SYSTEMS PLC

**BOARD OF DIRECTORS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

Harel Kodesh – Non-Executive Director – appointed 27 July 2021

Harel, who is based in Silicon Valley, brings a wealth of experience to BrandShield, particularly in terms of driving the rapid growth and expansion of technology companies. Harel served as Operating Partner at Silver Lake Partners, a global leader in technology investments with \$74 Billion in combined assets under management and committed capital. Prior to Silver Lake, Mr. Kodesh served as Vice President at Predix and Chief Technology Officer at GE Digital. He was responsible for driving the technical strategy behind Predix, GE's cloud platform for the Industrial Internet, and the applications developed by GE for the industrial sector. Before joining GE, Mr. Kodesh co-founded and served as CEO at Nurego, a spinoff of EMC Corp. At EMC, he acted as Executive VP for Cloud Business Systems and as CEO of Mozy, its wholly owned subsidiary dedicated to Backup as a Service. He is currently a partner at BiologyWorks, which develops at-home molecular tests for viral infections. Mr Kodesh holds a BS in computer engineering and a MS in electrical engineering from the Technion, Israel Institute of Technology. He has served on boards for Mobilitec, DreamBox Learning, BSquare and Modern Systems. Mr Kodesh also sits on the Board of Councillors for USC's Viterbi School of Engineering. Mr. Kodesh was the 2017 recipient of the USC Viterbi School's Daniel J. Epstein Award for Engineering Management.

John Taylor – Non-Executive Director – appointed 1 March 2019

Over the last 4 years, he has worked with a group assisting small cap technology stocks with their development. He was a NED of KIN Group Plc which successfully conducted the RTO of Bidstack Limited on to AIM. He was Executive Director of TECC Capital Plc which conducted a Reverse Takeover of EDX Medical Group Plc and is also Chairman of Asimilar Group Plc. He is also currently a Director of TAP Global Plc which listed on the AQSE Access market in January 2023. Before this, he spent 18 months working in private equity backed portfolio companies, driving operational turnaround initiatives and implementing costing systems. He also spent over 20 years in the Army Air Corps, leaving in 2015 in the rank of Lieutenant Colonel and having commanded an Apache Attack Helicopter Squadron on operations. He is the Chair of the Audit Committee and member of the Remuneration Committee.

BRANDSHIELD SYSTEMS PLC

STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their Strategic Report and Corporate Governance Report of BrandShield Systems plc ("the Group" or "BRSD") for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the Group is the development of a brand protection and online threat hunting solution to prevent, detect and remove online threats, through its research and development centre in Israel.

REVIEW OF BUSINESS

A review of the business is detailed in the Chairman's Statement and the CEO review on pages 2 to 7.

FINANCIAL REVIEW

The loss for this year before and after taxation was \$7.33m (2021: loss of \$6.3m). This includes a loss of \$1.7m attributable to share based payments calculations that does not reflect the actual core operating loss of \$5.77m from the Company's operating activities.

Cash and cash equivalents at the end of December 2022 was \$2.6m (2021 was \$1.194m, 2020: \$3.198m).

KEY PERFORMANCE INDICATORS ("KPIs")

The main KPIs for the Group are set out below. These allow the Group to monitor costs and plan future investment decisions:

	2022	2021	2020
	\$	\$	\$
Cash and cash equivalents	2,605,605	1,194,275	3,198,525
Revenue	6,396,157	4,127,247	2,589,370
Annual recurring revenue (ARR)	8,420,000	5,218,000	3,278,271

PRINCIPAL RISKS AND UNCERTAINTIES

BrandShield is a relatively early stage company with limited trading history. Consequently, even with significant planning and preparation by the Group's management, the Group could fail to prove its value proposition in the market, which would make profitable growth difficult. There is also the potential for cost over-runs resulting from recognised cost items which may prove to be underappreciated, or from additional unanticipated costs.

The Group is reliant on the technical robustness of BrandShield's software platform.

The success of the Group is largely dependent on its technical capabilities and it relies to a significant degree on the efficient and uninterrupted operation of its computer and communications systems and those of its third-party suppliers, including the internet.

BRANDSHIELD SYSTEMS PLC

STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT - continued FOR THE YEAR ENDED 31 DECEMBER 2022

Customer access to the Group's platforms and services, the ease with which a customer is able to navigate through the platform and the broad range of services which are available to customers are factors which affect the attractiveness of the Group's services.

Due to its dependency upon technology, and its cloud servers, the Group is exposed to a risk in the event that such technology or the Group's systems experience any form of damage, interruption or failure. A malfunctioning of the Group's technology and systems, or those of key third-party suppliers, could result in a lack of confidence in the Group's services, with a consequential adverse effect on the Group's business, revenue, financial condition, profitability, prospects and results of operations. The Group's systems are vulnerable to damage or interruption from events including, but not limited to natural disasters, telecommunication failures, power loss, software failures, computer hacking activities, acts of sabotage and acts of war or terrorism. It should be noted that this risk is similar to any other company that provides software as a service solution, and is not specific to BrandShield.

BrandShield's business involves providing customers with software services. As a result of its complexity, BrandShield's platform or software may contain undetected errors or failures when initially introduced to the market or when upgraded versions are released. Although BrandShield thoroughly tests all of its software prior to release, errors may be found subsequent to release. If the software contains undetected defects when first introduced or when upgraded or enhanced, the Group may fail to meet its customers' performance requirements or otherwise satisfy contract specifications. As a result, it may lose customers and/or become liable to its customers for damages and this may, amongst other things, damage the Group's reputation and financial condition. The Group endeavours to negotiate limitations on its liability in its customer contracts, however, defects in the software developed and sold by the Group could result in the loss of a customer, a reduction in business from any particular customer, negative publicity, reduced prospects and/or a distraction to its management team. A successful claim by a customer to recover such losses could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

Management and reliance on key personnel

The successful operation of the Group will depend significantly upon the performance and expertise of its current and future management and employees. The loss of the services of certain of these members of the Group's key management or employees, particularly Yoav Keren or Yuval Zantkeren, or the inability to identify, attract and retain a sufficient number of suitably skilled and qualified employees may have a material adverse effect on the Group. Expansion of the Group may require considerable management time which may in turn inhibit management's ability to conduct the day to day business of the Group.

The service agreements for Yoav Keren and Yuval Zantkeren with respect to their roles at BrandShield are governed by the laws of Israel and contain provisions that are customary in Israel. These differ to the customary terms in England and Wales and permit the employees to shorten their notice period on termination in customary circumstances when they are deemed to be subject to a "Good Reason". Whilst this includes actions by the employer which are broadly equivalent to unfair dismissal or similar, they also include actions by the employee including change of location.

As BrandShield expands more management and key employees are likely to be retained under Israeli practices which may differ to customary terms in the United Kingdom.

BRANDSHIELD SYSTEMS PLC

STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT - continued FOR THE YEAR ENDED 31 DECEMBER 2022

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effect of changes in foreign currency exchange rates, funding risk, credit risk, market risk/ commodity volatility, liquidity risk and interest rate risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments to manage foreign currency risk and, as such, no hedge accounting is applied. Details of the Group's financial risk management policies are set out in note 2 to the Financial Statements.

Going concern

The financial statements have been prepared under the going concern assumption. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

In January 2022 the Company completed a £1,500,000 raise of gross investment funds to continue to execute the strategy of aggressively targeting client and ARR growth. This was followed by an additional £1,000,000 subscription being raised in May 2022 and a further £1.75m raised in November 2022; all were subscribed for by existing and new investors.

The Company believes that it has sufficient resources in order to reach cash flow positive and become cash generative in 2024. As such, the Directors are confident that this additional funding will continue and consider that the Company will have access to adequate resources to meet operational requirements for at least 12 months from the date of approval of these financial statements. On this basis, the Directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the Financial Statements.

Non-Core Assets

WeShop Ltd (Community Social Investment Limited ("CSIL"))

WeShop is an innovative, digital social network platform focused on the rapidly growing and highly valuable social e-commerce sector forecast to become a US\$350 billion market over the mid-term. WeShop's digital platform is designed to enhance online shopping experiences by combining social media's assets of reviews, likes and shares with an engaging retail e-commerce offering, specifically tailored to the individual user. Users benefit from gaining access to thousands of brands and millions of products on one platform plus a two-way sharing of ideas with friends to participate in a rewards system; brands/retailers benefit from increased sales and awareness.

BrandShield holds 508,508 shares in Community Social Investment Limited which in turn holds 8,333,333 shares in WeShop Holdings Limited as its sole asset. It is the stated intention of CSIL to distribute this holding in specie to the underlying holders of CSIL shares at some point in the future.

The BrandShield holding represents around 4.9% of the currently issued share capital in CSIL, reduced from the year end holding of 9.17% following the conversion of a £9m convertible loan note in CSIL. WeShop Holdings Limited is currently trading on the JP Jenkins matched bargain trading platform with most recent trades being at £5.95 per share, albeit in very small volume. Taking this share price, the Net Asset Value of CSIL would be £49.6m and the potential NAV per share would be £4.74 for shares in issue. The value of BrandShield's holding could be derived at £4.5m at year end or £2.4m following its recent dilution post year end.

A more recent equity fundraise was conducted by WeShop Holdings Limited at a discounted price of £4.76 per share from which a see-through valuation of around £41.2m could be derived in CSIL and therefore the holding attributed to BrandShield being just over £2m. However, it must be noted that the size of the fundraise was not considered large enough to provide a solid reference point and the subscription price was perceived to be at a discount to the real valuation due to additional value-add provisions agreed to by the subscriber.

Recent progress announced by WeShop Holdings Ltd points to very positive uptake on the platform and a continuing expansion of Gross Merchandise Value traded through the platform. Notably user downloads were reported at 230,000 at 31 May 2023 compared to 43,000 last reported on 21 November 2023. The Board has therefore decided to hold the carrying value of its investment in to CSIL at cost, that being \$3,663,072 (2021: \$4,112,107). This must be caveated by stating that if a more suitable valuation reference point does not become evident in the 2023 to 2024 year via a listing of WeShop Holdings or a more material fundraise then an impairment will be carefully considered in the next accounts.

BrandShield also holds minority interests in some legacy mining focused assets. These were impaired in the previous year's accounts to an aggregate value of £250,000. Despite positive developments in all of these investments the Board feels it prudent to retain the valuations of the private companies and has been fair valued to its carrying value of Power Metal Resources Plc based on its own share price at year end. Further details of these investments are at Note 18.

BRANDSHIELD SYSTEMS PLC

STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT - continued FOR THE YEAR ENDED 31 DECEMBER 2022

CORPORATE GOVERNANCE REPORT

Introduction:

The Board of directors of the Group recognises the importance of sound corporate governance and applies The Quoted Companies Alliance Corporate Governance Code (2018) (the 'QCA Code'), which it believes is the most appropriate recognised governance code for a Group with shares admitted to trading on the AIM market of the London Stock Exchange. It is believed that the QCA Code provides the Group with the framework to help ensure that a strong level of governance is maintained, enabling the Group to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all its stakeholders.

The QCA Code has ten principles of corporate governance that the Group has committed to apply within the foundations of the business. These principles are:

1. Establish a strategy and business model which promote long-term value for shareholders;
2. Seek to understand and meet shareholder needs and expectations;
3. Take into account wider stakeholder and social responsibilities and their implications for long term success;
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation;
5. Maintain the board as a well-functioning balanced team led by the Chair;
6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities;
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
8. Promote a corporate culture that is based on ethical values and behaviours;
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board; and
10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

There follows a short explanation of how the Group will apply each of the principles:

Principle One

Business Model and Strategy

The Board has concluded that the highest medium and long term value can be delivered through the adoption of a single strategy. The Group's principal activity is to operate BrandShield Limited and execute a strategy to increase its market share and penetration through rigorous marketing and the continued pursuit to become best in class in the brand protection sphere. In addition to the main operating entity, Brandshield Systems PLC has a minority interest in WeShop Limited which is a cutting-edge digital social network platform focused on the fast-growing and highly valuable e-commerce sector. The Group is encouraged by the recent progress following the purchase of the name, assets and business of WeShop Limited but WeShop Holdings Limited and will continue to monitor this keenly. A successful launch and the completion of the aspirational listing on a US exchange may see a significant re-rating of the valuation of our holding in WeShop Limited. The Group will continue to seek opportunities to divest the remaining legacy commodities-based investments which could include partnering with operators that the Board feels can extract more optimal value from existing holdings.

BRANDSHIELD SYSTEMS PLC

STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT - continued FOR THE YEAR ENDED 31 DECEMBER 2022

Principle Two

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Shareholders are encouraged to attend the Group's Annual General Meeting. Investors also have access to current information on the Group through its website, [www.brandshield.com], and via Yoav Keren, Chief Executive Officer, and John Taylor, Non-Executive Director who are responsible for shareholder liaison and are available to answer investor relations enquiries. Shareholders can email the Group at info@brandshield.com or via a submission on the Group website.

The Group's annual report, Notice of Annual General Meetings (AGM) are sent to all shareholders and can be downloaded from our website. Copies of the interim report and other investor presentations are also available on the Group's website.

Shareholders are kept up to date via regulatory news flow ("RNS") on matters of a material substance and regulatory nature. Periodic updates are provided to the market and any deviations to these updates are announced via RNS.

At the AGM, separate resolutions are proposed on each substantial issue. For each proposed resolution, proxy forms are issued which provide voting shareholders with an opportunity to vote in advance of the AGM if they are unable to vote in person. Our registrars, count the proxy votes which are properly recorded and the results of the AGM are announced through an RNS.

The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and that approvals sought at the Group's AGM are as much as possible within the recommended guidelines of the QCA Code.

Non-deal roadshows will be arranged throughout the year to meet with existing shareholders and potential new stakeholders to maintain, as much as possible, transparency and dialogue with the market. Additionally, Investor presentations can be found on the Group's website.

Principle Three

Considering wider stakeholder and social responsibilities

The Board recognises that the long-term success of the Group is reliant upon open communication with its internal and external stakeholders: investee companies, shareholders, contractors, suppliers, regulators and other stakeholders. The Group has close ongoing relationships with a broad range of its stakeholders and provides them via regular contact with the opportunity to raise issues and provide feedback to the Group. The Board regularly reviews and assesses its key resources and relationships and has established processes and systems to ensure that there is close oversight and contact with its minority investee companies and key stakeholders.

BRANDSHIELD SYSTEMS PLC

STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

Principle Four

Risk Management

The Board is responsible for ensuring that procedures are in place and being implemented effectively to identify, evaluate and manage the significant risks faced by the Group, noting that the Group is primarily an operating company with some remaining minority investments in portfolio companies. A risk assessment matrix has been established by the Group and is updated at regular intervals. The following principal risks, and controls to mitigate them, have been identified:

Risk	Impact	Probability	Risk Level	Mitigating Actions & Controls	Risk Owner	Accept	Comments
Failure of Business & Operations <i>No guarantee the Group will continue to generate revenue or make a profit</i>	High	Low	Medium	Experience of the Board and senior management; Robust process and procedures; Regular financial reporting to and review by the Board	CEO	Yes	<i>Considered low risk given the expected growth and the ability to control discretionary spend (marketing) if necessary</i>
Increased competition <i>The business operates in a competitive market</i>	Medium	Medium	Medium	Strong relationships with customers; Experience of senior management	CEO	Yes	<i>Considered medium risk due to the barriers of entry</i>
Inability to hire appropriate people <i>The growth of the Business will require it to hire highly qualified people (IT, enforcement)</i>	High	Medium	Medium	Attractive sector; Ability to motivate with share options	CEO	Yes	<i>Considered medium risk</i>

BRANDSHIELD SYSTEMS PLC

STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

Misappropriation of funds	High	Low	Medium	Two signatures required for amounts over \$20,000; All expenses and invoices authorised by a Board member; Expenditure reviewed against detailed budgets; Detailed monthly accounts; Local audit to international standards	CFO	Yes
<i>Large cash balances make it high impact</i>						
Loss of key management personnel	High	Medium	Low	Key management have significant equity; Share options awarded; Exciting business opportunities	CEO	Yes
Loss of liquidity	High	Low	Low	Up-to-date cash forecasts;	CEO	Yes
Loss of Group data – financial & operational	Medium	Low	Low	Recent fundraising; Regular meetings with brokers Regular back-ups of data made online and locally; Use cloud storage for all key documents to increase retention	All	Yes

BRANDSHIELD SYSTEMS PLC

STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

Principle Five*A Well-Functioning Board of Directors*

The Board comprises the Non-Executive Chairman Azriel Moscovici, the Chief Executive Officer Yoav Keren, the Chief Technical Officer, Yuval Zantkeren, Chief Financial Officer, Ravit Freedman and two Non-Executive Directors, John Taylor and Harel Kodesh. Biographical details of the current Directors are set out on pages 8 and 9. Executive and Non-Executive Directors are subject to re-election in accordance with both the requirements of the UK Companies Act 2006 and the Group's articles of association ("Articles"). The Group's Articles state that Directors are subject to re-election at intervals of no more than three years. The letters of appointment for all Directors stipulate the time commitment that each Director is expected to provide to the Group. The Board Chairman serves as chair of every meeting of the Board of Directors.

The Board has not met in person this year but the CEO has met with all Directors independently. Monthly Board calls have been held and various ad hoc meetings have also taken place on specific issues. It has established an Audit Committee, the members of which are included in Principle Six below. The Board has agreed that Director appointments are made by the Board as a whole, and so has not created a Nominations Committee. A Remuneration Committee has been established and is composed of Messrs Kodesh (Chair), Moscovici and Taylor. The Committee seeks to follow the guiding principles laid out by the Quoted Company Alliance (QCA). No Board member may influence decisions relating to their own specific remuneration.

Messrs Moscovici, Kodesh and Taylor are considered to be Independent Directors and as such the Group is in compliance with the requirement to have a minimum of two independent non-executive directors on its Board.

The Board notes that the expectation of the QCA Code is that the Chairman will not have an executive capacity and that the role of the Chairman and Chief Executive Officer ("CEO") are not held by the same person.

The Board shall review further appointments.

Attendance at Board and Committee Meetings

The Group reports annually in the Directors' Report on the number of Board and committee meetings held during the year and the attendance record of individual Directors. To date in the current financial year the Directors have a 100% record of attendance at such meetings. Directors meet formally and informally by video conferencing and by telephone. More information is shown on page 25.

Principle Six*Appropriate Skills and Experience of the Directors*

The Board currently consists of six Directors and, in addition, the Group has employed the outsourced services of Shakespeare Martineau LLP to act as the Company Secretary. The Group believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and two of the Directors have experience in public markets. Information about the directors can be found on page 8 and 9.

BRANDSHIELD SYSTEMS PLC

STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT - continued FOR THE YEAR ENDED 31 DECEMBER 2022

The Board is kept abreast with developments of governance and AIM regulations. The Group's lawyers provide updates on governance issues, the Group's NOMAD provides annual board AIM Rules refresher training as well as the initial training as part of a new director's onboarding.

The directors have access to the Group's NOMAD, company secretary, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary.

Principle Seven

Evaluation of Board Performance

Internal evaluation of the Board, the Committees and individual Directors is undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance against targets and objectives, as well as the Directors' continued independence. As part of the appraisal the appropriateness and opportunity for continuing professional development whether formal or informal is discussed and assessed.

Principle Eight

Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole which in turn will impact the Group's performance. The Directors are very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that consultants or other representatives behave. The corporate governance arrangements that the Board has adopted are designed to instil a firm ethical code to be followed by Directors, employees, consultants and representatives alike throughout the entire organisation. The Group strives to achieve and maintain an open and respectful dialogue with employees, representatives, regulators, suppliers and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Group does. The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Group has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Issues of bribery and corruption are taken seriously. The Group has a zero-tolerance approach to bribery and corruption and has an anti-bribery and corruption policy in place to protect the Group, its employees and those third parties to which the business engages with. The policy is provided to staff upon joining the business and training is provided to ensure that all employees within the business are aware of the importance of preventing bribery and corruption. Each employment contract specifies that the employee will comply with the policies. There are strong financial controls across the business to ensure on going monitoring and early detection.

BRANDSHIELD SYSTEMS PLC

**STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

Principle Nine

Maintenance of Governance Structures and Processes

The Audit Committee is chaired by John Taylor with Azriel Moscovici and Harel Kodesh being the other members. The Board has adopted appropriate delegations of authority which set out matters which are reserved for the Board. The Chairman is responsible for the effectiveness of the Board as well as primary contact with shareholders, while, as an operating company, execution of the Group's strategy is delegated to the Chief Executive Officer.

Audit Committee

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported. It receives reports from Company advisors and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets not less than twice in each financial year and it has unrestricted access to the Group's auditors.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Group; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement. The Board notes requirement for the Group to meet the AIM Rules for Companies such that the Group is suitable at all times to remain admitted to trading on AIM. This includes the requirement for a governance structure compatible with this requirement.

The Board retains full and effective control over the Group and holds regular meetings at which financial, operational and other reports are considered and where appropriate voted upon. The Board is responsible for the Group's strategy and key financial and compliance issues.

There are certain matters that are reserved for the Board, they include:

- approval of the Group's strategic aims and objectives;
- Review of Group performance and ensuring that any necessary corrective action is taken;
- Extension of the Group's activities into new business or geographical areas;
- Any decision to cease to operate all or any part of the Group's business;
- Major changes to the Group's corporate structure and management and control structure;
- Any changes to the Group's listing;
- Changes to governance and key business policies;
- Ensuring maintenance of a sound system of internal control and risk management;
- Approval of half yearly and annual report and accounts and preliminary announcements of final year results;
- Reviewing material contracts and contracts not in the ordinary course of business.

As the Group grows, the directors will ensure that the governance framework remains in place to support the development of the business.

BRANDSHIELD SYSTEMS PLC**STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****Principle Ten***Shareholder Communication*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders in compliance with regulations applicable to companies quoted on the AIM market. All shareholders are encouraged to attend the Group's Annual General Meeting where they will be given the opportunity to interact with the Directors.

Investors also have access to current information on the Group through its website, [www.brandshiled.com], and via Yoav Keren, Chief Executive Officer, who is available to answer investor relations enquiries.

The Group shall include, when relevant, in its annual report, any matters of note arising from the Audit Committee.

Copies of all Annual Reports, Notices of Meetings, Circulars sent to shareholders and Admission Documents (in respect of the last 5 years) are included on the Group's website.

If a significant proportion of votes was ever cast against a resolution by shareholders in General Meeting, the Group would, on a timely basis, provide an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

Annual report disclosures:

The table below provides details of our annual report disclosures as required under the QCA Code

QCA Code Principle	Disclosure	
1	Explain the Group's business model and strategy, including key challenges in their execution (and how those will be addressed).	2022 annual report: p2-6
4	Describe how the board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.	2022 annual report: p9-22

BRANDSHIELD SYSTEMS PLC

**STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

**QCA
Code
Principle
6**

Disclosure

Identify each director.

2022 annual report: p7-8

Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities, (including gender balance) and capabilities to deliver the strategy of the Group for the benefit of the shareholders over the medium to long-term.

See website disclosure Principle Six

Explain how each director keeps his/her skillset up-to-date.

See website disclosure Principle Six

Where the board or any committee has sought external advice on a significant matter, this must be described and explained.

Legal advice is routinely sought on a range of matters including the conduct of the fundraises held in January, May and November 2022. Regular, monthly calls are held with the Company's Nominated Advisor on a range of subjects and to keep them abreast of all operational and strategic developments.

Where external advisers to the board or any of its committees have been engaged, explain their role.

See website disclosure: Principle Six above.

Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent director, in advising and supporting the board.

The Company Secretary helps keep the Board up to date on areas of new governance and liaises with the Nomad on areas of AIM requirements. The Company Secretary has frequent communication with the Chairman and is available to other members of the Board if required.

BRANDSHIELD SYSTEMS PLC

**STRATEGIC REPORT AND CORPORATE GOVERNANCE REPORT - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

QCA Code Principle	Disclosure	
10	Describe the work of any board committees undertaken during the year.	See website disclosures.
	Include an audit committee report (or equivalent report if such committee is not in place).	There were no matters to report in the 2022 annual report
	Include a remuneration committee report (or equivalent report if such committee is not in place).	There were no matters to report in the 2022 annual report
	If the Group has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained.	N/A

OUTLOOK

The future developments are discussed in the Chairman's Statement.

ON BEHALF OF THE BOARD:

DocuSigned by:

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A Moscovici - Chairman
2 July 2023

BRANDSHIELD SYSTEMS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the audited Financial Statements for the year ended 31 December 2022.

GENERAL INFORMATION

BrandShield Systems plc is a public limited company incorporated in England and Wales under the Companies Act (registered number 02956279). The Group is domiciled in the United Kingdom and its registered address is 6th Floor 60 Gracechurch street, London, EC3V 0HR.

RESEARCH & DEVELOPMENT

Details of the Group's product development work are detailed within the Chairman's Statement on page 7.

DIVIDENDS

The Directors do not recommend a payment of a dividend in respect of the year ended 31 December 2022 (2021: £ Nil).

DIRECTORS AND THEIR INTERESTS

The Directors shown below have held office during the year to 31 December 2022 or have been appointed/resigned since the year end:

	Date appointed	Date resigned
Azriel Moscovici	1 December 2020	-
Yoav Keren	1 December 2020	-
Yuval Zantkeren	1 December 2020	-
Ravit Freedman	1 December 2020	-
John Taylor	1 March 2019	-
Harel Kodesh	27 July 2021	-

BRANDSHIELD SYSTEMS PLC

REPORT OF THE DIRECTORS – continued

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors who served during the year and their beneficial interests in the shares of the Company as recorded in the register of Directors' interests at 31 December 2022 are as follows:

	31 December 2022	Percentage Shareholding %	31 December 2021	Percentage Shareholding %
	Number of shares held		Number of shares held*	
Yoav Keren	11,888,670	6.98	11,888,670	10.41
Yuval Zantkeren	11,888,670	6.98	11,888,670	10.41
John Taylor	85,000	0.05	85,000	0.05
Azriel Moscovici	-	-	-	-
Ravit Freedman	-	-	-	-
Harel Kodesh	1,381,761	0.81	1,381,761	1.20

The Directors who served during the year and their beneficial interests in share options in the Group (figure include options in relation to BrandShield Limited which were reissued in the Company upon acquisition), as recorded in the register of Directors' interests, are as follows:

	31 December 2022	31 December 2021
	Number held	Number held*
Azriel Moscovici	240,000	240,000
Yoav Keren	8,981,776	7,084,463
Yuval Zantkeren	8,981,776	7,084,463
Ravit Freedman	649,000	590,000
John Taylor	740,000	740,000
Harel Kodesh	240,000	240,000

See note 27 for details regarding the share options.

BRANDSHIELD SYSTEMS PLC**REPORT OF THE DIRECTORS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022****DIRECTORS' REMUNERATION**

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing the compensation arrangement for all key management personnel (considered to be the Directors), regarded as the Officers of the Company. The Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis. Details of the nature of each element of the remuneration of each member of Key Management for the year ended 31 December 2022 were as follows:

Director	Fees \$	Other benefits \$	Termination payments \$	Total 2022 \$	Total 2021 \$
Azriel Moscovici	37,080	-	-	37,080	41,290
Yoav Keren	367,291	17,790	16,220	401,301	420,164
Yuval Zantkeren	367,291	17,790	16,220	401,301	420,164
Ravit Freedman	121,631	12,289	11,504	145,424	134,617
John Taylor	44,407	-	-	44,407	51,440
Harel Kodesh	37,080	-	-	37,080	17,204
	<u>974,780</u>	<u>47,869</u>	<u>43,944</u>	<u>1,066,593</u>	<u>1,084,879</u>

BOARD AND COMMITTEE MEETINGS

The number of Board and other Committee Meetings held during the year were as follows:

	31 December 2022	31 December 2021
Board*	14	13
Audit Committee*	2	2
Remuneration Committee*	3	1

BRANDSHIELD SYSTEMS PLC
REPORT OF THE DIRECTORS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

SUBSTANTIAL INTERESTS

On 31 December 2022 and 31 December 2021, the following parties had notified the Company of a beneficial interest that represents 3% or more of the Company's issued share capital at those dates:

	31 December 2022	Share-holding %	31 December 2021	Share- holding %
	Number of shares held		Number of shares held	
William Currie Investments	18,918,094	11.10%	5,430,000	4.6%
Sir Terence Leahy	13,488,094	7.92%	-	-
Yoav Keren	11,888,670	6.98%	11,888,670	10.08%
Yuval Zantkeren	11,888,670	6.98%	11,888,670	10.08%
New Enterprise Ltd	11,558,235	6.79%	11,416,392	9.68%
Afterdax Ltd	10,003,127	5.87%	10,003,127	8.48%
Herald Investment Management	8,333,333	4.89%	-	-
David Fridman	5,944,335	3.49%	5,944,335	5.04%
Gigi Levy Weiss	5,413,626	3.18%	3,995,187	3.39%
Spreadex Ltd	-	-	2,338,485	1.98%

STATEMENT OF THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH s172(1) COMPANIES ACT 2006

The Board of BrandShield consider that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in decisions taken during the year ended 31 December 2022. Please refer to the Corporate Governance Report on pages 13 to 22.

GOING CONCERN

Accounting standards require the Directors to consider the appropriateness of the going concern basis when preparing the Financial Statements. The Directors confirm that they consider that the going concern basis remains appropriate. Further detail can be found in the Strategic Report and note 1 to the Financial Statements.

BRANDSHIELD SYSTEMS PLC

**REPORT OF THE DIRECTORS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

FUTURE DEVELOPMENTS

See the Strategic Report and Chairman's Statements for further information of future developments of the Company.

POST BALANCE SHEET EVENTS

After the year end there was a dilution of the Company's holding in Community Social Investment Limited. This is detailed in Notes 14 and 29.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR


So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

INDEPENDENT AUDITOR

PKF Littlejohn LLP has signified their willingness to continue in office as auditor.

PKF Littlejohn LLP will be proposed for their re-appointment as auditor at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

DocuSigned by:

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A Moscovici - Chairman
2 July 2023

BRANDSHIELD SYSTEMS PLC

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group and parent company financial statements in accordance with UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the group and parent company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

ON BEHALF OF THE BOARD:

DocuSigned by:



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A Moscovici - Chairman

2 July 2023

BRANDSHIELD SYSTEMS PLC**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRANDSHIELD SYSTEMS PLC****FOR THE YEAR ENDED 31 DECEMBER 2022****Opinion**

We have audited the financial statements of Brandshield Systems Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and company's ability to continue to adopt the going concern basis of accounting is referred to in the Key Audit Matters section of our report.

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

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our

audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

The materiality applied to the group financial statements was \$210,000 (31 December 2021: \$170,000) having taken into consideration the loss before tax and also the net assets of the group. We calculated our materiality having taken into account these two metrics since we believe that the results of the group and its ability to show sufficient resources to meet their future business plans are of principal relevance at this stage of the group's life cycle.

Component materiality was at levels lower than overall group materiality at \$205,000 (2021: \$166,000).

The parent company materiality for our audit was \$110,000 (2021: \$90,000) based upon an average of the loss before tax and net assets. The parent company materiality is in line with the group rationale stated above.

Performance materiality is the application of materiality at the individual account or balance level set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at 70% of overall materiality, being \$147,000 (2021: \$119,000) for the group and \$77,000 (2021: \$63,000) for the parent company respectively.

We agreed with the Audit Committee that we would report to them all individual audit differences identified during the course of our audit in excess of \$10,500 (2021: \$8,500) for the group and \$5,500 (31 December 2021: \$4,500) for the parent company.

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, together with areas subject to significant management judgement as well as greatest complexity, risk and size.

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. The carrying value of the investments at fair value through profit or loss, the carrying value of loans and intangible development asset capitalisation and carrying value were assessed as areas which involved significant judgements by management.

We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The audit of the principal component, the group's subsidiary in Israel, was completed by a network firm as component auditors to the group. The component auditors were instructed as to the key risks, testing methodology and materiality levels of the group and their work was overseen by us as the group auditor. The working papers were reviewed by the group audit team in order to ensure sufficient appropriate audit evidence was obtained for the group audit.

The key audit matters and how these were addressed are outlined below.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Valuation of Investments [Note 14]	
BrandShield Systems Plc holds an investment in Community Social Investment Limited (previously WeShop Limited) ("CSIL") at fair value through profit	We considered the valuation of the unquoted investments. Our work included:

or loss with a draft carrying value of circa \$3.66m as at 31 December 2022.

- CSIL is a company incorporated in the United Kingdom, in which the Company held a 9.16% shareholding at the balance sheet date. CSIL holds 8,333,333 shares in WeShop Holdings Limited and the Directors believe this to be where the intrinsic value of their holding in CSIL lies. Subsequent to the year end, in May 2023, this holding was diluted to 4.87%.

This investment should be valued in accordance with IFRS 13 and the fair value hierarchy, and therefore involves significant judgement and estimation by management and a range of potential values.

- Reviewing the valuation methodology for each type of investment held and ensured that the carrying values are supported by sufficient and appropriate audit evidence;
- Ensuring that all asset types were categorised and disclosed correctly according to IFRS 9;
- Reviewing disclosures in relation to the estimates and judgements made in assessing the assets held at fair value through profit or loss under tier 3;
- Ensuring that BrandShield Systems Plc has legal title to the investments held;
- Considering whether the additions and disposal transactions have been accounted for correctly within the financial statements; and
- Ensuring the accounting for additions and disposals in the year are in line with the sale/purchase agreements and the appropriate accounting standards, in particular with reference to the share swaps and convertible loans in the year.

The directors have disclosed in this annual report in note 14 their considerations with regard to the valuation of Community Social Investment Limited (CSIL) which itself holds shares in WeShop Holdings Ltd "WeShop". In particular that as at the date of this Report they have been unable to obtain up to date financial information surrounding their investment in WeShop, for which the basis of any valuation of CSIL relies on. They have therefore continued to base the fair value of the investment on historic cost less impairment as permitted by IFRS 13.

- The Directors confirm that they have considered the current listing of WeShop on JP Jenkins Ltd, a platform for trading private shares, and the limited volume of transactions that have occurred and that, having taken these into account, they believe that there is no information to suggest an impairment or uplift in the investment valuation and that cost is considered to represent fair value at the year-end.
- The Directors consider that the announcement of any significant changes in WeShop's financial position will be the trigger point for a

	<p>formal re-evaluation of the fair value of the investment.</p> <p>We note that there is a post year end dilution of shares following conversion of convertible loan notes with other investors, which could be an indicator of impairment for the investment during the 2023 financial year. Management have made reference to this within the Strategic Report and Corporate Governance Report as well as note 29.</p>
<p>Going concern [Note 1]</p> <p>When preparing consolidated financial statements, those charged with governance should satisfy themselves as to whether the going concern basis is appropriate.</p> <p>ISA 570 "Going concern" specifically requires the auditor to conclude on: whether a material uncertainty related to going concern exists; the appropriateness of the Directors use of the going concern assumption in the preparation of the consolidated financial statements; and the appropriateness of any relevant disclosures in the consolidated financial statements.</p> <p>The Group made a loss after tax of £7,339,906 during the year (2021: \$6,303,373) and this highlighted to us that a significant part of our audit work would therefore be spent on assessing whether the Director's use of the going concern assumption was appropriate. This is particularly due to the fact that future forecasts for the Group involve significant judgment and estimation by management.</p>	<p>Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:</p> <ul style="list-style-type: none"> • reviewing the latest management accounts provided by management and post year bank balances; • reviewing cashflow forecast and budgets (including sensitised scenarios) prepared by management for a period to December 2026 and compared to actual trading per management accounts provided to us; • Considering actual annually recurring revenue numbers for the Group as provided by management to those forecast in management's going concern forecasts; • discussed with management regarding future plans and their view on the availability of future funding; and • challenging management's assumptions regarding the projected growth in revenue and how a sensitised low growth scenario would look with specified cost savings, including headcount reductions and deferral of directors' salaries, made to enable the group and company to survive during the going concern period without a further fundraise. <p>We note the that the Directors' rationale for their assessment of the Group's going concern basis of preparation is detailed in note 1. The company's ability to cover its working capital needs for at least 12 months following the date of this report requires continued trading growth and efficiency improvements</p>

	and if this were not to occur then cost cutting measures or a fundraise would be required.
<p>Valuation of intercompany investments and loans [Notes 19 & 20]</p> <p>BrandShield Plc has an investment in subsidiary 'BrandShield Limited' as well as an intercompany loan with the subsidiary.</p> <p>At 31 December 2022, the investment in subsidiary was valued at \$19,848,929 and the loan was valued at \$3,109,446 and an additional loan to the subsidiary with a value of \$4,625,778.</p> <p>Given the investment in subsidiary has had historic losses and has previously relied upon funding from the parent company, there is a risk the valuation of the investment and loans is impaired.</p>	<p>We considered the valuation of the investment and the loan by performing the following procedures:</p> <ul style="list-style-type: none"> • Reviewing management's forecasted annual recurring revenue for future cashflows. • Assessment of management's impairment review of the carrying value. • Ensuring that BrandShield Systems Plc has legal title to the investments held through review of parent auditor files, showing 100% ownership. • Assessed other comparable listed entities to identify a reasonable valuation based on using revenue multipliers as an estimate for valuation. <p>We note the directors' view that the parent company's investment in Brandshield Limited is unimpaired relies upon their assertions on the subsidiary's growth plans will be met. With the work performed surrounding this, we consider that management's assessment of impairment is reasonable.</p>

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard:

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

In preparing the group and parent financial statements, the directors are responsible for assessing the group and parent'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.

Auditor's responsibilities for the audit of the financial statements

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

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:

- We obtained an understanding of the group and parent company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and application of cumulative audit knowledge.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
 - IFRS accounting standards
 - Local law and regulations of the subsidiary
 - AIM Rules
 - QCA Corporate Governance Code
 - Anti-bribery legislation
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - Enquiries of management
 - Review of board minutes and other correspondence
 - Review of the group's related party transactions and disclosures
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, whether key management

judgements could include management bias was identified in relation to the carrying value of the investments and we addressed this as outlined in the Key Audit Matters section.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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



Alistair Roberts (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

2 July 2023

BRANDSHIELD SYSTEMS PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

		31 December 2022	As restated 31 December 2021
	Note	\$	\$
Revenue from contracts with customers	4	6,396,157	4,127,247
Cost of sales		(2,945,050)	(1,864,512)
Gross profit		3,451,107	2,262,735
Research and Development expenses	6	(2,996,276)	(2,721,553)
Sales and Marketing expenses	6	(4,150,684)	(2,950,617)
Operating expenses	6	(3,266,657)	(2,818,102)
		(10,413,617)	(8,490,272)
Operating loss		(6,962,510)	(6,227,537)
Depreciation		(29,201)	(42,464)
Depreciation of the right of use		(249,369)	-
Impairment loss		(46,952)	-
Net finance (expense)/ income	10	(51,874)	(33,372)
Loss before income tax		(7,339,906)	(6,303,373)
Income tax expense	11		
Loss from continuing operations attributable to owners		(7,339,906)	(6,303,373)
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Exchange differences on translation		(49,869)	(102,319)
Total comprehensive loss attributable to owners		(7,389,775)	(6,405,692)
Basic and diluted earnings per share attributable to owners	12	(0.04)	(0.05)

BRANDSHIELD SYSTEMS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

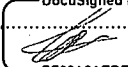
Company number: 02956279

		31 December 2022	As Restated 31 December 2021
	Note	\$	\$
NON-CURRENT ASSETS			
Property, plant and equipment	13	180,777	47,839
Right of use asset - office lease	25	1,080,599	-
Financial assets at fair value through profit or loss	14	3,663,072	4,112,107
		<u>4,924,448</u>	<u>4,159,946</u>
CURRENT ASSETS			
Trade and other receivables	15	2,791,518	825,066
Financial assets at fair value through profit or loss	16	18,220	20,534
Other financial assets		14,447	16,218
Cash and cash equivalents	17	2,605,605	1,194,275
Restricted cash		372,707	191,770
Assets classified as held for sale	18	254,023	337,870
		<u>6,056,520</u>	<u>2,585,733</u>
TOTAL ASSETS		<u>10,980,968</u>	<u>6,745,679</u>
CURRENT LIABILITIES			
Short term loan and bank overdraft	23	2,278,645	1,626,357
Trade and other payables	24	5,969,822	2,807,924
Lease liability- current	25	321,727	-
		<u>8,570,194</u>	<u>4,434,281</u>
NON-CURRENT LIABILITIES			
Lease liability- non current	25	795,557	-
Other payables		30,079	32,230
		<u>825,636</u>	<u>32,230</u>
TOTAL LIABILITIES		<u>9,395,830</u>	<u>4,466,511</u>
NET ASSETS		<u>1,585,138</u>	<u>2,279,168</u>

EQUITY

Share capital	21	9,929,842	9,299,228
Share premium	21	32,060,989	27,686,289
Reverse acquisition reserve		(20,653,597)	(20,653,597)
Other reserves	22	4,685,025	3,214,775
Retained earnings		(24,437,121)	(17,267,527)
TOTAL EQUITY		1,585,138	2,279,168

The Financial Statements were approved and authorised for issue by the Board of Directors on July 2, 2023 and were signed on its behalf by:

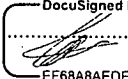
DocuSigned by:

 EF68A8AEDEB440D... A Moscovici - Chairman

BRANDSHIELD SYSTEMS PLC
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

Company number: 02956279

		31 December 2022	31 December 2021
	Note	\$	\$
ASSETS			
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss	14	3,663,072	4,112,107
Investment in subsidiary	19	22,958,375	25,772,709
Loans to related party	20	4,625,778	
Property, plant and equipment	13	923	2,072
		<u>31,248,148</u>	<u>29,886,888</u>
CURRENT ASSETS			
Other receivables and prepayments	15	17,947	215,827
Loans to related parties	20	-	216,240
Financial assets at fair value through profit or loss	16	18,220	20,534
Other financial assets		14,447	16,218
Cash and cash equivalents	17	230,324	68,721
Restricted cash		1,510	-
Assets classified as held for sale	18	254,023	337,870
		<u>536,471</u>	<u>875,410</u>
TOTAL ASSETS		<u><u>31,784,619</u></u>	<u><u>30,762,298</u></u>
EQUITY			
Share capital	21	9,929,842	9,299,228
Share premium	21	32,060,989	27,686,289
Other reserves	22	2,003,479	3,863,028
Retained earnings		<u>(12,385,406)</u>	<u>(10,257,078)</u>
TOTAL EQUITY		<u><u>31,608,904</u></u>	<u><u>30,591,467</u></u>
CURRENT LIABILITIES			
Trade and other payables	24	175,715	170,831
TOTAL LIABILITIES		<u><u>175,715</u></u>	<u><u>170,831</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>31,784,619</u></u>	<u><u>30,762,298</u></u>

BrandShield Systems PLC has used the exemption granted under s408 of the Companies Act 2006 that allows for the non-disclosure of the Income Statement of the parent company. The after-tax loss attributable to BrandShield Systems PLC for the twelve months 31 December 2022 was \$2,298,640 (2021: \$2,352,527). The Financial Statements were approved and authorised for issue by the Board of Directors on July 2, 2023 and were signed on its behalf by:

DocuSigned by:

 EF68A8AEDEB440D... A Moscovici - Chairman

BRANDSHIELD SYSTEMS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital \$	Share premium \$	Reverse acquisition reserve \$	Other reserves \$	Retained earnings \$	Total equity \$
Balance at 1 January 2021	9,246,267	27,353,294	(20,653,597)	3,101,442	(12,646,446)	6,400,960
Loss for the year	-	-	-	-	(6,303,373)	(6,303,373)
Exchange differences on translation	-	-	-	1,023,680	-	1,023,680
Total comprehensive income for the year	-	-	-	1,023,680	(6,303,373)	(5,279,693)
Exercise of options	-	-	-	(648,132)	648,132	-
Expiry of options	-	-	-	(1,034,160)	1,034,160	-
Share based payments	-	-	-	1,897,944	-	1,897,944
Issue of share capital	52,961	332,995	-	-	-	385,956
Balance at 31 December 2021	9,299,228	27,686,289	(20,653,597)	4,340,774	(18,393,526)	2,279,168
Prior year adjustment	-	-	-	(1,125,999)	1,125,999	-
Balance at 31 December 2021 as restated	9,299,228	27,686,289	(20,653,597)	3,214,775	(17,267,527)	2,279,168
Loss for the year	-	-	-	-	(7,339,906)	(7,339,906)
Exchange differences on translation	-	-	-	(49,869)	-	(49,869)
Total comprehensive income for the year	-	-	-	(49,869)	(7,339,906)	(7,389,775)
Share based payments cancellation	-	-	-	(170,312)	170,312	-
Share based payments	-	-	-	1,690,431	-	1,690,431
Transaction costs	-	(111,261)	-	-	-	(111,261)
Issue of share capital	630,614	4,485,961	-	-	-	5,116,575
Balance at 31 December 2022	9,929,842	32,060,989	(20,653,597)	4,685,025	(24,437,121)	1,585,138

BRANDSHIELD SYSTEMS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$	\$
Balance at 1 January 2021	9,246,267	27,353,294	3,949,949	(9,586,843)	30,962,667
Loss for the year	-	-	-	(2,352,527)	(2,352,527)
Exchange differences on translation	-	-	(302,573)	-	(302,573)
Total comprehensive income for the year	-	-	(302,573)	(2,352,527)	(2,655,100)
Exercise of options	-	-	(648,132)	648,132	-
Expiry of options	-	-	(1,034,160)	1,034,160	-
Issue of share capital	52,961	332,995	-	-	385,956
Share based payments	-	-	1,897,944	-	1,897,944
Balance at 31 December 2021	9,299,228	27,686,289	3,863,028	(10,257,078)	30,591,467
Loss for the year	-	-	-	(2,298,640)	(2,298,640)
Exchange differences on translation	-	-	(3,379,668)	-	(3,379,668)
Total comprehensive income for the year	-	-	(3,379,668)	(2,298,640)	(5,678,308)
Exercise of options	-	-	-	-	-
Transaction costs	-	(111,261)	-	-	(111,261)
Issue of share capital	630,614	4,485,961	-	-	5,116,575
Share based payments cancellation	-	-	(170,312)	170,312	-
Share based payments	-	-	1,690,431	-	1,690,431
Balance at 31 December 2022	9,929,842	32,060,989	2,003,479	(12,385,406)	31,608,904

BRANDSHIELD SYSTEMS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	\$	\$
Cash flows from operating activities			
Loss for the year		(7,339,906)	(6,303,373)
<i>Adjustments for:</i>			
Depreciation	13	29,201	42,464
Depreciation of the right of use		249,369	
Fair value adjustment of financial assets		46,952	-
Share based payment expense, net	27	1,690,431	1,897,944
Net finance expense, from lease	10	51,874	-
Foreign exchange on operations		49,770	(56,515)
Increase in trade and other receivables		(1,921,486)	(550,924)
Increase in trade and other payables		3,204,713	1,006,810
Net cash outflow from operating activities		(3,938,982)	(3,963,594)
Investing activities			
Purchase of property, plant and equipment	13	(197,943)	(52,970)
Net cash (outflow) / inflow/ from investing activities		(197,943)	(52,970)
Financing activities			
Proceeds from issue of exercising warrants and options	25	-	385,957
Proceeds from issue of ordinary shares	21	5,116,574	-
Share issue costs		(111,261)	-
Repayment of right of use lease obligations		(246,309)	-
Proceeds from loans and borrowings		652,288	1,626,357
Net cash inflow from financing activities		5,411,292	2,012,314
Net (Decrease) / Increase in cash and cash equivalents		1,274,267	(2,004,250)
Cash and cash equivalents at beginning of year		1,194,375	3,198,525
Foreign exchange differences on cash		136,963	-
Cash and cash equivalents at end of year	17	2,605,605	1,194,275

BRANDSHIELD SYSTEMS PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	\$	\$
Cash flows from operating activities			
Loss before income tax		(2,298,640)	(2,352,527)
<i>Adjustment for:</i>			
Depreciation		1,149	-
Fair value adjustment of financial assets		46,952	-
Share based payments	27	1,690,431	1,897,944
Foreign exchange on operations		(76,828)	4,768
(Increase) in trade and other receivables		197,880	(203,256)
Increase in trade and other payables		4,884	10,873
Net cash outflow from operating activities		<u>(434,172)</u>	<u>(642,198)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(2,072)
Loans to related parties	20	<u>(4,409,538)</u>	<u>-</u>
Net cash outflow from investing activities		<u>(4,409,538)</u>	<u>(2,072)</u>
Cash flows from financing activities			
Proceeds from issue of exercising warrants and options	21	-	385,957
Share issue costs		(111,261)	-
Proceeds from issue ordinary shares	21	<u>5,116,574</u>	<u>-</u>
Net cash inflow from financing activities		<u>5,005,313</u>	<u>385,957</u>
Net decrease in cash and cash equivalents		161,603	(258,313)
Cash and cash equivalents at beginning of year		68,721	327,034
Foreign exchange differences on cash		-	-
Cash and cash equivalents at end of year	17	<u>230,324</u>	<u>68,721</u>

There were no significant non-cash transactions in the year.

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1. ACCOUNTING POLICIES****General information**

BrandShield Systems plc (the 'Company') is a public limited company which is listed on the Alternative Investment Market (AIM) and incorporated and domiciled in the UK. The registered office address of the Company is 6th Floor, 60 Gracechurch Street, London, EC3V 0HR. The principal activity of the Company is the development of a brand protection and online threat hunting solution to prevent, detect and remove online threats, through its research and development centre in Israel.

Summary of significant accounting policies

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

Basis of preparation

The consolidated financial statements of BrandShield Systems Plc have been prepared in accordance with UK-adopted international accounting standards and in accordance with the requirements of the Companies Act 2006.

The preparation of consolidated financial statements in accordance with UK adopted international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The consolidated financial statements present the results for the Group and for the Parent Company for the year ended 31 December 2022. The comparative period for the Group and for the Parent Company is for the twelve months ended 31 December 2021.

The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently in the financial statements. The presentational currency of the consolidated financial statements is US Dollars. The functional currency of the parent and the subsidiary is Pounds Sterling and New Israeli Shekel respectively.

Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Please refer to note 4 for information on the consolidation of BrandShield Limited and the application of the reverse acquisition under accounting principles IFRS 10. Under IFRS 10, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1. ACCOUNTING POLICIES – continued****Going concern**

The financial statements have been prepared on the assumption that the Group will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial statements.

Following the review of ongoing performance and cash flows, the Directors have a reasonable expectation that the Group has adequate resources to continue operational existence for the foreseeable future.

During 2022 the company raised a total of £4.25m in new equity. The company has focused on deploying new capital to target profitability by increasing investment in marketing and sales initiatives and accelerating the growth of its customer footprint as well as Annual Recurring Revenues. However, an increased emphasis has been placed on achieving a cash flow generative position in 2024. The operational cash burn has been significantly reduced through various initiatives including the roll out of the enhanced 'BrandShield 3.0' platform to the Company's clients. This has allowed greater automation to be achieved leading to wider restructuring within certain areas of the Company, particularly within the enforcement division. Other cost cutting has been achieved including a reduction in cloud based costs. The Company also holds legacy investment assets that it is seeking to dispose of in an orderly way. Opportunities may arise to dispose of these however the Company is not reliant on this in a going concern scenario. In addition, the directors have undertaken sensitivity reviews of the forecasts to model the effects of lower than budgeted growth and believe that cost reductions would be achievable if needed (albeit to the detriment of the Group's long term strategy) if required to avoid the need for a fundraise within the next 12 months. These measures would include if required the Directors deferring an element of their salaries. As such, the Directors consider that the Group will have access to adequate resources to meet operational requirements for at least 12 months from the date of approval of these financial statements. On this basis, the Directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the Financial Statements

New and amended standards adopted

(a) The company started implementing IFRS 16 for a new leasing agreement.

(b) Future accounting pronouncements

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and which the group and parent company have decided not to adopt early. None of these are expected to have a significant effect on the Group or parent Company. In particular these are:

BRANDSHIELD SYSTEMS PLC

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

1. ACCOUNTING POLICIES – continued

Standard	Impact on initial application	Effective date
IFRS 17 (Amendments)	Insurance contracts	1 January 2023
IAS 1 (Amendments) and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IAS 8 (Amendments)	Definition of Accounting Estimate	1 January 2023
IAS 12 Income Taxes (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2024
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024

Foreign currency translation*a) Functional and presentation currency*

Items included in the Financial Information are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the parent Company is Pounds Sterling, the functional currency of the Israeli subsidiary is New Israeli Shekel and the functional currency of the US subsidiary is US Dollars. The Financial Information is presented in US Dollars as all of the revenues and significant operating costs are in US Dollars. The Financial Information is translated in accordance with IAS 21 – The Effect of Changes in Foreign Exchange Rates.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. 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 in net finance income/expenses.

The financial statements are presented in US Dollars (\$) The functional currency of BrandShield Systems plc is Pounds Sterling, and the functional currency of BrandShield Limited is New Israeli Shekel.

Translations differences resulting from translating the Financial Information from Pounds Sterling and New Israeli Shekel to US Dollar are recognised in Other Comprehensive Income and the Translation Reserve.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive Board of Directors.

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1. ACCOUNTING POLICIES - continued****Financial assets****Classification**

The Company's financial assets consist of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents at the year-end.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchasing or selling the asset. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

Impairment of Financial Assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate ("EIR").

The Company applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1. ACCOUNTING POLICIES - continued**

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Property, plant and equipment

Items of fixed assets are presented at cost including the direct purchase costs, less accumulated depreciation and less losses from an impairment in value accrued, and do not include current maintenance expenses.

The rates of depreciation used in calculating depreciation are as follows:

	%
Office furniture and equipment	20
Computers and peripheral equipment	33
Leasehold improvements	10
Vehicles	15

Depreciation of assets is discontinued the earlier of the date on which the asset is classified as held for sale, or the date on which the asset is withdrawn. An asset is withdrawn from the financial statements on the date of its sale or when the Company no longer expects to obtain economic benefits from the use of the asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and are subject to an insignificant risk of changes in value.

Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying value and fair value less costs to sell. An impairment loss is recognised for any subsequent write-down of the asset to fair value less costs to sell.

Trade receivables

Trade receivables are amounts due from third parties in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

BRANDSHIELD SYSTEMS PLC

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

1. ACCOUNTING POLICIES – continued

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Other reserves

Other reserves consist of:

The share option reserve consists of the fair value of warrants and options in issue.

Foreign currency translation reserve arising on exchange differences between the presentational currency which is US Dollars and the functional currencies of the Companies, which are Pound Sterling for Brandshield Systems Plc and New Israeli Shekel for BrandShield Limited.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. ACCOUNTING POLICIES – continued*Trade and other payables*

After initial recognition, trade and other payables are subsequently measured at amortised cost. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the amortisation process.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder. The loan notes are automatically converted upon public offering of the Company's shares. The number of shares to be issued varies based on the share price at initial public offering.

The liability component of a compound financial instrument is recognised initially at the present value using an effective interest rate of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the book value of the compound financial instrument as a whole and the present value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to their initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition, except on conversion or expiry.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Contingent liabilities

Contingent liabilities are measured at fair value, based on an average expectation of the amount payable. Gains and losses on the fair value are recognised in the statement of profit or loss and other comprehensive income.

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1. ACCOUNTING POLICIES – continued****Revenue recognition**

The Company derives revenue from the transfer of services overtime and at a point in time. Revenues from external customers come from the sale of online monitoring services under fixed-price and variable-price subscription contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered in line with the delivery of performance obligations. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. If the contract includes a variable hourly fee, revenue is recognised in the amount to which the Group has a right to invoice. The majority of customer contracts are subscription agreements which are recognised evenly over the subscription period.

Taxation

Income tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is calculated on the results shown in the Financial Statements and according to local tax rules, using tax rates enacted or substantially enacted by the Statement of Financial Position date. A weighted average tax rate is calculated by reference to the tax rates effective in each of the jurisdictions (United Kingdom and Israel).

Tax losses available to be carried forward as well as other income tax credits due to the Company are assessed for recognition as deferred tax assets. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be recognised and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Share based payments

The Company operates an equity-settled, share-based scheme under which the Company receives services from employees as consideration for equity instruments (options and warrants) of the Company. The fair value of the third party suppliers' services received in exchange for the grant of the options is recognised as an expense in the Income Statement or charged to equity depending on the nature of the service provided. The value of the employee services received is expensed in the Income Statement and its value is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or 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).
- LTIP options- The fair value at grant date is expensed over the vesting period, taking into account the best available estimate of the number of shares expected to vest under the performance conditions.

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1. ACCOUNTING POLICIES – continued**

The fair value of the share options and warrants are determined using the Black Scholes valuation model.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense or charge 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 entity 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 or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

Employee benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

The Company operates various post-employment schemes, including a defined contribution pension plan.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions where the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Leases

All contracts entered into by the Group are assessed to determine if they are either a lease contract or contain a lease contract. Where a lease is identified the Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is a lessee.

There are three key evaluations in determining a lease contract:

- I. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- II. The Group has the right to obtain substantially all of the economic benefits from use of the identified assets throughout the period of use, considering rights within the defined scope of the contract.
- III. The Group has the right to direct the use of the identified asset throughout the period of use.

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Lease liabilities are initially measured at the discounted present value of all future lease payments, excluding prepayments made up to and including the commencement date of the lease. The discount rate used is either the rate implicit in the lease, or if that is not readily determined, the incremental borrowing rate.

The lease liability is presented as a separate line item in the balance sheet.

Subsequent measurement of the lease liability includes increases to the carrying amount of the liability to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount for the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- A. There is a change in the lease term. In such cases the lease liability is remeasured by discounting the revised lease payments using the revised discount rate.
- B. Change of lease payments (due to changes in the reference index or rate) or any changes in expected payments under a guaranteed residual value. In such instances the lease liability is remeasured using unchanged discount rates; a revised discount rate is used where the lease payments are changed due to a change in a floating interest rate.
- C. Where a lease modification is not accounted for as a separate lease. In such a case the lease liability is remeasured based on the modified lease term, using the revised discount rate at the date of the modification.

The initial carrying value of a right-of-use assets consists of:

- The corresponding lease liability
- All and any prepayments prior to the lease commencement
- Less: Any lease incentive received by the lessee
- Less: Any initial direct costs incurred by the lessee

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The asset is subsequently measured at initial carrying value less accumulated depreciation and impairment losses.

Where an impairment indicator has been identified, an impairment test is conducted. In assessing whether an impairment is required, the carrying value of the asset is compared with its recoverable value. The recoverable amount is the higher of the assets fair value less the costs to sell and value in use.

2. FINANCIAL RISK MANAGEMENT

(a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the management team under policies approved by the Board of Directors.

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2. FINANCIAL RISK MANAGEMENT - continued****Market risk and foreign exchange risk**

The Company is exposed to market risk, primarily relating to interest rate and foreign exchange movements. The Company does not hedge against market or foreign exchange risks as the exposure is not deemed sufficient to enter into forwards or similar contracts.

At 31 December 2022, if the New Israeli Shekel had strengthened by 5% against the US Dollar, with all other variables held constant, post-tax loss for the year would have been \$197,847 lower, mainly as a result the majority of operating costs being incurred in New Israeli Shekel and the majority of revenue being generated in US Dollar.

The Directors will continue to assess the effect of movements in market risks on the Company's financial operations and initiate suitable risk management measures where necessary.

Credit Risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. To manage this risk, the Company periodically assesses the financial reliability of customers and counterparties.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. Note 15 provides analysis of the performance of outstanding receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December 2022 and 2021, were as follows:

	31 December 2022	31 December 2021
	\$	\$
Cash and cash equivalents	2,605,605	1,194,275
Trade and other receivables	2,791,518	640,103
Total	5,397,123	1,834,378

Interest risk

The Company is not exposed to interest rate risk on financial liabilities.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company's continued future operations depend on its ability to raise sufficient working capital through the issue of share capital, generate a return on its investments to meet its future obligations.

BRANDSHIELD SYSTEMS PLC

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

2. FINANCIAL RISK MANAGEMENT – continued

The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

31 December 2022	Carrying amounts \$	Contractual cash flows \$	3 months or less \$	3-12 months \$	1-2 years \$	2-5 years \$
Trade and other payables	2,038,158	2,038,158	2,038,158	-	-	-
Lease liability-current	321,727	321,727	79,351	242,376	-	-
Lease liability-non-current	795,557	795,557	-	-	343,752	451,805
Total	2,359,885	2,359,885	2,117,509	242,376	-	-

31 December 2021	Carrying amounts \$	Contractual cash flows \$	3 months or less \$	3-12 months \$	1-2 years \$	2-5 years \$
Trade and other payables	1,420,261	1,420,261	1,420,261	-	-	-
Total	1,420,261	1,420,261	1,420,261	-	-	-

An amount of \$349,761 (2021: \$346,306) of trade and other payables has been excluded from the tables above. These amounts are royalty payments based on the timing of future revenues, the timing of which cannot be ascertained to a high degree of certainty. Refer to Note 24 for further details.

(b) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to enable the Company to continue its construction material activities, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the issue of shares or sell assets to reduce debts.

The Company defines capital based on the total equity of the Company. The Company monitors its level of cash resources available against future planned operational activities and may issue new shares in order to raise further funds from time to time.

(c) Fair Value Estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

BRANDSHIELD SYSTEMS PLC

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

2. FINANCIAL RISK MANAGEMENT – continued

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair values for the Company's assets and liabilities are not materially different from their carrying values in the financial statements.

The following table presents the Group's financial assets that are measured at fair value:

31 December 2022:	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Trading securities	18,220	-	-	18,220
Financial assets at fair value through profit or loss				
Equity securities	-	-	3,663,072	3,663,072
31 December 2021:	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Trading securities	20,534	-	-	20,534
Financial assets at fair value through profit or loss				
Equity securities	-	-	4,112,107	4,112,107

The Company does not have any liabilities measured at fair value. There have been no transfers in to or transfers out of fair value hierarchy levels in the period.

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily LSE investments classified as trading securities.

A reconciliation of the Level 1 investments is included in note 18.

(ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair

BRANDSHIELD SYSTEMS PLC

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

value an instrument are observable, the instrument is included in level 2. No investments are valued using level 2 inputs in the period.

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2. FINANCIAL RISK MANAGEMENT – continued****(iii) Financial instruments in Level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Following the guidance of IFRS 9, these financial instruments have been assessed to determine the fair value of the instrument. In their assessment, the Directors have considered both external and internal indicators to decide whether an impairment charge must be made or whether there needs to be a fair value uplift on the instrument. Details of the assessments of these instruments can be found in note 14.

The following table presents the changes in level 3 instruments for the years ended 31 December 2022 and 2021 of BrandShield Systems plc. The BrandShield Limited balances are \$Nil and as such have not been disclosed.

	2022 \$	2021 \$
Opening balance	4,112,107	4,153,602
Additions into Level 3	-	-
Disposals from Level 3	-	-
Transfer to investment in subsidiary	-	-
Fair Value adjustments - impairment	-	-
Transfer to Assets classified as held for sale	-	-
Foreign currency translation adjustment	(449,035)	(41,495)
Closing balance	3,663,072	4,112,107

3. CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS

The preparation of the Financial Information in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Information and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****3. CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS - continued***Share based payment transactions*

The Company has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration package. Certain warrants have also been issued to shareholders as part of their subscription for shares and to suppliers for various services received. LTIP options were granted to three managers in the company and are subject to ARR achievements. The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 27.

Fair value of government grant liability

Included within liabilities is an amount repayable to the Israeli government. This amount is repayable at 3% of revenues generated from the relevant revenue stream. The fair valuation of the liability involves making critical estimates relating to the timing of the future relevant revenues and the rate used to discount these to present value. The key assumptions are that the royalty rate of 3% is calculated on the current year revenue from the website module continuing in perpetuity and discounted at 9%.

Capitalisation of development assets

The Company incurs expenditure in relation to development of the online monitoring services model, from which revenues are generated from. To date, the Company has not been able to reliably estimate the amount

of expenditure relating to the development asset. In line with IAS 38, all costs have therefore been expensed in the income statement, rather than capitalised and amortised.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting estimates will by definition, seldom equal the actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value of financial assets – level 3

The Company reviews the fair value of its unquoted equity instruments at each Statement of Financial Position date. This requires management to make an estimate of the value of the unquoted securities in the absence of an active market. See note 3a and note 14 for detail on the Level 3 valuation process.

As at 31 December 2022 Level 3 financial assets held at fair value through profit or loss have a carrying value of \$3,663,072 (2021: \$4,112,107). The Company did not record a fair value adjustment in the year.

BRANDSHIELD SYSTEMS PLC

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

3. CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS - continued

The Company follows the guidance of IFRS 9 to determine when an investment at fair value through profit or loss is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of the short-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow. Management also consider external indicators such as technological advances and trends, commodity prices, investment performance and demand for the underlying commodity. As per note 2, financial assets held at fair value through profit or loss are assessed individually. Details of the assessment of each investment is included in note 14.

4. REVENUE

	Group Year ended 31 December 2022 \$	Group Year ended 31 December 2021 \$
Revenue from external customers	<u>6,396,157</u>	<u>4,127,247</u>

All revenue is recognised upon completion of the ongoing performance obligations over the term of the contracts. All revenue was generated in Israel.

5. SEGMENTAL ANALYSIS

The Chief Operating Decision Maker (CODM) is considered to be the Board of Directors. They consider that the Company operates in three segments based on geographic location (2021: three segments), the United Kingdom, Israel and USA. The segment assets, liabilities and results for the year ended 31 December 2022 are as follows:

	United Kingdom	Israel	USA	Total
	\$	\$	\$	\$
Current assets	518,251	5,508,945	11,104	6,038,300
Property, plant & equipment	923	179,854	-	180,777
Right of use asset - Office rent	-	1,080,599	-	1,080,599
Financial assets at fair value through profit or loss	3,681,292	-	-	3,681,292
Total assets	<u>4,200,466</u>	<u>6,769,398</u>	<u>11,104</u>	<u>10,980,968</u>
Liabilities	175,715	9,220,115	-	9,395,830
Revenue	-	6,396,157	-	6,396,157
(Loss) / Profit before taxation	<u>(2,298,640)</u>	<u>(5,082,111)</u>	<u>40,845</u>	<u>(7,339,906)</u>

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The segment assets, liabilities and results for the year ended 31 December 2021 are as follows:

	United Kingdom	Israel	USA	Total
	\$	\$	\$	\$
Current assets	659,170	1,909,748	16,815	2,400,770
Property, plant & equipment	2,072	45,768	-	47,839
Financial assets at fair value through profit or loss	4,112,107	-	-	4,112,107
Total assets	4,773,349	1,955,515	16,815	6,560,716
 Liabilities	 110,282	 4,356,229	 -	 4,466,511
 Revenue	 -	 4,127,247	 -	 4,127,247
(Loss) / Profit before taxation	(2,352,527)	(3,968,691)	17,845	(6,303,373)

BRANDSHIELD SYSTEMS PLC

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

6. EXPENSES BY NATURE

Research and Development Expenses

	Group Year ended 31 December 2022 \$	Group Year ended 31 December 2021 \$
Employee benefits excluding share-based payments	1,645,216	1,406,465
Share-based payments	591,235	763,701
Subcontractors	304,295	229,545
Other expenses	455,530	321,842
	<u>2,996,276</u>	<u>2,721,553</u>

Sales and Marketing Expenses

	Group Year ended 31 December 2022 \$	Group Year ended 31 December 2021 \$
Employee benefits excluding share-based payments	2,128,856	963,710
Share-based payments	313,694	298,384
Marketing and advertising	1,708,134	1,688,523
	<u>4,150,684</u>	<u>2,950,617</u>

Operating Expenses

	Group Year ended 31 December 2022 \$	Group Year ended 31 December 2021 \$
Employee benefits excluding share-based payments	983,905	874,025
Share-based payments	509,956	811,867
Rent	-	321,164
Professional services	589,538	269,838
Other expenses	1,183,258	541,208
	<u>3,266,657</u>	<u>2,818,102</u>

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****7. PARTICULARS OF EMPLOYEES**

The average number of employees during the year was as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
Average number of employees by function		
General and administrative	5	4
Marketing and sales	18	11
R&D	14	10
Enforcement	35	19
	<u>72</u>	<u>44</u>

The aggregate payroll costs of the above were:

	Group Year ended 31 December 2022 \$	Group Year ended 31 December 2021 \$	Company Year ended 31 December 2022 \$	Company Period ended 31 December 2021 \$
Salaries and wages	5,699,784	4,406,590	379,338	101,146
Share based payments	1,690,431	1,897,944	1,690,431	1,897,944
	<u>7,390,215</u>	<u>6,304,534</u>	<u>2,069,769</u>	<u>1,999,090</u>

8. DIRECTORS' REMUNERATION

The only key management personnel of the Group are considered to be the directors. The directors' aggregate remuneration in respect of qualifying services was:

	Group Year ended 31 December 2022 \$	Group Year ended 31 December 2021 \$	Company Year ended 31 December 2022 \$	Company Period ended 31 December 2021 \$
Director's remuneration				
Fees	974,780	851,046	146,031	149,934
Share based payments	854,243	1,443,320	854,243	1,443,320
Other employment costs	91,813	233,830	-	-
	<u>1,920,836</u>	<u>2,528,196</u>	<u>1,000,274</u>	<u>1,593,254</u>

BRANDSHIELD SYSTEMS PLC

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

8. DIRECTORS' REMUNERATION - continued

Remuneration of highest paid director:

	Group Year ended 31 December 2022 \$	Group Year ended 31 December 2021 \$	Company Year ended 31 December 2022 \$	Company Period ended 31 December 2021 \$
Director's remuneration				
Fees	367,291	313,562	20,000	20,000
Share based payments	395,147	712,173	395,147	712,173
Other employment costs	34,010	106,601	-	-
	796,448	1,132,336	415,147	732,173

9. AUDITOR'S REMUNERATION

During the year the Company obtained the following services from the auditor:

	Year ended 31 December 2022 \$	Year ended 31 December 2021 \$
Fees payable to the Company's auditor in relation to the audit of the Group and Company (\$5,500 (2021: \$8,500) of which relates to fees payable to component auditors):	110,854.5	73,081
Fees payable to the Company's auditor for other services:		
- Tax services	5,000	5,127
- Fees payable to component auditors	7,000	7,000
- Other services	-	15,628
	122,855	100,836

10. NET FINANCE INCOME / (EXPENSE)

	Group Year ended 31 December 2022 \$	Group Year ended 31 December 2021 \$
Bank deposit interest	-	-
Interest and bank commissions	51,873	33,372
Exchange rate gains/ (losses)	-	-
Convertible loan interest expense	-	-
	51,873	33,372

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****11. INCOME TAX****Tax charge/(credit) for the year**

No liability to UK corporation tax arose on ordinary activities for the years ended 31 December 2022 and 31 December 2021.

	2022	2021
	\$	\$
Loss on ordinary activities before income tax	7,339,906	6,303,373
Loss on ordinary activities before tax multiplied by the weighted average rate of corporation tax for the Group of 23.65% (2021: 22.05%)	1,713,961	1,359,779
Tax effects of:		
Tax losses for which no deferred tax asset was recognised	(1,291,353)	(940,523)
Expenses not deductible	(422,608)	(419,256)
Tax charge/(credit) for the year	-	-

Weighted average tax rate is calculated by reference to the tax rates effective in each of the jurisdictions. The tax rates effective at 31 December 2022 are 25% (2021: 19%) and 23% (2021: 23%) in the UK and Israel respectively.

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

In accordance with IAS 33 the share options and warrants in issue do not have a dilutive impact on the earnings per share for the year ended 31 December 2022 and the year ended 31 December 2021. The total number of potentially dilutive securities are 130,550,399 (2021: 36,786,285).

The weighted average number of shares is adjusted for the impact of the reverse acquisition as follows:

- Prior to the reverse takeover, the number of shares is based on BrandShield Limited, adjusted using the share exchange ratio arising on the reverse takeover; and
- From the date of the reverse takeover, the number of shares is based on the Company

On 4 February 2022, the company issued 10,714,286 ordinary shares at 1 pence per share by way of placement raising £1,500,000.

BRANDSHIELD SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**12. EARNINGS PER SHARE - continued**

In May 2022, the company issued 12,500,000 ordinary shares at 1pence per share by way of placement raising £1,000,000.

In November 2022, the company issued 29,166,667 ordinary shares at 1pence per share by way of placement raising £1,750,000.

Reconciliations are set out below:

	Earnings \$	31 December 2022 Weighted average number of shares	Per-share amount \$
Basic and Diluted EPS	<u>(7,339,906)</u>	<u>170,331,874</u>	<u>(0.04)</u>

	Earnings \$	31 December 2021 Weighted average number of shares	Per-share amount \$
Basic and Diluted EPS	<u>(6,303,373)</u>	<u>116,812,529</u>	<u>(0.05)</u>

BRANDSHIELD SYSTEMS PLC

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

13. PROPERTY, PLANT AND EQUIPMENT

Group	Computers	Furniture & equipment	Leasehold improvements	Vehicle	Total
	\$	\$	\$	\$	\$
Cost					
As at 1 January 2021	74,120	12,368	15,810	-	102,298
Additions	23,010	1,762	17,958	10,240	52,970
Disposals	-	-	-	-	-
Translation differences	3,122	470	1,065	303	4,960
As at 31 December 2021	100,252	14,600	34,833	10,543	160,228
Additions	73,607	45,019	111,252	-	229,878
Disposals	(10,380)	(39,893)	(10,087)	-	(60,360)
Translation differences	(10,121)	(1,221)	(8,419)	(653)	(20,414)
As at 31 December 2022	153,358	18,505	127,578	9,890	309,331
Depreciation					
As at 1 January 2021	56,523	3,729	6,174	-	66,426
Charge for the year	19,582	10,329	11,158	1,395	42,464
Disposals	-	-	-	-	-
Translation differences	2,488	431	539	41	3,499
As at 31 December 2021	78,593	14,489	17,871	1,436	112,389
Charge for the year	36,211	5,845	14,171	1,398	57,626
Disposals	(14,213)	-	(14,213)	-	(28,425)
Translation differences	(9,285)	(1,860)	(1,631)	(259)	(13,035)
As at 31 December 2022	91,306	18,474	16,198	2,575	128,555

BRANDSHIELD SYSTEMS PLC

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

13. PROPERTY, PLANT AND EQUIPMENT - continued

Net book value	Computers	Furniture & equipment	Leasehold improvements	Vehicle	Total
	\$	\$	\$	\$	\$
As at 1 January 2021	17,597	8,639	9,636	-	35,872
As at 31 December 2021	21,659	111	16,962	9,108	47,839
As at 31 December 2022	62,052	29	111,380	7,315	180,777

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – NON- CURRENT ASSETS

	Group 31 December 2022	Group 31 December 2021	Company 31 December 2022	Company 31 December 2021
	\$	\$	\$	\$
Opening balance	4,112,107	4,153,602	4,112,107	4,153,602
Additions	-	-	-	-
Disposals	-	-	-	-
Transfer to investment in subsidiary	-	-	-	-
Fair Value adjustments	-	-	-	-
Transfer to Assets Classified as Held for Sale	-	-	-	-
Foreign exchange	(449,035)	(41,495)	(449,035)	(41,495)
Closing balance	3,663,072	4,112,107	3,663,072	4,112,107

Financial assets include the following:

Unlisted securities	31 December 2022	31 December 2021
	\$	\$
UK	3,663,072	4,112,107
	3,663,072	4,112,107

BRANDSHIELD SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – NON- CURRENT ASSETS - continued**

At 31 December 2022, the Directors' view of fair value of the Company's investment in **WeShop Ltd** is \$3,663,072. This remains in line with the aggregate cost of investment. BrandShield holds 508,508 shares in Community Social Investment Limited which in turn holds 8,333,333 shares in WeShop Holdings Limited as its sole asset. It is the stated intention of CSIL to distribute this holding in specie to the underlying holders of CSIL shares at some point in the future.

The BrandShield holding represents around 4.9% of the currently issued share capital in CSIL, reduced from the year end holding of 9.17% following the conversion of a £9m convertible loan note in CSIL in May 2023. WeShop Holdings Limited is currently trading on the JP Jenkins matched bargain trading platform with most recent trades being at £5.95 per share, albeit in very small volume. Taking this share price then the Net Asset Value of CSIL would be £49.6m and the potential NAV per share would be £4.74 for shares in issue. The value of BrandShield's holding could be derived at £4.5m at year end or £2.4m following its recent dilution post year end.

A more recent equity fundraise was conducted by WeShop Holdings Limited at a discounted price of £4.76 per share from which a see-through valuation of around £41.2m could be derived in CSIL and therefore the holding attributed to BrandShield being just over £2m. However, it must be noted that the size of the fundraise was not considered large enough to provide a solid reference point and the subscription price was perceived to be at a discount to the real valuation due to additional value-add provisions agreed to by the subscriber.

Recent progress announced by WeShop Holdings Ltd points to very positive uptake on the platform and a continuing expansion of Gross Merchandise Value traded through the platform. Notably user downloads were reported at 230,000 at 31 May 2023 compared to 43,000 last reported on 21 November 2023. The Board has therefore decided to hold the carrying value of its investment in to CSIL at cost, that being \$3,663,072 (2021: \$4,112,107). This must be caveated by stating that if a more suitable valuation reference point does not become evident in the 2023 to 2024 year via a listing of WeShop Holdings or a more material fundraise then an impairment will be carefully considered in the next accounts.

15. TRADE AND OTHER RECEIVABLES

	Group 31 December 2022 \$	Group 31 December 2021 \$	Company 31 December 2022 \$	Company 31 December 2021 \$
Trade receivables	2,607,551	647,551	17,947	184,963
Prepaid expenses	183,967	68,280	-	30,864
Other receivables	-	109,235	-	-
	<u>2,791,518</u>	<u>825,066</u>	<u>17,947</u>	<u>215,827</u>

All trade receivables are denominated in US Dollars.

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT ASSETS**

Equity securities	Group 31 December 2002 \$	Group 31 December 2001 \$	Company 31 December 2002 \$	Company 31 December 2001 \$
Opening balance	20,534	20,741	20,534	20,741
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation losses	-	-	-	-
Foreign exchange	(2,314)	(207)	(2,314)	(207)
Closing balance	<u>18,220</u>	<u>20,534</u>	<u>18,220</u>	<u>20,534</u>

Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the Statement of Cash Flows. Changes in fair values of financial assets at fair value through profit or loss, and gains or losses on disposal are recorded in 'other (losses)/gains – Net' in the Statement of Comprehensive Income. The fair value of all equity securities is based on their observable current bid prices in an active market, being a level 1 hierarchy. These markets are the LSE as stated in note 2.

17. CASH AND CASH EQUIVALENTS

	Group 31 December 2022 \$	Group 31 December 2021 \$	Company 31 December 2022 \$	Company 31 December 2021 \$
Bank accounts	2,604,095	1,192,485	230,324	66,932
Cash held in investment portfolio	<u>1,510</u>	<u>1,789</u>	<u>1,510</u>	<u>1,789</u>
	<u>2,605,605</u>	<u>1,194,274</u>	<u>231,834</u>	<u>68,721</u>

Cash at bank is held with:

- Barclays Bank PLC which is an A2 rated institution with Moody's.
- Bank Hapoalim which is an A2 rated institution with Moody's.
- Bank Leumi Le'Israel is an A2 rated institution with Moody's.
- Mercury- Mercury is a financial technology company. Banking services provided by Choice Financial Group and Evolve Bank & Trust®.

In addition the company has restricted cash of \$372,707 (2021: \$191,770), to secure the company's obligations for credit card payments.

BRANDSHIELD SYSTEMS PLC

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

18. ASSETS CLASSIFIED AS HELD FOR SALE

	Group 31 December 2022 \$	Group 31 December 2021 \$	Company 31 December 2022 \$	Company 31 December 2021 \$
Investments	254,023	337,870	254,023	337,870
	<u>254,023</u>	<u>337,870</u>	<u>254,023</u>	<u>337,870</u>

Investments classified as held for sale during the reporting period were measured at the lower of carrying amount and fair value less costs to sell at the time of the reclassification.

As at 31 December 2022, the Directors consider the fair value of the Company's investment in **Power Metal Resources Plc** (LON:POW) should reduce from £175,000 to £136,000. This is based on the market price of Power Metal Resources shares at the balance sheet date since they are listed on AIM. The holding in Power Metal Resources originated from a share for share acquisition of Kalahari Key Mineral Exploration Company (Pty) Ltd by Power Metal Resources Plc which completed on 18 November 2022. As a result of that transaction the Company received 10,646,347 shares in POW in addition to 10,646,347 warrants exercisable at a share price of 3.5p in POW up to 18 May 2024.

As at 31 December 2022, the Directors consider the fair value of the Company's 11.6% holding in **Leopard Lithium Pty Ltd** to be \$102,384. The Company's holding in Leopard Lithium now stands at 11.6%.

As at 31 December 2022 and 2021, the Directors consider the fair value of the Company's 40% investment in **Xantus Inc.** to remain at nil. Following the sale of Mansa to Leopard Lithium, Xantus retains its Niger based lithium assets. Due to ongoing political instability in the region that in practical terms makes it highly challenging for any further meaningful advancement of exploration activity, the Directors consider the fair value of the asset should remain at nil.

As at 31 December 2022 and 2021, the Directors consider the fair value of the Company's 2% investment in **International Mining Company Invest Inc.** ("IMC") to remain at nil.

As at 31 December 2021, the Directors consider the fair value of the Company's 29.9% investment in **International Geoscience Services Limited** ("IGS") to remain at nil.

19. INVESTMENT IN SUBSIDIARY

Name	Address of the registered office	Nature of business	Proportion of ordinary shares held by parent (%)
BrandShield Limited	4 Shenkar St. Herzliya, Israel	Development of a brand protection and online threat hunting solution	100
BrandShield Inc.	174 W. 4th New York, NY 10014	Marketing and sales	100

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****19. INVESTMENT IN SUBSIDIARY - continued**

The cost of the Company's investment in BrandShield Limited on the face of the company's balance sheet consists of the acquisition cost of \$22.3m in respect of the subsidiary's share capital and \$3.1m (2021: \$3.5m) representing the discounted and undiscounted elements of an interest free loan repayable after more than 5 years time.

BrandShield Inc.- a fully owned subsidiary of BrandShield Ltd. The company was established during 2022, in order to extend the marketing operations of BrandShield Ltd. Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid.

20. LOANS TO SUBSIDIARY

	Company 31 December 2022 \$	Company 31 December 2021 \$
BrandShield Limited		
- Current	-	216,240
- Non-current	4,625,778	-

In 2021, BrandShield Systems PLC provided a loan for working capital purposes and is repayable on demand and has an annual interest rate of 5%. This loan was recognised as a current asset.

In 2022, BrandShield Systems PLC provided a loan for working capital purposes and is repayable in 5 years time and has an annual interest rate of 5%. This loan is recognised as a non-current asset.

Management has undertaken an impairment assessment of the loan as at 31 December 2022 and has determined that there was no impairment required. The interest rate and impairment assessment are reviewed on an annual basis.

BRANDSHIELD SYSTEMS PLC

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

21. SHARE CAPITAL

Group & Company	Number of Ordinary shares	Number of Deferred shares*	Share capital	Share premium	Total
			\$	\$	\$
As at 1 January 2021	114,136,532	32,385,056	9,246,267	27,353,294	36,599,561
Issue of Share Capital	3,814,389		52,961	332,995	385,956
As at 31 December 2021	117,950,891	32,385,056	9,299,228	27,686,289	36,985,517
Issue of Share Capital	52,380,953	-	630,614	4,485,961	5,116,575
Share Issue costs	-	-	-	(111,261)	(111,261)
As at 31 December 2022	170,331,844	32,385,056	9,929,842	32,152,942	41,990,831

During 2022, nil (2021: 3,594,389) shares were issued by the exercise of warrants and options.

The issued capital of the Group for the period 1 January 2022 to 1 December 2022 is that of BrandShield Systems Plc.

*Holders of the Deferred Shares are entitled to receive an amount equal to the nominal amount paid up thereon, but only after the holders of the Ordinary Shares have received £100,000 per Ordinary Share. The holders of Deferred Shares are not entitled to any further right of participation in the assets of the Company. The Company shall have the right to purchase the Deferred Shares in issue at any time for no consideration. As such, the Deferred Shares effectively have no value. Share certificates were issued in respect of the Deferred Shares, and they were not admitted to trading on AIM.

On 4 February 2022, pursuant to approval at a General Meeting of Shareholders, the Company issued 10,714,286 Ordinary Shares at a deemed price of 14 pence per share by way of placement raising \$1,805,850 (£1,500,000).

On 30 May 2022, pursuant to approval at a General Meeting of Shareholders, the Company issued 12,500,000 Ordinary Shares at 8 pence per share by way of a placement raising \$1,203,900, (£1,000,000).

On 22 November 2022, the Company issued 29,166,667 ordinary shares at 6 pence per share by way of placement raising \$2,106,825 (£1,750,000).

\$111,261 of share issue costs were incurred in the placings which have been debited to the Share Premium.

BRANDSHIELD SYSTEMS PLC

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

22. OTHER RESERVES

Group	Translation reserve as restated \$	Share option reserve \$	Total \$
Balance as at 1 January 2021	246,545	2,854,897	3,101,442
Share based payments	-	1,897,944	1,897,944
Exercise of options	-	(648,132)	(648,132)
Expiry/cancellation of warrants	-	(1,034,160)	(1,034,160)
Exchange differences on translation	1,023,680	-	1,023,680
Balance as at 31 December 2021	1,270,225	3,070,549	4,340,774
Restatement of prior period error	(1,125,999)	-	(1,125,999)
Balance as at 31 December 2021 as restated	144,226	3,070,549	3,214,775
Share based payments	-	1,690,431	1,690,431
Share based payments cancellation	-	(170,312)	(170,312)
Exchange differences on translation	(49,869)	-	49,869
Balance as at 31 December 2022	94,357	4,498,715	4,685,025

Company	Translation reserve \$	Share option reserve \$	Total \$
Balance as at 1 January 2021	1,391,139	2,558,810	3,949,949
Share based payments	-	1,897,944	1,897,944
Exercise of options	-	(648,132)	(648,132)
Expiry/cancellation of warrants	-	(1,034,160)	(1,034,160)
Exchange differences on translation	(302,573)	-	(302,573)
Balance as at 31 December 2021	1,088,566	2,774,462	3,863,028
Share based payments	-	1,690,431	1,690,431
Share based payments cancellation	-	(170,312)	(170,312)
Exchange differences on translation	(3,379,668)	-	(3,379,668)
Balance as at 31 December 2022	(2,291,102)	4,294,581	2,003,479

23. SHORT TERM LOAN AND BANK OVERDRAFT

Brandshield Ltd has entered into an agreement with Leumi Bank to provide a revolving credit line facility of up to 8 million NIS for 24 months. The credit line will bear a competitive interest rate. The Facility allows drawdown of up to 4x Monthly Recurring Revenue (net of churn) and includes covenants of a type typical of such an agreement. As of December 31, 2022 the credit line that have been used was \$2.28m (2021: \$1.26m).

BRANDSHIELD SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**23. SHORT TERM LOAN AND BANK OVERDRAFT**

As at 31 December 2022 Brandshield Ltd met all conditions.

	Group 31 December 2022 \$	Group 31 December 2021 \$	Company 31 December 2022 \$	Company 31 December 2021 \$
Short term loan and bank overdraft	2,278,645	1,626,357	-	-

24. TRADE AND OTHER PAYABLESCurrent Liabilities

	Group 31 December 2022 \$	Group 31 December 2021 \$	Company 31 December 2022 \$	Company 31 December 2021 \$
Trade payables	671,657	513,132	73,470	63,271
Amounts due to related parties	-	94	-	60,584
Salaries and taxes	1,068,291	777,366	52,404	14,949
Deferred revenue	3,581,903	1,041,357	-	-
Accruals	221,265	129,670	49,841	32,027
Royalties payable	426,706	346,306	-	-
Advances from customers	-	-	-	-
	<u>5,969,822</u>	<u>2,807,924</u>	<u>175,715</u>	<u>170,831</u>

At 31 December 2022, a deferred liability of \$49,461 (2021: \$27,719) has been recognised in relation to royalties payable to the Israeli government. The royalties relate to a repayment of 3 government grants received in 2011, 2012 and 2013, which helped fund the development of the Company's website monitoring revenue stream. The Company must repay 3% of the annual relevant revenue.

Deferred revenue recognised in the balance sheet at 31 December 2021 was fully recognised as income during the current year. Deferred revenue as at 31 December 2022 is expected to be mostly realised as income during within 12 months of the balance sheet date.

Non-Current Liabilities

	Group 31 December 2022 \$	Group 31 December 2021 \$
Liability for severance pay	30,079	32,230
	<u>30,079</u>	<u>32,230</u>

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****24. TRADE AND OTHER PAYABLES – continued**

Royalties payable relate to the present value of the future payments expected under the grant from the Chief Scientist of Israel.

25. RIGHT OF USE ASSETS

During the year the Group's subsidiary, Brandshield Ltd, entered into a contract to lease new office space, to which it applied IFRS-16. The lease agreement is for 4 years commencing from 1 April 2022.

	Group 31 December 2022 \$
Right of use asset	
Additions	1,329,968
Depreciation	(249,369)
Net book value	<u>1,080,599</u>
Lease liability	
Current liability	321,727
Non-current liability	<u>795,557</u>
	<u>1,117,284</u>
Amounts recognised in profit or loss	
Depreciation expense on right of use assets	(249,369)
Interest on lease liabilities	33,625
Lease liability amortisation	<u>212,684</u>
	<u>(3,060)</u>
Amounts recognised in statement of cash flows	
Interest paid	<u>246,309</u>

The rate of interest used to calculate the IFRS 16 value of the lease was taken from bank loan rates payable by BrandShield Ltd at 3.6%.

26. RELATED PARTY DISCLOSURES

BrandShield Limited is connected to its predecessor Domain the Net Technologies Limited (the "Related Party"), a company registered in Israel. BrandShield Limited demerged from the Related Party in 2013 and has two directors in common. Furthermore, the two parties share a number of operational costs, including sharing rental costs. The expenditures are viewed each month and each party recharge the other party for its expenditures. The amounts receivables from the Related Party as at the year ended 31 December 2022 was \$31,148 and for 2021 was payables \$1,000 respectively. During the year to 31 December, 2022 a total of \$106,832 was paid to the Related Party as the reimbursement of expenses.

BRANDSHIELD SYSTEMS PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****27. SHARE-BASED PAYMENT TRANSACTIONS**

The measurement requirements of IFRS 2 have been implemented in respect of share options and warrants granted. The amount recognised for share based payments during the year was \$1,690,431 (2021: \$1,897,944), has been charged to the profit or loss account.

4,433,552 options or warrants were issued during the period ended 31 December 2022 with an average exercise price of 8 pence (2021: 8.7 pence).

Movement in issued share options and warrants during the period

The table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options and warrants during the year as follows:

	No of options and warrants	WAEP
Outstanding at the beginning of the period	28,414,713	£0.086
Granted during the year	4,433,552	£0.080
Exercised during the year		£0.000
Expired/ forfeited in the year	(2,149,311)	£0.128
Outstanding at the end of the period	30,698,954	£0.081

The fair value of the options and warrants granted in the year and comparative year have been calculated using the Black Scholes model assuming the inputs shown below:

27. SHARE-BASED PAYMENT TRANSACTIONS- continued

Grant date	15 January 2021	15 April 2021	21 June 2021	28 Sept 2021	24 May 2022	24 May 2022
- No. of options/warrants granted	500,000	13,991,890	4,510,000	1,560,000	4,229,078	204,474
- Share price at grant date	£0.2813	£0.23	£0.1825	£0.175	£0.08	£0.08
- Exercise price at grant date	£0.25	£0.01	£0.25	£0.25	£0.0825	£0.0825
- Risk free rate	1.15%	1.56%	1.5%	1.55%	2.76%	2.76%
Time to maturity	4 years	4 years	4 years	4 years	2 years	4 years
- Expected volatility	49.0%	49.0%	49.0%	49.0%	48.67	48.67
- Expected dividend yield	0%	0%	0%	0%	0%	0%
- Fair value of option/ warrant	£0.1744	£0.2232	£0.1173	£0.1025	£0.0515	£0.0515

BRANDSHIELD SYSTEMS PLC

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

28. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors as at the period end and the date of these financial statements there is no single ultimate controlling party.

29. EVENTS AFTER THE REPORTING PERIOD

In May 2023 a £9m Convertible Loan Note in Community Social Investment Limited ("CSIL"), formerly WeShop Limited, converted. This reduced BrandShield's holding in CSIL from 9.17% to around 4.9%.

30. PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made to other reserves and retained earnings as at 31 December 2021. There has been an adjustment to increase retained earnings by \$1,125,999 and decrease other reserves by the corresponding amount. This reflects the foreign currency translation at 1 January 2021 that was incorrectly allocated to retained earnings in the 2021 year end.

There was no change to the Group loss after tax for the year ended 31 December 2021 or net assets as at that year end. There were also no changes to the cashflow for that year.

There were no changes to the Parent Company's financial statements.