Company Registration No. 09910883

Belluscura plc

Annual report and financial statements

for the year ended 31 December 2022

Belluscura plc

Report and financial statements for the year ended 31 December 2022

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OFFICERS AND PROFESSIONAL ADVISORS

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Officers

Adam Reynolds	Non-Executive Chairman
Bob Rauker	Chief Executive Officer
Tony Dyer	Chief Financial Officer and Company Secretary
Dr Patrick Strollo	Non-Executive Director
David Poutney	Non-Executive Director
Ric Piper	Non-Executive Director

Auditor
Gerald Edelman LLP
73 Cornhill
London
EC3V 3QQ

Banks

Barclays Bank Plc
1 Churchill Place
Canary Wharf
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E14 5HP

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Solicitor
DWF PLC
20 Fenchurch Street
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EC3M 3AG

Nominated Advisor
Spark Advisory Partners Limited
5 St John's Ln
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EC1M 4BH

Broker
Dowgate Capital Ltd
15 Fetter Ln
London
EC4A 1BW

CHAIRMAN'S STATEMENT

I am pleased to report on the performance of Belluscura in my second year as Chairman following the Company's listing on AIM in May 2021.

Belluscura is a business founded on the principle of making healthcare both more affordable and more available while making strong returns for our shareholders.

The Group's first product, X-PLOR, received 510(k) clearance from the Food and Drug Administration ("FDA") on 2 March 2021, and was commercially launched in September 2021. The next-generation X-PLOR was launched in September 2022, with the latest generation launched in April 2023 gaining good momentum.

Our ground-breaking DISCOV-R device, which delivers more oxygen by weight than any device currently available, is expected to be fully commercially launched in Q3 2023. A significant number of Distributors have already requested access to the DISCOV-R and we expect it to have a major impact on the success of the Group.

Our products are now manufactured both in the US and China, with high quality facilities in place enabling the quality standard accreditations required to apply for access to international markets.

We believe that the DISCOV-R and X-PLOR products will provide significant growth for the Group. The global demand for medical oxygen continues to grow with an estimated 300m[1] people suffering from Chronic Obstructive Pulmonary Disease ("COPD") and the disease is expected to become the leading cause of death worldwide in 15 years.

With a strong management team in place and the recently raised funds to execute on bringing Belluscura's category-leading technology to market, the Board looks forward with confidence in the Group's ability to capture its market opportunities.

Adam Reynolds
Non-Executive Chairman
29 June 2023

[1] *Source: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5921960/*

Report and financial statements for the year ended 31 December 2022

CHIEF EXECUTIVE'S REVIEW

The Group is pleased to report on the considerable progress made in the year to 31 December 2022, during which it launched the next generation X-PLOR, built up significant distribution across the US and commenced an international roll out, while it also established high quality manufacturing facilities and developed the DISCOV-R™ for a well-received launch in 2023.

Considerable progress in 2022

Built significant US distribution and commenced international roll-out

Since the launch of the first-generation X-PLOR in September 2021, the Group is now distributing throughout the US through multiple sales channels including through Distributors and Durable Medical Equipment Providers both Online and Bricks and Mortar, Medical Supply Warehouses, Medical Device Intermediaries, Hospitals and Direct to Consumer. In December 2022, we also signed our first international distribution agreement, with MedHealth Supplies of South Africa, which sells to one of the world's leading respiratory device suppliers.

Established high quality manufacturing facilities

The Group's continued progress has been enabled by expanding the manufacturing of the X-PLOR in the US and China, which has provided increased capacity, much improved quality controls and, importantly, lower costs.

In March 2022, we signed a manufacturing Master Supply Agreement ("MSA") with InnoMax Medical Technology, Ltd ("InnoMax") to manufacture the X-PLOR portable oxygen concentrator ("POC") in China, more than doubling our manufacturing capacity in 2023 and enabling us to accelerate our international expansion by opening up markets in Asia and beyond. Innomax are anticipated to directly source most of their own components from the second half of 2023, which will also result in a significant margin improvement and a reduction in the Company's inventory levels.

In April 2022, the Group took the decision to transfer its US manufacturing in-house, to increase production output at high quality standards, and achieve a significant reduction in production costs. This was successfully completed at the end of July 2022, enabling the achievement of ISO:13485 accreditation. The manufacturing facility is already demonstrating the required product quality to build a significant customer base and repeat orders, underpinning the building of a strong brand reputation for our best-in-class technology.

Following this transition and having achieved ISO13485 accreditation, we are confident in having both the quality of manufacturing facilities and the inventory levels to increase production significantly, as we expand our sales channels and are able to apply to distribute products internationally. In December 2022 we produced 536 units in our in-house facility and with Innomax having started production in Q2 2023 this will more than double production of X-PLOR. Even with the rapid increase in volumes, the production quality of our in-house facility has been outstanding, with no units returned due to defects.

Launched the next generation X-PLOR

The next generation X-PLOR, launched in September 2022, has been well received by the market based upon its performance and reliability. It provides more oxygen by weight than any portable oxygen concentrator in its class and is the first POC with a mobile app that connects to phones, tablets, pulse oximeters and wearables (the NOMAD Biometric App). By 31 December 2022, the Company had shipped or received orders for 2,850 X-PLOR units, with 1,226 units being shipped in 2022, up three-fold compared with the previous year (2021: 377).

Building on strong foundations in 2023

Good momentum with X-PLOR, as we lay foundations for international expansion

The Company is pleased with the sales momentum of the latest generation X-PLOR portable oxygen concentrator released in April 2023, for which initial new standing purchase orders exceeding 1,000 units were secured.

Having begun its global expansion in December 2022 with sales of the X-PLOR in South Africa, Shenzhen Belluscura Technology Company Limited was registered in April 2023 in preparation for commercial launch of the X-PLOR in China later in 2023, once China National Medical Products Administration registration is received. The Company expects further global expansion from late 2023 and early 2024 once CE and UKCA marks are approved and anticipated regulatory clearances in Hong Kong, Europe, UK, Canada, Singapore and Australia are received.

The Company continues to evaluate several proposals with third parties interested in white labelling the X-PLOR product for the US market. Such agreements will require the Company to evaluate the set up and potential additional production costs with the anticipated increased sales volume.

Significant pre-launch demand for DISCOV-R™

In March 2023, the Company unveiled its new DISCOV-R portable oxygen concentrator at Medtrade in Dallas, Texas, and was awarded the Silver Award in the Best New Product category. This is a considerable achievement when taking account of the fact that most of the leading respiratory device companies were exhibiting at the show which is the largest home medical equipment ("HME") trade show and conference in the US.

The Company started it premarket evaluation of the DISCOV-R POC Q2 2023, with full commercialisation anticipated in H2 2023. DISCOV-R is the first ambulatory pulse-dose and two-litre continuous flow POC in the world. Weighing c.40% less than any comparable dual flow oxygen concentrator on the market, the DISCOV-R produces nearly three times the oxygen by weight than concentrators in its class. The DISCOV-R will also include the transformational NOMAD Biometric App.

The DISCOV-R has been met with significant pre-launch demand with over 125 durable medical equipment providers and internet retailers already requesting access to this innovative device. The Board believe that amounts to only 2%. of the durable equipment companies in the US. With two litres of continuous flow and eight levels of pulse dose delivery, the Company anticipates the product being covered by both Centres for Medicare & Medicaid Services ("CMS") codes E1390 and E1392, stationary and portable concentrator, respectively. The DISCOV-R being covered by both CMS codes would make the device significantly more profitable for Durable Medical Equipment providers.

We believe the significant technical advantages of the DISCOV-R over its competitors, combined with the anticipated dual CMS reimbursement codes, will result in the DISCOV-R accounting for 70 per cent of the Group's production volume and 80 to 85 per cent. of revenue by 2025.

Preliminary estimated unit volume demand for production is now estimated to exceed 2,000 units per month and the profitability of a DISCOV-R device is anticipated to be approximately 250% higher than an X-PLOR.

To meet this demand, the Company has been focusing significant resources to bring the DISCOV-R™ to market as soon as possible and to increase production and manufacturing capacity in the US and China where the product will be manufactured.

Funds raised to enable the commercial launch of DISCOV-R

Since the beginning of 2023, the Company has raised net proceeds of £7.2m ($8.8m), through the issue of 10% Unsecured Convertible Loan Notes, via a Placing and Broker Option in January and February, to raise £4.3m ($5.1m) net of expenses, and an equity issue, via a Placing, a Subscription by certain Directors, and a Retail Offer in May, which raised £2.9m ($3.7m) net of expenses.

The net proceeds will be used for finalising the development of, complete the pre-market evaluation of and commercially launching the DISCOV-R; as well as for extending sales channels of the latest generation X-PLOR and general working capital requirements for the Group, thereby providing the Group with the funds to capitalise on its significant market opportunities.

Further strengthened the Board

As announced in May 2023, the Board has decided to reinforce the executive team with the addition of relevant skills and expertise in global sales, by the appointment, subject to satisfactory completion of the requisite due diligence and nominated adviser checks, of Robert Fary as Executive Director, who joined the Company as Senior Vice President of Global Sales in January.

Robert's deep knowledge of the portable oxygen concentrator sector and its channels to market will be invaluable in driving sales of both the DISCOV-R and X-PLOR globally. He has thirty-years of experience in the respiratory industry where he has held leadership roles at major oxygen concentrator manufacturers and durable medical equipment companies. During the past two decades, Robert's industry leading team was directly responsible for or contributed to the sale of over 1 million portable oxygen concentrators, generating revenues in excess of $1 billion. He has already had a successful impact on sales of the X-PLOR, having secured standing purchase orders exceeding 1,000 units for the next generation X-PLOR following its launch in April 2023. Robert also participated in the Subscription as part of the previously mentioned Placing.

Outlook
We continue to build the foundations for significant growth in the coming years.

Trading in the first half of 2023 is in line with our expectations for the full year, with a significant second half weighting expected, as previously stated. Demand for X-PLOR, which is predominantly a Direct to Consumer unit, is growing, and we expect that our affiliation with GoodRX, a leading digital healthcare platform that makes healthcare affordable and convenient for all Americans, and new internet retailers will help X-PLOR to continue to gain momentum over the coming months.

The full commercial launch of DISCOV-R will be transformational for the Group. Having received a positive reception at Medtrade, we are very encouraged by the fact that 125 distributors have requested access to DISCOV-R, with the distributors indicating potentially significant demand for units.

Following the recent fundraising, and as we are now utilising the Company's previously high inventory levels, the Company is well positioned to deliver substantial growth in the coming years. We look forward to the future with confidence.

Robert M Rauker

Robert Rauker
Chief Executive Officer
29 June 2023

Report and financial statements for the year ended 31 December 2022

FINANCIAL REVIEW

Income statement

Revenue for the year to 31 December 2022 was $1.54m before discounts of $0.14m (2021: $0.42m). Revenue of $0.56m was generated in the first 3 months of the year before the Board took the decision to bring our US manufacturing in-house from our contract manufacturer. This decision was taken to improve the longer-term prospects for the Group through increased manufacturing capacity, reduced manufacturing costs and giving greater scalability and agility in manufacturing and product improvements. The transfer was successfully completed in just under three months. Revenue in the second half of the year was $0.98m following the launch of the 2nd generation X-PLOR device in October 2022. All revenue was generated in the US.

There was a small Product Gross Profit in the year of $68,105 (2021: Loss $52,171). With the Group trying to establish its products in the market, pricing was deliberately competitive to establish early B2B sales combined with cost of goods sold reflecting the initial volume higher input costs. Other operating income was $8,703 (2021: $209,690).

Administrative expenses were $8.07m, up 51% (2021: $5.34m). *(See note 6.3 to the accounts)* The increase of $2.73m was primarily due to:

- Amortisation & Inventory: Due to the rapid development of the next generation X-PLOR, launched in June this year, the Group felt it prudent to accelerate the amortisation of development costs associated with the first generation product, with a charge in the period of $2.91m (2021: $0.16m), along with a stock provision of $0.61m (2021: $nil) for obsolete raw material inventory and inventory adjustments.
- Staff, Marketing & Other Overheads: The Group continued to strengthen the team particularly in Engineering and Quality to manage in-house manufacturing and reduce external consultancy costs. $6.00m (2021: $4.22m).
- Royalties: Since the launch of X-PLOR in 2021, the Group's minimum royalty payments due are charged to the profit & loss account rather than capitalised in Product Development. $0.76m (2021: $0.15m).
- Realised and Unrealised foreign exchange movements: The US$ strengthened against £Sterling by 12% during the year (1 January 2022 - $1.35:£1.00; 31 December 2022 - $1.21:£1.00). Due to the size of the Intercompany Loan from the PLC to the US subsidiary which is fixed in £Sterling, this creates an accounting presentational impact between Administration Expenses: Gain $2.88m (2021: Gain $0.73m) and Other Comprehensive Income: Loss $3.77m (2021: Loss $1.15m), which to a large extent can be netted off against one another.

Operating Loss for the year was $8.13m (2021: $5.19m), Total Comprehensive Loss was $11.98m (2021: $6.37m).

Adjusted EBITDA Loss of $6.20m (2021: $4.18m) *(See note 26 to the accounts)*. The Board considers that Adjusted EBITDA to be an important key performance indicator. It is a more accurate measure of underlying business performance as it removes the impact of non-cash accounting adjustments.

Loss per share

The basic and diluted loss per share was $0.068 (2021: $0.055).

Financial position

The Group net assets as at 31 December 2022 were $20.35m (2021: $24.67m). This comprised total assets of $23.60m (2021: $26.00m) and total liabilities of $3.25m (2021: $1.33m). The total assets included intangible assets (capitalised research and development costs), property, plant and equipment and right-of-use assets of $9.07m (2021: $7.05m). Net cash at 23 June 2023 following receipt of the placing proceeds was $4.2m.

Cashflow

At 31 December 2022 the Group had net cash of $2.04m (2021: $15.89m). During the year, net cash inflow from funds raised in the year was $7.47m (2021: $25.47m), net cash outflow from operating activities was $14.91m (2021: $7.33m).

Both the decision to bring our US manufacturing in-house from our contract manufacturer along with the initial support of the set-up of Innomax manufacturing in China, resulted in significant investment in Raw Material Inventory and Deposits which, at 31 December 2022, stood at $10.77m (2021: $ 1.78m).

2021 Restatement

In 2021 the Group's established an Employee Benefit Trust (EBT). The Company loaned the EBT funds for the purpose of buying shares with any shares held by the EBT to be distributed to employees exercising share options once vesting conditions are satisfied. The EBT has been consolidated at 31 December 2022 and 31 December 2021. The effect of the 2021 restatement consists of an increase in cash of $302,000 and a corresponding reduction in debtors.

Dividends

No dividend is recommended (2021: £nil) due to the early stage of the development of the Group.

Events after the reporting period

Events after the reporting period are detailed in Note 28 to the Accounts.

These events include fundraising of both convertible equity loan notes and equity.

Analysis of Financial and non-Financial Key Performance Indicators

The Board continues to monitor performance regularly throughout the year by reviewing a range of key performance indicators. These include revenue growth, progress towards operational break even, expenditure (both current and investment) control against budget and cash used and remaining.

The Directors expect further improvement in performance in future periods as it achieves success in the Group's strategy to launch its products and grow through continual investment.

Change of auditors

As announced on 30 March 2023, Gerald Edelman LLP, were appointed as auditor to the Company with immediate effect, replacing Gravita Audit Limited.

Gravita Audit Limited, which was recently formed by the combination of Jeffreys Henry LLP, Arram Berlyn Gardner LLP and Propel, notified the Company that, following a recent review in conjunction with the Institute of Chartered Accountants in England and Wales (the "ICAEW"), it did not have sufficient capacity to satisfy its regulatory requirements in respect of its engagement with the Company and was, therefore, required to resign as auditor with effect from 29 March 2023.

Gravita Audit Limited confirmed that there were no circumstances connected with their resignation which they consider should be brought to the attention of the Company's members or creditors in accordance with Section 519 of the Companies Act 2006.

Principal Risks and Uncertainties

The Group actively considers and manages its risks. The Directors consider the following areas of business and operational risk and details how this risk is managed or mitigated:

- Generating revenue. The Group's primary source of revenue is from sales of its X-PLOR product. Management performs regular reviews of the sector to ensure it is targeting large markets.
- Successful product development. The Group received FDA 510(k) clearance for X-PLOR on 2 March 2021. The Group's follow-on products are in advanced development and are based upon shared technology with X-PLOR. The Board regularly monitors the carrying value of capitalised product development in the light of plans for future revenue and margin.
- Credit risk. The Group's principal financial assets are cash, and trade and other receivables. The Group monitors receivables and should any be the subject of an identified loss event, allowance is made for impairment if required. At the end of the period the Group had four customers. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Further, apart from intercompany consolidated transactions the Group has no current debt outstanding (excluding leases capitalised under IFRS16).
- Liquidity risk. To support expansion plans for future development, the Group regularly reviews its financing arrangements and cash flows to ensure there is sufficient funding in place.
- Foreign exchange risk. As the Group holds Sterling cash deposits and reports its financial performance in US Dollars, this exposes the Group to a potential unrealised currency risk on its Sterling bank balances. This relates to the raising of capital in the United Kingdom. The Directors review this exposure on a regular basis.

Contingent Liabilities

On 24 February 2017, the Company entered into a co-exclusive licence and development agreement with Separation Design Group, LLC and SDG (together the "SDG Parties") ("SDG Licence") which was subsequently amended by an amendment agreement dated 19 March 2022. Pursuant to the SDG Licence: if by 3 September 2025, cumulative sales of the X-PLOR and DISCOV-R have not exceeded $20 million dollars, Belluscura must make a one-time payment of $3 million to the SDG Parties to maintain the exclusive SDG licence. By 31 December 2022 cumulative sales of X-PLOR were $1.8 million. No provision has been made in these Financial Statements.

Companies Act S.172

The Directors acknowledge their duty under s.172 of the Companies Act 2006 and consider that they have, both individually and together, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they have had regard (amongst other matters) to:

- the likely consequences of any decision in the long term. The Group's long-term strategic objectives, including progress made during the year and principal risks to these objectives, are shown in the Chairman Statement, Chief Executive's Review and Financial Review.
- the interests of the Company's employees. Our employees are fundamental to us achieving our long-term strategic objectives. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. Further details can be found in the Remuneration Report.
- the impact of the Company's operations on the community and the environment. The Group operates honestly and transparently. We consider the impact on the environment, the people who work for us and the wider community and how we can minimise this.
- the desirability of the Company maintaining a reputation for high standards of business conduct. Our intention is to behave in a responsible manner, operating a high standard of business conduct and good corporate governance.
- the need to act fairly as between members of the Company. Our intention is to behave responsibly towards our shareholders and treat them fairly and equally so that they may benefit from the successful delivery of our strategic objectives.

COVID-19 and Russia/Ukraine

The Board have reviewed and assessed the impact of the COVID-19 pandemic on the Group. Whilst we face similar challenges to other businesses caused by COVID-19 disruption, we believe that we are in a strong position to progress, and the pandemic actually created a larger market for our products.

The Board have reviewed and assessed the impact of the current Russia/Ukraine conflict on the Group. The Group believe that based upon our current structure and plans that there will be minimal impact on the Group.

Tony Dyer

Tony Dyer
Chief Financial Officer
29 June 2023

Report and financial statements for the year ended 31 December 2022

GOVERNANCE

Board of Directors

Adam Reynolds - *Non-Executive Chairman*
Adam began his career in the City in 1980 and in 2000 established his own PR/IR/Corporate finance firm which listed on AIM in November 2000 and was then later sold in 2004 via a reverse takeover. He was approached in 2005 to become non-executive Chairman of International Brand Licensing Plc ("IBL"). The Company at this time had substantial debt and the remit was to turn it around, and following the sale of a number global sports IP assets, IBL became a cash shell. In 2009 Adam introduced David Evans and Julian Baines, two leading diagnostic specialists in the UK, to the Company and the Plc changed direction. That business is today called EKF Diagnostic Holdings Plc, and Adam remains a non-executive director and shareholder. In November 2012 Adam launched a successful agreed bid for the trading assets and business of Autoclenz Plc alongside its management team. Adam remains a director and shareholder. In addition, Adam is currently non-executive Chairman of Aquis-quoted OTAQ plc and MyHealthChecked Plc, and a non-executive director of Sosandar Plc. Adam joined the Board in April 2021.

Robert "Bob" Rauker - *Chief Executive Officer*
Bob is a senior management executive with a track record in the medical device sector. Over his career Bob has been involved in the valuation, acquisition and sale of multiple medical devices. Bob has served as Head of Medical Device & Life Sciences Group for Acacia Research Group (NASDAQ) in the role of SVP, where he built the medical device business to $30 million in revenue. Previously he served as global chief IP counsel for Synthes Inc. (SIX) and the Boston Scientific Corporation (NYSE) Endoscopy business, both multi-billion dollar companies, where he managed the medical products acquisition and licensing transactions along with other senior management roles. Bob has a bachelor's degree in mechanical engineering and an MBA from the University of Massachusetts and a juris doctorate from the New Hampshire School of Law. Additionally, he is a registered patent attorney, a named inventor on 13 patents and pending applications in the medical device sector and joint inventor of the X-PLO2R portable oxygen concentrator. Bob joined the Board in August 2016.

Anthony "Tony" Dyer - *Chief Financial Officer*
Tony has over ten years' experience in acting as a public company chief financial officer. Between 2004 and 2017 he led the finance function and played a key strategic role in Gattaca plc becoming one of the UK's leading engineering and technology recruiters growing from one office, 40 staff and revenues of £30 million in 1996 to 14 offices in ten countries, 800 staff and global revenues of £650 million in 2017, 30 per cent. of which was generated outside the UK. Tony was a core member of the team that completed the over-subscribed fundraising and admission to trading on AIM of Gattaca plc (then Matchtech Group plc). He also led the successful £60 million acquisition and integration of AIM quoted Networkers International plc. Tony joined the Board in November 2017.

Dr. Patrick Strollo - *Non-Executive Director*
Dr. Strollo is Professor of Medicine and Clinical and Translational Science at the University of Pittsburgh. He has been an active member of the American Thoracic Society and the American Academy of Sleep Medicine for over 25 years. By profession, Dr. Strollo is a pulmonologist and has been in practice for over 20 years, he has over 100 publications that include 81 papers in peer reviewed journals in Sleep and Pulmonary Medicine, and 67 book chapters and invited papers. Dr. Strollo also served the United States Air Force for sixteen years and ultimately rose to the rank of Lieutenant colonel. Patrick joined the Board in April 2021.

David Poutney – *Non-Executive Director*
David is Chief Executive of Dowgate Capital Limited. Previously he was Head of Corporate Broking at Numis Securities Limited and Numis Corporation Plc, where he was an Executive Director until he stood down in February 2016. He started his career in commercial banking before becoming a number one ranked financials analyst at a number of leading firms including BZW, James Capel and UBS. In his 20 years as a corporate broker, David worked directly on the listings of over 30 companies. He is currently a Non-Executive Director of AIM quoted Franchise Brands plc. David joined the Board in May 2021.

Richard ("Ric") Piper - *Non-Executive Director*
Ric read Economics at Cambridge University and qualified as a Chartered Accountant in 1977. He held senior finance roles in ICI, Citicorp, Logica and WS Atkins, where he was Group Finance Director from 1993 to 2002. He is currently a non-executive director of AIM-quoted GRCI plc, partner at Restoration Partners Limited and a Board Advisor to a number of privately owned businesses. Ric joined the Board in May 2021.

Board Governance

The Directors acknowledge the importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the principles set out by the Quoted Companies Alliance ("QCA") in the QCA Code.

AIM-quoted companies are required to adopt a recognised corporate governance code with effect from their admission to trading on AIM however, there is no prescribed corporate governance regime for AIM companies. The QCA has published the QCA Code, a set of corporate governance guidelines, which include a code of best practice, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters. The Directors acknowledge the importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the principles set out in the QCA Code.

Since Admission, the Board has comprised six Directors, two executive and four non-executive directors, reflecting a blend of different experiences and backgrounds. The Board believes that the composition of the Board brings a desirable range of skills and experience in light of the Company's challenges and opportunities following Admission, while at the same time ensuring that no individual (or a small group of individuals) can dominate the Board's decision making. The Board meets regularly (typically monthly) to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals.

The Company has established an Audit Committee, a Remuneration Committee and a Nomination Committee, each with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Audit committee

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee meets regularly in each financial year, including ahead of the publication of the interim and annual accounts. It has unrestricted access to the Company's auditors, including for agreeing the audit plan. Members of the Audit Committee are Adam Reynolds, David Poutney and Ric Piper, with Ric Piper acting as chairman.

Remuneration committee

The Remuneration Committee will review the performance of the executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. It will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Code. No director is permitted to participate in discussions or decisions concerning his own remuneration. The Remuneration Committee will meet not less than twice in each financial year. Members of the Remuneration Committee are Adam Reynolds, David Poutney and Ric Piper, with Adam Reynolds acting as chairman.

Nomination committee

The Nomination Committee will lead the process for board appointments and make recommendations to the Board. The Nomination Committee shall evaluate the balance of skills, experience, independence and knowledge on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. The Nomination Committee will meet as and when necessary, but at least once each year. Members of the Nomination Committee are Adam Reynolds, David Poutney and Ric Piper, with Adam Reynolds acting as chairman.

Board Independence

In line with the QCA Code the Board has considers that Adam Reynolds, Dr Patrick Strollo and Ric Piper are independent directors. David Poutney is a substantial shareholder in the Company and is not considered independent. Mr Reynolds has assisted the Company by introducing investors since 2019. The Board does not consider Mr Reynolds' involvement in this capacity adversely impacts the assessment of his independence.

By order of the Board of Directors and signed on behalf of the Board

Tony Dyer

Tony Dyer
Chief Financial Officer
29 June 2023

Report and financial statements for the year ended 31 December 2022

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022.

The principal activity of the parent company is that of a holding management company and that of the Group is to develop and commercialise in oxygen related medical device products. This is achieved by using its proprietary oxygen enrichment technologies to advance the use of oxygen in medical products.

Review of the Business

Belluscura is a public English company limited by shares founded on the principle of making healthcare both more affordable and more available while returning a strong profit to our shareholders.

In February 2017, the Company entered into a co-exclusive licence and development agreement with Separation Design Group ("SDG") to complete the development of the X-PLOR, a portable oxygen concentrator, used to deliver concentrated oxygen to a patient requiring oxygen therapy. Belluscura and SDG delivered a working prototype within five months of acquiring the X-PLOR licence. X-PLOR received 510k clearance from the FDA on 2 March 2021.

Further information about the business (including an indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year) is provided in the Group's Strategic Report, being together the Chairman's Statement on page 2, the Chief Executive's Review on page 3 and the Financial Review on page 6.

Research and development

The Group continues to invest in the development of the X-PLOR range of products.

Proposed dividend

No dividend was paid or was proposed during the period ended 31 December 2022.

Directors

The following Directors held office during the period, and to the date of this report.

	Appointed
Adam Reynolds	21 April 2021
Robert ("Bob") Rauker	18 August 2016
Anthony ("Tony") Stephen Dyer	13 November 2017
Dr Patrick Strollo	12 April 2021
David Poutney	28 May 2021
Richard ("Ric") John Piper	28 May 2021

Going concern

Commercial Background

US FDA 510(k) clearance of the Group's X-PLOR was received on 2 March 2021. The Group launched X-PLOR in the US in September 2021, the next generation X-PLOR in October 2022 and released the DISCOV-R for Pre-Market Evaluation in June 2023.

In March 2022, we signed a manufacturing Master Supply Agreement ("MSA") with InnoMax Medical Technology, Ltd ("InnoMax") to manufacture the X-PLOR portable POC in China alongside US manufacturing. Innomax is anticipated to directly source most of their own components from the second half of 2023, which will also result in a significant margin improvement and reduction in the Company's inventory levels.

In April 2022, the Group took the decision to transfer its US manufacturing in-house, to increase production output at high quality standards, and achieve a significant reduction in production costs. This was successfully completed at the end of July 2022.

The decision to bring our US manufacturing in-house from our contract manufacturer along with the initial support of the set-up of Innomax manufacturing in China, resulted in significant investment in Raw Material Inventory and Deposits which, at 31 December 2022, stood at $10.77m (2021: $1.78m). Cash was $2.04m.

Fundraising

The Group raised $22.5m after expenses in its IPO on the AIM market of the London Stock Exchange on 28 May 2021 and $7.1m after expenses from investors in May 2022 to support the inventory requirements of the new manufacturing agreement. Since 31 December 2022, $5.1m after expenses was raised through the placing of Loan Notes in February 2023, and $3.7m after expenses through an equity placing in June 2023.

At 20 June 2023, the Group held approximately $9.6 in Raw Material Inventory, Inventory deposits and Finished Goods. Cash was $4.2, including the $3.7m raised in June 2023, as referred to below.

Prospects and Forecasts
The launch in Summer 2023 of the award winning DISCOV-R product will be transformational for the Group. We already have over 125 Distributors requesting access to the DISCOV-R, and we expect demand to be significant. The majority of the development and capital costs for DISCOV-R have already been incurred.

The Group's forecasts, including the expected significant demand for the DISCOV-R, alongside the release of working capital through the sale of goods from its existing inventory, indicate that the Group has sufficient cash reserves to operate within the level of its current facilities for a period of 12 months from the date of approval of the financial statements.

The Group's forecasts, taking account of reasonably possible downsides in trading performance and development costs/timelines, and the risks to these projections (set out in the Principal Risks and Uncertainties section of the Group Strategic Report on Page 7) have been considered by the Board in its assessment of these forecasts.

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

Political contributions
Neither the Company nor any subsidiaries made any political donations or incurred any political expenditure during the period.

Remuneration Report (this is a voluntary unaudited disclosure note)

Directors' Emoluments
Directors' emoluments are detailed in note 7.1.

Directors' beneficial interests in shares

	As at 27 June 2023 No of Shares	As at 31 December 2022 No of Shares
Adam Reynolds	1,808,176	1,634,471
Robert Rauker	1,035,684	955,684
Anthony Dyer	778,345	778,345
Dr Patrick Strollo	-	-
David Poutney	14,255,731	11,605,731
Ric Piper	80,000	80,000

Disclosure of information to auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor
In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of Gerald Edelman LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board of Directors and signed on behalf of the Board

Robert M Rauker

Robert Rauker
Chief Executive Officer
29 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the UK as adopted IFRS and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 their 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 judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the UK;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELLUSCURA PLC

Opinion

We have audited the financial statements of Belluscura Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of profit & loss and other comprehensive income, consolidated and company balance sheet, consolidated and company statements of changes in equity, consolidated statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

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

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included reviews of cash reserves and critical review of forecasts for a period of 12 months from when the financial statements are authorised for issue.

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 ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Key audit matters

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

- Going Concern basis of preparation
- Valuation of product development

These are explained in more detail below:

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Going concern

As disclosed in Note 2.1.1, the financial review on page 25, the financial statements have been prepared on a going concern basis.

There is the risk that the group may not be able to continue as a going concern and finance its operations for a period of at least 12 months from the date of approval of the financial statements.</td><td>We have performed the following audit procedures:
• In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
• Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included reviews of expected cash flows for a period of 15 months, to determine expected cash burn, which was compared to the liquid assets held in the entity;
• The cashflow forecasts contained ongoing running costs of the group and committed expenditure at the date of approving the financial statements. The key assumptions that impacted the conclusion are the levels of future revenue generated, and the ability to control the operating costs;
• We ensured reliability of the forecasts by: agreeing historical actual results to budgeted results; challenging the current forecast and its assumptions; and checked the clerical accuracy of management's forecasts; and
• We also considered the appropriateness of the group's disclosures in relation 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 ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.</td></tr>
<tr><td>Valuation of product development - carrying value of intangible assets and capitalization of development costs.

As disclosed in Note 2.8, the financial review on page 28, the cost of developing the product are capitalized as intangibles and amortised from the date products are launched, taking into account the Directors opinion as to the expected further development of the technology and is regularly reassessed.

There is the risk that the group may be carrying intangibles which is impaired and not generating value to the group.</td><td>We have performed the following audit procedures:
• Under IAS 38 there are strict capitalization criteria, being that the intangible assets can be measured reliably and there is probably future economic benefit attributable to the asset. We tested the assertions under IAS 38.

• We have assessed the useful economic life of the asset and indicators of impairment given the group is loss making.</td></tr>
</table>

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Group financial statements	**Company financial statements**
Overall materiality	$296,000	$100,000
How we determined it	Based on 1.25% of gross assets	Based on 1.25% of gross assets capped below group materiality
Rationale for benchmark applied	We believe that gross assets is a primary measure used by shareholders in assessing the performance of the Company as it is the holding company within the group.	We believe that gross assets is a primary measure used by shareholders in assessing the performance of the Company and is a generally accepted auditing benchmarks.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components is ranged from $.

Reporting threshold

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $14,800 (Group audit) and $5,000 (Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

We performed audits of the complete financial information of Belluscura PLC

We conducted sufficient appropriate audit procedures on the subsidiary, Belluscura LLC, for the purposes of the consolidation.

We have audited all components within the Group, and no unaudited components remain.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent, material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of, this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit, in respect to fraud are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatements due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our knowledge and experience of the entity's activities.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and reviewing legal expenditure; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- we assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims

There are inherent limitations in our audit procedures described above. The more. removed that laws. and regulations are from financial transactions, the less likely it is that we Would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify noncompliance with laws and regulations to; enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Other matters which we are required to address

The non-audit services: prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company and we remain independent of the group and the parent company in conducting our audit. Out audit opinion is consistent with the additional report to the audit committee.

Use of this report

This report including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose, or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Hemen Doshi (Senior Statutory Auditor)
For and on behalf of Gerald Edelman LLP,
Chartered Accountants
Statutory Auditor
73 Cornhill
London,
United Kingdom
EC3V 3QQ

29 June 2023

Belluscura plc

CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

Group	Note	2022 US $	2021 US $
Continuing Operations			
Revenue	5	1,542,948	420,316
Discounts Granted		(144,866)	-
Cost of sales		(1,329,977)	(472,487)
Gross Profit/(Loss)		**68,105**	(52,171)
Other operating income	6.1	8,703	209,690
Other direct costs	6.2	(136,825)	(18,914)
Administrative expenses	6.3	(8,068,895)	(5,325,262)
Operating Loss		**(8,128,912)**	(5,186,657)
Finance costs	8	(24,073)	(26,837)
Finance costs - net		**(24,073)**	(26,837)
Loss before income tax		**(8,152,985)**	(5,213,494)
Income tax expense	9	-	-
Loss after tax for the period		**(8,152,985)**	(5,213,494)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		(3,827,808)	(1,153,148)
Total other comprehensive income		**(3,827,808)**	(1,153,148)
Total comprehensive loss for the year attributable to the equity holders		**(11,980,792)**	(6,366,642)
Earnings per share			
Basic: Loss per share	10	**(0.068)**	(0.055)
Diluted: Loss per share	10	**(0.068)**	(0.055)

Items in the statement above are disclosed net of tax.
The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

Adjusted EBITDA[1]

Group	2022 US $	2021 US $
Total comprehensive loss for the year	**(11,980,792)**	(6,366,642)
Add back:		
Administrative expenses Realised & unrealised FX movements in	(2,877,886)	(734,678)
Other comprehensive income FX currency translation differences	3,827,808	1,153,148
Net foreign exchange movement[2]	**949,922**	418,470
Finance Costs	24,073	26,837
Product development amortisation	2,911,988	156,774
Costs relating to fundraising activities	-	646,042
Surrendered share options and share option tax	162,505	611,947
Minimum royalties in excess of sales royalties	763,430	147,752
Obsolete raw material inventory and inventory adjustments	609,848	-
Contract Manufacturer Capacity Costs	128,607	-
Share based payments	229,241	180,091
Adjusted EBITDA	**(6,201,178)**	(4,178,729)

1 ***Reconciliation to Adjusted EBITDA measure***
Adjusted EBITDA is the Group's key adjusted profit measure. Total comprehensive loss for the year is adjusted to exclude; Foreign exchange translation differences along with unrealised and unrealised foreign exchange movements, depreciation and amortisation of product development, costs relating to fundraising activities, surrendered share options and share option taxes, minimum royalties in excess of sales royalties, share based payments, obsolete 1st generation X-PLOR inventory adjustments and contract manufacturer capacity costs.

2 ***Net foreign exchange movements***
The US$ strengthened against £Sterling by 12% during the year (1 January 2022 - $1.35:£1.00; 31 December 2022 - $1.21:£1.00). Due to the size of the Intercompany Loan from the PLC to the US subsidiary which is fixed in £Sterling, this creates an accounting presentational impact between Administration Expenses and Other Comprehensive Income, which to a large extent can be netted off against one another.
- *Realised FX movements in administrative expenses arise from the revaluation of £Sterling cash balances into US$*
- *Unrealised FX movements in administrative expenses arise from the revaluation of the Intercompany Loan fixed in £Sterling into US$*
- *Foreign currency translation differences in Other Comprehensive Income arise from the revaluation of the PLC balance sheet into US$*

Belluscura plc

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

Group	Note	2022 US $	Restated[1] 2021 US $
Assets			
Non-current assets			
Tangible assets	12	152,717	47,156
Product development	13	8,668,732	6,723,883
Right of use asset	12	246,924	277,803
Non-current assets		**9,068,373**	7,048,842
Current assets			
Inventory	14	8,431,031	309,159
Trade and other receivables	15	4,054,102	2,757,363
Cash and cash equivalents	16	2,044,836	15,889,552
Current assets		**14,529,969**	18,956,074
Total assets		**23,598,342**	26,004,916
Current liabilities			
Trade and other payables	20	(3,045,788)	(1,084,601)
Current liabilities		**(3,045,788)**	(1,084,601)
Non-current liabilities			
Trade and other payables	20	(200,432)	(247,823)
Non-current liabilities		**(200,432)**	(247,823)
Total liabilities		**(3,246,220)**	(1,332,424)
Net assets		**20,352,122**	24,672,492
Equity attributable to the owners of the parent			
Share capital	18	1,662,185	1,548,227
Share premium	18	33,379,947	26,025,760
Capital contribution	19	165,000	165,000
Retained earnings	19	(10,310,673)	(2,349,966)
Translation reserve	19	(4,544,337)	(716,529)
Total equity		**20,352,122**	24,672,492

[1] Results are restated to reflect the consolidation of the Employee Benefit Trust into the Group Accounts

The notes on pages 25 to 48 are an integral part of these financial statements.

The financial statements on pages 19 to 48 were authorised for issue by the Board of Directors on 29 June 2023 and were signed on its behalf.

Robert Rauker
Chief Executive Officer

Tony Dyer
Chief Financial Officer

Robert M Rauker

Tony Dyer

Belluscura plc
registered number 09910883

Belluscura plc

COMPANY BALANCE SHEET

At 31 December 2022

Company	Note	2022 US $	2021 US $
Assets			
Non-current assets			
Tangible assets	12	7,107	5,077
Intangible assets	13		-
Right of use asset		67,169	-
Loans to subsidiaries	15	26,725,430	14,570,635
Non-current assets		**26,799,706**	14,575,712
Current assets			
Trade and other receivables	15	471,965	707,230
Cash and cash equivalents	16	1,237,288	13,063,238
Current assets		**1,709,253**	13,770,468
Total assets		**28,508,959**	28,346,180
Current liabilities			
Trade and other payables	20	(155,682)	(86,677)
Current liabilities		**(155,682)**	(86,677)
Non-current liabilities			
Trade and other payables	20	(56,563)	(23,026)
Non-current liabilities		**(56,563)**	(23,026)
Total liabilities		**(212,245)**	(109,703)
Net assets		**28,296,714**	28,236,477
Equity attributable to the owners of the parent			
Share capital	18	1,662,185	1,548,227
Share premium	18	33,427,947	26,025,760
Capital contribution	19	165,000	165,000
Retained earnings	19	(2,414,081)	1,214,019
Translation reserve	19	(4,544,337)	(716,529)
Total equity		**28,296,714**	28,236,477

The Parent Company's loss before tax for the period 31 December 2022 was $3,820,378 (2021: $3,668,779).
The Group has used the exemption under S408 CA 2006 not to disclose the company income statement.

The notes on pages 25 to 48 are an integral part of these financial statements.

The financial statements on pages 19 to 48 were authorised for issue by the Board of Directors on 29 June 2023.

Robert M Rauker

Robert Rauker
Chief Executive Officer

Tony Dyer

Tony Dyer
Chief Financial Officer

Belluscura plc
registered number 09910883

Belluscura plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

		Attributable to equity holders of the parent company					
Group	**Note**	**Ordinary Shares US $**	**Share Premium US $**	**Translation Reserve US $**	**Capital Contribution US $**	**Retained earnings US $**	**Total US $**
Balance at 1 January 2021		823,201	556,683	436,619	165,000	2,687,361	4,668,864
Issue of ordinary shares	18	725,026	25,469,077	-	-	-	26,194,103
Reduction in capital		-	-	-	-	-	-
Loss for the year	*19*	-	-	-	-	*(5,213,494)*	*(5,213,494)*
Other comprehensive income	*19*	-	-	*(1,153,148)*	-	-	*(1,153,148)*
Total comprehensive income		-	-	(1,153,148)	-	(5,213,494)	(6,366,642)
Share based payments	19	-	-	-	-	176,167	176,167
Balance at 31 December 2021		1,548,227	26,025,760	(716,529)	165,000	(2,349,966)	24,672,492
Balance at 1 January 2022		1,548,227	26,025,760	(716,529)	165,000	(2,349,966)	24,672,492
Issue of ordinary shares	18	113,958	7,402,187	-	-	-	7,516,145
Loss for the year	*19*	-	-	-	-	*(8,152,985)*	*(8,152,985)*
Other comprehensive income	*19*	-	-	*(3,827,808)*	-	-	*(3,827,808)*
Total comprehensive income		-	-	(3,827,808)	-	(8,152,985)	(11,980,793)
Share based payments	19	-	-	-	-	192,278	192,278
Purchase of share by EBT		-	(48,000)				(48,000)
Balance at 31 December 2022		**1,662,185**	**33,379,947**	**(4,544,337)**	**165,000**	**(10,310,673)**	**20,352,122**

The notes on pages 25 to 48 are an integral part of these financial statements.

Belluscura plc

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

		Attributable to equity holders of the parent company					
Group	**Note**	**Ordinary Shares US $**	**Share Premium US $**	**Translation Reserve US $**	**Capital Contribution US $**	**Retained earnings US $**	**Total US $**
Balance at 1 January 2021		823,201	556,683	436,619	165,000	4,706,632	6,688,135
Issue of ordinary shares	18	725,026	25,469,077	-	-	-	26,149,103
Reduction in capital		-	-	-	-	-	-
Loss for the year	*19*	-	-	-	-	*(3,668,780)*	*(3,668,780)*
Other comprehensive income	*19*	-	-	*(1,153,148)*	-	-	*(1,153,148)*
Total comprehensive income		-	-	(1,153,148)	-	(3,668,780)	(4,821,928)
Share based payments	19	-	-	-	-	176,167	176,167
Balance at 31 December 2021		1,548,227	26,025,760	(716,529)	165,000	1,214,019	28,236,477
Balance at 1 January 2022		1,548,227	26,025,760	(716,529)	165,000	1,214,019	28,236,477
Issue of ordinary shares	18	113,958	7,402,187	-	-	-	7,516,145
Loss for the year	*19*	-	-	-	-	*(3,820,378)*	*(3,820,378)*
Other comprehensive income	*19*	-	-	*(3,827,808)*	-	-	*(3,827,808)*
Total comprehensive income		-	-	(3,827,808)	-	(3,820,378)	(7,648,186)
Share based payments	19	-	-	-	-	192,278	192,278
Balance at 31 December 2022		**1,662,185**	**33,427,947**	**(4,544,337)**	**165,000**	**(2,414,081)**	**28,296,714**

The notes on pages 25 to 48 are an integral part of these financial statements.

Belluscura plc

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

Group	Note	2022 US $	Restated[1] 2021 US $
Cash flows from operating activities			
Cash generated from operations	24	(14,906,368)	(6,987,072)
Net cash used in operating activities		**(14,906,368)**	(6,987,072)
Cash flows from investing activities			
Purchases of property, plant and equipment	12	(144,776)	(45,461)
Intangible assets under development	13	(4,856,846)	(2,750,997)
Purchase of ROU asset		(75,509)	-
Net cash used in investing activities		**(5,077,131)**	(2,796,458)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares (net)	18	7,467,030	25,469,077
Purchase of share by EBT	18	(48,000)	-
Lease Payments	22	(130,780)	(108,392)
Net cash generated from financing activities		**7,288,250**	25,360,685
Net (decrease)/increase in cash and cash equivalents		(12,695,249)	15,577,155
Cash and cash equivalents at beginning of year		15,889,552	520,070
Exchange loss on cash and cash equivalents		(1,149,467)	(207,673)
Cash and cash equivalents at end of year		**2,044,836**	15,889,552

[1] Results are restated to reflect the consolidation of the Employee Benefit Trust into the Group Accounts

The notes on pages 25 to 48 are an integral part of these financial statements.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2022

1. General Information

Belluscura plc is a public company limited by shares incorporated in England and Wales and domiciled in the UK. Company Registration No. 09910883. On 28 November 2017 the Company changed its name from Belluscura Limited to Belluscura plc.

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

2. Accounting Policies

2.1 Statement of compliance

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its Group.

These consolidated financial statements are prepared in accordance with United Kingdom adopted International Financial Reporting Standards (IFRS) and issued by the International Accounting Standards Board (IASB). The consolidated financial statements are presented in US Dollars, the Group's functional currency.

The financial statements for the Company have been prepared in accordance with Financial Reporting Standard 101 by applying the recognition and measurement requirements of United Kingdom adopted International Financial Reporting Standards ("IFRS"), amended where necessary in order to comply with Companies Act 2006. The Company has notified shareholders of this disclosure.

Critical accounting estimates and judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements are disclosed in note 4 (a)-(c) applicable for the whole Group and 4 (d) applicable for the Company only.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Related party transactions with wholly owned members of the Group

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.
- IFRS 2 *Share Based Payments* in respect of group settled share based payments

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

2.1.1 Going concern

Commercial Background

US FDA 510(k) clearance of the Group's X-PLOR was received on 2 March 2021. The Group launched X-PLOR in the US in September 2021, the next generation X-PLOR in October 2022 and released the DISCOV-R for Pre-Market Evaluation in June 2023.

In March 2022, we signed a manufacturing Master Supply Agreement ("MSA") with InnoMax Medical Technology, Ltd ("InnoMax") to manufacture the X-PLOR portable POC in China alongside US manufacturing. Innomax is anticipated to directly source most of their own components from the second half of 2023, which will also result in a significant margin improvement and reduction in the Company's inventory levels.

In April 2022, the Group took the decision to transfer its US manufacturing in-house, to increase production output at high quality standards, and achieve a significant reduction in production costs. This was successfully completed at the end of July 2022.

The decision to bring our US manufacturing in-house from our contract manufacturer along with the initial support of the set-up of Innomax manufacturing in China, resulted in significant investment in Raw Material Inventory and Deposits which, at 31 December 2022, stood at $10.77m (2021: $1.78m). Cash was $2.04m.

Fundraising
The Group raised $22.5m after expenses in its IPO on the AIM market of the London Stock Exchange on 28 May 2021 and $7.1m after expenses from investors in May 2022 to support the inventory requirements of the new manufacturing agreement. Since 31 December 2022, $5.1m after expenses was raised through the placing of Loan Notes in February 2023, and $3.7m after expenses through an equity placing in June 2023.

At 20 June 2023, the Group held approximately $9.6 in Raw Material Inventory, Inventory deposits and Finished Goods. Cash was $4.2, including the $3.7m raised in June 2023, as referred to below.

Prospects and Forecasts
The launch in Summer 2023 of the award winning DISCOV-R product will be transformational for the Group. We already have over 125 Distributors requesting access to the DISCOV-R, and we expect demand to be significant. The majority of the development and capital costs for DISCOV-R have already been incurred.

The Group's forecasts, including the expected significant demand for the DISCOV-R, alongside the release of working capital through the sale of goods from its existing inventory, indicate that the Group has sufficient cash reserves to operate within the level of its current facilities for a period of 12 months from the date of approval of the financial statements.

The Group's forecasts, taking account of reasonably possible downsides in trading performance and development costs/timelines, and the risks to these projections (set out in the Principal Risks and Uncertainties section of the Group Strategic Report on Page 7) have been considered by the Board in its assessment of these forecasts.

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

2.1.2 Measurement convention

The financial statements are prepared on the historical cost basis except that assets and liabilities are stated at their fair value.

2.1.3 Changes in accounting policy

In these financial statements, where the Group has adopted new or updated standards, there is not a material impact on the financial information and on the Company's future financial statements.

2.2 Basis of Consolidation

Belluscura plc was incorporated on 10 December 2015. On 16 May 2016, a US incorporated company, Belluscura LLC, was formed as a 100% owned subsidiary. Subsidiaries are entities controlled by the Group.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

IFRS 13 did not affect any fair value measurements of the Group's assets or liabilities and therefore had no effect on the Group's financial position or performance.

2.3 Foreign currencies

(a) Functional and presentation currency

These consolidated financial statements are presented in US Dollars which is the presentation currency of the Group, because the majority of the Group's transactions are undertaken in US Dollars. Each entity within the Group has its own functional currency which is dependent on the primary economic environment in which that subsidiary operates.

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'.

(c) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing exchange rates at the date of that balance sheet

(ii) income and expense for each income statement are translated at the average rates of exchange during the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions)

(iii) all resulting exchange differences are recognised in other comprehensive income.

2.4 Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

2.5 Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

2.6 Interest income and expenses

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of assets is calculated is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over the estimated useful economic lives as follows: Furniture - 5 years; Computer equipment - 3 years; Leasehold improvements - 5 years.

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 immediately to its recoverable amount if the assets carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within administrative expenses in the income statement. When re-valued assets are sold, the amounts are included in other reserves are transferred to retained earnings.

2.8 Intangible assets

Licences and development costs

Costs associated with the acquisition of Licences for technologies and distribution rights are recognised as an intangible asset when they meet the criteria for capitalisation. That is, they are separately identifiable, measurable and it is probable that economic benefit will flow to the entity.

Further development costs attributable to the licenced technology and recognised as an intangible asset when the following criteria are met:

(i) it is technically feasible to complete the technology for commercialisation so it will be available for use;
(ii) management intends to complete the technology and use or sell it;
(iii) there is an ability to use or sell the technology;
(iv) it can be demonstrated how the technology will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the technology are available; and
(vi) the expenditure attributable to the technology during its development can be reliable measured.

Licences and their associated development costs are amortised over the life of the licence or the underlying patents, whichever is shorter. The estimated useful life of the licences and development costs is 10-15 years.

Development costs are amortised from the date products are launched, taking into account the Directors opinion as to the expected further development of the technology and is regularly reassessed.

2.9 Impairment of non-financial assets

The carrying amounts of the 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 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").
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.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. During the financial period the Group held loans and receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities that are greater than 12 months after the end of the reporting year. These are classified as noncurrent assets. The Group's loans and receivables comprise 'trade and other receivables' in the balance sheet. The Group also has cash and cash equivalents.

2.10.2 Recognition and measurement

Loans and receivables are recognised on the trade date in which the transaction took place, and are recognised at their fair value with transaction costs expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the loans or receivables have been collected, expired or transferred and the Group has subsequently transferred substantially all risks and rewards of ownership.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is the intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Impairment of financial assets

Assets carried at amortised cost

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Evidence of impairment may include indications of that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as the improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.13 Leases

At the 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.

As a lessee

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, 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 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.

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, 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, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

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.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets (liabilities under $5,000 per annum) and short-term leases (less than 12 months). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.14 Inventory

Inventory comprises goods held for resale and are stated at the lower of cost or net realisable value. Cost is based on First In, First Out (FIFO) principle and includes all direct expenditure and other appropriate attributable costs incurred in bringing the inventory to its present location and condition.

2.15 Trade receivables

Trade receivables are amounts due from customers for the sale of goods in the ordinary course of business. Collection is normally expected within three months or less (in the normal operating cycle of the business) and is classified as current assets. In the rare circumstances that they exceed a period of greater than one year they are presented as non-current assets.
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with other banks, other short term highly liquid investments with maturities of three months or less and bank overdrafts.

2.17 Equity

Share capital and share premium
The share capital account has been established to represent the nominal value for all share issues. The share premium account has been established to represent the excess of proceeds over the nominal value for all share issues, including the excess of the exercise share price over the nominal value of the shares on the exercise of share options as and when they occur. Incremental costs directly attributable to the issue of new ordinary shares and new shares options are shown in equity as a deduction, net of tax, from the proceeds.

Capital contribution
Capital contributions are contributions made by the ultimate parent for which no consideration is given.

Retained earnings
Retained earnings are the consolidated retained earnings and share based payments reserve for the Group or Company.

Translation reserve
The translation reserve is the accumulated reserves created by Foreign Exchange Differences on the consolidation of Group balances into the reporting currency of US$.

2.18 Trade payables

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

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

2.19 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and probably will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in full in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle balances on a net basis.

2.20 Provisions

Provisions and any other anticipated foreseen liabilities are recognised: when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties, and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering a class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the goods supplied, stated net of discounts, and value added taxes. The Group recognises revenue when the amount of revenue can reliably be measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities, described below. The Group bases its estimate of return on historical results taking into consideration type of customer, type of transaction and specifics of each arrangement.

Income is recognised from on the sale of goods when the goods have been shipped to the customer.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.22 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability

3. Financial Risk Management

The Company's Directors review the financial risk of the Group. Due to the early stage of its operations the Group has not entered into any form of hedging instruments to assist in the management of risk during the period under review.

3.1 Financial risk factors

Liquidity Risk

Cash flow forecasting is performed on a Group basis. Directors monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

At the reporting date the Group held bank balances of US $1,790,836. The contractual maturities of financial liabilities are shown in note 17.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency, with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Due to low value and number of financial transactions that involve foreign currency and the fact that the Group has no borrowings to manage, the Directors have not entered into any arrangements, adopted or approved the use of derivative financial instruments to assist in the management of the exposure of these risks. The Group's exposure to foreign currency risk is based on the carrying amount for monetary financial instruments.

The gross foreign currency exposure below is with respect of pound Sterling to US Dollars.

	31 December 2022	31 December 2021
Cash and cash equivalents	**553,070**	5,579,784
Trade receivables (gross)	**35,725,430**	20,945,635
Trade payables	**(212,246)**	(109,704)
Net exposure	**36,066,254**	**26,415,715**

The trade receivables shown above relates to the UK entity's intercompany balance with the US entity, which will be repaid in Sterling.

A 10% percent strengthening of the pound sterling against the US Dollar at 31 December 2022 would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 31 December 2021.

	Equity		**Profit or Loss**	
	2022	2021	**2022**	2021
	US $	US $	**US $**	US $
	(3,606,625)	(2,641,571)	**(3,606,625)**	(2,641,571)

A 10% percent weakening of the above currencies against the pound sterling at 31 December 2022 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Translation exposures

The Group's results, as presented in US Dollars, are subject to fluctuations as a result of exchange rate movements. The Group does not hedge this translation exposure to its earnings.

Gains or losses arise on the retranslation of the net assets of foreign operations at different reporting dates and are recognised within the consolidated statement of comprehensive income. They will predominantly relate to the retranslation of opening net assets at closing foreign exchange rates, together with the retranslation of retained foreign profits for the year (that have been accounted for in the consolidated income statement at average rates) at closing rates. Exchange rates for major currencies are set out below

The following exchange rates have been used in the translation of the results of foreign operations:

	Closing rate for 2020	**Weighted average rate for 2021**	**Closing rate for 2021**	**Weighted average rate for 2022**	**Closing rate for 2022**
US Dollar	1.3652	1.3751	1.3534	**1.2372**	**1.2098**

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to adjust or maintain the capital structure, the Group may adjust the level of dividends paid to its shareholders, return capital to shareholders, issue new shares or sell assets to reduce borrowings. This policy is periodically reviewed by the Directors, and the Group's strategy remains unchanged for the foreseeable future.

The capital structure of the Group consists of cash and bank balances and equity consisting of issued share capital, reserves and retained earnings of the Group.

3.3 Fair value

Financial instruments are measured at fair value including cash and cash equivalents trade and other payables, and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their fair value.

4. Critical accounting estimates and judgements

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

Key judgement

The following judgement (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

(a) *Intangible fixed assets (see note 13)*

Intangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Development costs attributable to the licenced technology and recognised as an intangible asset when the criteria in note 2.8 are met.

(b) *Impairment reviews*

The Group undertakes an impairment review annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. In respect of impairment reviews, the key assumptions are as follows:

- Growth rates. The value in use of the intangible assets is calculated from cash flow projections for the relevant business activities based on the latest financial projections covering the anticipated useful economic life of the intangible assets.
- Discount rates. The pre-tax discount rate used to calculate value is determined in relation to the relevant business activities and their geographic location, using external benchmarks where possible to arrive at a relevant weighted average cost of capital.

(c) *Deferred taxes*

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as a component of the tax expense in the income statement, except where it relates to items charged or credited to other comprehensive income or directly to equity.

(d) *Recoverability of intercompany debt by the Company from its subsidiaries.*

The directors assess the recoverability of amounts owed by the subsidiary to the parent company, which requires judgement to be made. This involves forecasting sales revenues to be earned by the subsidiary which will enable it to repay the parent company.

5. Segmental reporting

The chief operating decision makers consider that in the year to 31 December 2022 there is only one operating segment, being the sale of oxygen concentrators in the United States. The Group generated gross revenue of $1,542,948 less discounts of $144,866 in the year (2021: $420,316; nil). All sales were in the United States.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2022

6. Other operating income and administrative expenses

6.1 Other operating income

Group	**2022 US$**	2021 US$
Freight Charged	6,805	-
Other Direct Income	1,898	-
Grants	-	6,876
SBA Loan forgiveness	-	202,814
Total	**8,703**	209,690

6.2 Other direct costs

Group	**2022 US$**	2021 US$
Sales Royalties	69,904	18,914
Freight Costs	66,921	-
Total	**136,825**	18,914

6.3 Expenses by nature

Group	**2022 US $**	**2021** US $
Depreciation of property plant and equipment	38,619	14,531
Depreciation of right of use asset	104,869	98,049
Amortisation of product development	2,911,998	156,774
Costs related to fundraising activities	-	646,042
Realised and Unrealised foreign exchange movements	(2,877,886)	(734,678)
Employee benefit expense	2,999,299	1,838,779
IFRS2 Share Based Payment Charge	229,241	180,091
Surrendered Share Options and Share Option Tax	162,505	611,947
Sales & Marketing	1,420,134	1,118,472
Obsolete raw material inventory and inventory adjustments	609,848	-
Minimum Royalties in excess of Sales Royalties	763,430	147,753
Contract Manufacturer Capacity Costs	128,607	-
Other administration expenses	1,578,231	1,247,502
Administration expenses	**8,068,895**	5,325,262

As disclosed in the Admission Document, published ahead of admission to trading on AIM in May 2022, Robert Rauker agreed to surrender part of the options over 439,373 ordinary shares granted on 29 October 2019 and over 815,496 ordinary shares granted on 7 May 2021 in exchange for a cash payment. The consideration paid by the Company to Mr Rauker in relation to the surrender of the respective parts of Mr Rauker's options was calculated based on the difference between the Placing Price of 45p per share and the exercise price per Share payable by the Option Holder for the respective option multiplied by the number of Shares that are being surrendered. This amount is included within Employee Benefit Expense.

6.4 Auditor remuneration

During the period, the Group (including its subsidiaries) obtained the following services provided by the auditor and its associates:

Group	**2022 US$**	2021 US$
Fees payable to the Group's auditor and its associates for the audit of the Group and Company financial statements	69,283	35,753
Fees payable to the Company's auditor for other services		
- Tax advisory services	-	1,375
Total	**69,283**	37,128

NOTES TO THE ACCOUNTS

For the year ended 31 December 2022

7. Employees

7.1 Directors' emoluments

	Salary & fees US $	Bonus US$	Benefits in kind US $	Pension US $	2022 US $	2021 US $
Adam Reynolds	74,231	-	-	-	**74,231**	47,414
Robert Rauker	327,790	193,648	16,799	32,884	**571,121**	375,339
Anthony Dyer	235,066	43,302	11,877	23,507	**313,752**	310,249
Dr Patrick Strollo	35,000	-	-	-	**35,000**	28,333
David Poutney	49,488	-	-	-	**49,488**	24,285
Ric Piper	43,302	-	-	-	**43,302**	28,333
Total	764,877	236,950	28,676	56,391	**1,086,894**	813,953

No Directors received share options during the year. On 10 August 2022 CEO, Robert Rauker exercised options over 690,395 ordinary shares at an average exercise price of 11.7 pence. The net 455,064 shares, after deduction of appropriate taxes, were subsequently transferred to Mr Rauker's ex-wife pursuant to a divorce settlement. On 7 December 2022 Robert Rauker exercised 179,537 Warrant Shares at an average price of 13.45 pence per share and Tony Dyer exercised 141,404 Warrant Shares at a price of 13.00 pence per share.

7.2 Employee benefit expense

Group	**2022 US$**	2021 US$
Wages and salaries	2,173,897	1,536,707
Social security costs	209,648	122,759
Medical Insurance	199,090	130,961
Pension and other benefits	119,091	48,352
	2,701,726	1,838,779
Share based payments	229,241	180,091
Surrendered Share Options & Share Option Taxes	162,505	611,947
Total employee benefit expense	**3,093,472**	2,630,817

7.3 Average number of people employed

Group	**2022 US$**	2021 US$
Average number of people (including executive directors) employed		
Directors	2	2
Operations	19	7
Administration	3	2
Total average headcount	**24**	11

8. Finance income and costs

Group	**2022 US$**	2021 US$
Finance Cost:		
- Interest cost on Right of Use Asset	**23,617**	26,837
- Other Interest Income and Costs	**456**	-
Finance Cost	**24,073**	26,837

NOTES TO THE ACCOUNTS

For the year ended 31 December 2022

9. Income tax expense

Group	2022 US$	2021 US $
Current tax on profits for the year	-	-
Adjustments in respect of prior year	-	-
Total current tax	-	-
Income tax expense	-	-

The charge for the year can be reconciled to the loss per the Income Statement as follows:

Group	2022 US$	2021 US$
(Loss) before tax	**(8,152,895)**	(5,213,493)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(1,630,579)**	(1,042,493)
Tax effects of:		
- Expenses not deductible for tax purposes	-	(129,212)
- Capital allowances in excess of depreciation	**(30,542)**	(9,431)
- Unrelieved tax losses and other deductions	**1,661,121**	1,181,342
Total income tax charge	-	-

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses. The weighted average applicable UK tax rate was 19%. Unused tax losses for which no deferred tax assets have been recognised is attributable to the uncertainty over the recoverability of those losses through future profits.

10 Earnings/(Loss) per share

Group	2022 US$	2021 US$
Profit/(Loss) for the year US$	**(8,152,895)**	(5,213,494)
Weighted Average Shares in Issue	**119,398,219**	94,724,153
Basic Loss per Share US$	**(0.068)**	(0.055)
Weighted Average Shares, Warrants and Options in Issue	**131,797,259**	109,794,921
Diluted Loss per Share US$	**(0.068)**	(0.055)

All potentially dilutive items are disregarded for the purpose of the diluted earnings per share as they are considered antidilutive.

11. Investment in subsidiaries

Principal subsidiaries name	Country of Incorporation & place of business	Class of share held	% of ordinary shares directly held 2022	2021	Nature of business
Belluscura LLC	USA	Ordinary	100%	100%	Sale of medical devices

Registered office of Belluscura LLC is 160 Greentree Drive, Suite 101, Dover, Delaware 19904, County of Kent

NOTES TO THE ACCOUNTS

For the year ended 31 December 2022

12. Property, plant and equipment

Group Cost	Land & buildings (Right of Use Asset) US$	Furniture and Equipment US $	Computer Equipment US $	Production Equipment US $	Vehicles US $	Total US $
At 1 January 2021	571,950	35,880	9,581	-	-	617,411
Additions during the year	-	16,162	31,706	-	-	47,868
Disposals during the year	-	-	(7,034)	-	-	(7,034)
At 31 December 2021	571,950	52,042	34,253	-	-	658,245
At 1 January 2022	571,950	52,042	34,253	-	-	658,245
Additions during the year	73,838	1,664	44,170	65,025	33,173	217,870
Disposals during the year	-	-	-	-	-	-
At 31 December 2022	**645,788**	**53,706**	**78,423**	**65,025**	**33,173**	**876,115**
Accumulated depreciation						
At 1 January 2021	(196,098)	(23,400)	(8,243)	-	-	(227,741)
Depreciation charge for the year	(98,049)	(8,629)	(5,902)	-	-	(112,580)
Depreciation charge on disposals	-	-	7,035	-	-	7,035
At 31 December 2021	(294,147)	(32,029)	(7,110)	-	-	(333,286)
At 1 January 2022	(294,147)	(32,029)	(7,110)	-	-	(333,286)
Depreciation charge for the year	(104,717)	(7,356)	(19,461)	(10,272)	(1,382)	(143,188)
Depreciation charge on disposals	-	-	-	-	-	-
At 31 December 2022	**(398,864)**	**(39,385)**	**(26,571)**	**(10,272)**	**(1,382)**	**(476,474)**
Net book value						
At 31 December 2021	277,803	20,013	27,143	-	-	324,959
At 31 December 2022	**246,924**	**14,321**	**51,852**	**54,753**	**31,791**	**399,641**

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as Land & Building (see note 22).

Company Cost	Land & buildings (Right of Use Asset) US$	Furniture and Equipment US $	Computer Equipment US $	Total US $
At 1 January 2021	-	-	-	-
Additions during the year	-	2,102	3,909	6,011
Disposals during the year	-	-	-	-
At 31 December 2021	-	2,102	3,909	6,011
At 1 January 2022	-	2,102	3,909	6,011
Additions during the year	73,838	1,364	2,730	77,932
Disposals during the year	-	-	-	-
At 31 December 2022	**73,838**	**3,466**	**6,639**	**83,943**
Accumulated depreciation				
At 1 January 2021	-	-	-	-
Depreciation charge for the year	-	(297)	(638)	(935)
Depreciation charge on disposals	-	-	-	-
At 31 December 2021	-	(297)	(638)	(935)
At 1 January 2022	-	(297)	(638)	(935)
Depreciation charge for the year	(6,669)	(450)	(1,613)	(8,732)
Depreciation charge on disposals	-	-	-	-
At 31 December 2022	**(6,669)**	**(747)**	**(2,251)**	**(9,667)**
Net book value				
At 31 December 2021	-	1,805	3,271	5,076
At 31 December 2022	**67,169**	**2,719**	**4,388**	**74,276**

NOTES TO THE ACCOUNTS

For the year ended 31 December 2022

13. Intangible assets

Group

Cost	Licences US $	Product Development US$	Total US$
	Purchased intangible assets		
At 1 January 2021	189,506	4,399,810	4,589,316
Additions during the year	-	2,750,997	2,750,997
Disposal during the year	(189,506)	-	(189,506)
At 31 December 2021	189,506	7,150,807	7,150,807
At 1 January 2022	-	7,150,807	7,150,807
Additions during the year	-	4,856,846	4,856,846
Disposal during the year		(270,150)	(270,150)
At 31 December 2022	**-**	**11,737,503**	**11,737,503**
Accumulated amortisation and impairment			
At 1 January 2021	(189,506)	(270,150)	(459,656)
Additions during the year	-	(156,774)	(156,774)
Disposal during the year	189,506	-	189,506
At 31 December 2021	-	(426,924)	(426,924)
At 1 January 2022	-	(426,924)	(426,924)
Amortisation in the year	-	(2,911,997)	(2,911,997)
Disposal during the year		270,150	270,150
At 31 December 2022	**-**	**(3,068,771)**	**(3,068,771)**
Net book value			
At 31 December 2021	-	6,723,883	6,723,883
At 31 December 2022	**-**	**8,668,732**	**8,668,732**

Company

Cost	Licences US $	Total US$
	Purchased intangible assets	
At 1 January 2021	189,506	189,506
Disposal during the year	(189,506)	(189,506)
At 31 December 2021	-	-
At 1 January 2022	-	-
At 31 December 2022	**-**	**-**
Accumulated amortisation and impairment		
At 1 January 2021	(189,506)	(189,506)
Disposal during the year	189,506	189,506
At 31 December 2021	-	-
At 1 January 2022	-	-
At 31 December 2022	**-**	**-**
Net book value		
At 31 December 2021	-	-
At 31 December 2022	**-**	**-**

14. Inventory

Group

	2022 US $	2021 US $
Raw Materials and Finished goods	8,431,031	309,159
Total inventory	**8,431,031**	309,159

In addition to Raw Materials and Finished Goods Inventory, the Group had $2,335,971 (2021: $1,472,578) in inventory deposits with suppliers.

Company

The Company held no inventory.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2022

15. Trade and other receivables

Group

	2022 US $	Restated[1] 2021 US $
Trade receivables	305,194	224,918
Less provision for impairment of trade receivables	-	-
Trade receivables – net	305,194	224,918
Inventory sold to Innomax	1,021,073	-
VAT	40,068	216,136
Deposits, prepayments and other debtors	2,687,767	2,316,309
Total trade and other receivables	**4,054,102**	2,757,363

[1] Results are restated to reflect the consolidation of the Employee Benefit Trust into the Group Accounts

The fair value of trade and other receivables are not materially different to those disclosed above. The Groups exposure to credit risk related to trade receivables is detailed in note 3 on page 32. Inventory sold to Innomax to be paid on the transfer of manufactured units.

Company – Current

	2022 US $	2021 US $
Trade receivables	2,858	-
Less provision for impairment of trade receivables	-	-
Trade receivables – net	2,858	-
VAT	40,068	216,136
Prepayments and other debtors	429,039	491,094
Total trade and other receivables	**471,965**	707,230

Company – Non-Current

	2022 US $	2021 US $
Receivables from Group companies	35,725,430	20,945,635
Less provision for impairment of Intercompany receivables	(9,000,000)	(6,375,000)
Total trade and other receivables	**26,725,430**	14,570,634

Ageing of trade receivables:

Group	0-30 days US $	30-60 days US $	60-90 days US $	90+ days US $	**Total Gross US $**	ECL US $	**Total Net US $**
2021	142,778	78,920	3,210	-	224,918	-	224,918
2022	174,062	110,972	15,040	5,120	**305,194**	-	305,194

Company

The Company had no trade receivables.

The amount receivable from Group companies is an interest free loan given and is repayable on demand. Management do not intend to recall in the next 12 months and hence has been disclosed as Non-Current.

The basis of the impairment of intercompany receivables is the management intends to recall it within 4 years (2021: 5 years) so it is discounted over 5 years at 7%. The investment has been used to develop products in the US market. The Group expects the US entity to become profitable and cash positive within 2 years.

A 10% percent increase in the discount rate would increase the impairment by $795,000 (2021: $540,000) and a 10% reduction in the discount rate would reduce impairment by $740,000 (2021: 505,000).

16. Cash and cash equivalents

Group

	2022 US $	Restated[1] 2021 US $
Cash and bank and in hand	2,044,836	15,889,552
Total cash and cash equivalents	**2,044,836**	15,889,552

Company

	2022 US $	2021 US $
Cash at bank and in hand	1,237,288	317,606
Total cash and cash equivalents	**1,237,288**	317,606

[1] Results are restated to reflect the consolidation of the Employee Benefit Trust into the Group Accounts

The Groups exposure to foreign exchange risk is detailed in note 3 to the accounts on page 32.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2022

17. Categories of financial assets and financial liabilities

Group	2022 US $	Restated[1] 2021 US $
Financial assets		
Trade and other receivables at amortised cost	3,834,080	2,083,689
Cash and equivalents	2,044,836	15,889,552
	5,926,916	17,973,241
Financial liabilities		
Trade and other payables at amortised cost	2,294,956	768,314
Lease liability	302,619	335,830
COVID-19 Loan	-	33,834
	2,597,575	1,137,978

[1] *Results are restated to reflect the consolidation of the Employee Benefit Trust into the Group Accounts*

Company	2022 US $	2021 US $
Financial assets		
Loans and receivables at amortised cost	35,725,430	20,945,635
Provision	(9,000,000)	(6,375,000)
Net loans and receivables at amortised cost	26,725,430	14,570,635
Other receivables at amortised cost	305,308	338,343
Cash and equivalents	1,237,288	13,063,239
	28,268,026	27,972,217
Financial liabilities		
Trade and other payables at amortised cost	60,783	1,983

Maturity Analysis of financial liabilities

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated contractual interest payments and exclude the effect of netting agreements:

Group	Carrying amount US $	Contractual cashflows US $	1 year or less US $	1-5 years US $	5 years and over US $
2021					
Trade & other payables at amortised cost	768,314	768,314	768,314	-	-
Lease liability	335,830	335,830	111,033	224,797	-
COVID-19 SBA Loan	33,834	33,834	4,629	29,205	-
	1,137,978	1,137,978	883,976	254,002	-
2022					
Trade & other payables at amortised cost	2,294,956	2,294,956	2,294,956	-	-
Lease Liability	302,619	302,619	126,693	176,926	-
	2,597,575	2,597,575	2,421,649	176,926	-

18. Share capital and premium

Share capital

Group	No of shares of £0.01 each	Total US $
Issued and fully paid up		
At 1 January 2021	62,905,761	823,201
Shares issued for cash	50,929,683	725,026
At 31 December 2021	113,835,444	1,548,227
At 1 January 2022	113,835,444	1,548,227
Shares issued for cash	9,181,717	113,958
At 31 December 2022	123,017,161	1,662,185

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium

Group	Ordinary Shares US $	Total US $
Allotted and fully paid up		
At 1 January 2021	556,683	556,683
Premium on shares issued	26,795,879	26,795,879
Cost of issue of shares	(1,326,802)	(1,326,802)
At 31 December 2021	26,025,760	26,025,760
At 1 January 2022	26,025,760	26,025,760
Premium on shares issued	7,858,078	7,858,078
Cost of issue of shares	(455,891)	(455,891)
Purchase of shares by EBT	(48,000)	(48,000)
At 31 December 2022	**33,379,947**	**33,379,947**

At the end of the year there were 766,666 share warrants in issue at an average subscription price of $0.47 (2021: 1,666,665 at $0.50 per share). There was no consideration paid for the warrants.

Share options

During the year staff were granted share options, vesting 100% on an exit or in equal annual thirds following Grant Date.

Award	2022 000's	2021 000's	Date of Grant	Exercise Price	Exercise Period From	Exercise Period To	Avg remaining contractual life
Unapproved		100	07/04/2021	$0.195	07/04/2022	07/04/2031	8.3 years
Unapproved		60	12/04/2021	$0.618	12/04/2022	12/04/2031	8.3 years
EMI		10	28/05/2021	$0.639	28/05/2022	28/05/2031	8.4 years
Lapsed		100	01/06/2021	$0.779	01/06/2022	01/06/2031	8.5 years
Unapproved		100	14/06/2021	$0.699	14/06/2022	14/06/2031	8.5 years
Lapsed		20	23/08/2021	$1.365	23/08/2022	23/08/2031	8.7 years
Lapsed		20	23/08/2021	$1.365	23/08/2022	23/08/2031	8.7 years
Unapproved		20	13/09/2021	$1.287	13/09/2022	13/09/2031	8.7 years
Unapproved		40	20/09/2021	$1.167	20/09/2022	20/09/2031	8.7 years
Unapproved		20	25/10/2021	$1.390	25/10/2022	25/10/2031	8.8 years
Unapproved		1,000	08/11/2021	$1.431	08/11/2022	08/11/2031	8.7 years
Unapproved		20	22/11/2021	$1.328	22/11/2022	22/11/2031	8.9 years
Unapproved		20	01/12/2021	$1.285	01/12/2022	01/12/2031	8.9 years
Unapproved	**40**		09/03/2022	$1.251	09/03/2023	09/03/2032	9.3 years
Unapproved	**15**		1403/2022	$1.219	1403/2023	1403/2032	9.3 years
Unapproved	**100**		01/04/2022	$1.540	01/04/2023	01/04/2032	9.3 years
Unapproved	**20**		04/04/2022	$1.518	04/04/2023	04/04/2032	9.3 years
Unapproved	**100**		18/04/2022	$1.508	18/04/2023	18/04/2032	9.4 years
Unapproved	**20**		18/04/2022	$1.508	18/04/2023	18/04/2032	9.4 years
Unapproved	**1**		26/05/2022	$1.115	26/05/2023	26/05/2032	9.4 years
Unapproved	**1**		26/05/2022	$1.115	26/05/2023	26/05/2032	9.4 years
Unapproved	**40**		11/07/2022	$0.941	11/07/2023	11/07/2032	9.5 years
Unapproved	**40**		18/07/2022	$0.948	18/07/2023	18/07/2032	9.5 years
Unapproved	**20**		19/08/2022	$0.870	19/08/2023	19/08/2032	9.6 years
Unapproved	**20**		29/08/2022	$0.785	29/08/2023	29/08/2032	9.6 years
Unapproved	**20**		10/10/2022	$0.540	10/10/2023	10/10/2032	9.8 years
Unapproved	**20**		24/10/2022	$0.500	24/10/2023	24/10/2032	9.9 years
Total	**457**	**2,530**					

NOTES TO THE ACCOUNTS

For the year ended 31 December 2022

Key assumptions used in the calculation of share option fair value

Date of Grant	Award	Share price on the date of grant $	Exercise price $	Volatility %	Expected Dividend Yield %	(%) Vesting period Years	Risk-free rate of interest %	Fair value $
07/04/2021	Unapproved	0.195	0.195	28.5	0%	3.17	2.1	0.03
12/04/2021	Unapproved	0.618	0.618	28.5	0%	3.17	2.1	0.08
28/05/2021	EMI	0.639	0.639	28.5	0%	3.00	2.1	0.08
01/06/2021	Unapproved	0.779	0.779	28.5	0%	3.00	2.1	0.09
14/06/2021	Unapproved	0.699	0.699	28.5	0%	3.00	2.1	0.08
23/08/2021	Unapproved	1.365	1.365	28.5	0%	3.00	2.1	0.17
13/09/2021	Unapproved	1.287	1.287	28.5	0%	3.00	2.1	0.16
20/09/2021	Unapproved	1.167	1.167	28.5	0%	3.00	2.1	0.14
25/10/2021	Unapproved	1.390	1.390	28.5	0%	3.00	2.1	0.17
08/11/2021	Unapproved	1.431	1.431	28.5	0%	3.00	2.1	0.17
22/11/2021	Unapproved	1.328	1.328	28.5	0%	3.00	2.1	0.16
01/12/2021	Unapproved	1.285	1.285	28.5	0%	3.00	2.1	0.15
09/03/2022	Unapproved	1.251	1.251	28.5	0%	3.00	2.1	0.19
1403/2022	Unapproved	1.219	1.219	28.5	0%	3.00	2.1	0.19
01/04/2022	Unapproved	1.540	1.540	28.5	0%	3.00	2.1	0.19
04/04/2022	Unapproved	1.518	1.518	28.5	0%	3.00	2.1	0.15
18/04/2022	Unapproved	1.508	1.508	28.5	0%	3.00	2.1	0.14
18/04/2022	Unapproved	1.508	1.508	28.5	0%	3.00	2.1	0.15
26/05/2022	Unapproved	1.115	1.115	28.5	0%	3.00	2.1	0.18
26/05/2022	Unapproved	1.115	1.115	28.5	0%	3.00	2.1	0.13
11/07/2022	Unapproved	0.941	0.941	28.5	0%	3.00	2.1	0.12
18/07/2022	Unapproved	0.948	0.948	28.5	0%	3.00	2.1	0.12
19/08/2022	Unapproved	0.820	0.820	28.5	0%	3.00	2.1	0.11
29/08/2022	Unapproved	0.790	0.790	28.5	0%	3.00	2.1	0.11
10/10/2022	Unapproved	0.505	0.505	28.5	0%	3.00	2.1	0.06
24/10/2022	Unapproved	0.500	0.500	28.5	0%	3.00	2.1	0.06

The key assumptions used in calculating the share-based payments were as follows:
a. The Black-Scholes model is used to value both the options.
b. The expected volatility is based on a comparator set of similar stocks.
c. The risk-free rate of return which is commensurate with the expected term.
d. Expected forfeiture rates are based on recent experience of staff turnover levels.
e. The charge is spread over the vesting period on a straight-line basis.

Movement in share options

	Number 000's	Weighted average exercise price $	Weighted average share price $
Outstanding at 1 January 2021	12,325	0.143	0.191
Granted	1,530	1.205	1.205
Lapsed/forgiven	(1,455)	0.270	0.187
Outstanding at 31 December 2021	12,400	0.259	0.303
Outstanding at 1 January 2022	12,400	0.259	0.303
Granted	457	1.141	1.023
Exercised	(1,223)	0.121	0.187
Outstanding at 31 December 2022	**11,634**	**0.290**	**0.324**

Share based payments charge

Group	2022 US $	2021 US $
Charge in year	229,241	180,091

NOTES TO THE ACCOUNTS

For the year ended 31 December 2022

19. Reserves

Retained earnings	Group US $	Company US $
At 1 January 2021	2,687,361	4,706,632
Loss for the year	(5,213,494)	(3,668,780)
Share based payments charge	176,167	176,167
At 31 December 2021	(2,349,966)	1,214,019
Loss for the year	(8,152,985)	(3,820,378)
Share based payments charge	192,278	192,278
At 31 December 2022	**(10,310,673)**	**(2,414,081)**

On 7 October 2021, the shareholders of the group passed a special resolution, pursuant to Chapter 2 of Part 13 of the Companies Act 2006, to cancel the balance standing to the credit of the share premium account and transfer the same to reserves.

Capital Contribution	Group US $	Company US $
At 31 December 2020	165,000	165,000
Capital contribution received	-	-
At 31 December 2021	165,000	165,000
Capital contribution received	-	-
At 31 December 2022	**165,000**	**165,000**

The Capital Contribution relates to the acquisition of intangible product licences.

Translation reserve	Group US $	Company US $
At 1 January 2021	436,619	436,619
Foreign exchange (loss)/gain	(1,153,148)	(1,153,148)
At 31 December 2021	(716,529)	(716,529)
Foreign exchange (loss)/gain	(3,827,808)	(3,827,808)
At 31 December 2022	**(4,544,337)**	**(4,544,337)**

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, primarily relating to the statement of financial position at the reporting dates. The reporting date foreign exchange rates by major currency are provided in note 3.

20. Trade and other payables

Group – Current	2022 US $	2021 US $
Trade creditors	2,545,948	768,314
Social security and other taxes	19,871	20,269
Lease liability	125,693	111,033
Vehicle hire purchase	3,832	-
COVID-19 Loans	-	10,808
Accruals and other creditors	350,444	174,177
Total current trade and other payables	**3,045,788**	1,084,601

Group – Non-current	2022 US $	2021 US $
COVID-19 Loans	-	23,026
Lease liability	176,926	224,797
Vehicle hire purchase	23,506	-
Total non-current trade and other payables	**200,432**	247,823

There are no amounts included with lease liability repayable after five years

Company – Current	2022 US $	2021 US $
Trade creditors	60,783	1,983
Social security and other taxes	19,871	20,269
Lease liability	12,182	-
COVID-19 Loans	-	10,808
Accruals and other creditors	62,846	53,617
Total trade and other payables	**155,682**	86,677

Company – Non-current	2022 US $	2021 US $
COVID-19 Loans	-	23,026
Lease liability	56,563	-
Total trade and other payables	**56,563**	23,026

The fair values of trade and other payables are not materially different to those disclosed above. The Group's exposure to currency and liquidity risk is detailed in note 3 to the accounts on page 32.

21. Deferred income tax

Unused tax losses for which no deferred tax assets have been recognised are attributable to the uncertainty over the recoverability of those losses through future profits. A blended tax rate of 20% has been used to calculate the potential deferred tax.

Group

Deferred tax	2022 US $	2021 US $
Accelerated capital allowances	**(30,542)**	(9,431)
Share based payments	**90,279**	57,113
Short term timing differences	**-**	-
Tax losses	**2,889,065**	2,815,024
	2,948,802	2,805,593
Unprovided deferred tax asset	**(2,948,802)**	(2,805,593)
Deferred Tax	**-**	-

Company

Deferred tax	2022 US $	2021 US $
Accelerated capital allowances	**-**	-
Share based payments	**90,279**	57,113
Short term timing difference	**551,250**	470,400
Tax losses	**520,430**	433,772
	(1,161,959)	961,285
Unprovided deferred tax asset	**1,161,959**	(961,285)
	-	-

22. Leases as a lessee

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 11):

Group	Land and buildings US$	Total US $
At 1 January 2021	375,852	375,852
Depreciation charge for the year	(98,049)	(98,049)
At 31 December 2021	277,803	277,803
Additions	73,838	73,838
Depreciation charge for the year	(104,868)	(104,868)
At 31 December 2022	**246,773**	**246,773**

Amounts recognised in profit or loss

	2022 US $	2021 US $
Interest expense on lease liability	**23,617**	26,837
Depreciation on right of use assets	**104,869**	98,049

Amounts recognised in statement of cash flows	**2022 US $**	2021 US $
Total cash outflow for leases	**130,780**	108,391

Lease Liabilities

Group	**Land and buildings US$**	**Total US $**
At 1 January 2021	417,384	417,384
Interest	26,837	26,837
Payment	(108,391)	(108,391)
At 31 December 2021	335,830	335,830
At 1 January 2022	335,830	335,830
Additions	73,838	73,838
Interest	23,617	23,617
Payment	(130,666)	(130,666)
At 31 December 2022	**302,619**	**302,619**

Maturity analysis of undiscounted cash flows due for leases

	2022 US$	2021 US $
Within one year	125,693	111,033
After one year but not more than five years	176,926	224,797
After five years	-	-
Total	**302,619**	335,830

23. Dividends

No dividend has been declared for the year ended 31 December 2022 and no dividend was paid during the year.

24. Cash generated from operating activities

Group	**2022 US $**	Restated[1] 2021 US $
Loss before income tax	(8,152,985)	(5,213,494)
Adjustments for		
- Depreciation	38,619	14,531
- ROU Depreciation	104,869	98,049
- Amortisation and impairment	2,911,999	156,774
- No cash interest expense	20,279	26,837
- Movement in foreign exchange	(914,776)	333,842
- Share based payments	229,241	180,091
Movement in trade and other receivables	(3,502,980)	(1,877,894)
Inventory movement	(8,121,873)	(309,159)
Movement in trade and other payables	2,481,239	(396,649)
Cash generated from operating activities	**(14,906,368)**	(6,987,072)

[1] *Results are restated to reflect the consolidation of the Employee Benefit Trust into the Group Accounts*

25. Contingent Liability

On 24 February 2017, the Company entered into a co-exclusive licence and development agreement with Separation Design Group, LLC and SDG (together the "SDG Parties") ("SDG Licence") which was subsequently amended by an amendment agreement dated 19 March 2022. Pursuant to the SDG Licence: if by 3 September 2025, cumulative sales of the X-PLOR have not exceeded $20 million dollars, Belluscura must make a one-time payment of $3 million to the SDG Parties to maintain the exclusive SDG licence.

26. Alternative Performance Measures

Adjusted EBITDA[1]

Group	2022 US $	2021 US $
Total comprehensive loss for the year	**(11,980,792)**	(6,366,642)
Add back:		
Administrative expenses Realised & unrealised FX movements in	(2,877,886)	(734,678)
Other comprehensive income FX currency translation differences	3,827,808	1,153,148
Net foreign exchange movement[2]	**889,846**	418,470
Finance Costs	24,073	26,837
Product development amortisation	2,911,988	156,774
Costs relating to fundraising activities	-	646,042
Surrendered share options and share option tax	162,505	611,947
Minimum royalties in excess of sales royalties	763,430	147,752
Obsolete raw material inventory and inventory adjustments	609,848	-
Contract Manufacturer Capacity Costs	128,607	-
Share based payments	229,241	180,091
Adjusted EBITDA	**(6,201,179)**	(4,178,729)

1 ***Reconciliation to Adjusted EBITDA measure***
Adjusted EBITDA is the Group's key adjusted profit measure. Total comprehensive loss for the year is adjusted to exclude; Foreign exchange translation differences along with unrealised and unrealised foreign exchange movements, depreciation and amortisation of product development, costs relating to fundraising activities, surrendered share options and share option taxes, minimum royalties in excess of sales royalties, share based payments, obsolete 1st generation X-PLOR inventory adjustments and contract manufacturer capacity costs.

2 ***Net foreign exchange movements***
The US$ strengthened against £Sterling by 12% during the year (1 January 2022 - $1.35:£1.00; 31 December 2022 - $1.21:£1.00). Due to the size of the Intercompany Loan from the PLC to the US subsidiary which is fixed in £Sterling, this creates an accounting presentational impact between Administration Expenses and Other Comprehensive Income, which to a large extent can be netted off against one another.
- *Realised FX movements in administrative expenses arise from the revaluation of £Sterling cash balances into US$*
- *Unrealised FX movements in administrative expenses arise from the revaluation of the Intercompany Loan fixed in £Sterling into US$*
- *Foreign currency translation differences in Other Comprehensive Income arise from the revaluation of the PLC balance sheet into US$*

27. Related party transactions

As disclosed in the Admission Document, prior to Robert Rauker joining the Company, he undertook independent patent work for Separation Design Group IP Holdings LLC ("SDG"). Pursuant to a Patent Broker Agreement dated 22 October 2015 SDG entered into an agreement with Medicinus IP LLC ("Medicinus"), of which Robert Rauker is the sole shareholder, under which Medicinus has agreed to facilitate the sale and/or licence of intellectual property owned by SDG which includes soliciting potential buyers and licencees of such intellectual property. In consideration for the provision of these services, Medicinus receives a fee of 12.5 per cent. of the licence fees, sales price and/or royalties received by SDG which will include 12.5 per cent. of the royalties the Company will pay to SDG in relation to sales of the X-PLOR, pursuant to the agreement entered into between SDG and the Company. The agreement can be terminated by either party by written notice.

The non-executive fees paid to Adam Reynolds were paid through his company Reyco Limited.

In the year the Company paid $435,989 (2021: $1,065,781) to Dowgate Capital Limited in relation to brokerage fees, research and fundraising activities. David Poutney is the Chief Executive Officer of Dowgate Capital Limited.

28. Events after the reporting period

The Group announced on the 27 January 2023 the conditional placing of $5.0 million (£4.1 million) of Loan Notes and a further $0.8 million (£0.6 million) of Loan Notes on 10 February 2023, with the required authority resolutions being passed at a General Meeting held on 16 February 2023.

The Group announced the conditional placing of 12,000,000 New Ordinary Shares on 25 May 2023 and a further 386,240 New Ordinary Shares on 1 June 2023, resulting in a total of 12,386,240 New Ordinary Shares being issued pursuant, raising total gross proceeds of approximately £3.1 million, with the required authority resolutions being passed at a General Meeting held on 14 June 2023.

On 30 March 2023 the Group announced that Gerald Edelman LLP were appointed as auditor to the company with immediate effect, replacing Gravita Audit Limited.

Gravita Audit Limited, which was recently formed by the combination of Jeffreys Henry LLP, Arram Berlyn Gardner LLP and Propel, notified the Company that, following a recent review in conjunction with the Institute of Chartered Accountants in England and Wales (the "ICAEW"), it did not have sufficient capacity to satisfy its regulatory requirements in respect of its engagement with the Company and was, therefore, required to resign as auditor with effect from 29 March 2023.

Gravita Audit Limited confirmed that there were no circumstances connected with their resignation which they consider should be brought to the attention of the Company's members or creditors in accordance with Section 519 of the Companies Act 2006.