

PQSHIELD LTD

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2023

PQSHIELD LTD
REGISTERED NUMBER: 11388567

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	4	178,571	149,393
		178,571	149,393
Current assets			
Debtors: amounts falling due within one year	6	2,008,994	1,424,694
Cash at bank and in hand	7	5,659,702	11,956,693
		7,668,696	13,381,387
Creditors: amounts falling due within one year	8	(689,621)	(483,347)
Net current assets		6,979,075	12,898,040
Total assets less current liabilities		7,157,646	13,047,433
Net assets		7,157,646	13,047,433
Capital and reserves			
Called up share capital	9	371	369
Share premium account	10	19,464,936	19,423,480
Foreign exchange reserve	10	14,473	8,035
Share based payment reserve	10	3,753,529	3,017,065
Profit and loss account	10	(16,075,663)	(9,401,516)
		7,157,646	13,047,433

PQSHIELD LTD
REGISTERED NUMBER: 11388567

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2023

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

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

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

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

A El-Kaafarani
Director

Date: 25 June 2024

The notes on pages 9 to 16 form part of these financial statements.

PQSHIELD LTD
REGISTERED NUMBER: 11388567

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	4	162,711	141,402
Investments	5	1,816	1,816
		164,527	143,218
Current assets			
Debtors: amounts falling due within one year	6	2,059,711	1,644,534
Cash at bank and in hand	7	5,298,763	11,527,461
		7,358,474	13,171,995
Creditors: amounts falling due within one year	8	(975,686)	(496,159)
		6,382,788	12,675,836
Net current assets		6,382,788	12,675,836
Total assets less current liabilities		6,547,315	12,819,054
Net assets		6,547,315	12,819,054
Capital and reserves			
Called up share capital	9	371	369
Share premium account	10	19,464,936	19,423,480
Other reserves	10	3,753,529	3,017,065
Profit and loss account brought forward		(9,621,860)	(5,628,691)
Loss for the year		(7,049,661)	(3,993,169)
		(16,671,521)	(9,621,860)
Profit and loss account carried forward		6,547,315	12,819,054

PQSHIELD LTD
REGISTERED NUMBER: 11388567

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2023

The director considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

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

A EI-Kaafarani
Director

Date: 25 June 2024

The notes on pages 9 to 16 form part of these financial statements.

PQSHIELD LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Share based payment reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2023	369	19,423,480	8,035	3,017,065	(9,401,516)	13,047,433	13,047,433
Loss for the year	-	-	-	-	(6,674,147)	(6,674,147)	(6,674,147)
Currency translation differences	-	-	6,438	-	-	6,438	6,438
Share based payment charge	-	-	-	736,464	-	736,464	736,464
Shares issued during the year	2	41,456	-	-	-	41,458	41,458
At 31 December 2023	371	19,464,936	14,473	3,753,529	(16,075,663)	7,157,646	7,157,646

The notes on pages 9 to 16 form part of these financial statements.

PQSHIELD LTD

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

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Share based payment reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2022	369	19,418,268	15,157	2,760,608	(5,426,080)	16,768,322	16,768,322
Loss for the year	-	-	-	-	(3,975,436)	(3,975,436)	(3,975,436)
Currency translation differences	-	-	(7,122)	-	-	(7,122)	(7,122)
Share based payment charge	-	-	-	256,457	-	256,457	256,457
Shares issued during the year	-	5,212	-	-	-	5,212	5,212
At 31 December 2022	<u>369</u>	<u>19,423,480</u>	<u>8,035</u>	<u>3,017,065</u>	<u>(9,401,516)</u>	<u>13,047,433</u>	<u>13,047,433</u>

The notes on pages 9 to 16 form part of these financial statements.

PQSHIELD LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2023	369	19,423,480	3,017,065	(9,621,860)	12,819,054
Loss for the year	-	-	-	(7,049,661)	(7,049,661)
Share based payment charge	-	-	736,464	-	736,464
Shares issued during the year	2	41,456	-	-	41,458
At 31 December 2023	<u>371</u>	<u>19,464,936</u>	<u>3,753,529</u>	<u>(16,671,521)</u>	<u>6,547,315</u>

The notes on pages 9 to 16 form part of these financial statements.

PQSHIELD LTD

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

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2022	369	19,418,268	2,760,608	(5,628,691)	16,550,554
Loss for the year	-	-	-	(3,993,169)	(3,993,169)
Shared based payment charge	-	-	256,457	-	256,457
Shares issued during the year	-	5,212	-	-	5,212
At 31 December 2022	369	19,423,480	3,017,065	(9,621,860)	12,819,054

The notes on pages 9 to 16 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. General information

PQShield Ltd is a private company limited by share capital and incorporated in England and Wales.

The registered office is at: 267 (Prama House) Banbury Road, Summertown, Oxford, OX2 7HT.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

2.3 Revenue

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

Rendering of services

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

2.4 Operating leases: the Group as lessee

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

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

2.5 Government grants

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

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.8 Taxation

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

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

2.9 Tangible fixed assets

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Office equipment	-	33%
Computer equipment	-	33%

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

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

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

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

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Employees

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

	2023 No.	2022 No.
Employees	<u>32</u>	<u>21</u>

4. Tangible fixed assets

Group

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2023	193,374	9,826	203,200
Additions	103,089	11,962	115,051
Disposals	(7,202)	-	(7,202)
At 31 December 2023	<u>289,261</u>	<u>21,788</u>	<u>311,049</u>
Depreciation			
At 1 January 2023	51,971	1,836	53,807
Charge for the year on owned assets	77,355	4,091	81,446
Disposals	(2,776)	-	(2,776)
At 31 December 2023	<u>126,550</u>	<u>5,927</u>	<u>132,477</u>
Net book value			
At 31 December 2023	<u>162,711</u>	<u>15,861</u>	<u>178,572</u>
At 31 December 2022	<u>141,403</u>	<u>7,990</u>	<u>149,393</u>

PQSHIELD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. Tangible fixed assets (continued)

Company

	Office equipment £
Cost or valuation	
At 1 January 2023	193,374
Additions	103,089
Disposals	(7,202)
	289,261
At 31 December 2023	289,261
 Depreciation	
At 1 January 2023	51,971
Charge for the year on owned assets	77,355
Disposals	(2,776)
	126,550
At 31 December 2023	126,550
 Net book value	
At 31 December 2023	162,711
At 31 December 2022	141,403

5. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2023	1,816
	1,816
At 31 December 2023	1,816

PQSHIELD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
PQShield Inc	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, DE 19801	Ordinary	100%
PQShield SAS	259 rue Saint Honoré, Paris, 75001	Ordinary	100%
PQShield B.V	Keizersgracht 62, Amsterdam, 1015CS	Ordinary	100%

6. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	7,855	61,154	-	61,154
Amounts owed by group undertakings	-	-	397,314	453,917
Other debtors	220,012	89,615	175,034	70,081
Prepayments and accrued income	297,516	175,471	290,612	171,394
Tax recoverable	1,483,611	1,098,454	1,196,751	887,988
	<u>2,008,994</u>	<u>1,424,694</u>	<u>2,059,711</u>	<u>1,644,534</u>

7. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	5,659,702	11,956,693	5,298,763	11,527,461
Less: Credit Card	(7,090)	-	-	-
	<u>5,652,612</u>	<u>11,956,693</u>	<u>5,298,763</u>	<u>11,527,461</u>

PQSHIELD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. Creditors: amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank overdrafts	7,090	-	-	-
Trade creditors	162,380	145,511	155,388	129,821
Amounts owed to group undertakings	-	-	524,908	134,825
Corporation tax	2,940	5,563	-	-
Other taxation and social security	197,436	133,782	148,104	110,848
Other creditors	38,780	61,800	(642)	38,877
Accruals and deferred income	280,995	136,691	147,928	81,788
	<u>689,621</u>	<u>483,347</u>	<u>975,686</u>	<u>496,159</u>

9. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
63,025 (2022 - 61,209) Ordinary shares of £0.001 each	63	61
46,263 (2022 - 46,263) Series Seed I shares of £0.001 each	46	46
120,223 (2022 - 120,223) Series Seed II shares of £0.001 each	120	120
141,536 (2022 - 141,536) Series A shares of £0.001 each	142	142
	<u>371</u>	<u>369</u>

During the year, 1,816 Ordinary shares of £0.001 each were issued during the year a for total consideration of £41,458.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

10. Reserves

Share premium account

The share premium account represents premiums received on the initial issuance of share capital. Incremental costs directly attributable to the new share capital are shown as a deduction, net of tax, from the share premium account.

Foreign exchange reserve

The foreign exchange reserve is the accumulated exchange gains or losses on translation of foreign subsidiaries during consolidation at the year end date.

Share based payment reserve

The share based payment reserve represents the cumulative amount which has been expensed in the Statement of Comprehensive Income in connection with equity settled share based payments, less any amounts transferred to the retained earnings on the exercise of share options.

Profit and loss account

The profit and loss account includes all current and prior results disclosed in the Statement of Comprehensive Income.

11. Share-based payments

During the year 4,235 (2022: 77,727) EMI and unapproved share options were granted. Included within the profit and loss is an amount of £736,464 (2022: £256,457) as an estimation of the share based payment charge.

12. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £134,822 during the accounting year (2022: £87,470). Contributions of £nil (2022: £20,647) were payable to the fund at the balance sheet date.

13. Post balance sheet events

The company closed a Series B fundraise in April 2024, issuing 190,654 shares and total consideration received of £29 million. The Series B was led by Addition Three, L.P. with participation from new investors Chevron Technology Ventures, Legal & General and Braavos Investment Advisors together with existing backers, Oxford Science Enterprises.

14. Controlling party

The company is controlled by the sole director.

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