Gaining significant momentum

shield therapeutics

Why invest?

We deliver innovative and differentiated specialty pharmaceuticals that address a significant unmet need for patients suffering from iron deficiency, with or without anaemia. Our lead product Accrufer®/Feraccru® (ferric maltol) is broadly indicated for use in adults across multiple therapeutic categories.

1 **Large US defined market**

- ~20 million individuals with or without anaemia
- Large defined, and penetrable, iron deficiency market in the US ripe for disruption

2 **FDA-approved potential best-in-class solution**

- Shield filling unmet need, with proprietary FDA approved oral iron solution Accrufer® with highly tolerable, low side effect solution, in contrast to conventional irons

3 **Established commercial infrastructure**

- Collaborative Sales Agreement with Viatris, driving strong prescription growth
- Accrufer® is set to become the leading oral iron prescription medicine in the US market share by 2027

4 **Strong Capital Management**

- Cash flow positive with existing resources by H2 2025
- Growth capital of c.$26 million+
- $20 million credit facility with SWK Holdings, Inc
- $6.4 million in equity raise and warrant conversion
- $1.3 million in equity available for retail take up
- $10 million accounts receivable financing with Sallyport Commercial Finance

5 **Strong Management Team**

- Poised to build the business and drive market adoption and revenue growth in the US & Rest of World
- Senior leadership team has extensive US commercial experience in building brands and launching new products

About us

Business highlights

The operational progress made by Shield and its partnership with Viatris to create a new 100-person sales team, increase payer coverage, launch new brand campaigns, and ultimately deliver a tripling of US Accrufer® prescriptions and revenues in 2023 – has been notable. In addition, recent market research reaffirms the unmet need in Accrufer's® target patient population, as healthcare professionals and patients continue to seek a well-tolerated and effective oral iron. During the fourth quarter of 2023, Shield strengthened its sales leadership and marketing organisations which will help drive more focused execution and prescription growth. The Company has also seen positive improvements in its gross-to-net in 2023 and expects that to accelerate further in 2024.

Total revenue growth

Total revenues and other income

$17.5m

($6.2m in 2022)

- $11.6m Accrufer® revenue 3.1 x over 2022
- $1.5m Ex-US Royalty Revenue
- $4.4m other income revenue including Viatris upfront payments

Improve Accrufer® gross to net

Accrufer® prescriptions

77k

(25.2k in 2022)

- 21% increase in average net sales per prescription in H2 2024 vs H1 2025
- >3x growth in TRX in 2023 vs 2022
- $145 – average net sales per prescription in H2 2023 ($119 in H1 2023)

Capital management

Cash and cash equivalent for year-end 2023

$13.9m

($3.5m at year-end 2022)

- Fully repaid convertible shareholder loan from AOP Health
- Added $20m, long-term-loan from SWK Holdings
- Added $29m from equity raises

Contents

At a glance

Delivering innovation

Shield is a commercial stage pharmaceutical company with a focus on addressing iron deficiency with its lead product Accrufer®/ Feraccru® (ferric maltol), a novel, stable, non-salt-based oral therapy for adults with iron deficiency, with or without anaemia.

Shield's proprietary lead product, Accrufer®/Feraccru®, has been approved for use in the US, the EU, the UK, Australia and Switzerland. The product has patent coverage until the mid-2030s. The Group launched Accrufer® in the US with an exclusive, multi-year collaboration agreement with Viatris Inc. Feraccru® is commercialised in the UK and European Union by Norgine B.V., that also have the marketing rights in Australia and New Zealand. Shield also has an exclusive licence agreement with Beijing Aosaikang Pharmaceutical Co., Ltd., for the development and commercialisation of Accrufer®/Feraccru® in China, Hong Kong, Macau and Taiwan, with Korea Pharma Co., Ltd. for the Republic of Korea, and with KYE Pharmaceuticals Inc. for Canada.

Corporate history and milestones

2024

2024
- Secured a $10m accounts receivable financing with Sallyport Commercial Finance
- Signed an amendment to improve the revenue covenants associated with the existing SWK $20m debt financing

2023
- Growth capital of c.$49m+
- $20m credit facility with SWK Holdings, Inc
- $29m in equity raises and warrant conversion

2022
- Licence Agreement in Canada for Accrufer® with KYE Pharmaceuticals
- Execution of convertible shareholder loan of $10m from AOP Health
- Execution of Collaborative Sales Agreement for Accrufer® in US with Viatris

2021
- Completion of $38m ($27m) equity raise
- US Launch of Accrufer®
- Licence Agreement in Korea for Accrufer® with Korea Pharma

2020
- Licence Agreement in China for Feraccru® with ASK Pharma

2019
- FDA approves Accrufer® for treatment of iron deficiency in adults

2018
- Licence Agreement in Europe, Australia and New Zealand for Feraccru® with Norgine
- Completion of Phase III study in CKD (US NDA enabling)

2016
- Issuance of marketing authorisation for Feraccru® by EMA
- Admission to London Stock Exchange's AIM Market

2013
- Completion of Phase III study in IBD (EU MAA-enabling)

2011
- VC funding with investment from W Health (Inventages)

2010
- Commitment by first corporate investor (AOP Health)
- Acquisition of ST10 asset from Vitra Pharma

2008
- Shield Therapeutics Limited formed and registered in the UK

2008

Chairman and Chief Executive Officer's joint statement

Major step forward in 2023

Hans Peter Hasler
Chairman

Greg Madison
Chief Executive Officer

> "Our growth journey for Shield Therapeutics took a major step forward in 2023 following a successful organisational expansion and new launch of Accrufer® in the US."

Our growth journey for Shield Therapeutics took a major step forward in 2023 following a successful organisational expansion and new launch of Accrufer® in the US with our partner Viatris Inc. This expanded reach and access to additional resources provides a strong opportunity to continue our mission for making Accrufer® the oral iron of choice for patients with iron deficiency, with or without anaemia (ID/IDA). On the clinical side, we expect to complete enrolment of our paediatric study in 2024, and subject to regulatory approval this would open up additional opportunities in patients under 18 years of age. On the ex-US partnering front, we expect to achieve key milestones in the coming year in Canada, Korea and China as we seek to make ferric maltol available across the globe.

Like a lot of growing businesses, we have encountered a number of challenges through the year including a tighter financing environment, a volatile stock price and some variability in the speed of growth of our US business following the full sales force launch in May 2023. One of the things I am proud of is the Shield team's resilience and our focus on what it takes to achieve our mission to make Accrufer® the oral iron of choice for patients with ID/IDA.

In the US, the Company went through a significant commercial expansion in the first half of 2023, hiring our first direct sales team of 50 sales professionals along with six regional sales managers, all of whom are promoting Accrufer® to healthcare professionals. Our partner Viatris did the same, and by May we had the full team of 100 sales professionals promoting Accrufer® to approximately 12,000-13,000 HCPs. Awareness about Accrufer® as an option to treat ID/IDA among the vast majority of these HCPs remains quite low, and the objective of this expanded team is simple: increase awareness of Accrufer®, generate prescriptions from these HCPs, and allow patients to experience the benefits we believe Accrufer® can provide.

Over the course of the year, we tripled total prescriptions to over 77,000, an increase of 3.1x as compared to all of 2022. Shield announced a prescription reporting issue from our third party data provider earlier in the year, but we have worked closely with our third-party data provider to rectify this and also implemented an enhanced multi-source system. First time writers of Accrufer® saw a dramatic increase with 167% writing for the product for the first time in 2023. The feedback on the product we hear from physicians through our sales team continues to be very positive. All of these metrics provide us additional confirmation in two key areas. First, that there is a need from HCPs and patients for an effective and well tolerated oral iron. Second, Accrufer® is highly promotionally sensitive, so the more HCPs we can reach with sales and marketing efforts, the faster awareness can increase and the opportunity increases to grow our prescriber base. While we have made progress over the first 6+ months of this new commercial launch, there is much opportunity still ahead of us.

On the financial side, we generated a total of $11.6 million in US net revenues for Accrufer® with the bulk of those net sales coming in the second half of the year following the commercial expansion. We also set out to increase our net revenue per prescription, and saw that increase to $145/Rx in the second half of the year vs $119/Rx in the first half of the year. We have a number of initiatives directed to this goal coming in 2024, and expect this to continue to increase while we grow our total prescriptions.

Our partnership with Viatris in the US was initiated in 2023 and has progressed positively throughout the course of 2023. Both organisations are focused on strategic alignment, excellent communication, strong collaboration and focused execution. Together, we remain steadfast in our commitment to making Accrufer® the oral iron of choice in the US.

Chairman and Chief Executive Officer's joint statement continued

All of the accomplishments and growth we experienced during 2023 would not be possible without a strong team here at Shield. As we scaled up our sales organisation significantly in the first half of 2023, we added additional talent across human resources, information technology and sales operations to help support our expanded team. Andy Hurley joined us as our Chief Commercial Officer in April of last year to lead both Shield's commercial team and the partnership with Viatris. We have a team of dedicated, smart and passionate individuals who not only share in our Company vision for Accrufer®, but also consistently display our values of agility, empowerment, collaboration and the will to succeed.

Global partnerships and development

We have a number of partnerships across the globe and our objective is to identify opportunities to bring Accrufer®/Feraccru® to patients with iron deficiency in as many markets as possible.

In Europe, where Feraccru® is commercially available to patients through our partnership with Norgine. We have a long standing relationship with Norgine, and their efforts are primarily concentrated in those countries where we have positive reimbursement, specifically Germany, UK and the Nordics. During 2023, we saw 10% growth in packs sold, and a corresponding increase of 33% in our royalty revenue. For several years, the focus of the marketing and sales efforts for Feraccru® has been toward the gastrointestinal specialty. More recently, it has become clear that the oral iron market in many countries is similar to that of the US, with women' health "OB/GYN" and General Practitioner representing the bulk of oral iron prescriptions written. The Norgine team in Germany has already begun their pivot towards a more focused selling and marketing approach to OB/GYNs with some success. We continue to work with our partner to drive further depth into these specialties not only in Germany but in other markets as well.

Excellent progress continues to be made in our development stage partnerships in Canada, Republic of Korea and China. In Canada, our partner KYE Pharmaceuticals filed for regulatory approval with Health Canada, and we expect a decision in 2024. The team at KYE has been preparing for launch pending approval and will be ready to go in 2024. Korea Pharma, our partner in South Korea, completed the pharmacokinetic (PK) study last year, and we are awaiting results of that study in H1 2024. This is the only study that is required for a regulatory filing, and if successful, would lead to a filing for approval in the second half of 2024. Lastly, our partner in China, ASK Pharma, is enrolling patients into a Phase 3 study that is similar in design to the studies conducted by Shield leading to EMA and FDA approval. The study picked up momentum in the second half of 2023 and is targeted to complete enrolment in late 2024. Each of these markets represent a growth opportunity with many patients challenged in treating their iron deficiency. Shield receives various milestones and royalties on net sales across each of these geographies.

Paediatric study

Shield is enrolling patients in a paediatric study, which if successful, could lead to an expansion of the indication and uses for Accrufer®/Feraccru® in both US and EU markets. The study, a requirement of both FDA and EMA, is enrolling patients with iron deficiency ranging from 12 months to 17 years of age. This is another population where iron deficiency is prevalent and similar challenges to OTC irons exist. As part of this study, Shield is using a new liquid formulation, which, if approved may offer an alternative approach for those who can't swallow our current capsule formulation.

Outlook

Our Company went through a period of significant expansion and growth over the past twelve months, and we have dramatically increased the number of prescriptions for Accrufer® in the US as we continue to build out awareness of the product and fine-tune our commercial efforts. We see an oral iron market which has clear needs based on physician and patient feedback for a product that delivers both effectiveness and tolerability. As we move into 2024, we will come up on the one-year anniversary of our full commercial launch alongside Viatris, and expect our commercial execution to continue to improve. We have exciting plans to add additional resources in the areas of marketing and patient access programmes, which we believe will help achieve continued growth in prescriptions along with our continued improvement in financial metrics. We should complete our paediatric study during 2024, opening up expansion opportunities in both the US and EU in future years. Lastly, our ex-US partnerships continue to progress not only making Accrufer®/Feraccru® available around the globe, but also adding to our revenues through both milestones and royalties.

Hans Peter Hasler
Chairman
10 May 2024

Greg Madison
Chief Executive Officer
10 May 2024

Strategy

Progressing with our strategy

Our strategic pillars

1 Make Accrufer® the brand leader in oral iron therapy in the US

- Redefine expectations of oral iron therapy
- Increase brand awareness
- Build Accrufer® advocates
- Raise patient awareness
- Minimise patient barriers to access

Achievements

- 3x growth on annual US Accrufer® sales volumes of +70 thousand prescriptions
- Expanded reimbursement coverage with +120 million patients in the US via commercial and Medicaid
- Strong partnership with Viatris Inc. in scaling Accrufer® launch via a 100-person dedicated US sales force

2 Accelerate global adoption of Accrufer®/Feraccru®

- Increase adoption and payer reimbursement in Europe
- Assist current licence partner in obtaining regulatory approvals
- Identify potential partners in new markets and territories

Achievements

- Continued execution of Feraccru® in Europe
- Completion of PK study in Korea and awaiting results
- Completion of out-licensing agreement in Canada and acceptance of New Drug Submission (NDS) by Health Canada paving way for future approval

3 Identify expansion opportunities for our business

- Seek to expand indication to include paediatric patients
- Explore alternative dosing regimens and other life cycle management opportunities
- Identify in-licensing opportunities that leverage our infrastructure and fit strategically to grow our business

Achievements

- Expect to report the results of the paediatric study in iron deficiency, with or without anaemia, in the second half of 2024
- FDA approval of increase in shelf life of Accrufer® from 48-60 months

Markets

The Accrufer® opportunity: to become the oral iron treatment of choice

The iron deficiency, with or without anaemia, market, is a large, diverse and highly fragmented market driven by multiple underlying conditions of ID/IDA. Over 500 thousand HCPs prescribe more than 10 million oral IRT TRXs per year. Most of this market is flooded with oral ferrous salt products that comprise 90% of the prescriptions written for this condition in the US. Over 90% of the prescriptions written for the oral iron salt market are prescribed by primary care and OB/GYN physicians. The conventional or traditional oral iron salt, mostly ferrous-based products, are known for their poor adherence and tolerability based on the gastrointestinal adverse effects.

These ferrous salts dissociate prior to intestinal uptake and the inefficient absorption of iron results in residual free iron in the gastrointestinal tract causing a high level of adverse events to oral iron treatments. These gastrointestinal adverse effects and lack of tolerability of the conventional or traditional iron products create an unsatisfactory cycle of switches and discontinuations that ranges from 40–60%.

Accrufer® (ferric maltol) is a novel formulation of oral iron designed to treat iron deficiency with minimal gastrointestinal adverse reactions, as demonstrated during clinical trials. Unlike ferrous salts, which disassociate in the gut, Accrufer® dissociates upon uptake in the GI tract, allowing it to deliver a low dose of elemental iron to prevent and even reverse IDA (for short and long-term management), without the intolerable GI side effects. Specifically, Accrufer® was well tolerated with a less than 5% discontinuation rate, within the clinical trials that supported its regulatory approvals. As a result, Accrufer® has the potential to play a major role in this undertreated high growth iron deficiency market.

"We believe Accrufer® has the potential to be the oral iron treatment of choice for patients with ID/IDA. Over the last year, we set out to substantially increase product adoption, sales growth, physician awareness and generate positive clinical experience and expand payer coverage."

Greg Madison
Chief Executive Officer

Iron deficiency prevalence in the US

In the US, ~20 million patients are at risk of iron deficiency, with or without anaemia, across multiple therapeutic areas. These include:

Women's health
One in five US women of childbearing age are at risk of iron deficiency, with many experiencing heavy uterine or post-partum bleeding.

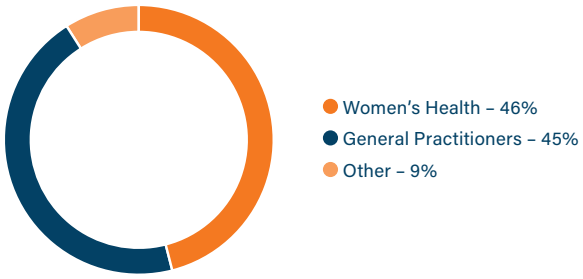
Gastrointestinal disorders
Iron deficiency affects up to three-quarters of patients with inflammatory bowel disease (IBD).

Chronic kidney disease (CKD)
There are 37 million CKD patients (dialysis and non-dialysis) in the US. Around 50% of these patients are at risk, while roughly 2.5 million patients have Stage 3 or Stage 4 CKD with iron deficiency anaemia.

Oncology
Between 32–60% of cancer patients are at risk; those with solid tumours and haematological malignancies are particularly susceptible.

Cardiology
Iron deficiency may also affect around 17% of Chronic Heart Failure (CHF) patients.

Prescriptions by specialty*



Sources: Global Data, European Medical Journal, Daiichi Sankyo annual report, LEK Consulting, CDC, EVOLUTION research and assumptions.

A market ripe for disruption

Patients with anaemia (actively diagnosed and treated)
~20m

Prescriptions per year (majority OTC iron)
13.4m

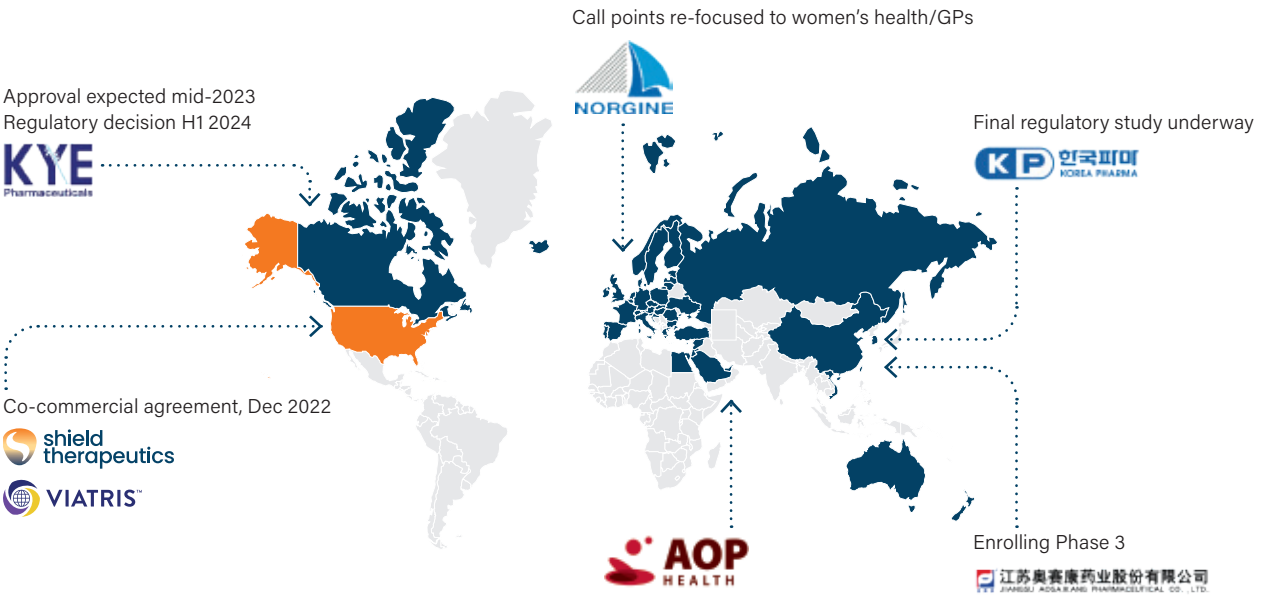
US market opportunity for iron deficiency
$2.3bn

Patent protection in US until
mid-2030s

Strategy in action: **Global partnerships**

Global partnerships continue to progress

Deals include upfronts, milestones and double-digit royalties



Global partners and pipeline update

Viatris (USA)

The Shield/Viatris commercial team has been fully operational since May 2023 and is well poised to target the 12,000+ highest prescribers. Early results, marked by strong Accrufer® growth, indicate the partnership is working extremely well. We have a 100-person combined sales team in place and are looking forward to our joint National Sales Meeting being held in 2024.

Norgine (EU+ rights)

Norgine are focused on Germany, UK and the Nordic areas with specific call points being re-focused to women's health/GPs. Data received from Norgine indicate that in 2023, the number of Feraccru® sales packs sold in Europe increased by 10.5% vs 2022.

Korea Pharma (Republic of Korea)

Korea Pharma has completed enrolment into the pharmacokinetic study, which is the only study required to support approval and we are awaiting confirmation of the results. Korea Pharma are expected to file for approval in H2 2024.

KYE Pharmaceuticals (Canada)

KYE filed a New Drug Submission for Accrufer® with Health Canada in Q1 2022 and a regulatory decision is expected in H1 2024.

Beijing Aosaikang Pharmaceutical Co. Ltd. (China, ASK Pharma)

– Patients are currently being enrolled in the pivotal Phase 3 study. It is expected that the last patient will be enrolled by the end of 2024 with NMPA decision expected in H2 2026.

Business model

How we create value

To make Accrufer® the oral iron of choice

Why patients and writers choose Accrufer®

Unmet need and unsatisfied market:
Other available oral iron treatments have a high degree of gastrointestinal-related adverse events that compromise the patient's ability to stay on these medications, resulting in a highly unsatisfied market with little to no innovation among oral iron therapies over the past two decades.

Effectiveness with tolerability:
Due to its unique maltol formulation and mechanism of action, delivering elemental iron to the small intestine, Accrufer® effectively treats iron deficiency with a lower dose of iron and results in <5% individual adverse reactions and treatment discontinuations.

Acceptable cost to patients:
Through agreements with most of the Pharmacy Benefit Management (PBM) companies and large commercial payer organisations and State-run and Managed Medicaid plans, 100M or ~40% of Eligible Lives Now have coverage for Accrufer®.

Our resources

A. FDA and EMA-approved potential best-in-class therapy
Accrufer®, an FDA-approved therapy, oral iron solution with minimal (<5%) individual gastrointestinal adverse reactions and discontinuations.

B. Collaborative commercial partnership in the US
Commercial partnership with Viatris expands commercial footprint and resources for Accrufer® in the US with a 100-person combined sales team, calling on 12,000+ HCPs, as well as marketing and managed care teams focused on expanding awareness and patient access to Accrufer®.

C. Dedicated and committed global licence partners
Dedicated global licence partners work with local regulatory authorities in various jurisdictions to make our product available to even more patients around the world.

D. Experienced and solution-driven team of professionals
Team of highly skilled, deeply experienced and diverse employees drives the overall performance of the business. We continue to invest into our people by hiring new talent that can lend leadership and support to our mission.

What we do

Drive US prescription demand

With a combined and dedicated sales force of 100 representatives, we call on 12,000+ targeted high prescribing HCPs with a significant focus on Women's Health and General Practitioners to drive prescription demand and increase US market share. In addition, we have deployed an expansive digital marketing strategy focused on expanding awareness and product adoption within HCPs and consumers, to complement and go beyond the reach of our sales team.

Educate physicians and patients

Our experts frequently present at medical conferences and various other events to educate physicians, payers and patients about iron deficiency anaemia to create awareness about this under-served therapeutic area and to illustrate available treatment options.

Support global licence partner

We are working closely with our global licence partner to support its efforts to obtain regulatory approval for Accrufer®/Feraccru® and, in the case of Europe and the UK, assist our partner Norgine with the execution of its commercialisation plan.

Manage life cycle of our product

We continue to invest in our product and have initiated a clinical study in the US and the UK to evaluate the tolerability, safety and efficacy of ferric maltol oral suspension versus ferrous sulfate oral liquid in children and adolescents aged 2 to 17 years with iron deficiency anaemia, with a single-arm study in infants aged one month to less than two years. Additionally, we recently increased the accessibility and user-friendliness of Accrufer® by expanding the shelf life from 48 to 60 months.

How we create value for stakeholders

Patients:
We aim to provide our patients with a differentiated therapy that is highly efficacious and addresses a significant unmet need in the oral IRT market in terms of GI tolerability.

Healthcare professionals:
HCPs rely on the quality of our product, our expertise and our trusted partnerships to deliver the best care for their patients.

Investors:
We create value for our shareholders through increased prescription demand, revenue growth and profitability.

Employees:
We offer our employees the opportunity to grow their careers and make a real difference to the lives of patients and our business.

→ Read more about stakeholder engagement on page 11

Key performance indicators

Measuring our performance

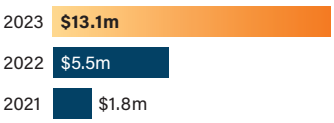
We track and monitor key performance indicators to assess how we deliver against our strategy.

Strategic focus

Financial

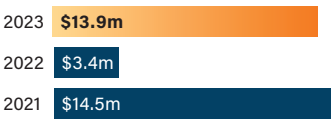
Group revenues

$13.1m



Cash balance

$13.9m



Why is it a KPI?

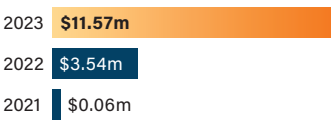
The Group measures royalty and milestone revenue from its global licence partners along with US revenues as a key financial metric.

Since the ongoing US commercialisation activities still require further investment and the business is not yet generating positive cash flows, the remaining cash balance is considered a key metric.

Accrufer®

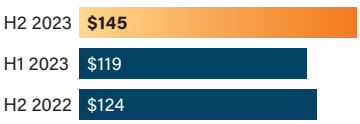
Accrufer® revenues in the US

$11.6m



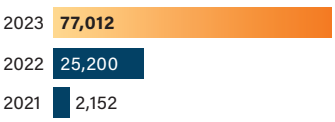
Net sales per script

$137



US Accrufer® prescriptions

77,012



Why is it a KPI?

The Group measures US Accrufer® revenue as a key financial metric to assess the progress of its commercial activities.

Since the US commercialisation activities are still scaling up it is important that the Group increases its payer coverage in the US to increase its gross to net margin per pack.

Sales volume of Accrufer® prescriptions is a key measure of brand awareness and patient accessibility.

Stakeholder engagement

Engaging with our stakeholders

Our stakeholders are critical to our success and help to shape our strategy. We actively engage with our stakeholders on a regular basis to ensure that we are managing expectations and promoting trust and transparency across all of our activities with a view to promoting mutually beneficial relationships.

Duty to promote the success of the Group

Shield's objective is to progress shareholder value through the continuing development and commercialisation of Accrufer®/ Feraccru® with a focus on patients around the world who suffer from iron deficiency, with or without anaemia. This year, the Group has accomplished important milestones in achieving its objective to making Accrufer® the oral iron of choice. The operational and financial reviews within this Annual Report discuss these milestones in more detail.

Stakeholder engagement

The Board recognises its responsibility to take into consideration the needs and concerns of Shield's key stakeholders as part of its decision-making process. This table illustrates how the Group engages with its stakeholders.

Section 172 statement on the discharge of Directors' duties

In compliance with the Companies Act 2006, the Board is required to act in accordance with a set of general duties. During the year ended 31 December 2023, the Board considers that it has individually and collectively acted in a way it considers, in good faith, would be most likely to promote the success of the Group for the benefit of its shareholders as a whole having regard to the six matters listed in Section 172(1)(a) to (f) of the Companies Act 2006. In order to achieve long-term success for the benefit of all shareholders, the Board recognises the importance of building and maintaining relationships with key stakeholders as well as considering the likely consequences of its decisions in the long term.

Patients and Health Care Professionals (HCPs)	Investors	Global licence partners	Our people
Key areas of focus:			
▪ Understanding needs of patients and HCPs ▪ Patient and HCP experience ▪ Maintain high standard of product offering	▪ Reliable, timely and transparent information ▪ Access to key decision makers of the business	▪ Regulatory approval of our lead product in the jurisdictions of our licence partners is critical to advance the reach of our product ▪ Successful commercialisation by licence partners upon regulatory approval provides additional revenue streams to the Group	▪ Flexible work arrangement ▪ Competitive pay and benefits package ▪ Retention
Our response:			
▪ Sales representatives solicit feedback on their interactions with HCPs ▪ Medical Affairs engages and educates key opinion leaders and healthcare professionals ▪ Monitoring of internal and external data reports, e.g. repeat and new subscribers	▪ Issuance of regular business and trading updates ▪ Availability of meaningful information on corporate website www.shieldtherapeutics.com ▪ Periodic analyst and investor meetings by CEO and CFO ▪ Availability of Directors and senior management team throughout the year	▪ Direct engagement by senior members of management team and key partners and suppliers ▪ Regular business reviews with global licence partners	▪ Launching our internal intranet site that will allow all employees to access Company information, resources and news daily ▪ Further investment in training and development programmes for all employees

Chief Financial Officer's review

Focused on maximising revenues and continuing growth

"With the support of the Viatris partnership, management estimates that Accrufer® has the potential to use its existing resources to support growth and scale of Accrufer® in the US and expects the Group to turn cash flow positive by the end 2025."

Santosh Shanbhag
Chief Financial Officer

Change in presentation currency

On 1 January 2023, the Group changed its reporting currency from sterling to US dollars to provide greater transparency in the Group's performance for investors and other stakeholders and to reduce exchange rate volatility in reported figures, given that c. 90% of the Group's revenue and c. 90% of the Group's operating expenditure originate in US dollars. In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in presentational currency was applied retrospectively and accordingly, prior year comparatives have been restated. Financial information included in the consolidated financial statements for years ended 31 December 2022 and 2021 has been restated in US dollars.

Revenue

Revenue in 2023 was $13.1 million (2022: $5.5 million), comprising $11.6 million (2022: $3.5 million) net product revenues from Accrufer® sales in the US, $1.5 million income from Feraccru® sales in Europe by Norgine (2022: $1.5 million).

The 77,012 prescriptions of Accrufer® sold in the US yielded a revenue of $11.6 million (2022: $3.8 million from 25,200 prescriptions). A significant number of the 2022 and 2023 prescription sales are still subsidised through patient assistant programmes, resulting in a net average sales price of $137 (2022: $133) per prescription in 2023.

In December 2022, the Group signed an exclusive, multi-year collaborative sales agreement for Accrufer® in the US with Viatris. This collaboration resulted in a 100-person dedicated sales team promoting Accrufer® to over 12,000 Health Care Professionals (HCPs) who write the majority of oral iron prescriptions. The Company received a $5.0 million upfront payment upon execution of the agreement. An amount of $4.3 million (2022: $0.9 million) of that upfront payment was recorded in other operating income during 2023.

Royalty revenue from Norgine, Shield's licence partner in Europe, increased year on year at $0.6 million in 2022 to $0.8 million in 2023 driven by 10% increase in total packs sold. Germany now accounts for c.62% of the total net sales of Feraccru® in Europe, followed by the United Kingdom with c.22%.

Cost of sales

Cost of sales of $9.0 million (2022: $3.0 million) includes the manufacturing and shipping cost of the prescriptions sold in the US, the finished packs supplied to Norgine for sale in Europe and the 5% royalty payable to Vitra Pharmaceuticals Limited ("Vitra") on net sales.

Vitra was the original owner of the intellectual property underpinning Accrufer®/Feraccru® and, under the terms of the 2010 Asset Purchase Agreement, is entitled to receive either a 5% royalty on net sales or 10% of any licence upfront and sales milestones. For the Norgine licence covering European commercialisation, Vitra chose in 2018 to receive 5% on net sales whereas for the ASK Pharm agreement covering China, the Korea Pharma agreement covering the Republic of Korea and the KYE Pharmaceuticals agreement covering Canada, Vitra elected to receive 10% of the upfront and sales milestones instead of future sales royalties.

Selling, general and administrative expenses

Selling, general and administrative expenses were $38.0 million in 2023 (2022: $33.6 million). The increase is due to the expansion within the US as the development of the relationship with Viatris continued. The average number of persons employed by the Group increased from 28 in 2022 to 73 in 2023, with an increase from 12 to 61 staff directly related to the US commercial function.

The share based payment charge to the income statement was $0.9 million in 2022 and 2023.

Impairment of intangible assets

Following the completion of the collaborative sales agreement for Accrufer® in the United States with Viatris, the Group carried out a review of the recoverable amount of its intangible assets. As a result of this review, the Directors concluded that the Group should concentrate the use of its resources on the commercial development of Accrufer®/Feraccru® and the ongoing paediatric study.

During 2022, based on that conclusion, along with the limited remaining patent life of PT20, the Directors decided to write off the assets related to the Phosphate Therapeutics Limited business, resulting in an impairment loss of $18.1 million in the Group's statement of profit and loss for the year ended 31 December 2022. There was no impact in 2023.

Research and development

The Group spent $4.5 million (2022: $3.5 million) on research and development. Of that total spend, $2.7 million (2022: $2.2 million) have been capitalised as additions to intangible assets, as management deemed that it is probable that these costs will generate future economic benefits. The balance of $1.8 million (2022: $1.3 million) was expensed in the current year. Research and development expenditure is predominantly related to the ongoing paediatric study.

Financial income

Financial income of $0.5 million was reported in 2023 (2022: $0.9 million). This income was generated primarily through currency gains on the cash held in US Dollars.

Financial expense

Financial expense of $1.6 million was reported in 2023 (2022: $0.5 million). The expense was primarily related to interest charged on the shareholder loan and later the long-term loan with SWK Holdings.

Balance sheet

Cash at 31 December 2023 was $13.9 million (31 December 2022: $3.4 million).

Intangible assets at 31 December 2023 were $16.9 million (31 December 2022: $14.2 million), comprised of capitalised Feraccru® development costs including the ongoing paediatric pharmacokinetic study and capitalised Feraccru® patent and trademark cost, incurred to strengthen the Group's intellectual property.

Inventories are $3.2 million (31 December 2022: $1.8 million). The increase in inventories is due to the Group adding inventory to keep up with the increasing demand within the US market.

Trade and other receivables increased from $6.5 million at 31 December 2022 to $13.5 million at 31 December 2023, reflecting the increase in trading volume in the US.

The current tax asset of $0.6 million at 31 December 2023 (31 December 2022: $0.5 million) relates to the anticipated R&D tax credit claim in respect of the 2023 and 2022 financial years.

Non-current liabilities are comprised of a long-term loan from SWK Holdings which was fully drawn down in October 2023. During 2023 there was a convertible shareholder loan from AOP Health, which was fully repaid in October 2023. The fair value of the conversion feature of this loan, which will be revalued at each balance sheet date, was separated from the value of the loan principal amount in accordance with IFRS 9. At 31 December 2022, the fair value of the conversion feature was $0.6 million and the remaining loan balance was $6.7 million.

Trade and other payables increased from $11.4 million at 31 December 2022 to $12.7 million at 31 December 2023 as a result of the larger trading volume in the US. Additionally, the balance at 31 December 2022 of $4.3 million represents Viatris upfront payment, received in 2022, which has been recognised as other income in 2023.

Lease liabilities have increased from $0.1 million in 2022 to $0.4 million in 2023. The increase is as a result of moving into a new office in the US.

Chief Financial Officer's review continued

Cash flow

Net cash inflow in 2023 was $10.5 million, increasing the cash on hand from $3.4 million at 31 December 2022 to $13.9 million at 31 December 2023. Net cash outflows from operating activities was $37.1 million, comprised of $33.3 million loss for the year, adjusted for non-cash items of $3.9 million (including depreciation and amortisation of $1.1 million, share-based payments of $0.9 million, net financial expense of $1.0 million and income tax of $0.9 million) and net investments in increasing the Group's working capital of $7.7 million.

Net cash outflows from investing activities of $2.4 million are the result of capitalised development expenditure of $2.7 million, the acquisition of tangible assets of $0.2 million and financial income of $0.5 million.

Net cash inflows from financing activities of $49.7 million are attributable to the net proceeds from the convertible shareholder loan of $10.0 million, the proceeds from the SWK Holdings loan of $19.4 million and proceeds from an equity raise of $26.4 million.

Going concern

At 31 December 2023, the Group held $13.9 million in cash. The Group's unaudited cash balance at 31 March 2024 was $10.4 million.

Since then the Group has implemented a $10.0 million accounts receivable facility with Sallyport Commercial Finance LLC, and also amended its current $20.0 million Credit Agreement with SWK to lower the revenue covenant associated with debt. The Group is planning to use these funds to drive continuing growth in sales volumes of Accrufer® in the US. Management have considered the funding requirements of the Group through the preparation of detailed cash flow forecasts for the period to December 2025, including the prospective Accrufer® sales revenues and the related commercial operating costs.

These forecasts show that the Group's monthly cash flows start to turn positive by H2'25 and that the recent accounts receivable facility should provide sufficient cash to allow the business to continue in operations for at least 12 months from the balance sheet date. The Directors have considered scenarios in which sales revenues fall below base case forecasts. In these circumstances mitigating actions such as reduction of discretionary marketing, general and administrative, and production related expenditure combined with the reliance on the full $10.0 million accounts receivable facility could be taken to preserve cash. The Directors also believe that other forms of finance, such as royalty finance are likely to be available to the Group.

Based on the above factors, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Financial outlook

The exclusive, multi-year collaborative sales agreement signed with Viatris in December 2022 to co-commercialise Accrufer® in the US has already enabled Accrufer® to be on path to be the oral iron of choice in the US Market. Management expects continued growth in Accrufer® prescriptions in 2024 and 2025 driven by the 100-person sales team that is promoting Accrufer® to over 12,000 HCPs.

The Company is focused on maximising revenues, continuing to grow Accrufer® prescriptions in the US, and to continue to improve net prices per Accrufer® script in 2024 and 2025.

With the support of the Viatris partnership, management estimates that Accrufer® has the potential to use its existing resources to support growth and scale of Accrufer® in the US and expects the Group to turn cash flow positive by the end of 2025.

Santosh Shanbhag
Chief Financial Officer
10 May 2024

Principal risks and uncertainties and risk management

Managing our key risks in light of the Group's strategy and objectives

Risk Management Framework

The Board is responsible for risk management and reviewing the internal controls systems. It ensures that the key risks are understood and appropriately managed in light of the Group's strategy and objectives, and that an effective internal risk management process, including internal controls, is in place to identify, assess, minimise and manage significant risks. The internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Audit Committee oversees risk management on behalf of the Board.

The Group highlights potential financial and non-financial risks that may impact on the business as part of the risk management procedures in the form of a Risk Register. The Audit Committee periodically reviews the Risk Register and approves the addition or deletion of any risks, along with changes in the underlying risk assessment. There are ongoing processes for identifying, evaluating and mitigating the significant risks faced by the Group, which are reviewed on a regular basis.

The review process involves a review of each area of the business to identify material risks and the controls in place to manage these risks. The process is led by the Chief Financial Officer, together with the senior managers with responsibility for specific controls, and overseen by the Audit Committee. Where any significant weakness or failing is identified, implementation of appropriate remedial action is completed following approval by the Audit Committee.

Risk description	Change	Potential impact and Mitigation
1. Dependency on commercial success of Accrufer®/ Feraccru®	↗	The Group is dependent on one product for its short and medium-term success: Accrufer®/Feraccru® which has been out-licensed for commercialisation in a range of territories including Europe, China, Canada, Korea, Australia and New Zealand and marketed in the US pursuant to the Viatris Partnership. The Company is heavily dependent upon sales of Accrufer®/Feraccru® by its collaboration and licensing partners in those territories and the resultant revenues receivable by the Company. Further, regulatory approval is still required to be obtained for the product to be sold in China, Korea and Canada and this may not be obtained and the clinical trials required for such regulatory approval may not be successfully completed or may take materially longer than currently expected. This risk is mitigated by the Company employing a highly experienced commercial team to lead on the execution of commercial strategies to ensure the commercial success of Accrufer®/Feraccru®.
2. Need for additional financing if future revenues insufficient	↔	The Group has incurred losses since its inception and near-term losses are expected to increase as a result of the commercialisation of Accrufer® in the United States pursuant to the Viatris Collaboration Agreement. If Accrufer®/Feraccru® is not successfully commercialised in the US, Europe, China, Canada, Korea and other markets, the Group is unlikely to become profitable or produce a reasonable return, or any return, on investment. If the Group fails to generate sufficient revenues from its operations to fund its business objectives, additional financing will be required before it becomes self-sustaining, the terms of which may not be advantageous for existing shareholders and the Group. To mitigate against this risk the Company maintains close monitoring of actual to budgeted results and explores alternative financing options if required.

Principal risks and uncertainties that could significantly impact the Group:

Key ↔ No change ↗ Increased ↘ Decreased N New risk

Principal risks and uncertainties and risk management continued

Risk description	Change	Potential impact and Mitigation
3. Inability to meet regulatory requirements and obligations	⇔	The Company operates in a highly regulated environment. Accrufer®/Feraccru®, along with any other products of the Company which may obtain regulatory approval, are subject to ongoing regulatory obligations. Regulatory authorities may impose significant restrictions on the indicated uses or marketing of Accrufer®/Feraccru® or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance. In addition, product manufacturers and their facilities are subject to continual review and periodic inspections by the EMA, the FDA and other regulatory authorities for compliance with good manufacturing practices and good pharmacovigilance practices. If the Company or a regulatory agency discovers previously unknown problems with Accrufer®/Feraccru® or problems with a facility where Accrufer®/Feraccru® is manufactured, a regulatory agency may impose restrictions relative to Accrufer®/Feraccru® or the manufacturing facility, including requiring recall or withdrawal of Accrufer®/Feraccru® from the market or suspension of manufacturing which could severely limit the Company's ability to generate revenues. In order to mitigate this risk the Company maintains and operates suitable quality standards and practices and utilises third party regulatory consultants for expert advice. In addition, the Company regularly audits its key suppliers and manufacturers and works with its external stakeholders to ensure regulatory obligations are met.
4. Reliance on third-party contractors	⇔	The Company's business strategy utilises the expertise and resources of third parties in a number of areas including manufacturing and the conducting of clinical studies and the protection of the Group's intellectual property rights in various geographical locations. This strategy creates risks for the Company by placing critical aspects of the Company's business in the hands of third parties whom the Company must manage appropriately to fit in its best interest. The Group is also currently reliant on two contract manufacturers for the manufacture of Accrufer®/Feraccru®, although it is currently in the process of engaging an alternative supplier for both drug substance and the completed product. In order to mitigate this risk the Company holds substantial quantities of raw materials in order to mitigate any disruption to supply and has clearly defined agreements with its manufacturing and clinical partners to set out third party obligations.
5. Failure to protect intellectual property rights	⇔	The Company has been granted, or has in-licensed rights under, a number of key patent families for Accrufer®/Feraccru® (or other proprietary rights), and patent applications are pending in multiple jurisdictions. The strength of patents in the pharmaceutical field involves complex legal and scientific questions and can be uncertain. Patents or other rights might not be granted under any pending or future applications filed or in-licensed by the Company and any claims allowed might not be sufficiently broad to protect the Group's technologies and products from competition. In addition, patents granted may be subjected to opposition or comparable proceedings lodged in various national and regional patent offices. These proceedings could result in the loss of a patent which has already been granted, or loss or reduction in the scope of one or more of the claims of the patent. Generic pharmaceutical manufacturers may successfully challenge some of the Company's patents and/or seek approval to market products which utilise the intellectual property involved in the development and manufacture of Accrufer®/Feraccru®. Competitors may also successfully design around key patents held by the Group, thereby avoiding a claim of infringement. Patents or other registrable rights might also be revoked for other reasons after grant. Competitors may have filed applications or been granted patents or obtained additional patents and proprietary rights that relate to and could be infringed by the Company's products. Any such failure to sufficiently protect the Company's proprietary intellectual property, resulting in additional competition from other third-party products could have a material adverse effect on the Company's business, prospects, financial condition and results of operations. In order to mitigate this risk the Company employs a team of intellectual property experts who actively advise on the intellectual property portfolio, monitor global patent watches and assist to robustly strengthen and defend the portfolio.
6. Inability to attract and retain key staff and management team members	⇔	The Company needs to attract and retain key personnel to conduct and grow its operations effectively. The Company's ability to compete in the highly competitive pharmaceutical industry depends upon its ability to attract and retain highly qualified employees. Many of the other pharmaceutical companies and academic institutions that it competes against for qualified personnel have greater financial and other resources and different risk profiles and a longer history in the industry than the Company does. The Company might not be able to attract or retain these key persons on conditions that are economically acceptable. The inability of the Company to attract and retain these key persons could have a material adverse effect on its business, earnings, financial situation and prospects and its relationships with its suppliers and key commercialisation partners. In order to mitigate this risk the Group endeavours to offer attractive benefits, remuneration and working environment to employees.

Hans Peter Hasler
Chairman
10 May 2024

Corporate governance

Contents

Board of Directors

Greg Madison
Chief Executive Officer

Tenure
Three years

Skills and experience
Prior to joining Shield, Greg was the Chief Executive Officer at Melt Pharmaceuticals, a company developing a sublingual formulation of midazolam and ketamine, providing needle and opioid-free procedural sedation and analgesia. Prior to Melt Pharmaceuticals, Greg was Chief Executive Officer of Keryx Biopharmaceuticals from 2015 to 2018, where he led the transformation of the organisation from development stage to commercial stage, focused on Auryxia®, an oral product for the treatment of hyperphosphatemia and iron deficiency anaemia, and ultimately leading to a merger with Akebia Therapeutics. In 2013 and 2014, Greg was Chief Commercial Officer at AMAG Pharmaceuticals where he was closely involved with Feraheme®, a leading intravenous product for the treatment of iron deficiency. From 2000–2012, Greg was at Genzyme Corporation, ultimately serving as Vice President and General Manager of Nephrology, where he led a division that had revenues in excess of $1 billion, led by the world's leading phosphate binder, Renvela®. Greg began his career as a Sales Representative for Janssen Pharmaceuticals, a division of Johnson and Johnson.

External appointments
None.

Hans Peter Hasler
Non-Executive Chairman

Tenure
Six years

Skills and experience
Hans Peter was the Chief Executive Officer of Vicarius Pharma AG, a privately held European biopharma company, until 2020. His prior experiences include Elan Corporation, Dublin, where he was Chief Operating Officer, and Biogen Inc., Boston, where his positions included Chief Operating Officer, and EVP, Head of Global Neurology and International. Previously, he was at Wyeth Pharmaceuticals, Radnor, PA, as Senior Vice President and Chief Marketing Officer and beforehand Managing Director of Wyeth Group Germany, Münster. He holds a Federal Swiss Commercial Diploma and a Marketing Manager Certificate from the Swiss Institute of Business Economy SIB, Zurich.

External appointments
Hans Peter is Chairman of the Board of HBM Healthcare Investments AG in Switzerland (SIX:HBMN) and a Director of Minerva Neurosciences in Boston (NASDAQ:NERV) and Gain Therapeutics, Bethesda (NASDAQ:GANX).

Peter Llewellyn-Davies
Non-Executive Director

Tenure
Eight years

Skills and experience
Peter has over 25 years' experience in international M&A deals, company turnarounds, licensing transactions and financing activities including IPOs with particular experience in chemical and healthcare industries. He is currently Chief Executive Officer/Chief Financial Officer of Apeiron Biologics AG/invIOs Holding AG. Peter was Chief Financial Officer/Chief Business Officer of Medigene AG between 2012 and 2016 and was fundamental in the turnaround process by out-licensing marketed and legacy products. Prior to that, he was Chief Financial Officer of Wilex AG, having orchestrated its IPO in 2006. Peter read Business Management, Banking, Marketing and Controlling in London, St. Gallen and Munich, and has a certificate in Business Studies from the University of London.

External appointments
Peter is a Fellow of the London Institute of Banking and Finance, a founder of Accellerate Partners and President of the Austrian biotech industry association BIOTECH AUSTRIA and CEO of Apeiron Biologics AG and invIOs Holding AG.

Essential skills and experience our Board delivers

	Healthcare	Financial	International	Commercial	Compliance
Greg Madison	✓		✓	✓	
Hans Peter Hasler	✓		✓	✓	
Peter Llewellyn-Davies	✓	✓	✓		
Dr Christian Schweiger	✓		✓	✓	
Fabiana Lacerca-Allen	✓		✓		✓
Anders Lundstrom	✓		✓	✓	

Dr Christian Schweiger, MD. PhD
Non-Executive Director

Tenure
Four years

Skills and experience
Christian was Co-founder of Shield in 2008 and the Company's first Chief Medical Officer, responsible for the development of ferric maltol. Christian is an entrepreneurial senior medical affairs and clinical development executive with substantial experience working with both large and small pharmaceutical companies. He is also a Lecturing Professor in Pharmaceutical Medicine at the University of Essen and actively working with different international patient and professional associations.

External appointments
Christian is the President of TACHRIS AG, Non-Executive board member of AOP Orphan International AG and CEO of aidCURE AG.

Fabiana Lacerca-Allen
Non-Executive Director

Tenure
Three years

Skills and experience
Fabiana is currently Senior Vice President, Chief Compliance Officer at Aimmune Therapeutics based in San Francisco, California (a Nestlé Health Science Corporation since October 2020). She brings to Shield extensive experience in compliance having started and implemented compliance programmes at several major pharmaceutical companies including Merck, Sharp & Dohme, Bristol-Myers Squibb Company, Mylan Laboratories and Elan Pharmaceuticals. Fabiana was also a Non-Executive Director at ArthroCare Corporation, a publicly traded company in the medical device sector prior to its acquisition by Smith & Nephew in 2014. Fabiana holds a Master's in Law from the University of California, and a Doctor in Law and a Bachelor in Law from the Universidad de Buenos Aires. Fabiana is the recipient of several international recognitions and has been published extensively in areas of leadership and compliance.

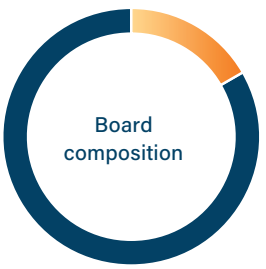
External appointments
Fabiana is a Director of the Centre for Excellence in Life and member of the board of directors of the American Red Cross Bay Area Chapter.

Anders Lundstrom
Non-Executive Director

Tenure
Three years

Skills and experience
Anders brings over 30 years of US and global pharmaceutical/biotech experience. He served as the EVP, Chief Commercial Officer at Banner Life Sciences. His prior experience includes senior commercial and general management roles in AstraZeneca, Biogen, Orexo AB (where he was President and CEO), EMD Serono, and Santhera Pharmaceuticals. Anders holds an MSc in Pharmacy from Uppsala University and a Diploma in Business Administration from IHM, Stockholm.

External appointments
Anders is currently the Principal of his own consulting business, Lexington Biopharma Consulting, a Private Equity Advisor and Co-founder of ReMyeTx, a neurology start-up company.



- Executive Directors – 1
- Non-Executive Directors and Chairman – 5

Committee key

- A Audit Committee
- R Remuneration Committee
- N Nomination Committee
- Committee Chair

Senior Executive Team

Santosh Shanbhag
Chief Financial Officer

Tenure
Less than one year

Skills and experience
Santosh joined the Company in January 2024 as Chief Financial Officer and oversees the Company's financial operations. Santosh is a senior financial executive with 20+ years of experience leading financial operations for both US and international organisations, has completed fundraisings for both private and public companies, and has helped execute complex business programmes for transformative healthcare companies to support organisational growth and maximise organisational and capital efficiency. Prior to joining Shield, Santosh was CFO of Nasdaq-listed Akili, Inc., held senior finance leadership roles at Vertex Pharmaceuticals, including as Vice President and Head of International Finance and Accounting. Santosh holds an M.S. in Management & Engineering from MIT and Sloan School of Management, and an MSc in Mechanical Engineering from the University of Massachusetts, Amherst.

Lucy Huntington-Bailey
General Counsel and Company Secretary

Tenure
Eight years

Skills and experience
Lucy has been the Group's Legal Advisor since August 2015 and was an integral member of the team working towards the successful admission of Shield Therapeutics to the AIM market in early 2016. Having worked previously at a boutique corporate law firm and prior to that at an international US law firm in Singapore, Lucy brings to Shield a wealth of experience in the oil and gas sector as well as the pharmaceutical industry. Lucy was promoted to Senior In-House Counsel in December 2016 and General Counsel in 2018 and is responsible for the management of the Group's legal team and all legal advice and services. Lucy was appointed by the Board of Directors to the role of Company Secretary in September 2017. Lucy is admitted as a Solicitor of the Senior Courts of England and Wales.

David Childs
VP of Manufacturing and Strategic Alliances

Tenure
Thirteen years

Skills and experience
David joined Shield Therapeutics in 2011 as Director of Manufacturing with the primary objective of creating a robust manufacturing process with multiple CMOs for the development and commercialisation of our lead medicine. David has also had a central role in developing and managing the Company's intellectual property, whilst overseeing the development of commercial alliances and the management of partnerships. Prior to joining Shield, David gained over 18 years of experience in chemical and pharmaceutical development at GlaxoSmithKline (GSK), where he led several successful projects and teams including the manufacturing elements of the successful Promacta® and Relovair® developments.

Dr Jackie Mitchell
VP of Quality, Clinical and Regulatory Affairs

Tenure
Thirteen years

Skills and experience
Jackie has over 20 years' experience in regulatory affairs. She holds an MA in biochemistry from Lady Margaret Hall in Oxford, where she also obtained a doctorate in immunology and molecular biology. Following completion of her academic studies, Jackie spent a number of years working as a research scientist, including a period at Johns Hopkins School of Medicine in Baltimore, US. Since moving into the pharmaceutical industry, Jackie has worked in regulatory affairs for large, medium and small pharmaceutical companies, including Boehringer Ingelheim, Abbott and Archimedes. She has been involved in a broad range of global, EU and national applications across many therapeutic areas and has led several major regulatory projects, including successful MAA and NDA submissions, including the NCEs Kaletra and Humira. Jackie has run the Group's regulatory activities since 2012.

Andy Hurley
Chief Commercial Officer

Tenure
One year

Skills and experience
Andy joined Shield in April 2023 and oversees Shield's commercial organisation. Andy joined Shield from Agenus Inc. where he was Chief Commercial and Medical/ Clinical Officer. Prior to Agenus, Andy was Senior Vice President of a commercial division at Syneos Health where he led a global team that launched nine products across several therapeutic areas during his tenure at the company. Before that, he was Chief Commercial Officer at Ocular Therapeutix where he helped the organisation in preparing the company for its first pharmaceutical launch. Andy has also held senior leadership roles across marketing, sales and operations functions at Sunovion, Dyax, NitroMed and Forest Pharmaceuticals.

Corporate governance report

A culture of strong governance

"The Board and its Committees play a key role in the Group's governance by providing an independent perspective to the senior management team and by seeking to ensure that an effective system of internal controls and risk management procedures is in place."

Hans Peter Hasler
Chairman

Leadership

The role of the Board

I am pleased to present the corporate governance report for the year ended 31 December 2023. The Board believes that strong governance is a central element of the successful growth and development of the Group. The Board and its Committees play a key role in the Group's governance by providing an independent perspective to the senior management team, and by seeking to ensure that an effective system of internal controls and risk management procedures is in place. This section of the Annual Report describes our corporate governance structures and processes and how they have been applied throughout the year ended 31 December 2023.

The Board is committed to the highest standards of corporate governance and to maintaining a sound framework for the control and execution of the Group's business operations. The Board is responsible for leading and controlling the activities of the Group, with overall authority for the management and conduct of the Group's business, together with its strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal control and risk management (including financial, operational and compliance controls), reviewing the overall effectiveness of controls and systems in place, the approval of the budget and the approval of any changes to the capital, corporate and/or management structure of the Group.

The Board holds quarterly Board meetings either virtually or in person. In addition, the Board holds regular ad hoc meetings as required to keep the Board updated on day to day activities and provide support. A full briefing pack and accompanying materials are circulated to the Board for review prior to each meeting. The Board delegates authority as appropriate to its Committees (Audit, Remuneration and Nomination Committees) and members of the Group's Senior Executive Team.

AIM-listed companies are required to apply a recognised corporate governance code. Since November 2019, the Company has applied the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The Board believes the QCA code application supports the long-term success of the Group including the first principle of establishing a strategy and business model which promotes long-term value for shareholders. Shield believes that the fundamental value of its business is held in its intellectual property (IP) and the Company has continued to work in 2023 with its external advisors to strengthen its IP portfolio, including work on identifying potential new IP. The Board considers that it has complied with the QCA Code throughout the year and the Statement of Compliance can be viewed on the Company's website.

Diversity

The Board undertook a diversity review in 2023 including reviewing the industry and regulatory guidance including the US Exchange's diversity rules and objectives. The Board concluded that it's composition satisfies the guidance for maintaining a diverse Board taking into account the size of the Board membership. Recommendations from the review are that the Board continues to maintain and potentially add further skill sets to the Board and that maintaining a diverse Board of Directors remains a priority for the Company in order to ensure diversity of thought, experience and debate leads to rounded guidance for the Company.

Effectiveness

Composition of the Board

The Board was comprised of the following Directors during the course of the year, and up to the date of approval of this report.

Role	Name	Committee membership
Chairman	Hans Peter Hasler	Chair of Nomination Committee. Member of Remuneration Committee.
CEO	Greg Madison	
Independent NED	Peter Llewellyn-Davies	Chair of Audit Committee. Member of Nomination Committee.
NED	Dr Christian Schweiger	Member of Nomination Committee. Member of Remuneration Committee.
Independent NED	Fabiana Lacerca-Allen	Member of Audit Committee. Member of Nomination Committee.
Independent NED	Anders Lundstrom	Chair of Remuneration Committee. Member of Nomination Committee.

No Director holds a directorship of a FTSE 100 company.

Directors are re-elected at the first Annual General Meeting (AGM) following their appointment and are subject to annual re-election. Resolutions sent to shareholders proposing their re-election are accompanied by an explanation from the Board of their suitability for the post. The ongoing training needs of Directors are reviewed during the course of each year and training sessions are conducted by the Company and the Company's Nomad as appropriate.

Details of attendance at Board and Committee meetings during the financial year are as follows:

2023 meetings	Number of meetings	Attendance
Main Board	7	All Directors attended
Audit Committee	4	All Committee members attended
Remuneration Committee	3	All Committee members attended
Nomination Committee	1	All Committee members attended

The Non-Executive Directors also meet without the CEO present on an ad hoc basis during the course of the year. The Non-Executive Directors consider the performance of the CEO and the performance of executive management. The Company does not currently operate with a named Senior Independent Director; however, all Non-Executive Directors are available to shareholders if required. Given the size of the Board and the shareholder structure, this is considered to be appropriate.

Independence of Non-Executive Directors

A majority of the Company's Directors are Non-Executive Directors and Peter Llewellyn-Davies, Fabiana Lacerca-Allen and Anders Lundstrom are considered to be independent. At IPO, W. Health LP signed a relationship agreement with Shield permitting it to appoint a Director to the Board so long as it holds over 20% of Shield's issued share capital (W. Health transferred its shareholding to Nestle. SA in May 2023 and Nestle, SA presently hold 7.16% of Shield's issued share capital). Although Peter Llewellyn-Davies was put forward for election by W. Health, he was nevertheless appointed independently and does not represent W. Health/Nestle, SA.

Hans Peter Hasler joined the Board in July 2018. Although he had served until January 2018 as Non-Executive Director of AOP, a commercial partner and significant shareholder in Shield, the Board considered Mr Hasler to be independent at the time of his appointment as he was no longer serving as a member of AOP's board and did not represent AOP's interests. He was still considered to be independent at the time of his appointment as Chairman in June 2020.

Dr Christian Schweiger was appointed as a Director in June 2020. As Dr Schweiger was a Co-founder and had been an employee of the Company, and at the time of his appointment held 3.5% of the Company's share capital, he is not considered to be independent.

Appointments to the Board

The Nomination Committee comprises the Chair and the other Non-Executive Directors. No new Directors were appointed during 2023.

Corporate governance report continued

Re-election of Directors and term of service

Details of the proposed re-election of Directors and the terms of their service contracts/letters of appointment are provided within the Directors' remuneration report on page 30.

Directors' service contracts and letters of appointment, outlining their roles and responsibilities, are available for shareholders to inspect at the Company's registered office.

Information and support for Directors

Directors receive an induction on their appointment and ongoing briefings and training relevant to their roles both from the Company and the Company's Nomad where appropriate.

In addition to the services of the Company's retained professional advisors, Directors have access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors.

The Board has the benefit of third-party qualifying indemnity insurance and has access to advice from the Company Secretary and the Group's external legal counsel.

Accountability

Composition of the Audit Committee

The Audit Committee comprises Peter Llewellyn-Davies and Fabiana Lacerca-Allen. Peter Llewellyn-Davies is Chair of the Committee and is considered to be independent and to have recent relevant financial experience, having previously held the role of CFO of other companies. The Committee has written terms of reference, which are available for inspection on request to the Company Secretary. The activities of the Audit Committee, including those in relation to the Group's external auditor, are described in the audit and risk report on pages 25 and 26.

Composition of the Nomination Committee

All Non-executive Directors sit on the Nomination Committee which is chaired by the Chairman, Hans Peter Hasler. The Committee has written terms of reference, which are available for inspection on request to the Company Secretary. The activities of the Nomination Committee during 2023 consisted of appointing the successor for the role of Chief Financial Officer, which included interviewing candidates and preparing the remuneration package for the incoming CFO in conjunction with the Remuneration Committee.

Risk management and internal control

The Board has overall responsibility for the adequacy of the Group's internal control arrangements and consideration of its exposure to risk. It approves and adopts the annual update to the Group's risk management plan, following recommendations made by the Audit Committee. The Directors have assessed the principal risks facing the Company on pages 15 and 16 of the Annual Report.

Remuneration

The role of the Board and its Remuneration Committee in establishing a policy on Executive remuneration and an explanation of the level and components of remuneration are provided in the Directors' remuneration report on pages 27 to 32.

Governance and compliance

The Company's Compliance Programme is guided by the Office of Inspector General's (OIG) Compliance Program Guidance for Pharmaceutical Manufacturers which outlines seven key elements of an effective compliance program. The Company recently reviewed its Compliance programme in light of the OIGs updated guidance strengthening its fraud and abuse prevention by expanding the Company's decision making questions matrix when selecting third party vendors.

The Company's Corporate Compliance Committee, led by Fabiana Lacerca-Allen, defines, oversees and validates the development, implementation and continuous execution and improvement of the Company Compliance Programme. The Committee's role is to support and hold the Compliance Team accountable for fulfilling the responsibilities with respect to the Company's Compliance Programme. The Compliance Committee meets regularly and works with the department heads to implement and execute this programme, adjusting as needed to reflect evolving business needs. In order to conduct business efficiently and operate with the highest ethical standards, Company personnel must understand the policies, procedures, laws, regulations and ethical guidelines governing their day-to-day responsibilities, business functions and behaviour. Conducting effective training and education promotes the understanding and awareness needed to detect and minimise instances of fraud, abuse and unlawful conduct. Through proper training and education, Company personnel can help foster a culture of integrity, accountability and respect here at Shield. All US employees have received a Code of Conduct and Compliance and Ethics Manual training.

The Company's culture is shaped by its values which align to the Company's corporate objectives which are set each year. The Board monitors the Company's objectives closely throughout the year and the Company, through its people and culture department, showcases recognition of good value behaviour.

General meetings

Details of the Annual General Meeting (AGM) are provided in the Directors' report on page 34. Separate resolutions are proposed at the AGM for each substantially separate issue and a resolution will be proposed for approval of the Annual Report. Proxy voting is available for general meetings of the Company.

Hans Peter Hasler
Chairman
10 May 2024

Audit and risk report

Monitoring risk and reporting

"The Audit Committee's responsibilities include monitoring the financial integrity of the financial statements for the Group and the involvement of the Group's auditor in that process."

Peter Llewellyn-Davies
Audit Committee Chair

2023 membership and attendance

Name	Committee membership and attendance
Peter Llewellyn-Davies	● ● ● ●
Fabiana Lacerca-Allen	● ● ● ●

The Audit Committee

The Audit Committee is a sub-Committee of the Board with the responsibility to review all aspects of the financial reporting of the business and all aspects of internal control. The Committee represents the interests of our shareholders in relation to the integrity of information and the effectiveness of the audit processes in place.

The responsibilities of the Audit Committee include, but are not limited to:

- Evaluating the effectiveness of the Group's internal controls and risk management system and overseeing the process for managing risks across the Group, including review of the Group's corporate risk profile;
- Reviewing the integrity of the financial statements, including the Annual Report and the interim report;
- Reviewing and discussing with management the appropriateness of judgments involving the application of accounting principles and disclosures;
- Oversight of the Group's compliance with legal requirements and accounting standards and ensuring that an effective system of internal financial control is maintained;
- Monitoring the qualifications, expertise, resources and independence of the external auditor, as well as assessing the external auditor's performance and effectiveness; and
- Recommending the appointment or reappointment of the external auditor to the Board so that the Board may put the recommendation to the shareholders at the AGM.

Audit and risk report continued

The Audit Committee continued

Meetings of the Committee are held as required throughout the year. The regular meetings coincide with the review of the scope of the external audit and observations arising from their work in relation to internal control and to review the financial statements. The external auditor is invited to these meetings and meets with the Audit Committee at least once a year.

At its meeting, the Committee carries out a review of the year-end financial statements and of the audit, using as a basis the report to the Audit Committee prepared by the external auditor and considering any significant accounting policies, any changes to them and significant estimates or judgments. Questions are asked of management of any significant or unusual transactions where the accounting treatment could be open to different interpretations. Due to its size and structure, the Group does not have an internal audit function. This is a matter which the Committee reviews annually. The Directors have assessed that the internal control environment is appropriate for the size of the entity.

External auditor

The external auditor is required to give the Committee information about policies and processes for maintaining their independence and compliance regarding the rotation of audit partners and staff. The Committee considers all relationships between the external auditor and the Company to ensure that they do not compromise the auditor's judgment or independence, particularly with the provision of non-audit services.

During the year the Committee interacted with the Company's external auditors on the following:

- Internal control improvement;
- Audit process efficiency suggestions; and
- Financial reporting best practices.

Significant issues relating to the financial statements

The specific issues considered by the Audit Committee in the period under review, in relation to the financial statements, are shown below.

Use of judgments and estimates

In preparing the consolidated financial statements, the Group has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgments and estimates made by the Group that have the most significant effects on the amounts recognised in the financial statements include:

Impairment of investment in subsidiaries and recoverability of intercompany receivables – The Company has investments in subsidiaries of $101.4 million, and intercompany receivables with its subsidiaries totalling $147.1 million as at 31 December 2023. Impairment tests have been performed on the carrying value of these investments and receivables. Key assumptions, such as the amount and timing of future cash payments against these receivables and relevant discount rates underlie the recoverable amounts used in these impairment tests. Further information on the key assumptions used is disclosed in Note 3 on page 57.

Change in presentational currency – During the year the Group reassessed the need to change its functional and presentational currencies under IAS 21. The functional and presentational currencies are decided after taking into account several factors, these factors are discussed further in Note 3 on pages 56 and 57. After this reassessment the Group changed its presentational currency to US Dollars.

Going concern assessment – Management have considered the funding requirements of the Group through the preparation of detailed cash flow forecasts for the period to December 2025, including the prospective Accrufer® sales revenues and the related commercial operating costs. These forecasts show that the Group's monthly cash flows start to turn positive by H2'25 and that the recent accounts receivable facility should provide sufficient cash to allow the business to continue in operations for at least 12 months from the balance sheet date. The Directors have considered scenarios in which sales revenues fall below base case forecasts. In these circumstances mitigating actions such as reduction of discretionary marketing, general and administrative, and production related expenditure combined with the reliance on the full $10.0 million accounts receivable facility could be taken to preserve cash. This is discussed further in Note 2 on page 51.

Peter Llewellyn-Davies
Audit Committee Chair
10 May 2024

Directors' remuneration report

Recognising the importance of shareholder engagement

"The Remuneration Committee recognises the importance of shareholder engagement in relation to Executive remuneration."

Anders Lundstrom
Remuneration Committee Chair

2023 membership and attendance

Name	Committee membership and attendance
Hans Peter Hasler	● ● ●
Dr Christian Schweiger	● ● ●
Anders Lundstrom	● ● ●

On behalf of the Board of Directors, I am pleased to present the Directors' remuneration report for the year ended 31 December 2023. Although the Company is not subject to the reporting regulations of Main Market-listed companies, the Remuneration Committee recognises the importance of shareholder engagement in relation to Executive remuneration.

Accordingly, the Committee has prepared this report as a matter of best practice and has taken account of those regulations in doing so.

Remuneration Committee membership and activities

The current members of the Remuneration Committee are Anders Lundstrom, Hans Peter Hasler and Dr Christian Schweiger; Anders Lundstrom has acted as Chair of the Remuneration Committee since 18 June 2021.

The Committee meets at least once a year and met three times during the course of 2023. It has responsibility for:

- Maintaining the remuneration policy taking account of legal and regulatory requirements and relevant corporate governance guidelines;
- Reviewing and determining the remuneration packages of the Executive Directors; and
- Monitoring the level and structure of remuneration of senior management, including share options and bonus awards.

The Remuneration Committee and the Board enlisted the assistance of Aon US Talent Solutions to assist them with reviewing the remuneration of the Executive Director and senior management team. As part of this review Aon compared entities similar to the Group in industry and size, characteristics and operations using relevant data for setting remuneration.

Directors' remuneration report continued

Remuneration Committee membership and activities continued

The duties of the Committee are set out in the terms of reference, which are available on request from the Company Secretary. All decisions taken by the Remuneration Committee in 2023 were in accordance with the terms of reference and the Remuneration Committee exercised with appropriate commercial judgment.

The Remuneration Committee has concluded that the remuneration policies in place for the Company continue to be effective and appropriate to attract and retain high calibre individuals who help contribute to the Company's success.

With operations both within the UK and the US, the Company continues to monitor market remuneration trends and works with advisors to ensure the Company is remaining competitive.

Key remuneration principles

Our remuneration arrangements for Executive Directors are based on the key principles set out below. We have articulated how those principles are addressed within the remuneration policy.

Key principle	How we reflect this in our policy
To promote the long-term success of the Company.	The Executive Directors' remuneration opportunity is performance-based and earned subject to the satisfaction of performance conditions.
To provide appropriate alignment with investors' expectations in relation to the Company's strategy and outcomes.	Performance conditions for the annual bonus and share option schemes are set such as to align with shareholders' interests.
To provide a competitive package of base salary, benefits and short and long-term incentives, with an appropriate proportion being subject to the achievement of individual and corporate performance conditions.	Further alignment between Executive Directors and shareholders is achieved by structuring performance conditions to align with shareholder interests.

Executive remuneration in 2023

Base salary, bonus and share options for the Chief Executive Officer (CEO) were approved by the Remuneration Committee and a 19% increase of salary awarded in April 2023 and details are provided on page 31.

Awards were granted to the CEO under the Retention and Performance Share Plan during the year. Further details of these awards are provided on page 32.

Looking forward to 2024

The CEO's bonus opportunity and share options award opportunity for 2024 are expected to be up to 75% of salary and 100% of salary respectively, with each award subject to the achievement of the full-year performance conditions.

Board changes

There have been no Board changes during the course of 2023.

Executive Directors' remuneration policy

The table below sets out the elements of Executive Directors' compensation and how each element operates, as well as the maximum opportunity of each element and any applicable performance measures.

Element and purpose	Operation	Maximum opportunity
Fixed remuneration		
Basic salary		
Usually reviewed annually, taking account of:	▪ Salary increases awarded to the wider workforce; ▪ Group performance; ▪ Role and experience; ▪ Individual performance; and ▪ Competitive environment.	Salary increases will generally be in line with salary increases to other employees, but may be adjusted to take account of: ▪ Promotion; ▪ Change in scope of role; ▪ Realignment with the market; and ▪ Development and performance in role (for example, if a new Director is appointed on a salary which is increased over time to a market-competitive level).
Benefits		
To provide a competitive range of benefits as part of total remuneration.	Executive Directors currently receive: ▪ Private medical insurance.	No overall maximum has been set, but the level of benefits provided is determined taking into account the overall cost to the Company. Other benefits may be provided to reflect individual circumstances, such as relocation expenses.
Retirement benefits		
To provide an appropriate level of retirement benefit (or cash allowance equivalent).	Executive Directors are eligible to participate in the Group defined contribution pension scheme and/or the Company safe harbour 401(k) retirement plan with Transamerica.	Contributions for 2023 and 2024 have been set at 12% of salary.
Variable remuneration		
Annual bonus		
Rewards performance over the financial year, including in relation to performance which supports the Company's longer-term objectives.	Awards for Executive Directors are based on performance, measured over the year to which they relate, and split between financial, strategic and individual objectives. The measures and weightings are determined each year to reflect the Company's strategic priorities.	The bonus opportunity is up to 75% of base salary. The Remuneration Committee may in its discretion award a bonus higher or lower than the target bonus of 75%.
Retention and Performance Share Plan (RPSP)		
To create alignment between Executive Directors' and shareholders' interests through the delivery of performance-based awards or onboarding recruitment awards.	Awards are made in the form of nominal cost or market value share options. Vesting is subject to the achievement of specific performance conditions for performance awards or for remaining in office in relation to onboarding recruitment options and retention options. The plan is subject to malus and clawback provisions.	For performance awards, awards are made based on an assessment of the Executive Directors' performance and cover a twelve-month period from grant. Achievement of each objective entitles the recipient to a percentage of the total award and vesting can occur 12 to 36 months from grant. The Committee will review and set performance conditions for future awards. For retention awards, awards are made based on a percentage of salary at the date of grant and will vest 12 to 36 months from grant providing the Executive Director remains in office, or is not under notice, as at the date of vesting. For recruitment awards, awards are made based on a percentage of salary at the time of onboarding and will vest 12 to 36 months from grant provided the Executive Director remains in office, or is not under notice, at the date of vesting.

Directors' remuneration report continued

Non-Executive remuneration policy

The remuneration policy for the Chairman and Non-Executive Directors is to pay fees necessary to attract and retain individuals of the calibre required, taking into account the size and complexity of the business and the market in which it operates.

The fees of the Non-Executive Directors are agreed by the Chairman and the CEO and the fees of the Chairman are determined by the Board as a whole.

Fees are paid as a base fee as a member of the Board, together with additional fees for chairmanship of a Board Committee. All Non-Executive Directors may be reimbursed for expenses reasonably incurred in the performance of their duties.

Neither the Chairman nor the Non-Executive Directors are eligible to participate in the Group's incentive arrangements.

Directors' service contracts

Details of the service contracts of Directors in office at the date of approval of this report are set out below. All Directors are subject to annual reappointment at each AGM.

Name	Position	Notice period	Notes
Greg Madison	CEO	6 months	
Hans Peter Hasler	NED (Chairman, Chair of Nomination Committee)	3 months	Subject to annual reappointment at AGM
Peter Llewellyn-Davies	NED (Chair of Audit Committee)	3 months	Subject to annual reappointment at AGM
Anders Lundstrom	NED (Chair of Remuneration Committee)	3 months	Subject to annual reappointment at AGM
Fabiana Lacerca-Allen	NED	3 months	Subject to annual reappointment at AGM
Dr Christian Schweiger	NED	3 months	Subject to annual reappointment at AGM

Hans Peter Hasler is engaged under a letter of appointment dated 18 June 2023 with a term of three years.

Peter Llewellyn-Davies is engaged under a letter of appointment dated 18 January 2022 with a term of three years.

Anders Lundstrom is engaged under a letter of appointment dated 10 May 2021 with a term of three years.

Fabiana Lacerca-Allen is engaged under a letter of appointment dated 10 May 2021 with a term of three years.

Dr Christian Schweiger is engaged under a letter of appointment dated 25 June 2023 with a term of three years.

Directors' remuneration (audited)

The tables below detail the total remuneration received by each Director during 2023 and 2022.

Name	Salary/fees $000	Benefits $000	Bonus $000	Pensions $000	Total remuneration 2023 $000
Executive Directors					
Greg Madison	**567**	**—**	**405**	**60**	**1,032**
Non-Executive Directors					
Hans Peter Hasler	**94**	**—**	**—**	**—**	**94**
Peter Llewellyn-Davies	**60**	**—**	**—**	**—**	**60**
Dr Christian Schweiger	**37**	**—**	**—**	**—**	**37**
Anders Lundstrom	**42**	**—**	**—**	**—**	**42**
Fabiana Lacerca-Allen	**37**	**—**	**—**	**—**	**37**
	837	**—**	**405**	**60**	**1,302**

Directors' remuneration – year ended 31 December 2022

Name	Salary/fees $000	Benefits $000	Bonus $000	Pensions $000	Total remuneration 2022 $000
Executive Directors					
Greg Madison	500	—	275	60	835
Non-Executive Directors					
Hans Peter Hasler	127	—	—	—	127
Peter Llewellyn-Davies	39	—	—	—	39
Dr Christian Schweiger	55	—	—	—	55
Anders Lundstrom	63	—	—	—	63
Fabiana Lacerca-Allen	55	—	—	—	55
	839	—	275	60	1,174

No Director waived any emoluments in respect of the year.

Directors' remuneration report continued

Retention and Performance Share Plan (RPSP) options granted in 2023 (audited)

During the year, the Company issued share options under the RPSP to incentivise the CEO in order to align his interests closely with those of shareholders.

The awards during 2023 included the following awards to the CEO.

Name	Number of options	Vesting date
Greg Madison (retention award)	3,507,548	By 02 June 2024
Greg Madison (retention award)	3,507,547	By 02 June 2026

As at 31 December 2023, Greg Madison held 12,827,908 options. No other Director holds any options. No amounts were paid on grant.

2023 annual bonus (audited)

The CEO was awarded a bonus of $405,000 in respect of 2023 which was paid in April of 2023.

Directors' shareholdings

The table below discloses the interests of any Directors serving during the year in the shares of the Company at 31 December 2023.

Name	**Shares at 31 December 2023**	% of share capital	Shares at 31 December 2022	% of share capital
Greg Madison	**1,893,039**	0.24%	1,893,039	0.32%
Dr Christian Schweiger	**11,651,713**	1.49%	11,651,713	1.99%
Hans Peter Hasler	**5,500,000**	0.70%	3,500,000	0.60%
Peter Llewellyn-Davies	**177,842**	0.02%	177,842	>0.1%
Fabiana Lacerca-Allen	**271,886**	0.03%	271,886	>0.1%
Anders Lundstrom	**10,000**	>0.1%	0	0
Total	**19,504,480**			
Share Capital as at 23 April 2024	**782,056,367**			

This report was approved by the Board and signed on its behalf by:

Anders Lundstrom
Remuneration Committee Chair
10 May 2024

Directors' report

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2023.

Principal activities

Shield Therapeutics plc is a commercial stage specialty pharmaceutical company with a focus on addressing iron deficiency with its lead product Accrufer®/Feraccru® (ferric maltol), an innovative and differentiated specialty pharmaceutical product, to address a significant unmet need for patients suffering from iron deficiency (with or without anaemia).

Strategic report

The strategic report is set out on pages 1 to 16. The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable.

Section 172 statement

Under Section 172 of the Companies Act 2006, the Directors have a duty to act in good faith in a way that is most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the likely consequences of decisions for the long term, the interests of the Company's employees, the need to foster relationships with other key stakeholders, the impact on the community and the environment, maintaining a reputation for high standards of business conduct, and the need to act fairly between members of the Company.

Key decisions made by the Board during 2023 were related primarily to the commercialisation of Accrufer® in the US. This included:

- The exclusive, multi-year agreement with Viatris Inc. to co-commercialise Accrufer® (ferric maltol) in the United States; and
- Loan agreement between the Company and SWK Funding LLC for $20 million.

The Company regularly meets with its co-commercialisation partner Viatris including quarterly meetings of the joint management committee. The parties collectively review the progress of the co-commercialisation efforts including sales and understanding the needs of patients and HCPs for the benefit of shareholders long term and the wider stakeholder pool.

Prior to entering into the loan agreement with SWK Funding , the Company met with its major shareholders to discuss the financing requirements for the Group. Refer to page 11 for further information on stakeholder engagement and the discharge of Directors' duties.

Approximately 47% of the Company's shares are held by two investors. The Chief Executive Officer and other members of the Board communicate from time to time with these shareholders and have a good understanding of their interests. The Chief Executive Officer and other members of the Senior Executive Team meet regularly with other shareholders, both institutional and private, to explain and discuss the Group's strategy and objectives and to understand the interests of smaller shareholders in the Company. The Board recognises its responsibility to act fairly between all shareholders of the Company.

The Group employed 55 staff during 2023 and had a headcount of 81 as at 31 December 2023. The Chief Executive Officer and the other members of the Senior Executive Team interact daily with all employees. Management has implemented employee policies and procedures which are appropriate for the size of the Group.

Apart from its shareholders and employees, the Group's main stakeholders are Viatris Inc., Norgine BV, Beijing Aosaikang Pharmaceutical Co., Ltd. Korea Pharma Co., Ltd. and KYE Pharmaceuticals with which the Group has signed licence development and commercialisation agreements relating to Accrufer®/Feraccru®. The agreements contain formal provisions for relationships between Shield and the licence partners but the Board and management also recognise the importance of establishing and maintaining good, less formal relationships with these stakeholders. The Chief Executive Officer and Senior Executive Team meet, from time to time, with senior managers from the licence partners.

Due to the size and nature of its activities, the Group's impact on the community and the environment is modest but the Board endeavours to ensure that the business acts ethically and in an environmentally conscious manner.

Future development

Disclosures relating to future developments are included in the Chief Executive Officer's statement and financial review.

Capital structure

Details of the Company's share capital including shares issued during the year are provided in Note 21. The Company has one class of Ordinary Shares listed on the AIM market of the London Stock Exchange with a nominal value of $0.015. Each Ordinary Share carries the right to one vote at general meetings of the Company and carries no right to fixed income.

The Directors are not aware of any restrictions on the transfer of Ordinary Shares in the Company other than certain restrictions which may from time to time be imposed by law and regulations.

Details of employee share schemes and share options in issue are provided in Note 23.

Results and dividend

The consolidated statement of profit and loss and other comprehensive income is set out on page 44. The Group's loss after taxation for the year was $32,477.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2023.

Directors' report continued

Directors
The Directors of the Company during the year and up to the date of approval of the Annual Report were as follows:

Hans Peter Hasler

Greg Madison

Peter Llewellyn-Davies

Dr Christian Schweiger

Fabiana Lacerca-Allen

Anders Lundstrom

The role of Company Secretary is undertaken by Lucy Huntington-Bailey.

Directors' indemnities
The Group has made qualifying third-party indemnity provisions for the benefit of its Directors, which remain in force at the date of this report.

Branches outside the UK
As at 31 December 2023, the Group consists of certain subsidiaries which are incorporated outside the United Kingdom. Further information can be found in the financial statements. There are no branches of the Company outside the United Kingdom.

Research and development
The Group undertakes significant research and development activities in the course of bringing its core pharmaceutical assets to market. Details of the expenditure charge to the consolidated statement of profit and loss, expenditure capitalised during the year and the accounting policy for capitalising development expenditure are provided in the financial statements.

Political donations
The Group made no political donations during the course of both the current and prior years.

Financial instruments
The Company's financial risk management objectives and policies and disclosures regarding its exposure to foreign currency risk, credit risk and liquidity risk are provided in Note 2 to the financial statements.

Post-balance sheet events
Further information on post-balance sheet events is provided in Note 2 within the consolidated financial statements contained within this report.

Corporate governance report
The Company's corporate governance report can be found on pages 22 to 24 of the Annual Report. The corporate governance report forms part of this Directors' report and is incorporated into it by cross-reference.

Major interests
As at the date of this report, the Company had been notified of the following shareholders with major interests in the shares of Shield Therapeutics plc:

AOP Health	39.84%
Hargreaves Lansdown	8.19%
Nestle S.A.	7.16%

Auditor
Each person who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Director has taken all reasonable steps as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Annual General Meeting
The AGM of the Company will be held at 2pm (BST) on 20 June 2024.

By order of the Board

Greg Madison
Chief Executive Officer
10 May 2024

Statement of Directors' responsibilities
in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Group and parent company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and they have elected to prepare the parent company financial statements on the same basis.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the Group's profit or loss for that period.

In preparing each of the Group and parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with UK-adopted International Accounting Standards (UK-adopted IFRS);
- Assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report and a Directors' report that complies with that law and those regulations.

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

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Greg Madison
Chief Executive Officer
10 May 2024

Financial statements

Contents

Independent auditor's report
to the members of Shield Therapeutics plc

Opinion
We have audited the financial statements of Shield Therapeutics plc (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 December 2023 which comprise the consolidated statement of profit and loss and other comprehensive income, Group balance sheet, Company balance sheet, Group statement of changes in equity, Company statement of changes in equity, Group statement of cash flows, Company statement of cash flows and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is the applicable law and UK-adopted international accounting standards and, as regards the 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 2023 and of the Group's and the Company's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- 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 the 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 public interest 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Understanding the Group's processes and related controls over the assumptions in the going concern assessment;
- Assessing the Group's available committed borrowing facilities;
- Testing the accuracy of the Directors' models, including agreement to the most recent Board approved budgets and forecasts;
- Determining whether the forecasts used within assessing the going concern assumption were consistent, where relevant, with those used within the investment in subsidiaries impairment modelling;
- Challenging the key assumptions of these forecasts by:
  - reading analyst reports, industry data and other external information and comparing these with the Directors' estimates;
  - comparing forecast revenue with the secured revenue under contract, anticipated revenue growth rates and historical performance; and
  - comparing margin and overhead cost assumptions to historical performance and the current macroeconomic environment;
- Evaluating the historical accuracy of forecasts prepared by the Directors;
- Assessing the sensitivity of the headroom in the Directors' forecasts;
- Comparing the risk that management has identified in its risk register to the going concern scenarios modelling to assess completeness and accuracy of the modelled scenarios;
- Evaluating the accuracy and completeness of the covenant compliance calculation within the model;
- Evaluating the downside sensitivities in the context of the FY23 financial position;
- Assessing whether the Directors have considered and reflected the impact of climate risks and opportunities in the Group's going concern assessment; and
- Assessing the disclosures relating to going concern in 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 and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Independent auditor's report continued
to the members of Shield Therapeutics plc

Key audit matters
Key audit matters are those matters that, in our professional judgement, 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.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures. These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Impairment of investments in subsidiaries and the recoverability of intercompany receivables from subsidiaries (relevant to parent company only) (note 2, 14 and 16) The carrying value of Company's investments in subsidiaries is significant amounting to $101.4 million (2022: $95.2 million), which represents 39% of total assets in the entity. There is a risk of error relating to the identification of impairment triggers, and the calculation of a value in use (VIU) if impairment triggers are identified. In addition, the Company has receivables from subsidiaries amounting to $147.1 million (2022: $94.82 million) respectively at year end. Given the Group continues to incur losses, combined with the market capitalisation being lower than both the carrying value of the investments and the intercompany debtors, we determined that it was likely impairment triggers had been identified. The VIU assessment requires estimates and judgements to be made to forecast the cash inflows generated by the CGU and determine an appropriate WACC. There is a significant risk of error in relation to the estimation of cash flows, and the determination of the WACC, that could result in material misstatement of the carrying value of the investment in subsidiaries and the intercompany receivables from subsidiaries. As a result we have determined this to be a Key Audit Matter.	We confirmed our understanding of the processes and controls relevant to the impairment of Investments in subsidiaries and recoverability of intercompany receivables from subsidiaries. We evaluated the design and implementation of the controls and concluded that a substantive audit approach should be adopted. Consequently, we did not test the operating effectiveness of the controls identified. Our audit procedures included, but were not limited to: ▪ Obtaining and challenging management's judgement paper detailing their assessment of the indicators of impairment of the investments in subsidiaries and the recoverability of intercompany receivables. ▪ The inspection of management's inputs and key assumptions in VIU calculations, including the mathematical accuracy of the calculations. ▪ Agreeing assumptions to supporting documentation such as board's approved budgets. ▪ Performing a historical accuracy assessment by comparing forecast with actual performance. ▪ Challenged management's assumptions in relation to any expected credit losses on intercompany receivables by evaluating management's forecast and plans for the repayment of the balances. ▪ Assessing the underlying assumptions behind the impairment assessment, and challenging management on alternative assumptions and estimates by using alternative data sources. ▪ Using independent valuation experts to assess and challenge the discount rate calculated by management. ▪ Challenging the non-current classification of intercompany receivables in the financial statements. ▪ Comparison of the carrying value with alternative and disconfirming date points, such as the year-end market capitalisation. ▪ Inspecting the disclosures made in the financial statements to ensure they cover the requirements of IAS 36; Impairment of assets and IFRs 9; Financial instruments. **Our observations** Based on our audit procedures, we are satisfied on the valuation of the carrying value of the investments in the Company's subsidiaries as well as the recoverability of the intercompany receivables from subsidiaries.

Key audit matters continued

Key Audit Matter	How our scope addressed this matter
Valuation of share based payment (note 2 and 23) The Group operates share-based option schemes which are highly material to the Group's financial statements. Share based payment charge for the year amounted to $0.9 million (2022: $0.9 million). Determining the fair value of shared-based options under IFRS 2 share-based payments involves the use of complex valuation models, techniques and use of judgements that may result in material misstatements in the financial statements. The accounting standard also requires specific financial statements disclosures of the Group's share-based payment options.	We confirmed our understanding of the processes and controls relevant to the valuation of share based payments. We evaluated the design and implementation of the controls and concluded that a substantive audit approach should be adopted. Consequently, we did not test the operating effectiveness of the controls identified. Our audit procedures included, but were not limited to: ▪ Inspecting the share option grants and contracts to understand and challenge the classification of the Group's share option scheme as equity settled. ▪ Challenging management's valuation of share options including the model, inputs and assumptions in line with the accounting standard. ▪ Testing the mathematical accuracy of the calculation and validity of assumptions used. ▪ Evaluating the financial statement disclosures on share-based payments. **Our observations** The Group's share-based payment options have been valued and disclosed in accordance with the relevant accounting standards.
Reassessment of functional and presentation currency and change (note 2 and 3) On the 1 January 2023 the Group and Company changed their presentation currency from sterling to USD to provide greater transparency in the Group's performance for investors and other stakeholders and to reduce exchange rate volatility in reported figures. The functional currency of the Company remains as sterling, which reflects the primary economic environment in which the Company generates and expends cash. Accounting for any changes in the presentation currency of the Group and Parent requires the application of specific guidance under IAS 21, The Effects of Changes in Foreign Exchange Rates. The judgements and estimates applied by management may result in material misstatements in the financial statements. In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in presentation was applied retrospectively and accordingly, prior year comparatives have been restated.	Our audit procedures included, but were not limited to: ▪ Assessing management's assessment on the accounting for a change in the presentation currency of the Group and Company, including challenging the key judgements and assumptions applied by management. ▪ Assessing management's compliance and application of the requirements of IAS 21. ▪ Checking the mathematical accuracy of management's underlying calculations, including evaluating the foreign currency rates applied by management in the restatement/ translation calculations. ▪ Assessing the application of IAS 8 in the restatement and disclosure of the prior year comparatives. ▪ Evaluating the appropriateness of the financial statements disclosures. **Our observations** The Group and Company's change in presentation currency of the financial statements from Sterling to USD has been performed in accordance with the relevant accounting standards.

Independent auditor's report continued
to the members of Shield Therapeutics plc

Our application of materiality and an overview of the scope of our audit

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. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group materiality
Overall materiality	$350,000 (2022: $266,000)
How we determined it	We determined overall materiality for the Group by applying a benchmark corresponding to 1% of Group's total assets (2022: 1% of Group's total assets).
Rationale for benchmark applied	We have considered total assets to be the critical component for determining materiality given the Group's focus on continued growth through its intangible asset portfolio, therefore this is considered most relevant measure of the underlying position of the Group.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Based on our risk assessment and cumulative experience from prior year audit, we have set the Group's performance materiality at $175,000, representing approximately 50% of our overall materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above $10,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

	Company materiality
Overall materiality	$100,000 (2022: $45,700)
How we determined it	We determined overall materiality for the Company using a benchmark of 1% of total assets (2022: 1%), capped at 29% of the materiality identified for the Group.
Rationale for benchmark applied	We have considered total assets to be the critical component for determining materiality given the Company's focus on continued growth through its investment in subsidiaries, therefore this is considered most relevant measure of the underlying positions of the Company.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Based on our risk assessment and cumulative experience from prior year audit, we have set the Company's performance materiality at $50,000 representing 50% of the Company's overall materiality.
Reporting threshold	We agreed with directors that we would report to them misstatements identified during our audit above $3,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement assessed in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Group and Company, their environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our Group audit scope included an audit of the Group and the Company financial statements. Based on our risk assessment, Shield TX UK Limited, Shield Therapeutics Inc. including the Company, were subject to full scope audit performed by the Group audit team while specific balance review was performed for Phosphate Therapeutics Limited and Shield Therapeutics Switzerland. Our audit scope covered 100% of revenue, 100% of total assets and 99.8% of PBT. All components were audited by the same audit team.

At the Company level, the Group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

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. Our opinion on the 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 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 during 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 light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Directors' responsibility set out on page 41 of the financial statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's 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 Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report continued
to the members of Shield Therapeutics plc

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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Group and the Company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, revenue recognition fraud risk, management bias in key judgments and significant accounting estimates, and in particular in relation to revenue recognition (which we pinpointed to the occurrence assertion) and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- discussion amongst the engagement team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, revenue recognition fraud risk, management bias in key judgments and significant accounting estimates and significant one-off or unusual transactions;
- Addressing the fraud risk in revenue recognition by agreeing a sample of revenue transactions to relevant supports; and
- Addressing the risk of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

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.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the shareholders of the Group on 24 January 2023 to audit the financial statements for the year ended 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 December 2022 to 31 December 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of the audit 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.

Valerie Levi (Senior Statutory Auditor) for and on behalf of Mazars LLP
Statutory Auditor
One St Peter's Square
Manchester
M2 3DE
10 May 2024

Consolidated statement of profit and loss and other comprehensive income
for the year ended 31 December 2023

	Notes	2023 $000	2022 $000
Revenue	5	**13,085**	5,499
Cost of sales		**(9,058)**	(3,041)
Gross profit		**4,027**	2,458
Other operating income	6	**4,412**	862
Operating costs – selling, general and administrative expenses	7	**(37,960)**	(33,646)
Operating loss before impairment and research and development expenditure		**(29,521)**	(30,326)
Impairment of intangible assets	13	**—**	(18,106)
Research and development expenditure	6	**(1,810)**	(1,320)
Operating loss		**(31,331)**	(49,752)
Financial income	9	**518**	888
Financial expense	9	**(1,562)**	(479)
Loss before tax		**(32,375)**	(49,343)
Taxation	11	**(918)**	(446)
Loss for the year		**(33,293)**	(49,789)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**(1,890)**	2,686
Total comprehensive expenditure for the year		**(35,183)**	(47,103)
Loss per share			
Basic and diluted loss per share (in cents)	10	**(5)**	(21)

The Notes on pages 51 to 72 are an integral part of these consolidated financial statements.

Group balance sheet
at 31 December 2023

	Notes	2023 $000	Restated 2022 $000	Restated 2021 $000
Non-current assets				
Intangible assets	13	**16,863**	14,208	36,220
Property, plant and equipment	12	**673**	238	410
		17,536	14,446	36,630
Current assets				
Inventories	15	**3,203**	1,757	2,206
Trade and other receivables	16	**13,498**	6,487	3,952
Current tax asset	11	**614**	526	777
Cash and cash equivalents	17	**13,948**	3,402	16,345
		31,263	12,172	23,280
Total assets		**48,799**	26,618	59,910
Non-current liabilities				
Long-term loan	20	**(19,836)**	—	—
Convertible shareholder loan	20	**—**	(6,683)	—
Fair value of loan conversion feature	20	**—**	(562)	—
Lease liabilities	24	**(195)**	—	—
		(20,031)	(7,245)	—
Current liabilities				
Trade and other payables	18	**(12,721)**	(11,444)	(4,200)
Other liabilities	19	**(800)**	(1,278)	(148)
Lease liabilities	24	**(214)**	(107)	(210)
		(13,735)	(12,829)	(4,558)
Total liabilities		**(33,766)**	(20,074)	(4,558)
Net assets		**15,033**	6,544	55,352
Equity				
Share capital	21	**(15,011)**	(5,371)	(4,574)
Share premium	22	**(198,759)**	(169,482)	(167,424)
Merger reserve	22	**(43,240)**	(43,240)	(43,240)
Currency translation reserve	22	**8,452**	10,342	7,656
Deposit for shares	22	**—**	100	—
Accumulated deficit	22	**233,525**	201,107	152,230
Total equity		**(15,033)**	(6,544)	(55,352)

The Notes on pages 51 to 72 are an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 10 May 2024 and were signed on its behalf by:

Greg Madison
Director
Company registered number: 09761509

Company balance sheet
at 31 December 2023

	Notes	2023 $000	Restated 2022 $000
Non-current assets			
Investments in subsidiaries	14	**101,354**	95,240
Trade and other receivables	16	**147,114**	94,484
		248,468	189,724
Current assets			
Trade and other receivables	16	**323**	357
Cash and cash equivalents	17	**12,264**	373
		12,587	730
Total assets		**261,055**	190,454
Non-current liabilities			
Long-term loan	20	**(19,836)**	—
Convertible shareholder loan	20	**—**	(6,683)
Fair value of loan conversion feature	20	**—**	(562)
		(19,836)	(7,245)
Current liabilities			
Trade and other payables	18	**(6,442)**	(1,766)
Other liabilities	19	**—**	(444)
		(6,442)	(2,210)
Total liabilities		**(26,278)**	(9,455)
Net assets		**234,777**	180,999
Equity			
Share capital	21	**(15,011)**	(5,371)
Share premium	22	**(198,759)**	(169,482)
Merger reserve	22	**(178,894)**	(178,894)
Deposit for shares	22	**—**	100
Currency translation reserve	22	**36,667**	47,265
Accumulated deficit	22	**121,220**	125,383
Total equity		**(234,777)**	(180,999)

The Notes on pages 51 to 72 are an integral part of these financial statements.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own income statement. The profit for the financial year per the accounts of the Company was $3.3 million (2022: loss of $34.8 million). The total comprehensive expenditure for the year comprises the net loss and is wholly attributable to the equity holders of Shield Therapeutics plc; therefore, no statement of comprehensive income has been disclosed. These financial statements were approved by the Board of Directors on 10 May 2024 and were signed on its behalf by:

Greg Madison
Director
Company registered number: 09761509

Group statement of changes in equity
for the year ended 31 December 2023

	Issued capital $000	Deposit for shares $000	Share premium $000	Merger reserve $000	Currency translation reserve $000	Accumulated deficit $000	Total $000
Balance at 1 January 2022 (restated)	4,574	—	167,424	43,240	(7,656)	(152,230)	55,352
Loss for the year	—	—	—	—	—	(49,789)	(49,789)
Other comprehensive income:							
Foreign currency translation differences	—	—	—	—	(2,686)	—	(2,686)
Total comprehensive expense for the year	—	—	—	—	(2,686)	(49,789)	(52,475)
Transactions with owners, recorded directly in equity							
Share options exercised	42	—	68	—	—	—	110
Loan conversion	755	—	1,990	—	—	—	2,745
Deposit for shares	—	(100)	—	—	—	—	(100)
Equity-settled share-based payment transactions	—	—	—	—	—	912	912
Balance at 31 December 2022	5,371	(100)	169,482	43,240	(10,342)	(201,107)	6,544
Loss for the year	—	—	—	—	—	(33,293)	(33,293)
Other comprehensive income:							
Foreign currency translation differences	—	—	—	—	1,890	—	1,890
Total comprehensive expense for the year	—	—	—	—	1,890	(33,293)	(31,403)
Transactions with owners, recorded directly in equity							
Equity placing	6,556	100	19,819	—	—	—	26,475
Warrants exercised	98	—	345	—	—	—	443
Loan conversion	2,986	—	9,113	—	—	—	12,099
Equity-settled share-based payment transactions	—	—	—	—	—	875	875
Balance at 31 December 2023	**15,011**	**—**	**198,759**	**43,240**	**(8,452)**	**(233,525)**	**15,033**

The Notes on pages 51 to 72 are an integral part of these consolidated financial statements.

Company statement of changes in equity
for the year ended 31 December 2023

	Issued capital $000	Deposit for shares $000	Share premium $000	Merger reserve $000	Currency translation reserve $000	Accumulated deficit $000	Total $000
Balance at 1 January 2022 (restated)	4,574	—	167,424	178,894	(22,852)	(91,498)	236,542
Loss for the year	—	—	—	—	—	(34,800)	(34,800)
Other comprehensive income:							
Foreign currency translation differences	—	—	—	—	(24,413)	—	(24,413)
Total comprehensive expense for the year	—	—	—	—	(24,413)	(34,800)	(59,213)
Transactions with owners, recorded directly in equity							
Share options exercised	42	—	68	—	—	—	110
Loan conversion	755	—	1,990	—	—	—	2,745
Deposit for shares	—	(100)	—	—	—	—	(100)
Equity-settled share-based payment transactions	—	—	—	—	—	915	915
Balance at 31 December 2022	5,371	(100)	169,482	178,894	(47,265)	(125,383)	180,999
Profit for the year	—	—	—	—	—	3,288	3,288
Other comprehensive income:							
Foreign currency translation differences	—	—	—	—	10,598	—	10,598
Total comprehensive expense for the year	—	—	—	—	10,598	3,288	13,886
Transactions with owners, recorded directly in equity							
Equity placing	6,556	100	19,819	—	—	—	26,475
Warrants exercised	98	—	345	—	—	—	443
Loan conversion	2,986	—	9,113	—	—	—	12,099
Equity-settled share-based payment transactions	—	—	—	—	—	875	875
Balance at 31 December 2023	**15,011**	**—**	**198,759**	**178,894**	**(36,667)**	**(121,220)**	**234,777**

The Notes on pages 51 to 72 are an integral part of these financial statements.

Group statement of cash flows
for the year ended 31 December 2023

	Notes	2023 $000	Restated 2022 $000
Cash flows from operating activities			
Loss for the year		**(33,293)**	(49,789)
Adjustments for:			
Depreciation and amortisation		**1,071**	2,662
Equity-settled share-based payment expenses		**875**	912
Financial income		**(518)**	(888)
Financial expense	9	**1,562**	479
Impairment of intangible assets	13	**—**	18,106
Movement in fair value of loan conversion option		**—**	843
Income tax		**918**	446
		(29,385)	(27,229)
(Increase)/decrease in inventories		**(1,446)**	215
Increase in trade and other receivables		**(7,007)**	(2,787)
Increase in trade and other payables		**1,907**	7,272
(Decrease)/increase in other liabilities		**(478)**	(775)
Income tax (paid)/received		**(717)**	714
Net cash flows from operating activities		**(37,126)**	(22,591)
Cash flows from investing activities			
Financial income	9	**518**	36
Additions to intangible assets	13	**—**	—
Additions to tangible assets	12	**(239)**	(64)
Capitalised development expenditure	13	**(2,709)**	(2,221)
Net cash flows from investing activities		**(2,430)**	(2,249)
Cash flows from financing activities			
Interest paid		**(613)**	(403)
Proceeds from equity raise		**26,375**	—
Warrants exercised		**442**	—
Repayment of convertible shareholder loan		**(5,448)**	—
Proceeds from convertible shareholder loan		**10,000**	9,080
Proceeds from long-term loan	20	**19,446**	—
Deposit for shares		**—**	(100)
Proceeds of share options exercised		**—**	105
Payment of lease liabilities	24	**(546)**	(152)
Net cash flows from financing activities		**49,656**	8,530
Net increase/(decrease) in cash		**10,100**	(11,812)
Effect of foreign exchange differences		**446**	(1,131)
Cash and cash equivalents at 1 January		**3,402**	16,345
Cash and cash equivalents at 31 December		**13,948**	3,402

The Notes on pages 51 to 72 are an integral part of these consolidated financial statements.

Company statement of cash flows
for the year ended 31 December 2023

	Notes	2023 $000	Restated 2022 $000
Cash flows from operating activities			
Profit/(loss) for the year		**3,288**	(34,800)
Adjustments for:			
Equity-settled share-based payment expenses		**74**	357
Impairment of investments in subsidiaries	14	**—**	32,273
Financial income		**(7,081)**	(2,086)
Financial expense		**1,005**	69
		(2,714)	(4,187)
Decrease/(increase) in trade and other receivables		**34**	(387)
(Decrease)/increase in trade and other payables		**4,676**	1,138
(Decrease)/increase in other liabilities		**(444)**	441
Net cash flows from operating activities		**1,552**	1,191
Cash flows from investing activities			
Financial income received		**504**	1,075
Loans made to Group undertakings		**(46,820)**	(18,692)
Net cash flows from investing activities		**(46,316)**	(17,618)
Cash flows from financing activities			
Proceeds of share option exercise		**—**	105
Proceeds from shareholder loan	20	**10,000**	9,921
Interest paid		**(615)**	—
Deposit for shares		**—**	(100)
Warrants exercised		**442**	—
Repayment of shareholder loan		**(5,448)**	—
Proceeds from long-term loan		**19,446**	—
Equity raise		**26,375**	—
Net cash flows from financing activities		**50,200**	10,137
Net increase/(decrease) in cash		**5,436**	(6,289)
Effect of exchange rate fluctuations on cash held		**6,455**	(7,582)
Cash and cash equivalents at 1 January		**373**	14,244
Cash and cash equivalents at 31 December		**12,264**	373

The Notes on pages 51 to 72 are an integral part of these financial statements.

Notes (forming part of the financial statements)
for the year ended 31 December 2023

1. General information
Shield Therapeutics plc (the "Company") is incorporated in England and Wales as a public limited company. The Company trades on the London Stock Exchange's AIM, having been admitted on 26 February 2016.

The Company is domiciled in England and the registered office of the Company is at Northern Design Centre, Baltic Business Quarter, Gateshead Quays NE8 3DF.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is engaged in the late-stage development and commercialisation of clinical-stage pharmaceuticals to treat unmet medical needs.

Subsidiaries and their countries of incorporation are presented in Note 14.

2. Accounting policies
The consolidated and parent company financial statements have been prepared and approved by the Directors in accordance with UK-adopted International Accounting Standards (UK-adopted IFRS).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for change in presentation currency, as explained in Note 3. The financial statements are prepared on the historical cost basis, except where otherwise stated in the accounting policies or notes to the accounts. The functional currency of the Company is GBP. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand ($000), except as otherwise indicated.

Company income statement
As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own income statement. The profit for the financial year per the accounts of the Company was $3.3 million (2022: loss of $34.8 million). The total comprehensive expenditure for the year comprises the net loss and is wholly attributable to the equity holders of Shield Therapeutics plc; therefore, no statement of comprehensive income has been disclosed.

Basis of preparation
Going concern
At 31 December 2023, the Group held $13.9 million in cash. The Group's unaudited cash balance at 31 March 2024 was $10.4 million. Since then the Group has implemented a $10.0 million accounts receivable facility with Sallyport Commercial Finance LLC, and also amended its current $20.0 million Credit Agreement with SWK to lower the revenue covenant associated with debt. The Group is planning to use these funds to drive continuing growth in sales volumes of Accrufer® in the US. Management have considered the funding requirements of the Group through the preparation of detailed cash flow forecasts for the period to December 2025, including the prospective Accrufer® sales revenues and the related commercial operating costs. These forecasts show that the Group's monthly cash flows start to turn positive by the end of 2025 and that the recent accounts receivable facility should provide sufficient cash to allow the business to continue in operations for at least 12 months from the balance sheet date. The Directors have considered scenarios in which sales revenues fall below base case forecasts. In these circumstances mitigating actions such as reduction of discretionary marketing, general and administrative, and production related expenditure combined with the reliance on the full $10.0 million accounts receivable facility could be taken to preserve cash. The Directors also believe that other forms of finance, such as royalty finance are likely to be available to the Group. Based on the above factors, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2023.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances and transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Foreign currency
Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are general recognised in profit or loss and presented within finance costs.

Notes (forming part of the financial statements) continued
for the year ended 31 December 2023

2. Accounting policies continued

Revenue
Revenue comprises the fair value of the sale of products and royalties, net of value added tax or other sales taxes or duties, discounts, returns, chargebacks, rebates and other allowances that we offer within contracts between us and our customers.

Revenue is recognised according to the five-step model set out in IFRS 15 as follows: 1. identify the contract(s) with a customer; 2. identify the performance obligations in the contract; 3. determine the transaction price; 4. allocate the transaction price to the performance obligations in the contract; and 5. recognise revenue when (or as) the entity satisfied a performance obligation

Products transfer revenue
Revenue from the sale of products is recognised at the point of transfer of control, which is generally on shipment or delivery of the product. This is dependent on the delivery terms agreed with the customer. At this stage the group has completed its performance obligations.

Royalty
Royalties are recognised when the customers (license partners) have sold inventories and are calculated based on pre-determined percentage of adjusted sales of the customers.

Cost of sales
Cost of sales comprises the costs of manufacturing product which is transferred to licence partners and royalties or other payments due to Vitra Pharmaceuticals Limited ("Vitra") under the 2010 Asset Purchase Agreement (APA).

The cost of manufacturing product is the cost incurred with contract manufacturing organisations which manufacture the product on behalf of the Group. Under the APA, Vitra has the right to receive a 5% royalty on net sales of products falling within the scope of the acquired intellectual property.

Research and development
Research expenditure is charged to the consolidated statement of profit and loss and other comprehensive income in the period in which it is incurred.

Expenditure incurred on development projects is recognised as an intangible asset when it is probable that the project will generate future economic benefits, considering factors including its commercial and technological feasibility, status of regulatory approval, and the ability to measure costs reliably. Development expenditure which has been capitalised and has a finite useful life is amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit. Other development expenditure is recognised as an expense when incurred.

Employee benefit costs
Employee benefit costs, including holiday pay and contributions to the Group's defined contribution pension plan, are charged to the consolidated statement of profit and loss and other comprehensive income as the related service is provided. The assets of the pension scheme are held separately from those of the Group in independently administered funds. The Group does not offer any other post-retirement benefits.

Share-based payments
The Group's employee share option schemes allow Group employees to acquire shares of the Company subject to certain criteria. All of the shares issued under these schemes are equity settled. The fair value of options granted is recognised as an expense of employment in the consolidated statement of profit and loss and other comprehensive income with a corresponding increase in equity. The fair value is measured at the date of grant and spread over the vesting period. The fair value of options granted under the share option schemes is measured using a Black Scholes model or, for grants where vesting is contingent on performance conditions, a Monte Carlo model taking into account the performance conditions under which such options were granted. At each financial year end, the Group revises its estimate of the number of options that are expected to become exercisable based on forfeiture such that at the end of the vesting period the cumulative charge reflects the actual options that have vested, with no charge for those options which were forfeit prior to vesting. When share options are exercised the proceeds received are recorded to equity.

Finance income and costs
Finance income and costs comprise interest income and interest payable (on loans and leases) during the year and foreign exchange gains and losses arising on cash balances held in currencies other than USD.

2. Accounting policies continued

Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of profit or loss and comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Current income tax assets (including research and development income tax credit) and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exceptions: where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured on an undiscounted basis using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which differences can be utilised. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single payment.

Intangible assets

Intellectual property and in-process research and development acquired through business combinations are recognised as intangible assets at fair value. Other acquired intangible assets are initially recognised at cost. Expenditure incurred on development projects is recognised as an intangible asset when it is probable that the project will generate future economic benefits, considering factors including its commercial and technological feasibility, status of regulatory approval, and the ability to measure costs reliably. Development expenditure which has been capitalised and has a finite useful life is amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit.

Expenditure in relation to patent registration is capitalised and recorded as an intangible asset. Amortisation on the straight-line basis commences when patents are issued.

Amortisation is charged as follows:

Patents and trademark costs	– over the term of the patents (up to 2035)
Development costs	– over the term of the patents (up to 2035)

Within the statement of comprehensive income amortisation is included within the operating costs.

Impairment of non-financial assets excluding inventories and deferred tax assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Notes (forming part of the financial statements) continued
for the year ended 31 December 2023

2. Accounting policies continued

Impairment of non-financial assets excluding inventories and deferred tax assets continued

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property, plant and equipment

Purchased property, plant and equipment is stated at historical cost less depreciation. The cost of property, plant and equipment includes the purchase price and any costs directly attributable to bringing it into working order.

Depreciation on purchased property, plant and equipment is calculated to allocate the cost to the residual values over the estimated useful lives, as follows:

Furniture, fittings and equipment	– 25% reducing balance basis
Computer equipment	– 33.33% straight-line basis

Depreciation on leased property is charged over the lower of the lease term or the useful life of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has not entered into any contracts where it acts as a lessor.

When acting as a lessee, at commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group elected not to separate non-lease components and account for these lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

2. Accounting policies continued

Leases continued

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2021, where the basis for determining future lease payments changed as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Investments in subsidiaries

Investments are carried at cost less any provision made for impairment. Options over the Company's shares have been awarded to employees of subsidiary companies. In accordance with IFRS 2, the Company treats the value of these awards as a capital contribution to the subsidiaries, resulting in an increase in the cost of investment. Investments in subsidiary undertakings, including shares and loans, are carried at cost less any impairment provision. Such investments are subject to review, and any impairment is charged to statement of profit and loss and other comprehensive income. At each year end the carrying value of the Company's investment in subsidiaries is reviewed. Where the review performed concludes that there is a material shortfall in the carrying value compared to its recoverable amount, the carrying value of the Company's investments in subsidiaries is adjusted.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out allocation method. Finished goods comprise raw materials and the costs charged by third-party contract manufacturers. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. In arriving at net realisable value, provision is made for any obsolete or damaged inventories.

Financial assets and liabilities

Cash and cash equivalents include cash in hand, bank deposits repayable on demand, and other short-term highly liquid investments with original maturities of three months or less.

Trade receivables are recognised initially at the transaction price as these assets do not have significant financing components and are subsequently measured at amortised cost. The Group recognises loss allowances for trade receivables under the expected credit loss model as established by evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Notes (forming part of the financial statements) continued
for the year ended 31 December 2023

2. Accounting policies continued
Financial assets and liabilities continued
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

The financial liability element of the convertible debt instrument, see note 23, is measured at amortised cost. The convertible debt includes derivatives in relation to conversion into shares in the Company. These have been accounted for as derivative which is separate from the host contract. The fair value of the embedded derivative is considered at each reporting date and the movement in fair value is recognised through profit and loss.

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3. Estimates and judgments
In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Judgments
The significant judgments made in relation to the financial statements include:

a. Change in presentation currency
On 1 January 2023, the Group changed its presentation currency from sterling to US dollars to provide greater transparency in the Group's performance for investors and other stakeholders and to reduce exchange rate volatility in reported figures, given that c. 90% of the Group's revenue and c. 90% of the Group's operating expenditure originate in US dollars. In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in presentational currency was applied retrospectively and accordingly, prior year comparatives have been restated.

Financial information included in the consolidated financial statements for years ended 31 December 2022 and 2021 has been restated in US dollars as follows:– assets and liabilities in non-US denominated currencies were translated into US dollars at the rate of exchange ruling at the relevant balance sheet date;– non-US dollar income statements and cash flows were translated into US dollars at average rates of exchange for the relevant period;– share capital, share premium and all other equity items were translated at the historical rates prevailing on the date of each relevant transaction; and– the cumulative foreign exchange translation reserve has been restated on the basis that the Group has reported in US dollars. In preparing these financial statements, the exchange rates used in respect of the pound sterling (£) are:

	Pound Sterling		
	2023	2022	2021
Average for the year ended 31 December	**1.25**	1.23	1.38
At 31 December	**1.27**	1.21	1.35

b. Capitalisation of development expenditure
Development expenditure amounting to $2.7 million were capitalised during the year because the conditions described in Note 2 were met. Other related expenditure worth $1.8 million including the development of a formulation for the paediatric clinical study has not been capitalised as there is considerable technical uncertainty as to whether the formulation and the paediatric study will lead to approval of the product for use in children.

3. Estimates and judgments continued

3.2 Assumptions and estimation uncertainties

Assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year include the following areas:

a. Valuation of share-based payments.

The Group is required to calculate the fair value of the share option schemes by applying complex valuation models and assumptions involving inherently uncertain. The basic assumptions that are used in the calculations are explained further in Note 23.

b. Impairment assessment of intangible assets, investments in subsidiaries and intercompany receivables

The assessment of the recoverable value of the group's cash generating unit for the purpose of impairment testing involves significant assumptions including revenue growth and discount rates, as further explained in Note 13 - intangibles, Note 14 – investments, and Note 16 – trade and other receivables.

4. New standards and interpretations

The following new and amended accounting standards are relevant to the Group and are in issue but were not effective at the balance sheet date:

- Amendments to IAS 1 – Classification of liabilities as current or non-current
- Amendments to IAS 1 – Non-current liabilities with covenants

The Directors do not expect that the adoption of these new and amended standards (which the Group does not expect to early adopt) will have a material impact on the financial performance or position of the Group in future periods.

The following new and amended accounting standards that are relevant to the Group that were effective for accounting periods beginning on or after 1 January 2023:

- Amendments to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2 Making materiality judgements: disclosure of accounting policies (issued February 2021)
- Amendments to IAS 8 – Accounting policies, changes in accounting estimates and errors: definition of accounting estimates (issued February 2021)
- Amendments to IAS 12 – Income taxes: deferred tax related to assets and liabilities arising from a single transaction (issued May 2021)

The above standards have been adopted in the preparation of these financial statements with no material impacts on the amounts and disclosures provided in these financial statements.

5. Segmental reporting

The following analysis by segment is presented in accordance with IFRS 8 on the basis of those segments whose operating results are regularly reviewed by the Chief Operating Decision Maker (considered to be the Board of Directors) to assess performance and make strategic decisions about the allocation of resources. Segmental results are calculated on an IFRS basis.

A brief description of the segments of the business is as follows:

- Feraccru® – development and commercialisation of the Group's lead Feraccru® product; and
- PT20 – development of the Group's secondary asset. All assets related to PT20 were written off as an impairment expense during the year ended 31 December 2022.

Operating results which cannot be allocated to an individual segment are recorded as central and unallocated overheads.

	Feraccru® 2023 $000	**PT20 2023 $000**	**Central and unallocated 2023 $000**	**Total 2023 $000**	Feraccru® 2022 $000	PT20 2022 $000	Central and unallocated 2022 $000	Total 2022 $000
Revenue	**13,085**	**—**	**—**	**13,085**	5,499	—	—	5,499
Operating (loss)/profit	**(26,649)**	**858**	**(5,540)**	**(31,331)**	(28,026)	(18,625)	(3,101)	(49,752)
Financial income			**518**	**518**			888	888
Financial expense			**(1,562)**	**(1,562)**			(479)	(479)
Tax			**(918)**	**(918)**			(446)	(446)
Loss for the year			**(7,502)**	**(33,293)**			(3,138)	(49,789)

Notes (forming part of the financial statements) continued
for the year ended 31 December 2023

5. Segmental reporting continued

The revenue analysis in the table below is based on the country of registration of the fee-paying party. $11.6 million (2022: $3.5 million) of revenue is derived from net product revenue from Accrufer® sales in the US and $1.5 million (2022: $1.8 million) from royalties.

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
The Netherlands	**1,495**	1,775
Canada	**—**	185
South Korea	**20**	6
US	**11,570**	3,526
	13,085	5,492

An analysis of revenue by customer is set out in the table below.

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
Customer A	**1,495**	1,775
Customer B	**11,570**	3,526
Customer C	**—**	185
Other customers	**20**	6
	13,085	5,492

As at 31 December 2023	**Feraccru® $000**	**PT20 $000**	**Central and unallocated $000**	**Total $000**
Segment assets	**43,925**	**—**	**4,874**	**48,799**
Segment liabilities	**(23,726)**	**(37)**	**(10,003)**	**(33,766)**
Total net assets	**20,199**	**(37)**	**(5,129)**	**15,033**
Depreciation, amortisation and impairment	**1,071**	**—**	**—**	**1,071**
Capital expenditure	**237**	**—**	**—**	**237**
Capitalised development costs	**2,687**	**—**	**—**	**2,687**

As at 31 December 2022	Feraccru® $000	PT20 $000	Central and unallocated $000	Total $000
Segment assets	20,120	—	6,498	26,618
Segment liabilities	(22,272)	(24)	2,222	(20,074)
Total net assets	(2,152)	(24)	8,720	6,544
Depreciation, amortisation and impairment	1,096	19,489	—	20,585
Capital expenditure	77	—	—	77
Capitalised development costs	2,210	—	—	2,210

All material segmental non-current assets are located in the UK.

6. Loss for the year is stated after charging/(crediting) the following:

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
Research and development expenditure	**1,810**	1,320
Fees payable to Company's auditor and its associates for the audit of parent company and consolidated financial statements	**234**	103
Fees payable to Company's auditor and its associates for other services:		
The audit of Company's subsidiaries	**56**	26
Other operating income	**4,412**	862

Other operating income relates to the balance of the Viatris upfront payment earned in the current year.

7. Operating costs – selling, general and administrative expenses

Operating costs comprise:

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
Selling costs	**21,717**	19,750
General administrative expenses	**15,172**	11,023
Depreciation and amortisation	**1,071**	2,873
	37,960	33,646

8. Staff numbers and costs

The average number of persons employed by the Group during the year, analysed by category, was as follows:

	Number of employees	
	2023 Number	2022 Number
R&D	**5**	5
Medical	**3**	3
Commercial	**55**	12
Management and administration	**10**	8
	73	28

The number of staff employed by the Group at 31 December 2023 was 73 (31 December 2022: 28).

The aggregate payroll costs of these persons were as follows:

	2023 $000	2022 $000
Wages and salaries	**12,791**	7,363
Share-based payments (see Note 23)	**875**	912
Other employee benefits	**2,064**	757
Pensions	**137**	135
	15,867	9,167

Notes (forming part of the financial statements) continued
for the year ended 31 December 2023

8. Staff numbers and costs continued
Key management compensation information is as follows:

	2023 $000	2022 $000
Wages and salaries	**3,123**	3,019
Share-based payments	**555**	672
Other employee benefits	**227**	151
Pensions	**109**	84
	4,014	4,131

Details of Directors' remuneration information is shown on page 31 within the Directors' remuneration report. The details for the highest paid Director are included in the single figure tables of the Directors' remuneration report on page 31.

9. Financial income and expenses

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
Financial income		
Net foreign exchange gains	**—**	851
Total interest income on financial assets measured at amortised cost	**518**	37
	518	888

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
Financial expense		
Loan interest	**(1,003)**	(398)
Net foreign exchange losses	**(543)**	—
Lease interest	**(13)**	(5)
Effect of revaluation of financial liabilities measured at fair value	**—**	(68)
Bank charges	**(3)**	(8)
	(1,562)	(479)

10. Loss per share

	2023			2022		
	Loss $000	**Weighted shares 000**	**Loss per share cents**	Loss $000	Weighted shares 000	Loss per share cents
Basic and diluted	**(32,293)**	**722,544**	**(5)**	(49,789)	233,191	(21)

Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of Ordinary Shares outstanding during the year.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent by the weighted average number of Ordinary Shares outstanding during the year plus the weighted average number of Ordinary Shares that would be issued on conversion of all the dilutive potential Ordinary Shares into Ordinary Shares.

The diluted loss per share is identical to the basic loss per share in both years, as potential dilutive shares are not treated as dilutive since they would reduce the loss per share. At the date of approval of the report 70,278,823 share options were in issue under the Company's share option plans (see Note 23), which potentially provide 70,278,823 additional Ordinary Shares (approximately 9.7% of the current share capital).

11. Taxation

Recognised in the income statement:

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
Current tax on profits for the year	**674**	124
Adjustments in respect of prior years	**244**	322
Total tax credit/(charge)	**918**	446

Reconciliation of total tax credit:

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
Loss for the year	**(33,293)**	(49,789)
Taxation	**(918)**	(446)
Loss before tax	**(32,375)**	(49,343)
Standard rate of corporation tax in the UK	**23.52%**	19%
Tax using the UK corporation tax rate	**(7,615)**	(9,375)
Expenses not deductible for tax purposes	**544**	3,236
R&D tax credits – current year	**11**	94
Adjustments in respect of prior years	**245**	321
Differences in foreign tax rate	**94**	60
Effect of foreign taxation	**204**	—
Unrelieved tax losses carried forward and other temporary differences not recognised for deferred tax	**7,435**	6,110
Total tax credit/(charge)	**918**	446

Factors affecting the future tax charge

The UK corporation tax rate changed on 1 April 2023 from 19% to 25%. The unrecognised UK deferred tax asset as at 31 December 2023 has been calculated based on the new rate, reflecting the expected timing of reversal of the related timing differences (2022: 25%).

Unrecognised deferred tax assets

There is a potential deferred tax asset in respect of the unutilised tax losses, which has not been recognised due to the uncertainty of available future taxable profits.

	2023 $000	2022 $000
Unutilised Swiss tax losses to carry forward	**1,605**	582
Potential deferred tax asset thereon	**190**	69
Unutilised UK tax losses to carry forward	**128,046**	95,158
Potential deferred tax asset thereon	**32,012**	23,790
Total potential deferred tax asset	**32,202**	23,859

Under the terms of the 2016 agreement by which Shield TX (UK) Limited acquired the rights to Feraccru® from Shield TX (Switzerland) AG, the FDA approval in July 2019 triggered a CHF 14.8 million payment from Shield TX (UK) Limited to Shield TX (Switzerland) AG and a taxable gain in Shield TX (Switzerland) AG. As a result all losses brought forward in Shield TX (Switzerland) AG have been utilised and Shield TX (Switzerland) AG had a tax liability of CHF 0.7 million at 31 December 2020 which was settled in February 2021.

The current asset of $0.6 million at 31 December 2023 (2022: $0.4 million) relates to the anticipated R&D tax credit claim made in respect of 2022 and 2023.

Notes (forming part of the financial statements) continued
for the year ended 31 December 2023

12. Property, plant and equipment

Group	Computer equipment $000	Fixtures, fittings and equipment $000	Right-of-use asset $000	Total $000
Cost				
Balance at 1 January 2022	99	140	311	550
Additions	—	2	68	70
Disposals	—	—	(75)	(75)
Balance at 31 December 2022	99	142	304	545
Additions	221	17	415	653
Balance at 31 December 2023	**320**	**159**	**719**	**1,198**
Accumulated depreciation				
Balance at 1 January 2022	19	39	125	183
Charge for the period	19	29	145	193
Disposals	—	—	(69)	(69)
Balance at 31 December 2022	38	68	201	307
Charge for the period	73	32	113	218
Balance at 31 December 2023	**111**	**100**	**314**	**525**
Net book value				
31 December 2023	**209**	**59**	**405**	**673**
31 December 2022	61	74	103	238

Included within property, plant and equipment is $405,000 (2022: $103,000) net book value of assets recognised as leases under IFRS 16. Further details of these leases are disclosed in Note 24.

13. Intangible assets

Group	Feraccru® patents and trademarks $000	Feraccru® development costs $000	Phosphate Therapeutics licences $000	Total $000
Cost				
Balance at 1 January 2022	2,490	14,023	32,651	49,164
Additions – externally purchased	—	2,222	—	2,222
Impairment of intangible asset	(206)	—	(32,651)	(32,857)
Balance at 31 December 2022	2,284	16,245	—	18,529
Effect of change in foreign currency	126	878	—	1,004
Additions – externally purchased	—	2,709	—	2,709
Balance at 31 December 2023	**2,410**	**19,832**	**—**	**22,242**
Accumulated amortisation				
Balance at 1 January 2022	884	2,529	13,363	16,776
Charge for the period	170	738	1,754	2,662
Impairment of intangible asset	—	—	(15,117)	(15,117)
Balance at 31 December 2022	1,054	3,267	—	4,321
Effect of change in foreign currency	52	180	—	232
Charge for the period	121	705	—	826
Balance at 31 December 2023	**1,227**	**4,152**	**—**	**5,379**
Net book value				
31 December 2023	**1,183**	**15,680**	**—**	**16,863**
31 December 2022	1,230	12,978	—	14,208

The carrying amount of intangible assets has been allocated to the CGUs as follows:

	2023 $000	2022 $000
Feraccru®	**16,863**	14,208
Phosphate Therapeutics Limited	**—**	—
	16,863	14,208

Feraccru®

The Directors have performed an impairment review of the Feraccru® intangible asset which is intrinsically linked with the parent company's investments in subsidiaries and intercompany receivables. The value in use has been calculated based on royalty income forecast to arise from the commercialisation licence agreements with Norgine BV covering Europe, Australia and New Zealand and with Beijing Aosaikang Pharmaceutical Co. Ltd covering China, Taiwan, Hong Kong and Macau, through 2030, plus income from Shield's own sales in the US market. The forecasts for the sales and costs in the US assume that US prescriptions of Accrufer® will grow up to 10.1% of the market share of prescriptions for oral iron therapy by 2035. Sales forecasts in each territory have been derived from discussions with partners and potential partners, and from other third-party market projections. A discount rate of 13.95% (2022: 15%) has been applied to the Group cash flows.

Sensitivity analysis

As at the measurement date, the recoverable amount of Feraccru® CGU, based on the value in use, is significantly higher than the carrying amount relevant for the impairment test.

Market share of prescription linked to revenue

A 2.1% decrease in the market share assumption for each territory would not generate any impairments. Headroom would reduce by $97,171,000.

Notes (forming part of the financial statements) continued
for the year ended 31 December 2023

13. Intangible assets continued
Sensitivity analysis continued
Discount rate
A 1% increase in the discount rate assumption would not generate any impairments. Headroom would reduce by $33,312,000.

Further stress test reveal that sales in the US would need to be reduced by around 75% from management's base case assumptions, with no reduction in costs, before an impairment of the carrying value of the intangible asset would be required.

Phosphate Therapeutics Limited
In the prior year, the Directors decided to concentrate the Group's available resources on the continuing commercial development of Accrufer®/Feraccru® and the ongoing paediatric study. Based on that, along with the limited remaining patent life of PT20, the Directors decided to write off all assets related to the Phosphate Therapeutics Limited business effective 31 December 2022. The related impairment loss of $14.7 million was recognised in the prior year profit and loss with no impact in the current year.

14. Investments

Company	2023 $000	2022 $000
Cost		
1 January	**200,345**	199,787
Additions	**801**	558
Effect of change in foreign exchange	**10,834**	—
31 December	**211,980**	200,345
Accumulated impairment		
Balance as at 1 January	**(105,105)**	(72,832)
Effect of change in foreign exchange	**(5,521)**	(32,273)
Impairment	**—**	—
Balance as at 31 December	**(110,626)**	(105,105)
Net book value		
31 December	**101,354**	95,240
1 January	**95,240**	126,955

Other additions of $0.8 million (2022: $0.6 million) relate to investments during the year arising due to share-based payment costs in respect of Group share-based payment arrangements.

The Group's equity interests were as follows:

At 31 December 2023 and 31 December 2022

Group company	Holding	Country of incorporation
Phosphate Therapeutics Limited	100%	United Kingdom
Shield TX (Switzerland) AG (formerly Iron Therapeutics Holdings AG)	100%	Switzerland
Shield Therapeutics Inc	100%	US
Shield TX (UK) Limited (formerly Iron Therapeutics (UK) Limited)*	100%	United Kingdom

* Investment held indirectly.

14. Investments continued

At 31 December 2023 and 31 December 2022 continued

The carrying amount of investments has been allocated to the above companies as follows:

	2023 $000	2022 $000
Shield TX (Switzerland) AG	**100,144**	94,595
Shield Therapeutics Inc	**1,210**	645
Phosphate Therapeutics Limited	**—**	—
	101,354	95,240

Shield TX (Switzerland) AG and Shield Therapeutics Inc

At the year end, management reviewed the carrying value of the investments for impairment. These investments relate to subsidiaries trading with the Group's Feraccru® asset. The recoverable amount has been determined based on value in use calculations as explained in Note 13 – intangible assets.

Phosphate Therapeutics Limited

As indicated in Note 13 – intangible assets, the carrying value of the parent company's investment in Phosphate Therapeutics Limited of £26.8 million ($32.3 million) was also fully impaired in the prior year following the Directors' review of the group's business prospect with no impact in the current year.

15. Inventories

Group	2023 $000	2022 $000
Work in progress	**1,098**	1,070
Finished goods	**2,105**	687
	3,203	1,757

Inventories have been reduced by $Nil (2022: $948,000) as a result of the write down to net realisable value. This write down was recognised as an expense during 2022.

The cost of inventories recognised as an expense and included in cost of sales was $2,553,000 (2022: $1,252,000). Cost of sales includes royalties payable to Vitra Pharmaceuticals Limited.

Notes (forming part of the financial statements) continued
for the year ended 31 December 2023

16. Trade and other receivables

	Group		Company	
	2023 $000	2022 $000	**2023 $000**	Restated 2022 $000
Trade receivables	**9,988**	3,388	**—**	—
Other receivables	**612**	601	**323**	357
Prepayments	**2,898**	2,498	**—**	—
Amounts due from Group undertakings (restated)	**—**	—	**147,114**	94,484
	13,498	6,487	**147,437**	94,841

Trade receivables are exclusively from large, well-recognised businesses. Management continuously manages and monitors the relationship with these customers and based on that, as well as the lack of past credit losses, has assessed that a credit loss allowance is not required at this time.

The amounts due from Group undertakings reported in the prior period have been restated to reflect a market rate of interest charged on the borrowings of 10.5% with a corresponding impact on equity as at 1 January 2022. The following table summarises the impact of the restatement arising from the amendment of the interest rate charged on amounts due from Group undertakings:

	Amounts due from Group undertakings $'000
At 1 January 2022 as reported	93,271
Amendment to interest rate charged on amounts due from Group undertakings	1,213
Restated at 1 January 2022	94,484

The amounts due from Group undertakings in the Company's balance sheet are not expected to be recovered within the next twelve months.

The recoverability of these intercompany balances are intrinsically linked to expected future cash flows supporting the recoverability of the Group's intangible assets and the Parent Company's investments in these Subsidiaries.

	Group		Company	
	2023 $000	2022 $000	**2023 $000**	Restated 2022 $000
Non-current	**—**	—	**147,114**	94,484
Current	**13,498**	6,487	**323**	357
	13,498	6,487	**147,437**	94,841

At the year end no trade receivables were past due or impaired (2022: $Nil).

17. Cash and cash equivalents

	Group		Company	
	2023 $000	2022 $000	**2023 $000**	2022 $000
Cash at bank and in hand	**13,948**	3,402	**12,264**	373

18. Trade and other payables

	Group		Company	
	2023 $000	2022 $000	**2023 $000**	2022 $000
Trade payables	**4,049**	1,735	**6,248**	339
Accruals	**8,672**	9,709	**194**	1,427
	12,721	11,444	**6,442**	1,766

19. Other liabilities

	Group		Company	
	2023 $000	2022 $000	**2023 $000**	2022 $000
Taxation and social security	**96**	270	**—**	5
Other payables	**704**	1,008	**—**	439
	800	1,278	**—**	444

20. Financial instruments and financial risk management

In the prior year, the Group entered into a convertible loan agreement with AOP, an existing shareholder, resulting in the recognition of a shareholder loan and related conversion option of $6,683k and $562k respectively as at 31 December 2022. During the year, the Group obtained an additional loan of $10 million which was immediately drawn down. In October 2023, the Group entered into a separate $20 million loan agreement SWK Funding LLC which was fully drawn down. The total amount of AOP loan was fully settled during the year with $5.71 million part payment in cash and the remaining loan balance converted into equity shares.

The $20 million SWK loan is secured over Shield's US intellectual property rights associated with Accrufer®. The interest rate is 9.25% above the Secured Overnight Financing Rate (SOFR) and the loan is repayable in full in cash no later than 15 November 2027. Attached to the loan are certain debt covenants such as a 12-month revenue covenant and a minimum cash balance requirement.

The conversion feature attributed to the loan was also derecognised on settlement of the shareholder loan. The movement in loan balance during the year is presented below:

	Long-term loan $000	**Shareholder loan $000**	**Fair value of conversion feature $000**	**Total $000**
As at 1 January 2023	**—**	**6,683**	**562**	**7,245**
Loan drawdown	**20,000**	**10,000**	**—**	**30,000**
Interest charged	**740**	**263**	**—**	**1,003**
Interest paid	**(350)**	**(263)**	**—**	**(613)**
Conversion of shareholder loan	**—**	**(12,099)**	**(562)**	**(12,661)**
Principal paid	**—**	**(5,448)**	**—**	**(5,448)**
Effect of changes in exchange rate and fair value	**—**	**864**	**—**	**864**
Capitalised transaction costs	**(554)**	**—**	**—**	**(554)**
As at 31 December 2023	**19,836**	**—**	**—**	**19,836**

Notes (forming part of the financial statements) continued
for the year ended 31 December 2023

20. Financial instruments and financial risk management continued

The Group and Company's other financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, the shareholder loan, the fair value of the conversion feature on the shareholder loan and leases.

The Group had the following financial instruments at 31 December:

	2023 $000	2022 $000
Cash and cash equivalents (Note 17)	**13,948**	3,402
Trade and other receivables	**13,498**	6,487
Trade and other payables	**12,721**	11,444
Shareholder loan	**—**	6,683
Fair value of conversion feature on the shareholder loan	**—**	562
Long-term loan (SWK Funding LLC)	**19,836**	—
Lease liabilities	**409**	107

The Group's cash and cash equivalents are denominated in the following currencies:

	2023 $000	2022 $000
Sterling	**1,779**	387
US Dollar	**11,828**	2,628
Swiss Franc	**56**	69
Euro	**285**	318
	13,948	3,402

The Group's long-term liabilities are shown below:

	2023 $000	2022 $000
Due for repayment within 1–2 years	**—**	—
Due for repayment within 3–5 years	**19,836**	7,245
	19,836	7,245

All financial liabilities are measured at amortised cost.

20. Financial instruments and financial risk management continued

Financial risk factors

The Group has a simple corporate structure with the Company and it has operating subsidiaries both in the UK and US. Monitoring of financial risk is part of the Board's ongoing risk management, the effectiveness of which is reviewed annually.

(a) Foreign exchange risk

In 2023 the Group's recurring revenues from royalties were mostly denominated in Euros. The majority of operating costs are denominated in US Dollars now although certain of its expenditures were payable in Euros and Sterling. A 5% difference in the exchange rates would have had the impacts set out in the table below:

		Effect on loss before tax	
		Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
EUR	+5.00%	**(11)**	(16)
	-5.00%	**11**	16
USD	+5.00%	**(67)**	(25)
	-5.00%	**67**	25

The following significant exchange rates has been applied:

	Average rate		Year-end spot rate	
USD	**2023**	2022	**2023**	2022
GBP 1	**0.802**	0.815	**0.786**	0.829
EUR 1	**0.938**	0.952	**0.887**	0.937
CHF 1	**0.896**	0.953	**0.841**	0.923

(b) Interest rate risk

The Group's policy is to maximise interest receivable on deposits, subject to maintaining access to sufficient liquid funds to meet day-to-day operational requirements and preserving the security of invested funds. With the current level of bank interest rates, interest receivable on bank deposits in 2023 was $518,000 (2022: $35,000). If interest rates had been 1% higher in 2023 the impact on cash interest received would have been $60,000 (2022: $35,000).

Interest payable arises principally on the Group's leases and borrowings. If interest rates had been 1% higher in 2023 the impact on cash interest paid would have been $2,000 (2022: $1,200).

The Group also holds external debts and manages interest rate risk exposures by seeking a largely fixed interest rate profile debts.

(c) Credit risk

Cash balances are mainly held on short- and medium-term deposits with financial institutions with a credit rating of at least A, in line with the Group's policy to minimise the risk of loss.

Trade debtors are monitored closely to minimise the risk of loss (Note 14).

Notes (forming part of the financial statements) continued
for the year ended 31 December 2023

21. Share capital
The Company has one class of Ordinary Shares listed on the AIM market of the London Stock Exchange with a nominal value of $0.018 (£0.015). Each Ordinary Share carries the right to one vote at general meetings of the Company and carries no right to fixed income.

	2023		2022	
	000	$000	000	$000
At 1 January	**259,388**	**5,371**	215,885	4,574
Exercise of share options	**—**	**—**	2,348	42
Conversion of loan	**158,805**	**2,986**	41,155	755
Warrants exercised	**5,148**	**98**	—	—
Issuance of shares pursuant to placing	**358,715**	**6,556**	—	—
Total shares authorised and in issue as at 31 December – fully paid	**782,056**	**15,011**	259,388	5,371

No share options were exercised during the year (2022: 2,348,000).

22. Reserves
The Group's balance sheet contains the following reserves:

- Share capital – the share capital reserve contains the nominal value of the issued Ordinary Shares of the Company;
- Share premium – the share premium reserve contains the proceeds of share capital issued, less the nominal cost and the issue cost of the Company's shares;
- Merger reserve – this reserve records any difference in share capital between the former Shield Holdings AG Group and the Shield Therapeutics plc Group, which replaced it on reorganisation;
- Currency translation reserve – this reserve contains currency translation differences arising from the translation of foreign operations;
- Accumulated deficit – this reserve contains the accumulated losses and other comprehensive expenditure of the Group; and
- Deposit for shares – this reserve contains equity that was paid prior to the completion of an equity placing in another period.

23. Share-based payments
The Group operates and has operated a number of employee share option schemes under which it grants and has granted share options to the parent entity's share capital to eligible employees. These are accounted for as equity settled in the consolidated financial statements.

The schemes which the Group operates are:

Scheme	Eligible participants	Conditions
Long Term Incentive Plan (LTIP)[(i)]	Executive Directors and senior management	Continued employment at vesting date, share capitalisation increase and other corporate goal achievements
Bonus Share Plan (BSP)	Executive Directors and senior management	No
Company Share Option Plan (CSOP)[(i)]	All employees	No
Retention Share Plan (RSP)[(i)]	All employees	Continued employment at vesting date
Retention and Performance Share Plan (RPSP)	All employees	Continued employment at vesting date or performance conditions attached

(i) The LTIP, CSOP and RSP are no longer in use. No further awards will be made under these schemes which have been replaced for all employees with the BSP and RPSP.

23. Share-based payments continued

The number of options outstanding at the start and end of both 2022 and 2023, the movements through both years, and the expense charged to the Group financial statements were as follows:

2023

Scheme	Settlement	1 January 2023	Forfeited	Exercised	Granted	31 December 2023	Exercisable	Expense $000
LTIP	Equity	**24,274**	**—**	**—**	**—**	**24,274**	**24,274**	**—**
CSOP	Equity	**315,625**	**—**	**—**	**—**	**315,625**	**315,625**	**—**
RSP	Equity	**12,136**	**—**	**—**	**—**	**12,136**	**12,136**	**—**
RPSP	Equity	**24,261,855**	**(6,850,363)**	**—**	**39,553,112**	**56,964,604**	**12,204,379**	**875**
Total		**24,613,890**	**(6,850,363)**	**—**	**39,553,112**	**57,316,639**	**12,556,414**	**875**

2022

Scheme	Settlement	1 January 2022	Forfeited	Exercised	Granted	31 December 2022	Exercisable	Expense $000
LTIP	Equity	24,274	—	—	—	24,274	24,274	—
CSOP	Equity	315,625	—	—	—	315,625	315,625	—
RSP	Equity	12,136	—	—	—	12,136	12,136	—
RPSP	Equity	7,110,081	(1,035,498)	(2,307,438)	20,494,710	24,261,855	1,864,129	912
Total		7,462,116	(1,035,498)	(2,307,438)	20,494,710	24,613,890	2,216,164	912

The BSPs were cash-settled share options. All of the remaining share options schemes are equity settled.

Between January 2022 and September 2022, 521,000 share options were granted under the RPSP as an onboarding incentive package which will vest during 2023.

In August 2022, 19,973,710 share options were granted under the RPSP with vesting periods of one to three years. 50% of the options will vest within one year, 25% within two years and 25% within three years.

During 2023, 3,942,800 share options were granted under the RPSP as an onboarding incentive package which will vest between 2024 and 2026.

In May 2023, 26,430,478 share options were granted under the RPSP with vesting periods of one to three years. 33% of the options will vest within one year, 33% within two years and 34% within three years.

In November 2023, 4,925,000 share options were granted under the RPSP with vesting periods of one to two years. 50% of the options will vest in one year and 50% within two years.

All of the shares option schemes are equity settled.

Notes (forming part of the financial statements) continued
for the year ended 31 December 2023

23. Share-based payments continued
Current year measurement inputs and assumptions used in the Black Scholes valuations were as follows:

	December 2023 Black Scholes	November 2023 Black Scholes	October 2023 Black Scholes	July 2023 Black Scholes	June 2023 Black Scholes	March 2023 Black Scholes	January 2023 Black Scholes
Weighted average share price	**$0.08**	**$0.07**	**$0.07**	**$0.13**	**$0.10**	**$0.08**	**$0.08**
Exercise price	**$0.08**	**$0.07**	**$0.08**	**$0.14**	**$0.09**	**$0.07**	**$0.08**
Expected volatility	**82.0%**	**82.0%**	**82.0%**	**82.0%**	**82.0%**	**82.0%**	**82.0%**
Expected option life	**3 years**	**1.5 years**	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**
Expected dividends	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Risk-free interest rate (based on UK Government bonds)	**4.61%**	**4.62%**	**4.71%**	**4.98%**	**5.14%**	**3.24%**	**3.33%**
Fair value at measurement date	**$0.03**	**$0.02**	**$0.02**	**$0.04**	**$0.03**	**$0.03**	**$0.02**

A 1% change in the fair value on share based payment charge for the year would result in an increase or decrease of $8,175 posted to the income statement.

The expected volatility is calculated by reviewing the volatility of the Group's share price over a 3 year period.

	September 2022 Black Scholes	August 2022 Black Scholes	May 2022 Black Scholes	April 2022 Black Scholes	February 2022 Black Scholes	January 2022 Black Scholes
Weighted average share price	**£0.02**	**£0.01**	**£0.03**	**£0.05**	**£0.06**	**£0.07**
Exercise price	**£0.07**	**£0.07**	**£0.19**	**£0.20**	**£0.36**	**£0.41**
Expected volatility	**40%**	**40%**	**40%**	**40%**	**40%**	**40%**
Expected option life	**1 year**	**3 years**	**1 year**	**1 year**	**3 years**	**1 year**
Expected dividends	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Risk-free interest rate (based on UK Government bonds)	**3.29%**	**1.87%**	**1.66%**	**1.36%**	**1.06%**	**0.91%**
Fair value at measurement date	**£0.07**	**£0.07**	**£0.19**	**£0.20**	**£0.36**	**£0.41**

24. Leases

The Group leases assets including office accommodation that are held within property, plant and equipment. Further details of these leased assets are included in Note 12.

Information about leases for which the Group is a lessee is presented below.

Analysis of property, plant and equipment between owned and leased assets	**2023 $000**	2022 $000
Net book value of property, plant and equipment owned	**269**	136
Net book value right-of-use assets	**404**	101
Total	**673**	237

Lease liabilities	**2023 $000**	2022 $000
Less than one year	**214**	107
Greater than one year	**195**	—
Total	**409**	107

Amounts recognised in profit or loss	**2023 $000**	2022 $000
Interest on lease liabilities	**13**	5
Expenses relating to short-term leases	**107**	150
Total	**120**	155

During 2023 the Group entered into a new operating lease arrangement for an office in Boston, US. These leases have been capitalised in accordance with IFRS 16.

Notes (forming part of the financial statements) continued
for the year ended 31 December 2023

25. Capital management policy
The primary objective of the Group's capital management is to ensure that it has the capital required to operate and grow the business at a reasonable cost of capital without incurring undue financial risks. The Board periodically reviews its capital structure to ensure it meets changing business needs. The Group defines its capital as its share capital, share premium account and retained earnings, plus the long-term loan. There have been changes to the capital requirements each year as the Group has required regular, suitable levels of capital injections to fund development.

The Group also manages capital by monitoring its net debt position, calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. The net debt position at 31 December 2023 and 2022 was as follows:

	2023 $000	2022 $000
Total liabilities	**33,766**	20,074
Cash and cash equivalents	**(13,948)**	(3,402)
Net debt	**19,818**	16,672

26. Related party transactions
During the year the Company had intercompany loan balances with some of its subsidiaries as follows: Shield TX (UK) Limited: $126,173,755 due to the Company (2022: $85,342,261 due to the Company); Shield TX (Switzerland) AG: $3,658,068 due to the Company (2022: $3,371,834 due to the Company); Shield Therapeutics Inc.: $1,919,395 due to the Company (2022: $974,260 due to the Company); and Phosphate Therapeutics Limited: $Nil due to the Company (2022: $496,342 due to the Company). All intercompany loans have an interest rate of 11.5% (2022: 10.5%) per annum.

27. Subsequent events
As announced on 29 April 2024 the Group implemented a $10 million accounts receivable facility with Sallyport Commercial Finance LLC, and also amended its current $20 million Credit Agreement with SWK Holdings LLC to lower the revenue covenants associated with the debt.

Glossary

AIM	Alternative Investment Market
CGU	Cash-Generating Unit
CHF	Chronic Heart Failure
CKD	Chronic Kidney Disease
CMO	Contract Marketing Organisation
CRO	Contract Research Organisation
EMA	European Medicines Agency
EPO	European Patent Office
EU5	Five largest European markets (France, Germany, Italy, Spain and the UK)
FDA	US Food and Drug Administration
GI	Gastrointestinal
GFR	Glomerular Filtration Rate
GxP	Good Clinical/Laboratory/Manufacturing Practice
H2H	AEGIS-Head-to-Head clinical study
Hb	Haemoglobin
HCP	Health Care Professional
IBD	Inflammatory Bowel Disease
ID	Iron Deficiency
IDA	Iron Deficiency Anaemia
IP	Intellectual Property
IRT	Iron Replacement Therapy
IV	Intravenous
NDA	New Drug Application (US)
PDUFA	Prescription Drug User Fee Act (US)
QCA	Quoted Company Alliance
QMA	Quality Management Agreement
R&D	Research and Development
TRX/rx	Prescription
WHO	World Health Organization

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