Company Number: 02956279

ANNUAL REPORT AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

FOR

BRANDSHIELD SYSTEMS PLC

(FORMERLY TWO SHIELDS INVESTMENTS PLC)

BRANDSHIELD SYSTEMS PLC
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FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS:	A Moscovici (Non-Executive Chairman) Y Keren (Chief Executive Officer) Y Zantkeren (Chief Technical Officer) R Freedman (Chief Financial Officer) Dr. Z Amrolia (Non-Executive Director) J Taylor (Non-Executive Director)
COMPANY SECRETARY:	Orana Corporate LLP Eccelston Yards, 25 Eccleston Place London SW1W 9NF
REGISTERED OFFICE:	Hyde Park House 5 Manfred Road London SW15 2RS
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
JOINT BROKERS:	Shore Capital Stockbrokers Limited Cassini House, 57 St. James's Street London SW1A 1LD Tennyson Securities 65 Petty France London SW1H 9EU

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

BrandShield Systems Plc is the 100% owner of BrandShield Limited, an Israeli based online threat hunting, cyber security business. BrandShield specialises in the monitoring, detection and removal of online threats such as phishing attempts, executive impersonation, counterfeit products, trademark infringements and more. BrandShield was established to revolutionise the way companies can protect their digital assets outside their security perimeter. Ever since launch BrandShield has introduced groundbreaking innovative technologies for online brand protection powered by artificial intelligence, machine learning and big data analysis to provide the most automated and relevant solutions for the 21st century.

BrandShield Systems Plc also has minority interests in other 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 and legacy mining assets namely Kalahari Key Mineral Exploitation Company (Pty) Ltd, Leopard Lithium Pty Ltd and International Geosciences Limited (IGS). The Company is focused on the orderly disposal of the legacy mining investments where value can be released for our shareholders.

Strategy

Since the completion of the RTO transaction with Two Shields Investments Plc which completed in December 2020, the Board is almost entirely focused on the expansion and development of BrandShield. To be clear, on the completion of the RTO the Company ceased to be an investing company and is now an operating company with BrandShield at its absolute core.

Therefore, any other investments that the Company holds are viewed as tangential and the focus will be on releasing those investments at the appropriate time to extract maximum value for our shareholders. The new Board, which was constituted in December 2020, has been established to drive the continued rapid expansion of BrandShield's offering globally. The acquisition of further clients is the priority as the Company seeks to increase Annual Recurring Revenue ("ARR") from clients in a variety of sectors. This is being achieved through the expansion of the marketing and sales functions within the Company, fuelled by the fundraise achieved at the RTO point and ongoing strong Revenue Growth from our expanding customer base.

In line with the Company's strategy for its legacy mining assets, BrandShield Systems Plc will look to realise those investments as liquidity options emerge. These options include partnering with operators that the Board feels can extract more optimal value from existing holdings or selling our holdings for cash.

BrandShield Limited

Clearly, the highlight of the period was the acquisition of 100% of the share capital of BrandShield Limited, the re-naming of the Company to BrandShield Systems Plc and an associated fundraise of \$3.96m (£3.2m) to be focused on the expansion of sales and marketing activities to expand the customer base.

The ARR as at year end stood at \$3.278m a 71% increase from 2019 and continues the very strong growth trend. This coincided with an 85% increase in new business ARR in the period. That strong growth trend has continued in to 2021 with the May ARR figure standing at \$3.826m, a 93% increase in the ARR relative to May 2020.

The impact of the Covid pandemic on global eCommerce has been profound with eCommerce representing some 21.3% of all purchases in the US in 2020, up from 15.8% prior to the outbreak in 2019. This unprecedented level of growth, which the Company warned about in an announcement of 25 March 2020, has brought with it a huge increase in associated fraudulent activity as criminals seek to exploit individuals through the use of phishing scams, impersonation and counterfeiting. This has been across all sectors and also targeted at the pharmaceutical companies engaged in the development of vaccines.

BrandShield is a fast-growing provider of cyber solutions, delivering an end-to-end digital brand protection and online threat hunting 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 phishing, social phishing, impersonation and sale of counterfeit goods. Unlike traditional solutions, BrandShield's SaaS (Software as a Service) delivered software 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 online fraud cases. The technology uses big data and algorithms to find networks of fraudulent online activity and clusters of counterfeiters.

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

In January 2021, the Company announced the deployment of cutting edge Image Recognition and Optical Character Recognition ("OCR") on its online threat hunting platform. The image recognition technology detects images similar to or identical to those copyrighted by the Company's customers. The technology is able to link these images to global networks of fraudulent activity across hundreds of e-commerce marketplaces. Once a single infringement is identified the technology will link it to other fraudulent uses on the web, and then process their collective takedowns at the click of a button. Traditionally, image infringement identification involves the manual review of thousands of individual listings across platforms. BrandShield's enhanced technology reduces this process exponentially.

In March 2021 these capabilities were extended to cover social media platforms ensuring that BrandShield's product offering remains at the very cutting edge of the sector. BrandShield's OCR capability for brand protection on social media platforms allows text to be interrogated that lies within images on fraudulent social media posts or pages. This adds a further layer of abuse identification for use against those fraudsters that attempt to hide brand names and product descriptions within an image of posts or profile photos rather than in separate, purely textual fields.

BrandShield currently works with many global brands and has an international blue-chip client base including Fortune 100 companies. Fraudsters and counterfeiters are sector agnostic and BrandShield's customers therefore cover a wide variety of sectors including financial services, pharmaceuticals, fashion, online, sports, entertainment, travel and more.

Throughout 2020 BrandShield added customers from a variety of sectors. These have included the Pharmaceuticals Security Institute ("PSI") which was announced in November 2020. Based in Washington, D.C, PSI was set up in 2002 by the Security Directors from fourteen major pharmaceutical companies. Working with its members, PSI has developed improved systems to identify the extent of the problem of counterfeit medicinal products and to assist in coordinating international inquiries. BrandShield entered into a contract with PSI on a joint programme to focus on helping to detect and remove online threats on behalf of several of PSI's members, such as rogue pharmacies, counterfeit sales of drugs on online marketplaces, and social media phishing campaigns, and other fraudulent online activities. These members include some involved in the development and deployment of COVID-19 vaccines.

A contract with Bristol Myers Squibb was announced by the Company on 21 December 2020. Under the terms of the contract, BrandShield will provide a comprehensive online brand protection and anti-counterfeiting solution. The Company will protect Bristol Myers Squibb's and its subsidiary Celgene's major brands against fraudulent online activity including, but not limited to, the sale of counterfeited drugs on online marketplaces, rogue websites, rogue online pharmacies, impersonation on social media, phishing attempts and trademark infringements.

Bristol Myers Squibb is a global biopharmaceutical company whose mission is to discover, develop and deliver innovative medicines that help patients prevail over serious diseases. It acquired Celgene in 2019 in a deal reported to be worth US$74Bn.

The explosion of the use of and awareness of crypto currencies in 2020 has also led to a significant increase in fraudulent activities in this space. BrandShield extended and deepened an engagement with a leading global financial institution specialising in crypto currency and blockchain in April of 2021. Under the terms of the contract BrandShield will continue to provide a comprehensive anti-phishing and online threat hunting solution. The Company will protect the customer against fraudulent online activity including, but not limited to, the impersonation of the financial institution, rogue websites, impersonation on social media, executive impersonation, phishing attempts and trademark infringements. The extension of this ongoing contract extends BrandShield protective coverage of the financial sector further and, in particular, deepens its presence in the crypto currency verticals with eToro and Simplex remaining flagship clients.

BrandShield's technology was developed by cyber security and brand protection experts with experience in the Israeli military in cyber security, intelligence and information security.

BrandShield continues adding more capabilities across all platforms - websites, marketplaces, social media, paid ads and apps. BrandShield's improved product offering includes capabilities such as strong reporting creation options and constant expansion of monitoring capabilities to new marketplaces and to new social media platforms.

BrandShield covers all of the major e-commerce marketplaces as well as hundreds of smaller marketplaces and covers social media platforms including WeChat (the Chinese social and IM network). WeChat is a multi-purpose messaging, social media and mobile payment app first released in 2011. WeChat is one of the world's largest standalone mobile apps with over 1 billion monthly active users and has been described as China's "app for everything" and a "super app" because of its wide range of functions.

With global advancements in technology and communication, online scams, phishing and counterfeiting is increasingly of concern to BrandShield's current and future customers. MarketsandMarkets estimated that the global cyber threat intelligence market was worth US$ 5.3 billion in 2018 and is expected to grow to US$ 12.9 billion by 2023, at a compound annual growth rate ("CAGR") of 19.7%.

Some of the largest current threats involve cybercriminals who are trying to capitalise on continuing fears around Covid-19, and in many cases using the identities of known companies or brands to trick worried consumers. Attacks have included increased phishing taking advantage of additional home working, fraudulent ecommerce sites and fake medicine often related to Covid-19 products.

BrandShield has continued to increase its media presence due to this heightened concern over online risks but also to raise the awareness of the BrandShield solution into what is still an under-served and huge addressable market. In February 2021, the Company engaged the services of Silicon Valley based PR firm, VSC. VSC seeks to accelerate tech brands into vertical market leaders. VSC was selected for broad U.S.-based communications and media relations, as well as support for global campaigns in the fight against fraud, phishing scams and other digital threats with an emphasis on Covid-19 vaccine-related scams. Since the engagement the CEO of the Company has conducted numerous interviews, primarily in the US media including ABC, CBS, NBC and msn.

The US continues to account for the majority of BrandShield's customers but strong growth is also evident in Europe and the Far East. To that end, a US incorporated subsidiary company has been established and sales and marketing activity, including recruitment is focused in these three geographies.

WeShop Ltd

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.

Led by highly experienced and proven technology and retail professionals including Paul Ellerbeck (formerly of Easyproperty and DMGT) and non-executive Chairman, Matthew Hammond who is Group Managing Director and CFO of mail.ru, one of the largest internet companies in the Russian speaking market.

During the period, on 27 August 2020, the Company announced that WeShop updated shareholders to include the following events:

a. £9,000,000 fundraise completed through the issue of a convertible loan note
b. Option granted for a further £2,777,777 cash investment
c. Board changes including appointment of Yoav Keren, CEO of BrandShield to the Board of WeShop
d. WeShop has patiently developed its own proprietary, and globally scalable, e-commerce platform and established links with key partners to be able to offer its users an unparalleled selection of product within a personalised, highly interactive and rewarding social commerce model.

BrandShield understands that WeShop's plans for their own public listing continue to progress encouragingly. Until such time as more information becomes available on that process and more widely on the details of the platform's launch, the Board is unable to take a properly informed view on the carrying value of its investment in WeShop. As such it continues to hold the investment at cost and hopes to be able to update shareholders on further developments in the near future.

Other Investments

BrandShield also holds minority intersts in some legacy mining focused assets. Following an aggregate impairment of £75,000 , the carrying value of these investments is now £250,000. Further details on these investments can be found in note 19 to these accounts.

Financials

The loss for the Group for the year ended 31 December 2020 was \$3,296,106 (2019: loss of \$1,496,158) which was in line with internal expectations. Cash held by the Group as at 31 December 2020 was \$3,198,525 (2019: \$360,641). The increase in the loss is partly due to costs associated with the reverse takeover and the cost of share based payments.

Outlook

The Group is looking forward to the continuing rapid expansion of BrandShield as a leading Brand Protection and Online Threat Hunting company that is globally deployed. The increasing awareness of cyber related crimes and other threats to brands is leading to an acceptance that external threat prevention and eradication is an essential capability that every company must have, in the same way that protecting internal systems is viewed. The investment raised at the RTO is allowing BrandShield to expand its marketing and sales efforts and to drive ARR forwards. The platform is built to scale and therefore a focus on the top line and customer conversion is the over-riding priority for 2021.

The recent award of a Long Term Incentive Plan to three key employees signals what we believe the Group can achieve in the near term.

Azriel Moscovici - Chairman
20 June 2021

<u>Azriel Moscovici – Non-Executive Chairman</u> – 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.

<u>Yoav Keren – Chief Executive Officer</u> – appointed 1 December 2020

Yoav is one of the founders of BrandShield Systems Plc. He has 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.

<u>Yuval Zantkeren – Chief Technical Officer</u> – appointed 1 December 2020

Yuval is one of the founders of BrandShield Systems Plc and he is an internet information systems expert. He has 23 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.

<u>Ravit Freedman – Chief Financial Officer</u> – 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. 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 which then had turnover of tens of millions of USD. 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. Earlier this year she has been a Temporary Financial Controller for an International Hi Tech company in the Cyber Security Sector.

Dr. Zar Jal Amrolia – Non-Executive Director – appointed 1 December 2020

Zar Amrolia is co-CEO of XTX Markets, a leading quantitative-driven electronic market-maker partnering with counterparties, exchanges and e-trading venues globally to provide liquidity in the Equity, FX, Fixed Income and Commodity markets. Zar has over 25 years of experience in the investment banking industry. He started his career at Credit Suisse before joining Deutsche Bank. He became a Partner Managing Director at Goldman Sachs and more recently, Zar was Global Head of FX and then Co-Head of FICC at Deutsche Bank. Zar holds a BsC in Physics from Imperial College, London and a Ph.d in mathematics from Oxford University. He is a member of both the Audit and Remuneration Committee.

John Taylor – Non-Executive Director

Over the last 3 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 is Executive Director of TECC Capital Plc and also Chairman of Asimilar Group Plc and Quetzal Capital Plc and was formerly a Director of Sabien Technology Group Plc and Pathfinder Minerals Plc. 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.

The Directors present their Strategic Report and Corporate Governance Report of BrandShield Systems plc ("the Group" or "BRSD") for the year ended 31 December 2020.

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 on pages 2 to 7.

FINANCIAL REVIEW

The loss for this year before and after taxation was $3,296,106(2019: loss of $1,496,158).

Cash and cash equivalents at the end of December 2020 was $3,198,525 (2019: $360,641).

KEY PERFORMANCE INDICATORS ("KPIs")

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

	2020	2019
	£	£
Cash and cash equivalents	3,198,525	360,641
Revenue	2,589,370	1,771,423
Annual recurring revenue (ARR)	3,278,271	1,914,781

PRINCIPAL RISK AND UNCERTAINTY

BrandShield is a relatively early stage company with limited trading history. Consequently, even with significant planning and preparation by the Group's management, the Enlarged 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 Enlarged Group is reliant on the technical robustness of BrandShield's software platform.

The success of the Enlarged 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.

Customer access to the Enlarged 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 Enlarged Group's services.

Due to its dependency upon technology, and its cloud servers, the Enlarged Group is exposed to a risk in the event that such technology or the Enlarged Group's systems experience any form of damage, interruption or failure. A malfunctioning of the Enlarged Group's technology and systems, or those of key third-party suppliers, could result in a lack of confidence in the Enlarged Group's services, with a consequential adverse effect on the Enlarged Group's business, revenue, financial condition, profitability, prospects and results of operations. The Enlarged 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 BrandhShield.

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 Enlarged 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 Enlarged Group's reputation and financial condition. The Enlarged Group endeavours to negotiate limitations on its liability in its customer contracts, however, defects in the software developed and sold by the Enlarged 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 Enlarged 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 Enlarged 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 Enlarged Group. Expansion of the Enlarged Group may require considerable management time which may in turn inhibit management's ability to conduct the day to day business of the Enlarged 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.

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.

The Group raised gross proceeds of £3,200,000 by way of a share placing on 1 December 2020 in conjunction with the Reverse Takeover of BrandShield Limited. These funds complement the Group's existing cash resources and have been used in part to fund the Group's programme of growth as well as ensuring adequate resources remain available for the day to day running of the business.

The Directors are confident that this funding will continue and 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.

COVID-19

The COVID-19 pandemic is still providing extraordinary challenges around the world which has resulted in protracted volatility in international markets and a global recession as a consequence of disruptions to travel, retail segments, tourism, and manufacturing supply chains. The Group is continuing to take measures to mitigate the broader public health risks associated with COVID-19 to its business and employees, including social distancing, working from home where possible and minimising external contractor visits. The adverse future impact this may have on the Group is unknown, however to date, operations have been able to continue with no detrimental effect.

CORPORATE GOVERNANCE REPORT

Introduction:

The Board of directors of the Group recognises the importance of sound corporate governance and applies The Quoted Company 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 will continue to monitor WeShop's progress, seeking to exploit opportunities for collaboration. 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.

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 though 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@brandhshield.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.

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 *No guarantee the Group will continue to generate revenue or make a profit*	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	*Considered low risk given the expected growth and the ability to control discretionary spend (marketing) if necessary*
Increased competition *The business operates in a competitive market*	Medium	Medium	Medium	Strong relationships with customers; Experience of senior management	CEO	Yes	*Considered medium risk due to the barriers of entry*
Inability to hire appropriate people *The growth of the Business will require it to hire highly qualified people (IT, enforcement)*	High	Medium	Medium	Attractive sector; Ability to motivate with share options	CEO	Yes	*Considered medium risk*

Misappropriation of funds *Large cash balances make it high impact*	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	
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; Recent fundraising; Regular meetings with brokers	CEO	Yes	
Loss of Group data – financial & operational	Medium	Low	Low	Regular back-ups of data made online and locally; Use cloud storage for all key documents to increase retention	All	Yes	

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 Dr. Zarthustra ("Zar") Jal Amrolia. 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 2016 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 meets in person at least twice per year and has monthly Board calls. 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 Amrolia (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, Amrolia 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 both in person 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 Orana Corporate 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.

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 a 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.

Principle Nine

Maintenance of Governance Structures and Processes

The Audit Committee is chaired by John Taylor with Azriel Moscovici and Zar Amrolia 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.

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 though 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).	2020 annual report: p2-12
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.	2020 annual report: p10-11

QCA Code Principle	**Disclosure**	
6	Identify each director.	2020 annual report: p8-9
	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.	Significant external advice was engaged during the RTO transaction in 2020 including legal counsel, reporting accountants, Nominated Advisor and brokers.
	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.

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 2020 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 2020 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:

....
A Moscovici - Chairman
20 June 2021

The Directors present their report and the audited Financial Statements for the year ended 31 December 2020.

GENERAL INFORMATION

BrandShield Systems plc (formerly Two Shields Investments 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 Hyde Park House, 5 Manfred Road, London, SW15 2RS.

In December 2020, the entire share capital of BrandShield Limited not currently held by Two Shields Investments plc was acquired in an RTO transaction between the two companies. At the time of the RTO, the Group completed a share consolidation with every 200 existing ordinary shares being exchanged for one new ordinary share. The new group changed its name from Two Shields Investments plc to BrandShield Systems plc.

The new enlarged group was admitted to AIM on 1 December 2020 with an issued share capital of 114,136,532 giving a market capitalisation of approximately £22.8 million.

DIVIDENDS

The Directors do not recommend a payment of a dividend in respect of the year ended 31 December 2020 (2019: £ Nil).

DIRECTORS AND THEIR INTERESTS

The Directors shown below have held office during the year to 31 December 2020 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	-
Zar Jal Amrolia	1 December 2020	-
John Taylor	1 March 2019	-
Andrew Lawley	20 December 2018	1 December 2020
Sandy Barblett	13 March 2018	1 December 2020

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 2020 are as follows:-

	31 December 2020 Number of shares held	Percentage Shareholding %	31 December 2019 Number of shares held*	Percentage Shareholding %
Yoav Keren	11,888,670	10.41	-	-
Yuval Zantkeren	11,888,670	10.41	-	-
Zar Jal Amrolia	1,348,689	1.18	-	-
John Taylor	85,000	0.0	85,000	0.0
Sandy Barblett	15,000	0.0	15,000	0.0
Andrew Lawley	50,000	0.0	50,000	0.0
Azriel Moscovici	-	-	-	-
Ravit Freedman	-	-	-	-

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 2020 Number held	31 December 2019 Number held*
Azriel Moscovici	240,000	-
Yoav Keren	1,229,883	1,229,883
Yuval Zantkeren	1,229,883	1,229,883
Zar Jal Amrolia	240,000	-
Ravit Freedman	-	-
John Taylor	740,000	500,000*
Sandy Barblett	500,000	500,000*
Andrew Lawley	500,000	500,000*

*2019 numbers restated following share consolidation (200 existing shares consolidated to 1 new share) as completed on 1 December 2020.

See note 27 for details regarding the share options.

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 2020 were as follows:

Director	Fees $	Other benefits $	Termination payments $	Total 2020 $	Total 2019 $
Azriel Moscovici	3,380	-	-	3,380	-
Yoav Keren	148,020	26,434	-	174,454	144,137
Yuval Zantkeren	148,020	26,434	-	174,454	144,137
Ravit Freedman	27,157	5,264	-	32,421	-
Zar Jal Amrolia	-	-	-	-	-
Andrew Lawley	23,897	-	-	23,897	58,606
John Taylor	27,378	-	-	27,378	50,097
Sandy Barblett	23,897	-	-	23,897	52,225
Christian Schaffalitzky - resigned 1 April 2019	-	-	-	-	5,743
	401,749	58,132	-	459,881	489,909

BOARD AND COMMITTEE MEETINGS

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

	31 December 2020	31 December 2019
Board*	4	6
Audit Committee*	-	-
Remuneration Committee*	-	-

*This relates to the subsidiary, BrandShield Limited

SUBSTANTIAL INTERESTS

On 31 March 2021 and 31 December 2020, 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 March 2021 Number of shares held	Share holding %	31 December 2020 Number of shares held	Share holding %	31 December 2019 Number of shares held*	Share holding %
Yoav Keren	11,888,670	10.4%	11,888,670	10.4%	-	-
Yuval Zantkeren	11,888,670	10.4%	11,888,670	10.4%	-	-
New Enterprise Ltd	11,416,392	10.0%	11,416,392	10.0%	-	-
Afterdox Ltd	10,003,127	8.8%	10,003,127	8.8%	-	-
Spreadex Ltd	4,908,844	4.3%	5,258,844	4.6%	-	-
Morton Family	747,500	0.7%	747,500	0.7%	1,447,500	6.5%
M Hammond	725,000	0.6%	725,000	0.6%	725,000	3.3%
R Griffiths	595,000	0.5%	1,695,000	1.5%	-	-
Keeill Ltd	-	-	500,000	3.9%	1,250,000	5.6%
Hambro Breutcher	-	-	-	-	2,000,000	9.0%
C Akers	-	-	-	-	675,000	3.0%

*prior year numbers restated following share consolidation (200 existing shares consolidated to 1 new share)

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 2020. 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.

FUTURE DEVELOPMENTS

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

POST BALANCE SHEET EVENTS

See note 30 for detail on post balance sheet events.

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.

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

ON BEHALF OF THE BOARD:

....
A Moscovici - Chairman
20 June 2021

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 financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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:

....
A Moscovici - Chairman
20 June 2021

Opinion

We have audited the financial statements of Brandshield Systems plc (the 'company') and its subsidiary (the 'group') for the period ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 company's affairs as at 31 December 2020 and of the group's and company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 included reviewing the group's forecasts and key assumptions used in their preparation. Our work included comparing these forecasts to actual results and significant events subsequent to the year end, as well as performing downside sensitivities, which demonstrate that the group and company has sufficient funding for twelve months from the date of signing the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or 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 $260,000, based on the average of the loss before tax and net assets. We believe the key metric for investors at this stage of the Group's life cycle is the result for the year and the ability of the Group to continue to meet its costs whilst pursuing its business plan.

The company materiality was $130,000 (31 March 2020: $148,000) based upon an average of the loss before tax and net assets Company in line with the group rationale mentioned 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 $182,000 for the group and $91,000 (31 March 2020: $104,000) for the 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 $13,000 for the group and $6,500 (31 March 2020: $7,400) for the 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 and investments in subsidiary undertakings were assessed as areas which involved significant judgements by management at the Company level. At the Group level, the accounting for the convertible and other loans, and the reverse takeover accounting were assessed as areas of significant judgement.

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 subsidiary undertaking was completed by PKF Amit, Halfon 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.

<table>
<tr><th>Key Audit Matter</th><th>How our scope addressed this matter</th></tr>
<tr><td>Acquisition of BrandShield Limited by way of share for share exchange (See Note 4)</td><td></td></tr>
<tr><td>On 1 December 2020, Brandshield Systems plc acquired the entire issued share capital not already owned of BrandShield Limited, a private company incorporated in Israel, by way of a share for share exchange.

Although the transaction resulted in BrandShield Limited becoming a wholly owned subsidiary of the company, the transaction constitutes a reverse acquisition as the shareholders of BrandShield Limited own a substantial majority of the outstanding ordinary shares of the company and 4 out of 6 members of the Board of Directors of the company are BrandShield Limited shareholders and management.

The reverse acquisition does not constitute a business combination and is accounted for in accordance with IFRS 2 'Share-based Payments' and associated IFRIC guidance. There is a risk the share-based payment has been incorrectly calculated and that the reverse acquisition has been incorrectly presented and disclosed.</td><td>• Reviewing the Admission Document, Sale and Purchase Agreement and related documentation to ensure the terms of the reverse acquisition have been accurately assessed by management in forming their opinion on the most appropriate accounting treatment for the acquisition;
• Critically assessing the 'deemed acquisition cost', comprising the fair value of the consideration shares, together with the fair value of the assets and liabilities acquired.
• Re-performing the consolidation adjustments
• Checking and agreeing the presentation and disclosures relating to the reverse acquisition in the financial statements

Based on the procedures performed, we consider management's judgements to be reasonable and the related disclosures appropriate.</td></tr>
<tr><td>Valuation of investments (Note 15)</td><td></td></tr>
<tr><td>The company holds non-listed equity investments at fair value through profit or loss of $4,153,602 at 31 December 2020 (31 March 2020: $7,396,259), as outlined in Note 15 of the financial statements. The investments are valued at each reporting date and are under level 3 of the IFRS 13 fair value hierarchy.

There is a risk that these investments are not valued correctly in accordance with IFRS 9 'Financial Instruments' and IFRS 13 'Fair Value Measurement'. This is a key audit matter due to the material nature of the balance, the lack of observable inputs to the level 3 fair values and the significant estimates and judgements required by management in their valuation.</td><td>• We confirmed ownership of each investment held.
• For investments categorised within Level 3 of the IFRS 13 fair value hierarchy, we obtained management's assessment and valuation of the investments held at the year end, and challenged the key inputs and assumptions used. This review included management's considerations of the Covid-19 pandemic and its impact on each of the investments. Management have had due regard to the pandemic in assessing the investment valuation.
• We tested the disclosures made within the financial statements to ensure compliance with IFRS.</td></tr>
</table>

	• We assessed whether management's assumptions were reasonable in light of the measurement objectives under IFRS 13. The directors have disclosed in the Strategic Report that they have been unable to obtain up to date financial information surrounding their investment in WeShop Limited, totalling US$4,153,602 at the year end, and as such have continued to base the fair value of the investment on historic cost as permitted by IFRS 13. They confirm that there has been 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. They consider that the announcement of any significant changes in WeShop Limited's financial position will be the trigger point for a formal re-evaluation of the fair value of the investment. At this stage and based upon all available information, we consider that management's judgement and assessment is reasonable when concluding that historic cost is the best approximation of fair value at year-end.

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 company 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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the statement of director's responsibilities in respect of the financial statements, the directors are responsible for the preparation of the group and company 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 company financial statements, the directors are responsible for assessing the group and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 company and the sector in which they operate 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 company in this regard to be those arising from:
  - the Companies Act 2006
  - IFRS accounting standards

- Local law and regulations of the subsidiary
- AIM Rules

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and 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 at both the group and company level. 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.

- Compliance with laws and regulations at the subsidiary level was ensured through enquiry of management and review of ledgers and correspondence for any instances of non-compliance by the component auditors. The component auditor workpapers in relation to compliance with local laws and regulations were reviewed at the group level.

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
20 July 2020

15 Westferry Circus
Canary Wharf
London E14 4HD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 $	31 December 2019 $
Revenue from contracts with customers	5	**2,589,370**	**1,771,423**
Cost of sales		(992,083)	(710,688)
Gross profit		**1,597,287**	**1,060,735**
Operating expenses	7	(4,397,877)	(2,451,934)
Operating loss		**(2,800,590)**	**(1,391,199)**
Depreciation		(9,454)	(8,091)
Net finance income/(expense)	11	126,232	(96,868)
Reverse acquisition expense	4	(612,294)	-
Loss before income tax		**(3,296,106)**	**(1,496,158)**
Income tax expense	12	-	-
Loss from continuing operations attributable to owners		**(3,296,106)**	**(1,496,158)**
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Exchange differences on translation		451,756	(686,528)
Total comprehensive loss attributable to owners		**(2,844,350)**	**(2,182,686)**
Basic and diluted earnings per share attributable to owners	13	**(0.08)**	**(0.08)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

Company number: 02956279

	Note	31 December 2020 $	31 December 2019 $
NON-CURRENT ASSETS			
Property, plant and equipment	14	35,872	26,581
Financial assets at fair value through profit or loss	15	4,153,602	-
		4,189,474	26,581
CURRENT ASSETS			
Trade and other receivables	16	465,911	434,565
Financial assets at fair value through profit or loss	17	20,741	-
Other financial assets		18,373	-
Cash and cash equivalents	18	3,198,525	360,641
Assets classified as held for sale	19	341,279	-
		4,044,829	795,206
TOTAL ASSETS		8,234,303	821,787
CURRENT LIABILITIES			
Trade and other payables	24	1,557,587	1,950,695
Convertible loans	25	-	311,694
		1,557,587	2,262,389
NON-CURRENT LIABILITIES			
Convertible loans	25	-	1,096,702
Other payables	24	275,756	30,611
		275,756	1,127,313
TOTAL LIABILITIES		1,833,343	3,389,702
NET ASSETS/(LIABILITIES)		6,400,960	**(2,567,915)**
EQUITY			
Share capital	22	9,246,267	678
Share premium	22	27,353,294	5,859,765
Reverse acquisition reserve	4	(20,653,597)	-
Other reserves	23	3,101,442	921,982
Retained earnings		(12,646,446)	(9,350,340)
TOTAL EQUITY		6,400,960	**(2,567,915)**

The Financial Statements were approved and authorised for issue by the Board of Directors on 20 June 2021 and were signed on its behalf by:

.... A Moscovici - Chairman

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

Company number: 02956279

	Note	31 December 2020 $	31 March 2020 $
ASSETS			
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss	15	4,153,602	7,396,259
Investment in subsidiary	20	26,032,781	-
		30,186,383	7,396,259
CURRENT ASSETS			
Other receivables and prepayments	16	12,573	350,538
Loans to related parties	21	208,022	-
Financial assets at fair value through profit or loss	17	20,741	58,298
Other financial assets		18,372	-
Cash and cash equivalents	18	327,034	359,034
Assets classified as held for sale	19	341,279	-
		928,021	767,870
TOTAL ASSETS		31,114,404	8,164,129
EQUITY			
Share capital	22	9,246,267	8,155,038
Share premium	22	27,353,294	7,197,504
Other reserves	23	3,949,949	1,234,088
Retained earnings		(9,586,843)	(8,492,270)
TOTAL EQUITY		30,962,667	8,094,360
CURRENT LIABLILITIES			
Trade and other payables	24	151,737	69,769
TOTAL LIABILITIES		151,737	69,769
TOTAL EQUITY AND LIABILITIES		31,114,404	8,164,129

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 nine months 31 December 2020 was $1,094,573 (twelve months to 31 March 2020: $2,496,198).

The Financial Statements were approved and authorised for issue by the Board of Directors on 20 June 2021 and were signed on its behalf by:

.... A Moscovici - Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium	Reverse acquisition reserve	Other reserves	Retained earnings	Total equity
	$	$	$	$	$	$
Balance at 1 January 2019	622	5,388,923	-	1,289,566	(7,854,182)	(1,175,071)
Loss for the year	-	-	-	-	(1,496,158)	(1,496,158)
Other comprehensive income						
Exchange differences on translation	-	-	-	(686,528)	-	(686,528)
Total comprehensive income for the year	-	-	-	(686,528)	(1,496,158)	(2,182,686)
Issue of share capital	-	-	-	116,488	-	116,488
Loans issued	-	-	-	130,888	-	130,888
Exchange differences on translation	56	470,842	-	71,568	-	542,466
Total transactions with owners, recognised directly in equity	56	470,842	-	318,944	-	789,842
Balance at 31 December 2019	**678**	**5,859,765**	-	**921,982**	**(9,350,340)**	**(2,567,915)**
Loss for the year	-	-	-	-	(3,296,106)	(3,296,106)
Other comprehensive income						
Exchange differences on translation	-	-	-	451,756	-	451,756
Total comprehensive income for the year	-	-	-	451,756	(3,296,106)	(2,844,350)
Conversion of loans	187	3,054,050	-	(170,724)	-	2,883,513
Transfer to reverse acquisition reserve	(865)	(8,913,815)	8,914,680	-	-	-
Recognition of BrandShield Systems PLC equity at reverse acquisition	8,155,038	7,197,504	(29,568,277)	404,230	-	(13,811,505)
Issue of shares on acquisition of subsidiary	877,175	16,666,329	-	-	-	17,543,504
Issue of share capital	214,054	3,868,362	-	-	-	4,082,416
Fair value of broker warrants	-	(386,388)	-	386,388	-	-
Grant of warrants and options	-	-	-	963,693	-	963,693
Expiry/cancellation of warrants	-	7,487	-	(7,487)	-	-
Exchange differences on translation	-	-	-	151,604	-	151,604
Total transactions with owners, recognised directly in equity	9,245,589	21,493,529	(20,653,597)	1,727,704	-	11,813,225
Balance at 31 December 2020	**9,246,267**	**27,353,294**	**(20,653,597)**	**3,101,442**	**(12,646,446)**	**6,400,960**

BRANDSHIELD SYSTEMS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	$	$	$	$	$
Balance at 1 April 2019	2,723,223	6,671,392	2,287,904	(6,952,191)	4,730,328
Loss for the year	-	-	-	(2,496,199)	(2,496,199)
Other comprehensive income					
Exchange differences on translation	-	-	(175,596)	-	(175,596)
Total comprehensive income for the year	-	-	(175,596)	(2,496,199)	(2,671,795)
Issue of share capital	5,431,815	544,910	-	-	5,976,725
Exercise of warrants	-	-	(327,510)	327,510	-
Grant of warrants and options	-	(57,356)	116,458	-	59,102
Expiry/cancellation of warrants	-	38,558	(150,719)	112,161	-
Derecognition of Merger Reserve			(516,449)	516,449	-
Total transactions with owners, recognised directly in equity	5,431,815	526,112	(878,220)	956,120	6,035,827
Balance at 31 March 2020	**8,155,038**	**7,197,504**	**1,234,088**	**(8,492,270)**	**8,094,360**
Loss for the period	-	-	-	(1,094,573)	(1,094,573)
Other comprehensive income					
Exchange differences on translation	-	-	1,373,267	-	1,373,267
Total comprehensive income for the year	-	-	1,373,267	(1,094,573)	278,694
Issue of share capital for acquisition of subsidiary	877,175	16,666,329	-	-	17,543,504
Issue of share capital	214,054	4,067,031	-	-	4,281,085
Share issue costs	-	(198,669)	-	-	(198,669)
Share based payments	-	-	963,693		963,693
Grant of warrants and options	-	(386,388)	386,388	-	-
Expiry/cancellation of warrants	-	7,487	(7,487)	-	-
Total transactions with owners, recognised directly in equity	1,091,229	20,155,790	1,342,594	-	22,589,613
Balance at 31 December 2020	**9,246,267**	**27,353,294**	**3,949,949**	**(9,586,843)**	**30,962,667**

BRANDSHIELD SYSTEMS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 31 December 2020 $	Year ended 31 December 2019 $
Cash flows from operating activities			
Loss for the year		(3,296,106)	(1,496,158)
Adjustments for:			
Depreciation	14	9,454	8,091
Share based payment expense	27	945,421	116,488
Reverse acquisition expense	4	612,294	-
Fair value movement in contingent liabilities		-	45,426
Net finance (expense)/income	11	(856)	96,868
Foreign exchange on operations		-	(12,549)
Decrease and other receivables		232,315	492
(Decrease)/Increase in trade and other payables		(672,113)	246,763
Net cash outflow from operating activities		**(2,169,591)**	**(994,579)**
Investing activities			
Cash acquired on acquisition	4	254,673	-
Purchase of property, plant and equipment	14	(16,201)	(2,095)
Net cash inflow/(outflow) from investing activities		**238,472**	**(2,095)**
Financing activities			
Proceeds from issue of convertible loans	25	-	1,150,000
Proceeds from issue of ordinary shares	22	4,120,545	-
Share issue costs		(198,669)	-
Proceeds from loans and borrowings		893,267	-
Interest paid		-	(31,966)
Net cash inflow from financing activities		**4,815,143**	**1,118,034**
Net increase in cash and cash equivalents		**2,884,024**	**121,360**
Cash and cash equivalents at beginning of year		**360,641**	**249,721**
Foreign exchange differences on cash		(46,140)	(10,440)
Cash and cash equivalents at end of year	18	**3,198,525**	**360,641**

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Period ended 31 December 2020 $	Year ended 31 March 2020 $
Cash flows from operating activities			
Loss before income tax		(1,094,573)	(2,496,199)
Adjustment for:			
Finance income		(33,514)	(14,838)
Gain on disposal of financial assets at fair value through profit or loss	15	(37,197)	-
Fair value adjustment of financial assets		100,814	1,952,286
Shares issued for professional services		-	43,530
Share based payments	27	64,192	60,695
Decrease / (Increase) in trade and other receivables		16,157	(350,990)
Increase / (Decrease) in trade and other payables		71,676	(84,009)
Net cash outflow from operating activities		(912,445)	(889,525)
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		-	(2,385,068)
Proceeds from the sale of financial assets at fair value through profit or loss		80,091	-
Proceeds from the sale of other financial assets		336,047	-
Loans to related parties		(3,733,860)	-
Net cash outflow from investing activities		(3,317,722)	(2,385,068)
Cash flows from financing activities			
Proceeds from issue of share capital	22	4,281,085	2,970,345
Share issue expenses paid	22	(198,669)	(173,023)
Proceeds from exercise of warrants	22	-	103,438
Interest received		8	14,838
Net cash inflow from financing activities		4,082,424	2,915,598
Net decrease in cash and cash equivalents		(147,743)	(358,995)
Cash and cash equivalents at beginning of year		**359,034**	**732,423**
Foreign exchange differences on cash		115,743	(14,394)
Cash and cash equivalents at end of year	18	**327,034**	**359,034**

Significant non-cash transactions in the year include shares and warrants issued in relation to the following:

On 1 December 2020 the Company acquired the entire share capital of BrandShield Limited not already owned for a total consideration of $17,543,504 (£13,150,295) via the issue of 65,751,476 ordinary shares in the Company.

1. ACCOUNTING POLICIES

General information

The principal activity of BrandShield Systems plc (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 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 the Group have been prepared in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. They have been prepared under the assumption that the Group operates on a going concern basis. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of Financial Statements in conformity with IFRS 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 financial statements present the results for the Group for the year ended 31 December 2020. The comparative period is for the year to 31 December 2019 and are the numbers for the BrandShield Limited, being the trading Company. The Parent Company financial statements comprise the nine months ended 31 December 2020. The comparative period for the Parent Company is the year ended 31 March 2020.

The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently in the financial statements. Following completion of the reverse takeover, the Group's presentation currency has been changed from Pounds Sterling to US Dollars and the consolidated financial statements are prepared in US Dollars. The change in presentation currency is to bring the Group into line with the subsidiary's presentation currency. 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 accounting principles.

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.

New and amended standards adopted

(a) Application of new and revised International Financial Reporting Standards

The following new and revised standards and interpretations, all of which are effective for accounting periods beginning on or after 1 January 2020, have been adopted in the current financial year.

- Amendments to References to the Conceptual Framework in IFRS Standards.
- Amendments to IFRS 3 Business Combinations : Definition of a business
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate Benchmark Reform

The new standards effective from January 1, 2020, as listed above, do not have a material effect on the Group's and parent Company's financial statements.

(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:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16 Leases Covid 19 – Related Rent Concessions
- Annual improvements to IFRSs (2018-2020 Cycle)
- Amendments to IFRS 9, IAS 39 and IFRS 7; interest rate benchmark reform – Phase 2

(i) *There are no other standards issued by IASB, but not yet effective, that are expected to have a material impact of the Group or parent Company.*

1. ACCOUNTING POLICIES – continued

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 and the functional currency of the subsidiary is New Israeli Shekel. 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 indentified as the executive Board of Directors.

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.

1. ACCOUNTING POLICIES - continued

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.

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

1. ACCOUNTING POLICIES - continued

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. A gain or loss from the withdrawal of the asset (calculated as a difference between the net consideration from

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 classed 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.

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.

1. ACCOUNTING POLICIES – continued

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.

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.

1. ACCOUNTING POLICIES – continued

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.

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).

1. ACCOUNTING POLICIES – continued

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).

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.

1. ACCOUNTING POLICIES – continued

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.

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.

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 2020, 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 $119,752 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 16 provides analysis of the performance of outstanding receivables.

2. FINANCIAL RISK MANAGEMENT - continued

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December 2020 and 2019, were as follows:

	31 December 2020	31 December 2019
	$	$
Cash and cash equivalents	3,198,525	360,641
Trade and other receivables	465,911	434,565
Total	3,664,436	795,206

Interest risk

The Company is not exposed to interest rate risk on financial liabilities. As at the reporting date, the Company had no debt outstanding.

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.

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 2020	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years
	$	$	$	$	$	$
Trade and other payables	1,141,411	1,141,411	1,141,411	-	-	-
Total	1,141,411	1,141,411	1,141,411	-	-	-

31 December 2019	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years
	$	$	$	$	$	$
Trade and other payables	1,125,763	1,125,763	1,125,763	-	-	-
Total	1,125,763	1,125,763	1,125,763	-	-	-

An amount of $277,076 (2019: $340,410) 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 can not be ascertained to a high degree of certainty. Refer to Note 24 for further details.

2. FINANCIAL RISK MANAGEMENT – continued

(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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2020:	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets at fair value through profit or loss				
Trading securities	20,741	-	-	20,741
Financial assets at fair value through profit or loss				
Equity securities	-	-	4,153,602	4,153,602

31 December 2019:	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets at fair value through profit or loss				
Trading securities	-	-	-	-
Financial assets at fair value through profit or loss				
Equity securities	-	-	-	-

2. FINANCIAL RISK MANAGEMENT - continued

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 17.

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

(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 15.

The following table presents the changes in level 3 instruments for the years ended 31 December 2020 and 31 March 2020 of Brandshield Systems plc. The Brandshield Limited balances are $Nil and as such have not been disclosed.

	2020 $	2019 $
Opening balance	7,396,259	4,052,669
Additions into Level 3	-	6,814,334
Disposals from Level 3	-	(1,410,914)
Transfer to investment in subsidiary	(3,489,633)	-
Fair Value adjustments - impairment	(100,814)	(1,853,340)
Transfer to Assets classified as held for sale	(341,279)	-
Foreign currency translation adjustment	689,069	(206,490)
Closing balance	4,153,602	7,396,259

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 this Financial Information.

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:

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.

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.

Convertible loans

The Company has issued loan notes which are convertible to share capital at the option of the holder. The fair valuation of the liability component involves making critical estimates relating to the effective interest rate used for a similar loan without the conversion option. These assumptions have been described in more detail in Note 25.

Recognition of contingent liabilities

The Company recognised contingent liabilities of $441,374 from 1 January 2015 to 31 October 2017 relating to management fees payable to the Company's founders. These amounts were payable conditional on initial public offering or acquisition of the Company. Management recognised these liabilities on the balance sheet due to the likelihood of the conditions being met. These liabilities were paid subsequent to completion of the London listing, and have been described in more detail in Note 26.

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

3. CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS - continued

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 15 for detail on the Level 3 valuation process.

Level 3 financial assets held at fair value through profit or loss have a carrying value of $4,153,602 at 31 December 2020. The Company recorded a fair value adjustment of $100,814 (£75,000) in the year, and transferred ($341,279) £275,000 of mining assets to Assets classified as held for sale (Refer to note 19).

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 15.

4. REVERSE ACQUISITION AND AIM LISTING

On 1 December 2020, the Company acquired the entire issued share capital not already owned of BrandShield Limited, a private company incorporated in Israel, by way of a share for share exchange.

Although the transaction resulted in BrandShield Limited becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse acquisition in as much as the shareholders of BrandShield Limited own a substantial majority of the outstanding ordinary shares of the Company and 5 out of 6 members of the Board of Directors of the Company are BrandShield Limited shareholders and management.

4. REVERSE ACQUISITION AND AIM LISTING - continued

In substance, the shareholders of BrandShield Limited acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition. As the Company previously discontinued its investment activities and was engaged in acquiring BrandShield Limited and raising equity financing to provide the required funding for the operations of the acquisition and re-listing on the main market of the LSE, it did not meet the definition of a business according to the definition in IFRS 3.

Accordingly, this reverse acquisition does not constitute a business combination and was accounted for in accordance with IFRS 2 Share-based payment and IFRIC guidance, with the difference between the equity value given up by the BrandShield Limited shareholders and the share of the fair value of net assets gained by the BrandShield Limited shareholders charged to the statement of comprehensive income as the cost of acquiring an AIM quoted listing.

Following the completion of the transaction the Company changed its name to BrandShield Systems plc.

In accordance with reverse acquisition accounting principles, these consolidated financial statements represent a continuation of the consolidated financial statements of BrandShield Limited and include:

a. The assets and liabilities of BrandShield Limited at their pre-acquisition carrying amounts and the results for both periods; and
b. The assets and liabilities of the Company as at 31 March 2020 and it's results from 1 December to 31 December 2020.

On 1 December 2020, the Company issued 65,751,476 shares for the remaining 221,224 shares of BrandShield Limited not already owned.

On 1 December 2020, the quoted share price of BrandShield Systems plc was £0.20 and therefore this valued the investment in BrandShield Limited at $17,543,504 (£13,150,295).

Because the legal subsidiary, BrandShield Limited, was treated as the accounting acquirer and the legal Parent Company, Two Shields Investments plc, was treated as the accounting subsidiary, the fair value of the shares deemed to have been issued by BrandShield Limited was calculated at $8,640,831 (£6,477,011) based on an assessment of the purchase consideration for an 100% holding in BrandShield Systems plc.

The fair value of net assets of Two Shields Investments plc at the date of acquisition was as follows:

	$
Cash and cash equivalents	254,673
Other assets	8,192,953
Liabilities	(394,720)
Net assets	8,052,906

The difference between the deemed cost and the fair value of the net assets acquired of $612,294 has been expensed in accordance with IFRS 2, Share based payments, reflecting the economic cost to the BrandShield Limited shareholders of acquiring a quoted entity.

4. REVERSE ACQUISITION AND AIM LISTING - continued

The reverse acquisition reserve that arose from the reverse takeover is made up as follows:

	Year ended 31 December 2020 $
As at start of year	-
Pre-acquisition losses of BrandShield Systems plc (1)	(9,371,053)
BrandShield Limited issued capital at acquisition (2)	8,914,680
Investment in BrandShield Limited (3)	(21,543,250)
Reverse acquisition expense (4)	612,294
Merger reserve(5)	733,732
As at end of year	20,653,597

The movements on the Reverse acquisition reserve are as follows :

1) These consolidated financial statements present the legal capital structure of the Company . However, under reverse acquisition accounting rules, the Company was not acquired until 1 December 2020 and therefore the entry above is required to eliminate the initial retained losses of the Company.
2) BrandShield Limited had issued share capital of equivalent to $8,914,680 as at 1 December 2020. As these financial statements present the capital structure of the parent entity, the issue of equity by BrandShield Limited has been recorded in this reserve.
3) The Company issued 65,751,476 shares at £0.20 each, totalling $17,543,504 (£13,150,295) for the entire issued capital of BrandShield Limited not already owned. The above entry is required to eliminate the balance sheet impact of this transaction.
4) The reverse acquisition accounting is described in detail in note 4. The entry above represents the difference between the value of the equity issued by the Company, and the deemed consideration given by BrandShield Limited to acquire the Company.
5) BrandShield Limited had a merger reserve of $733,732 as at 1 December 2020. As these financial statements present the capital structure of the parent entity, the merger reserve on the balance sheet of BrandShield Limited has been recorded in this reserve.

5. REVENUE

	Group Year ended 31 December 2020 $	Group Year ended 31 December 2019 $
Revenue from external customers	2,589,370	1,771,423

All revenue is recognised upon completion of the ongoing performance obligations over the term of the contracts.

6. SEGMENTAL ANALYSIS

The Chief Operating Decision Maker (CODM) is considered to be the Board of Directors. They consider that the Company operates in two segments based on geographic location, the United Kingdom and Israel. The segment assets, liabilities and results for the year ended 31 December 2020 are as follows:

	United Kingdom	Israel	Total
	$	$	$
Current assets	720,000	3,324,829	4,044,829
Property, plant & equipment	-	35,872	35,872
Financial assets at fair value through profit or loss	4,153,602	-	4,153,602
Total assets	4,873,602	3,360,701	8,234,303
Liabilities	151,737	1,681,606	1,833,343
Revenue	-	2,589,370	2,589,370
Loss	(169,025)	(3,127,081)	(3,296,106)

There are no comparative segmental disclosures for the year ended 31 December 2019.

7. EXPENSES BY NATURE

	Group Year ended 31 December 2020	Group Year ended 31 December 2019
	$	$
Employee benefits excluding share-based payments	1,840,953	1,783,639
Share-based payments	945,421	116,488
Marketing and advertising	384,764	687,208
Depreciation	9,454	8,091

8. PARTICULARS OF EMPLOYEES

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

Average number of employees by function	Year ended 31 December 2020	Year ended 31 December 2019
General and administrative	4	2
Marketing and sales	5	5
R&D	5	9
Enforcement	14	7
	28	**23**

8. PARTICULARS OF EMPLOYEES - continued

The aggregate payroll costs of the above were:

	Group Year ended 31 December 2020 $	Group Year ended 31 December 2019 $	Company Period ended 31 December 2020 $	Company Year ended 31 March 2020 $
Salaries and wages	1,404,953	1,443,990	78,551	104,324
Share based payments	945,421	116,488	64,192	60,693
Social security	99,181	91,296	-	-
Other employment costs	336,818	248,353	-	-
	2,786,373	**1,900,127**	**142,743**	**165,017**

9. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	Group Year ended 31 December 2020 $	Group Year ended 31 December 2019 $	Company Period ended 31 December 2020 $	Company Year ended 31 March 2020 $
Director's remuneration				
Fees	401,749	240,000	78,551	104,324
Other employment costs	58,132	45,551	-	-
	459,881	**285,551**	**78,551**	**104,324**

Remuneration of highest paid director:

	Group Year ended 31 December 2020 $	Group Year ended 31 December 2019 $	Company Period ended 31 December 2020 $	Company Year ended 31 March 2020 $
Director's remuneration				
Fees	148,020	121,145	78,551	104,324
Other employment costs	26,434	22,992	-	-
	174,454	**144,137**	**78,551**	**104,324**

10. AUDITOR'S REMUNERATION

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

	Year ended 31 December 2020 $	Year ended 31 December 2019 $
Fees payable to the Company's auditor in relation to the audit of the Group and Company ($8,500 of which relates to fees payable to component auditors):	51,375	1,390
Fees payable to the Company's auditor for other services:		
-Tax services	3,360	-
- Other assurance services	122,993	-
	177,728	1,390

11. NET FINANCE INCOME / (EXPENSE)

	Group Year ended 31 December 2020 $	Group Year ended 31 December 2019 $
Bank deposit interest	856	-
Finance income	-	-
Interest and bank commissions	(5,106)	(21,188)
Interest to related company	-	(2,142)
Exchange rate gains/ (losses)	140,276	12,689
Interest to tax authorities	-	(8,636)
Convertible loan interest expense	(9,794)	(77,591)
	126,232	(96,868)

12. INCOME TAX

Tax charge/(credit) for the year

No liability to UK corporation tax arose on ordinary activities for the years ended 31 December 2020 and 31 December 2019.

	2020	2019
	$	$
Loss on ordinary activities before income tax	3,296,106	1,496,158
Loss on ordinary activities before tax multiplied by the weighted average rate of corporation tax for the Group of 22.05% (2019: 23%)	**726,852**	**344,116**
Tax effects of:		
Tax losses for which no deferred tax asset was recognised	(393,069)	(344,116)
Expenses not deductible	(333,783)	-
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 2020 are 19% (2019: 19%) and 23% (2019: 23%) in the UK and Israel respectively.

The Group has accumulated tax losses arising in the UK of approximately $6,153,000 (£4,507,000) in repsect of capital losses and approximately $1,877,000 (£1,375,000) in relation to operating losses. Both are available, under current legislation, to be offset against future gains and profits. The Group also has tax losses carried forward in Israel of $396,416 available, under current legislation, to be carried forward against future profits. No deferred tax asset has been recognised against these losses.

13. 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 2020 and the year ended 31 December 2019. The total number of potentially dilutive securities are 20,551,307 (2019*:6,672,118).

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

13. EARNINGS PER SHARE - continued

Reconciliations are set out below:

	Earnings $	31 December 2020 Weighted average number of shares	Per-share amount $
Basic and Diluted EPS	(3,296,106)	41,839,773	(0.08)

	Earnings $	31 December 2019 Weighted average number of shares	Per-share amount $
Basic and Diluted EPS	(1,496,158)	18,803,115	(0.08)

***prior year numbers restated following share consolidation (200 existing shares consolidated to 1 new share)

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Computers	Furniture and equipment	Leasehold improvements	Total
	$	$	$	$
Cost				
As at 1 January 2019	**46,521**	**10,550**	**13,485**	**70,556**
Additions	2,095	-	-	2,095
Disposals	-	-	-	-
Translation differences	4,066	921	1,178	6,165
As at 31 December 2019	**52,682**	**11,471**	**14,663**	**78,816**
Additions	16,201	-	-	16,201
Disposals	-	-	-	-
Translation differences	5,237	897	1,147	7,281
As at 31 December 2020	**74,120**	**12,368**	**15,810**	**102,298**
Depreciation				
As at 1 January 2019	**36,219**	**1,808**	**2,569**	**40,596**
Charge for the year	5,878	747	1,466	8,091
Disposals	-	-	-	-
Translation differences	3,166	158	224	3,548
As at 31 December 2019	**45,263**	**2,713**	**4,259**	**52,235**
Charge for the year	7,222	753	1,479	9,454
Disposals	-	-	-	-
Translation differences	4,038	263	436	4,737
As at 31 December 2020	**56,523**	**3,729**	**6,174**	**66,426**
Net book value				
As at 1 January 2019	**10,302**	**8,742**	**10,916**	**29,960**
As at 31 December 2019	**7,419**	**8,758**	**10,404**	**26,581**
As at 31 December 2020	**17,597**	**8,639**	**9,636**	**35,872**

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

	Group 31 December 2020 $	Company 31 December 2020 $	Company 31 March 2020 $
Opening balance	4,167,977	7,396,259	4,052,669
Additions	-	-	6,814,334
Disposals	-	-	(1,410,914)
Transfer to investment in subsidiary	-	(3,489,633)	-
Fair Value adjustments	(100,814)	(100,814)	(1,853,340)
Transfer to Assets Classified as Held for Sale	(341,279)	(341,279)	-
Foreign exchange	427,718	689,069	(206,490)
Closing balance	4,153,602	4,153,602	7,396,259

Financial assets include the following:

Unlisted securities	31 December 2020 $	31 March 2020 $
UK	4,153,602	3,765,742
Africa	-	402,234
Israel	-	3,228,283
	4,153,602	7,396,259

The impairment of charge of $100,814 related to the investment in **Leopard Lithium Pty Ltd**, which was transferred to Assets Classified as Held for Sale at balance date (Refer to note 19).

As at 1 December 2020, the carrying value of the Company's investment in **BrandShield Limited** of $3,489,633 was transferred to investment in subsidiary upon completion of the acquisition of the entire share capital of BrandShield Limited not already owned.

At 31 December 2020, the Directors' view of fair value of the Company's investment in **WeShop Ltd** is $4,153,602. This remains in line with the aggregate cost of investment. While WeShop remains pre revenue the Directors continue to believe that social commerce represents an exciting and authentic digital shopping opportunity, particularly post Covid which has driven more traffic on line and away from the high street. The business has been through a year of focused product development, and operating cost flexibility by off shoring the development function. The business is making significant progress in terms of a listing that would contain ground-breaking elements likely to engender excitement. While the Directors are hopeful of a deliverable transaction at an attractive valuation they consider it prudent to continue to fair value the asset at cost.

16. TRADE AND OTHER RECEIVABLES

	Group 31 December 2020 $	Group 31 December 2019 $	Company 31 December 2020 $	Company 31 March 2020 $
Trade receivables	410,265	334,516	-	-
Prepaid expenses	27,094	54,955	12,573	26,275
Advance payments made to suppliers	-	11,036	-	-
Other receivables	28,552	34,058	-	-
Loans made to portfolio companies	-	-	-	324,263
	465,911	434,565	12,573	350,538

All trade receivables are denominated in US Dollar. At 31 December 2020, trade receivables of $206,371 (2019: $206,371) were net of a provision for doubtful debts of $5,900 (2019: nil).

At 31 December 2020, trade receivables of $nil (2019: $128,145) were past due but not impaired.

The Company has previously made loans totalling £262,000 ($324,263) to investee companies, including a £250,000 ($309,411) working capital loan made to WeShop. This WeShop loan was repaid to the Company on 4 September 2020.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT ASSETS

Equity securities

	Group 31 December 2020 $	Group 31 December 2019 $	Company 31 December 2020 $	Company 31 March 2020 $
Opening balance	58,298	-	58,298	95,734
Additions	-	-	-	15,223
Disposals	(42,894)	-	(42,894)	-
Revaluation losses	-	-	-	(47,780)
Foreign exchange	5,337	-	5,337	(4,879)
Closing balance	20,741	-	20,741	58,298

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.

18. CASH AND CASH EQUIVALENTS

	Group 31 December 2020 $	Group 31 December 2019 $	Company 31 December 2020 $	Company 31 March 2020 $
Bank accounts	3,196,549	360,641	325,058	356,596
Cash held in investment portfolio	1,976	-	1,976	2,438
	3,198,525	360,641	327,034	359,034

Cash at bank is held with:
- Barclays Bank PLC which is an A2 rated institution with Moody's.
- Bank Hapoalim which is an A1 rated institution with Moody's.

19. ASSETS CLASSIFIED AS HELD FOR SALE

	Group 31 December 2020 $	Company 31 December 2020 $	Company 31 March 2020 $
Investments	341,279	341,279	-
	341,279	341,279	-

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 2020, the Directors continue to consider the fair value of the Company's 14.1% investment in **Kalahari Key Mineral Exploration Company (Pty) Ltd** should remain at £175,000 ($216,588). Significant progress has been made by Kalahari Key in the drilling at the Molopa Farms project throughout 2020. More recently, Power Metal Resources, an AIM quoted investor in Kalahari Key, announced that Kalahari Key's intent is to list in its own right on a London exchange. The key highlights of that announcement were:

- Kalahari Key will remain a single project holding company and continue to manage the MFC project, and a new local board will be established including at least one director from Power Metal Resources.
- The share capital of Kalahari Key will be restructured to reflect a new ownership structure for the MFC Project with 60% of Kalahari Key shares held by existing Kalahari Key shareholders and 40% of shares held by Power Metal.
- The above 60% Kalahari Key shareholding will be held through a newly formed UK plc ("Newco") in which existing Kalahari Key shareholders (including Power Metal) will have the same percentage ownership interest as currently held in Kalahari Key.

The Board is hopeful of this investment generating considerable upside in the coming months.

19. ASSETS CLASSIFIED AS HELD FOR SALE - continued

As at 31 December 2020, the Directors consider the fair value of the Company's 11.6% holding in **Leopard Lithium Pty Ltd** to be $102,384, representing an impairment of $100,814 against the prior year fair value. The Company's holdings in Leopard Lithium (an Australian private company) have been diluted due to Leopard Lithium securing further financing from new shareholders. Leopard Lithium currently holds exploration licenses prospective for lithium in West Africa. Due to wider market disruption associated with COVID-19, plans to raise additional funds from the Australian Stock Exchange were deferred and the business continues to be funded privately. The Company's holding in Leopard Lithium now stands at 11.6% and although the carrying value has been impaired from $203,198 to $102,384, the Directors remain optimistic of a public listing event and the vending in of further assets given the resurgence in battery metals over the last few months. Leopard Lithium's management's intent remains to list on the ASX in 2021 and to identify further battery metals and gold projects that could be acquired either pre or post an IPO transaction.

As at 31 December 2020, 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 2020, the Directors consider the fair value of the Company's 2% investment in **International Mining Company Invest Inc.** ("IMC") to remain at nil. The business specialises in the extraction of uranium from surface soils in Kyrgyzstan. The local government has recently passed legislation forcing uranium extraction to cease in the country. The Directors believe that the situation is likely to reverse at some point in the future and that companies like IMC (which do not undertake disruptive mining and excavation but rather cleanse uranium from surface materials) will likely be permitted to recommence operations.

As at 31 December 2020, the Directors consider the fair value of the Company's 29.9% investment in **International Geoscience Services Limited** ("IGS") to remain at nil.

20. INVESTMENT IN SUBSIDIARY

Name	**Address of the registered office**	**Nature of business**	**Proportion of ordinary shares held directly by parent (%)**
BrandShield Limited	HaMenofim 10 Herzliya Israel 4672561	Development of a brand protection and online threat hunting solution	100

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 $21,543,250 in respect of the subsidiary's share capital, $3,525,839 representing the discounted and undiscounted elements of an interest free loan repayable after more than 1 year's time, and $963,692 for share based payments in respect employees of the subsidiary for which no repayment is currently sought.

21. LOANS TO RELATED PARTIES

	Company 31 December 2020 $	Company 31 March 2020 $
BrandShield Limited		
- Current	208,022	-

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

Management has undertaken an impairment assessment of the loan as at 31 December 2020 and has determined that that there was no impairment required. The interest rate and impairment assessment are reviewed on an annual basis.

22. SHARE CAPITAL

Group	Number of Ordinary shares	Number of Deferred shares*	Share capital	Share premium	Total
			$	$	$
As at 1 January 2020	234,590	-	678	5,859,765	5,860,443
Conversion of loans	43,459	-	187	3,054,050	3,054,237
Transfer of BrandShield Limited paid up capital to Reverse Acquisition Reserve 1 Dec 2020	(278,049)	-	(865)	(8,913,815)	(8,914,680)
Issued capital of BrandShield Systems Plc at acquisition 1 Dec 2020	32,385,056	32,385,056	8,155,038	7,197,504	15,352,542
Issue of shares for acquisition of subsidiary 1 Dec 2020	65,751,476	-	877,175	16,666,329	17,543,504
Issue of shares for cash 1 Dec 2020	16,000,000	-	214,054	3,868,362	4,082,416
Fair value of broker warrants	-	-	-	(386,388)	(386,388)
Expiry of warrants	-		-	7,487	7,487
As at 31 December 2020	114,136,532	32,385,056	9,246,267	27,353,294	36,599,561

The issued capital of the Group for the period 1 January 2019 to 1 December 2020 is that of BrandShield Limited. Upon completion of the acquisition the share capital of BrandShield Limited was transferred to the Reverse acquisition reserve (see note 4) and the share capital of BrandShield Systems Plc was brought to account.

*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 be issued in respect of the Deferred Shares, and they were not admitted to trading on AIM.

22. SHARE CAPITAL - continued

Company	Number of Ordinary shares	Number of Deferred shares*	Share capital $	Share premium $	Total $
As at 1 April 2019	2,088,174,497	-	2,723,223	6,671,392	9,394,615
Issue of shares	4,388,836,634	-	5,431,815	544,910	5,976,725
Expiry of warrants	-	-	-	38,556	38,556
Fair value of placing warrants	-	-	-	(57,354)	(57,354)
As at 31 March 2020	6,477,011,131	-	8,155,038	7,197,504	15,352,542
Issue of shares for rounding purposes	69	-	-	-	-
200 for 1 share consolidation	(6,444,626,144)	32,385,056	-	-	-
Issue of shares for acquisition of subsidiary 1 Dec 2020	65,751,476	-	877,175	16,666,329	17,543,504
Issue of shares for cash 1 Dec 2020	16,000,000	-	214,054	3,868,362	4,082,416
Fair value of broker warrants	-	-	-	(386,388)	(386,388)
Expiry of warrants	-	-	-	7,487	7,487
As at 31 December 2020	114,136,532	32,385,056	9,246,267	27,353,294	36,599,561

*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 be issued in respect of the Deferred Shares, and they were not admitted to trading on AIM.

On 1 December 2020, pursuant to approval at a General Meeting of Shareholders, the Company's issued capital was consolidated on a 200 for 1 basis. The New Consolidated Ordinary shares were then sub-divided into one New Ordinary Share of 1 pence and one Deferred Share of 19 pence each.

On 1 December 2020, pursuant to approval at a General Meeting of Shareholders, the Company issued 65,751,476 Ordinary Shares at a deemed price of 20 pence per share as consideration to the purchase of the entire share capital of BrandShield Limited.

On 1 December 2020, pursuant to approval at a General Meeting of Shareholders, the Company issued 16,000,000 Ordinary Shares at 20 pence per share by way of a private placement raising $4,120,505 (£3,200,000). Costs associated with the placing totalled $198,669 (£148,500).

23. OTHER RESERVES

Group	Shares to be issued	Merger reserve	Translation reserve	Share option reserve	Total
	$	$	$	$	$
Balance as at 1 January 2019	39,836	625,827	481,317	142,586	1,289,566
Exchange differences on translation	-	-	(686,528)	-	(686,528)
Shares issued	-	-	-	116,488	116,488
Loans issued	130,888	-	-	-	130,888
Exchange differences on translation	-	54,678	-	16,890	71,568
Balance as at 31 December 2019	170,724	680,505	(205,211)	275,964	921,982
Recognition of BrandShield Systems PLC equity at reverse acquisition	-	-		1,137,962	1,137,962
Transfer to reverse acquisition reserve at reverse acquisition	-	(733,732)	-	-	(733,732)
Share based payments	-	-	-	963,693	963,693
Grant of warrants and options	-	-	-	386,388	386,388
Expiry/cancellation of warrants	-	-	-	(7,487)	(7,487)
Loan conversion	(170,724)	-	-	-	(170,724)
Exchange differences on translation	-	53,227	451,756	98,377	603,360
Balance as at 31 December 2020	-	-	246,545	2,854,897	3,101,442

Company

	Translation reserve	Share option reserve	Total
	$	$	$
Balance as at 31 March 2019	271,722	1,499,733	1,771,455
Issue of share warrants (see note 27)	-	57,356	57,356
Issue of options to Directors	-	59,102	59,102
Exercise of warrants	-	(327,510)	(327,510)
Expiry of warrants	-	(38,558)	(38,558)
Cancellation of warrants	-	(112,161)	(112,161)
Exchange differences on translation	(175,596)	-	(175,596)
Balance as at 31 March 2020	96,126	1,137,962	1,234,088
Share based payments	-	963,693	963,693
Grant of warrants and options	-	386,388	386,388
Expiry/cancellation of warrants	-	(7,487)	(7,487)
Exchange differences on translation	1,295,013	78,254	1,373,267
Balance as at 31 December 2020	1,391,139	2,558,810	3,949,949

24. TRADE AND OTHER PAYABLES

Current Liabilities

	Group 31 December 2020 $	Group 31 December 2019 $	Company 31 December 2020 $	Company 31 March 2020 $
Trade payables	410,613	245,631	90,449	29,050
Amounts due to related parties	7,817	596,645	-	-
Salaries and taxes	529,096	174,994	-	-
Deferred revenue	388,457	484,522	-	-
Accruals	193,885	9,808	61,288	40,719
Royalties payable	27,719	340,410	-	-
Advances from customers	-	98,685	-	-
	1,557,587	1,950,695	151,737	69,769

At 31 December 2020, a deferred liability of $277,076 (2019: $340,410) 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 recognised7 in the balance sheet at 31 December 2019 was fully recognised as income during the current year. Deferred revenue as at 31 December 2020 is expected to be fully realised as income during within 12 months of the balance sheet date.

Non-Current Liabilities

	Group 31 December 2020 $	Group 31 December 2019 $
Liability for severance pay	26,399	30,611
Royalties Payable	249,357	-
	275,756	30,611

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

Amounts due to related parties are the fees payable to the founders of the Company. Further details of these amounts are included in Note 26.

25. CONVERTIBLE LOANS

BrandShield Limited received unsecured loans for a total amount of $2,500,000 (2020: $1,000,000, 2019: $1,150,000, 2018: $350,000). The loans bear annual interest at a rate of 2.5% annually. The loans can be converted to shares, subject to the following conditions:

a. The acquisition or merger of the Company (“M&A Transaction”).
b. The Company's shares will being placed on an Initial Public Offering (‘IPO’) on a recognised stock exchange
c. Private share raising of at least $1,500,000 in cash or kind.

The loans are converted at the lower of a price reflecting a 20% discount of the price per share of the M&A Transaction or the IPO, or $59.54. The discount is in lieu of the interest accrued on the loans. If no transaction occurs, the loan is to be settled 24 months after the date of issue.

The convertible loan recognised in the Statement of Financial Position is calculated as follows:

	2020	2019
	$	$
Face value of convertible loans:		
Issued on 11 December 2018	350,000	350,000
Issued on 1 March 2019	650,000	650,000
Issued on 4 November 2019	500,000	500,000
Issued on 3 March 2020	1,000,000	-
Equity component adjustment (Note 23)	(170,724)	(170,724)
Liability component on initial recognition	2,329,276	1,329,276
Interest expense	50,071	77,591
Reversal of equity component adjustment (Note 23)	170,724	-
Conversion in the shares	(3,054,050)	-
Exchange differences on translation	503,979	1,529
Liability component at 31 December	-	1,408,396

The present value of the liability was calculated using cash flows discounted at a rate based on a borrowings rate of 9%, estimated as being a market value interest for similar loans without the conversion option. The difference between the book value and present value is recognised in equity.

The interest expense shown is the unwinding of the present value and represents the interest at 9%. The 2.5% payable is not accrued as this is not payable in the event of a transaction which is considered by the Directors to be highly likely.

On 1 December 2020, the entire loans totalling $2,500,000 were converted in to 43,459 shares in Brandshield Limited at deemed prices of $47.63 and $59.54 each.

26. RELATED PARTY DISCLOSURES

In addition to remuneration to Directors as disclosed in Note 9, the following related party transactions occurred during 2020:

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 directors in common. Furthermore, the two parties share a number of operational costs, including sharing rental costs. The expenditure is incurred in the Related Party and recharged to BrandShield Limited each month. The amounts payable to the Related Party as at the year ended 31 December 2020 and 2019 were $5,673 and $152,802 respectively. During the year to 31 December, 2020 a total of $186,240 was paid to the Related Party as the reimbursement of expenses. On 22 December 2020 BrandShield Limited repaid a loan including interest to the related party of $ 120,612 (NIS 390,059).

On 12 April 2016 as part of a special general shareholders assembly it was agreed that the Company's founders, namely, Yoav Keren, Yuval Zantkeren and David Friedman will be eligible for monthly management fees for their services to BrandShield Limited, retrospectively, starting from 1 January 2015 at a total sum of 540,000 NIS ($150,066) per year. Repayment was due upon one or more of the following:

a. The acquisition or merger of the Company.
b. The joining of a new investor that will agree to pay for the management fees.
c. The Company will create sufficient profits to pay for the management fees.
d. The Company's shares will be placed on an Initial Public Offering on a recognised stock exchange.

On 2 November 2017 the general assembly approved that the Company founders as mentioned above will be eligible for salary on continuous basis instead of management fees starting on 1 November 2017. These amounts were repaid 50% in advance of the RTO and 50% at the RTO out of existing Company funds.

Below is the composition of the liability accumulated to the founders as at 31 December:

	2020	2019
	$	$
Yoav Keren	-	176,650
Yuval Zantkeren	-	176,650
David Friedman	-	88,275
	-	441,575

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 $1,909,114 (2019:$116,488), $945,421 (2019: $116,488) has been charged to the profit or loss account and $963,693 (2019: $nil) to share premium.

17,346,684 options or warrants were issued during the period ended 31 December 2020 with an average exercise price of 8.84 pence (2019*: 32 pence).
*prior year numbers restated following share consolidation (200 existing shares consolidated to 1 new share)

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	6,672,118	$0.4965
Granted during the year	17,346,684	$0.1188
Exercised during the year	-	-
Expired/ forfeited in the year	(3,467,495)	$0.7063
Outstanding at the end of the period	20,551,307	$0.1681
Exercisable at the end of the year	18,481,758	$0.1678

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:

Grant date	**1 Dec 2020**	**1 Dec 2020**	**1 Dec 2020**	**1 Dec 2020**
- No. of options/warrants granted	991,006	2,080,517	2,409,833	1,058,984
- Share price at grant date	$0.2475	$0.2475	$0.2475	$0.2475
- Exercise price at grant date	$0.0535	$0.2047	$0.0134	$0.1156
- Risk free rate	1.1%	1.1%	1.1%	1.1%
- Option life	3 years	3 years	3 years	3 years
- Expected volatility	50.0%	50.0%	50.0%	50.0%
- Expected dividend yield	0%	0%	0%	0%
- Fair value of option/ warrant	$0.1872	$0.0966	$0.0323	$0.0322

27. SHARE-BASED PAYMENT TRANSACTIONS – continued

Grant date	1 Dec 2020	1 Dec 2020	1 Dec 2020	1 Dec 2020
- No. of options/warrants granted	454,742	1,374,627	222,912	297,216
- Share price at grant date	$0.2475	$0.2475	$0.2475	$0.2475
- Exercise price at grant date	$0.1156	$0.1156	$0.1156	$0.1156
- Risk free rate	1.1%	1.1%	1.1%	1.1%
- Option life	6.5 years	7 years	7.25 years	8 years
- Expected volatility	50.0%	50.0%	50.0%	50.0%
- Expected dividend yield	0%	0%	0%	0%
- Fair value of option/ warrant	$0.0617	$0.0989	$0.0383	$0.0284

Grant date	1 Dec 2020	1 Dec 2020	1 Dec 2020	1 Dec 2020	1 Dec 2020
- No. of options/warrants granted	74,304	387,571	2,706,752	1,697,701	720,000
- Share price at grant date	$0.2475	$0.2475	$0.2475	$0.2475	$0.2475
- Exercise price at grant date	$0.1156	$0.134	$0.1156	$0.1156	$0.3345
- Risk free rate	1.1%	1.1%	1.1%	1.1%	1.1%
- Option life	8.5 years	8.5 years	9 years	9 years	10 years
- Expected volatility	50.0%	50.0%	50.0%	50.0%	50.0%
- Expected dividend yield	0%	0%	0%	0%	0%
- Fair value of option/ warrant	$0.0363	$0.0585	$0.1675	$0.1043	$0.1245

For detail on the prior year options in issue, see the March 2020 financial report.
Share options and warrants outstanding at the end of the year have the following expiry dates:

Grant date	Exercise date	Number of shares
21 February 2018	28 March 2021	1,082,118
28 April 2018	28 April 2021	50,000
12 March 2018	12 March 2021	250,000
8 March 2019	8 March 2021	90,000
1 April 2019	1 April 2022	1,500,000
1 November 2019	1 November 2022	150,000
25 February 2020	25 February 2022	350,000
1 December 2020	1 December 2023	991,006
1 December 2020	1 December 2023	2,603,024
1 December 2020	1 December 2023	2,080,517
1 December 2020	4 December 2023	2,409,833
1 December 2020	31 December 2023	1,058,984
1 December 2020	11 May 2027	454,742
1 December 2020	1 January 2028	1,374,627

1 December 2020	1 April 2028	222,912
1 December 2020	1 November 2028	297,216
1 December 2020	1 May 2029	74,304
1 December 2020	9 June 2029	387,571
1 December 2020	1 November 2029	2,706,752
1 December 2020	1 January 2030	1,697,701
1 December 2020	1 December 2030	720,000
		20,551,307

28. ADJUSTMENTS ARISING FROM TRANSITION TO IFRS

The financial statements have historically been prepared under Israeli GAAP. The Israeli GAAP financial statements have transitioned to IFRS for the purposes of inclusion in the Admission Document and as such the first period of transition was the year ended 31 December 2017. The transition to IFRS resulted in the following changes:

Under Israeli GAAP, convertible loans are treated as regular loans with no equity element recognised. Under IFRS, the convertible loans are split between liabilities and equity. In order to estimate the equity element, the loans were discounted to present value using an effective interest rate of 9%, being the standard interest rate for a US$ business loan of a similar size. The difference between this present value and the cash value of the loan is recognised in equity. The effective interest is unwound over the term of the loan and expensed to the Income Statement. Details of the convertible loans are provided in Note 25.

Under Israeli GAAP, no expense needs to be recognised for share-based payments. Under IFRS 2, the fair value of the share options must be calculated and the cost of these spreads out over the vesting period of the options. Details of the share-based payments and methods of estimation are provided in Note 27.

Included within liabilities are amounts payable to the Israeli Chief Scientist. In 2011, 2012 and 2013, the Company was provided with government grants amounting to 2,563,974 NIS in total. Under the terms of the government scheme, the Company must repay the grant by paying 3% of annual online website monitoring revenue to the government. Under Israeli GAAP, only the provision related to the current year's revenues are recognised. Under IFRS, the total value of the repayment should be recognised at its fair value, being the present value of expected repayments. The fair value has been estimated by forecasting revenues into perpetuity and calculating the timing and amount of repayment each year based off this forecast. Management has forecast future revenues with reference to the previous year's performance and has assumed no revenue growth. Given difficulty in separately identifying the annual online website monitoring revenue, management has prudently estimated the future repayments based on total revenue. These repayments are then discounted to present value at 9%, being the cost of capital used to discount the convertible loans, and recognised as a liability.

The table below shows the impact of the above adjustments and the overall impact of transitioning from Israeli GAAP to IFRS.

	31 December 2020	31 December 2019	31 December 2018	31 December 2017	As 1 1 January 2017
	$	$	$	$	$
Increase/(Decrease) in assets	-	-	-	-	-
Increase/(Decrease) in liabilities	34,920	70,618	229,856	92,297	371,744

Increase/(Decrease) in loss after tax/ retained earnings	955,594	148,497	325,062	21,468	371,744

29. 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.

30. EVENTS AFTER THE REPORTING PERIOD

During the period from January to April 2021, warrants were exercised by holders which resulted in 3,594,389 ordinary shares being issued for a total consideration of $316,617 (£228,091).