

Belluscura PLC
("Belluscura" or the "Company" or "Group")

Half Year Report
Unaudited Interim Results for the 6 months ended 30 June 2022

Significant progress with best-in-class product launches, securing manufacturing capacity and expanding our market

Financial highlights – record revenue

- Group revenue of \$0.6 million (H1 2021: \$nil); a 34% increase over H2 2021.
- Adjusted EBITDA of \$5.1 million loss (H1 2021: \$1.2 million loss)¹.
- Basic loss per share of \$0.04 (H1 2021: \$0.03).
- Net cash at 30 June 2022 of \$11.3 million.

¹ Adjusted EBITDA is before FX movements, IFRS2, Surrendered Share Options, IPO costs. See Financial Statements Note 15 for a reconciliation

H1 Operational highlights

- **Strengthened our manufacturing capacity, secured our supply chain and reduced our production costs**
 - Entered into a transformational Global Manufacturing Agreement with Leading Asian Electronics Manufacturer.
 - Oversubscribed equity placing, raising £6 million (£5.7 million after expenses) to support new manufacturing agreement.
 - Successfully transferred US manufacturing in-house from contract manufacturer leading to productivity and capacity increases, along with an expected reduction in manufacturing costs of 10%.
 - Invested significantly in raw material inventory to in-source manufacturing and mitigate supply chain issues.
- **Launched best in class technology**
 - Next Generation X-PLOR™ Portable Oxygen Concentrator ("POC") 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.

Post period end highlights

- **Expanded our market and improved accessibility and affordability to drive volumes and attractive returns**
 - Completed ISO 13485 audits ahead of schedule at Texas and China manufacturing facilities and certification is expected shortly. This certification will allow the company to apply to distribute of X-PLOR in Europe (CE mark), UK (CA mark), China and the rest of the world, more than doubling the available market opportunity.
 - Launched Direct to Consumer ("DTC") website, generating first sales in August, with a nationwide (USA) television advertising campaign across five networks commencing at the end of September to drive sales and product awareness.
 - Innovative partnership programme launched to increase accessibility of portable oxygen concentrators for small, local durable medical equipment providers.
- **Further extended our distribution channels**
 - Signed Supply Agreement with the VGM Group Inc, the largest Member Service Organisation ("MSO") in the US, comprising over 3,000 members in August.
 - Separately announced today: Distribution agreement signed with a leading Durable Medical Equipment provider and Distributor who has been providing oxygen therapy in the home setting for over 50 years, supplying both online and through over 1,000 bricks and mortar locations throughout the US.
- **Cementing our technology leadership**
 - Built the first DISCOV-R™ portable oxygen concentrators for premarket evaluation. The DISCOV-R™ is the first ambulatory pulse and continuous flow POC in the world, weighing c.40% less than any comparable dual flow oxygen concentrator on the market;
 - Already starting to receive orders for DISCOV-R in anticipation of 2023 Q1 launch.
- **Building volumes to meet demand following transition phase which secured improved and scalable manufacturing**
 - In-house manufacturing transfer enabled a record 300 X-PLOR units to be manufactured and shipped in just three weeks in July.
 - In this transition phase, whilst we transferred manufacturing and completed ISO 13485 audits, the Company expects to manufacture and ship over 500 X-PLOR units in Q3 and build volumes from Q4 onwards.
 - Secured inventory to support six months of production.
- **Well placed to capitalise on the Group's substantial opportunity in a large and growing market**
 - The global POC market is still expected to grow by \$750m over the next 5 years from \$1.58bn to \$2.32bn.

Bob Rauker, Chief Executive Officer of Belluscura, commented:

"I am very pleased with the substantial operational progress the Group has made since the launch of our first product in September last year.

Demand for X-PLOR has been strong, and the initial feedback from the next-generation device has been positive. The Group continues to work diligently on the completion of development and testing of our next, market-leading, product DISCOV-R.

In the year to date, we have transferred manufacturing in-house and completed ISO 13485 audits. We have considerably expanded our market by securing high quality production and distribution agreements and launching our direct to consumer and innovative partnership programme, expanding our routes to market, which we are now starting to support with a significant advertising campaign.

We are, therefore, well placed to capture our opportunity in the Portable Oxygen Concentrator Market."

Adam Reynolds, Chairman of Belluscura, commented:

“The team at Belluscura has achieved considerable progress - to have brought two products to market so quickly, with a third to be launched in early 2023, is a tremendous achievement.

We believe the signing of a Global Manufacturing Agreement, with an affiliate of the world's leading electronics manufacturing company, to manufacture X-PLOR products at the national innovation center for medical devices will be transformational for the Group.

Belluscura is, therefore, well positioned to capture its significant market opportunity, and will increase production commensurate with market demand, as we expand our sales channels and geographical reach for our best-in-class technology.

The initial response from the market is hugely positive and, as we scale up the business, we expect substantial growth over the coming years, leaving the Board confident in Belluscura's future.”

* Source: Research and Markets

Information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

ENDS

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About Belluscura plc (www.belluscura.com)

Belluscura is a UK medical device company focused on developing high performing, lightweight and portable oxygen enrichment technology used in a broad range of industries and therapies. Our innovative oxygen technologies are designed with a global purpose: to create improved health, mobility and economic outcomes for patients, healthcare providers and insurance organisations.

Chairman's Statement

Introduction

I am delighted to present our Half Year Report, covering a period in which Belluscura has made a great deal of progress including:

- record revenue in H1, a 34% increase over H2 2021.
- the signing of a transformational Global Manufacturing Agreement.
- an oversubscribed equity placing raising £6 million (before expenses).
- the successful transfer of US manufacturing in-house.
- the launch of the next generation X-PLO₂R® Portable Oxygen Concentrator.

Substantially Increased Production Capacity through Transformational Global Manufacturing Agreement

In March this year, we signed a manufacturing Master Supply Agreement ("MSA") with InnoMax Medical Technology, Ltd ("InnoMax") to manufacture the X-PLO₂R® portable oxygen concentrator in the People's Republic of China. This agreement will more than double our manufacturing capacity next year and enable us to accelerate our international expansion by opening up the Asian markets in 2023 and beyond.

InnoMax is a joint venture between MaxNerva Technology Services Limited and the National Center for the Advanced Medical Devices ("NMED") located in Shenzhen, China. NMED is the first national manufacturing innovation center in Shenzhen and is also the only innovation center set up by the Chinese government in the field of medical devices. MaxNerva Technology (<http://www.maxnerva.com/>) is an affiliate of one of the leading contract electronics manufacturers in the world. We plan to manufacture both the next-generation X-PLOR and the next portable oxygen concentrator in our portfolio, the DISCOV-R™, under this agreement and expect commercialisation and distribution in Asia to occur towards the end of H1 2023.

In order to support this new manufacturing agreement, on 13 May 2022, the Group raised £6 million (£5.7 million after expenses) through an oversubscribed equity placing.

Delivering Best in Class Technology with Launch of Next generation X-PLOR

After the launch of our first-generation X-PLOR product in September last year, we have successfully migrated to the next-generation X-PLOR (previously described as the X-PLOR CX) at the end of June. The Bluetooth® enabled next generation X-PLOR provides more oxygen by weight than any portable oxygen concentrator in its class.

With the X-PLOR's new Nomad Biometric™ App, patients can connect other Bluetooth® devices such as their iPhone® or Android phone, Nonin® or Masimo® pulse oximeters, and Fitbit® wearables. Patients will be able to track their oxygen usage, breathing rates, blood oxygen saturation levels, heart rate, sleep and other important biometric and environmental data. The patient can then share this important healthcare data with their provider.

The Group's goal is not only to provide cutting edge medical devices, but also to improve patient outcomes with every new product we launch. We believe putting more health and environmental information in the hands of our patients will result in greatly improved long-term patient outcomes. We also believe that telemonitoring of home oxygen therapy is very much the present not the future and that the ability to connect to wearable biometric devices will help substantially improve patient care.

The initial feedback on this next-generation device has been positive, with encouraging levels of demand which we are focussed on meeting following a transitional period as we transferred our manufacturing in-house.

Post period end

Since the period end the Group continues to progress, laying the foundations for delivering significant growth in the years ahead.

Improved scalability, agility, productivity and quality control through transfer to in-house manufacturing

In March, 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.

The manufacturing transfer has already shown positive results with a record 300 X-PLOR units manufactured and shipped in just three weeks in July, and an expected reduction in manufacturing costs of 10%. Additionally, this change allows the Group to meet the production capacity and inventory requirements of the larger distributors, including for the distribution agreement with a leading Durable Medical Provider ("DME") in the US which we announced separately today.

Expanding our market through International Quality Standard ISO 13485

In August, both the Texas and China manufacturing facilities completed ISO 13485 audits ahead of schedule, following a complete review of our quality systems and processes, including the newly insourced manufacturing, and certification is expected shortly.

This is a hugely significant step for the Group. The International Quality Standard, ISO 13485, which many countries require for the sale of medical devices, will allow the company to apply to distribute the X-PLOR and DISCOV-R in Europe (CE mark), UK (CA mark), China and the rest of the world.

With the US representing around 45% of the global POC market, this will more than double the available market opportunity.

Extended our Sales Channels through New Direct to Consumer and Innovative Partnership Plan

At the end of June, the company launched its Direct to Consumer (DTC) website, generating its first sales in August. The key to DTC success will be product awareness and the Group is launching a nationwide (USA) television advertising campaign on five networks at the end of September.

The Company has also started an innovative partnership programme directed at increasing the accessibility of portable oxygen concentrators for small, local durable medical equipment providers who are experiencing considerable delays in the wait for portable concentrators and are typically constrained by the upfront cash costs required to distribute such products.

Both initiatives are expected to significantly expand our routes to market across the US, improving accessibility to distributor and consumers, and affordability through competitive pricing, thereby driving volume growth and attractive returns.

Additionally, as announced separately in August 2022, the Group has entered into an Agreement for the supply of portable oxygen concentrators with VGM Group, Inc (“VGM”). VGM is the largest and most comprehensive Member Service Organization (“MSO”) in the US for post-acute healthcare, which provides a range of support to its members including with the purchasing of medical equipment in the respiratory field. Over 2,500 healthcare providers with nearly 7,000 locations across the US rely on VGM to connect them to valuable resources every single day. With the launch of the next generation X-PLOR, we continue to add more sizable distributors and durable medical equipment providers to our distribution network.

The Group has signed a distribution agreement with a leading Durable Medical Equipment (“DME”) provider and distributor in the US. The DME has been providing oxygen therapy in the home setting for over 50 years and supplies both online and through over 1,000 bricks and mortar locations throughout the US.

DISCOV-R™

In September the Group built the first DISCOV-R™ portable oxygen concentrators for premarket evaluation.

The DISCOV-R is the first ambulatory pulse and continuous flow POC in the world, weighing c.40% less than any comparable dual flow oxygen concentrator on the market. The Company has already started to receive orders for DISCOV-R in anticipation of 2023 Q1 launch.

Financial Review

The Group made sales of \$561,745 in the period to 30 June 2022 (2021 H1: \$nil; 2021 FY: \$420,316). Losses after tax were US \$4.6 million (2021 H1: \$2.4 million; 2021 Full Year: \$5.2 million). Adjusted EBITDA was \$5.1 million loss (H1 2021: \$1.2 million loss; 2021 FY \$4.5 million loss), *Adjusted EBITDA is before Realised/Unrealised FX movements, IFRS2 charges, Surrendered Share Options and IPO costs.*

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 \$1.97m (2021 H1: \$nil; 2021 FY \$0.16m), along with a stock provision of \$0.16m (2021 H1: \$nil; 2021 FY: \$nil) for raw materials that have been superseded.

Group net assets at the end of the period were US \$23.8 million (2021 H1: \$28.0 million; 2021 Full Year: \$24.7 million). Cash balances as at 30 June 2022 amounted to \$11.3 million (2021 H1: \$22.7 million).

The Group raised £6.0 million (£5.7m after expenses) from investors in May to support the new manufacturing agreement.

Current Trading and Outlook

We continue to make considerable operational progress. As an early-stage company, building on the strengths we have is key to developing a business that will support scale.

My fellow directors and I believe that major opportunities lie ahead with the next generation X-PLOR, DISCOV-R and complementary technologies.

Since the launch of the first-generation product in September 2021 the Group has sold over 1,100 devices to date and we believe that the next generation X-PLOR and DISCOV-R will provide significant growth for the Group.

The Portable Oxygen Concentrator Market is predicted to grow at a compound annual growth rate (“CAGR”) of 14.0% from \$1.63 billion in 2022 to \$2.76 billion by 2026 (Source: Research and Markets), with underlying growth in chronic respiratory diseases combined with the longer-term health impact of the COVID-19 pandemic accelerating the growth in the long-term oxygen therapy market.

In order to ensure scalability and quality of manufacturing supply, in March, the Board took the decision to bring our US manufacturing in-house from our contract manufacturer and undertake ISO 13485 audits. The manufacturing transfer was successfully completed in just under three months and the audits completed in August. These decisions were taken to improve the longer-term prospects for the Group.

In light of the strategic decision to move manufacturing in-house and complete the ISO audits, production is still expected to be close to 4,000 units in 2022. We expect to receive the first X-PLOR units from our China manufacturing facility in Q4 and will commence the manufacture of DISCOV-R in Q1 2023. In the year to date, the Group has sold 775 units and having commenced in-house manufacturing, we expect to build volumes from Q4 onwards, as manufacturing and sales continue to increase. The timing of some deliveries to customers may fall into 2023 and, therefore, we expect sales for the year to be in the range of 2,000 to 4,000 units with strong demand as we move into next year.

The initial response from the market for our products is hugely positive and, as we scale up the business, we expect substantial growth over the coming years. With the planned increase in manufacturing from both facilities, the Board remain confident of meeting the market forecasts for 2023 and beyond.

Belluscura is well positioned to capture its significant market opportunity and will increase production commensurate with market demand, as we expand our sales channels and geographical reach for our best-in-class technology, leaving the Board confident in Belluscura's future.

A handwritten signature in black ink, appearing to read "Adam Reynolds". The signature is written in a cursive, flowing style.

Adam Reynolds
Chairman
19 September 2022

Belluscura plc

Consolidated Statement of Profit and Loss and Other Comprehensive Income

Group	Note	Unaudited 6 months to 30/06/2022 US \$	Unaudited 6 months to 30/06/2021 US \$	Audited 12 months to 31/12/2021 US \$
Continuing Operations				
Revenue	5	561,745	-	420,316
Cost of sales		(615,235)	-	(472,487)
Gross Loss		(53,490)	-	(52,171)
Other operating income	6.1	-	84,253	209,690
Administrative expenses	6.2	(4,506,072)	(2,516,154)	(5,344,176)
Operating Loss		(4,559,562)	(2,431,901)	(5,186,657)
Finance income		-	15	-
Finance costs		(10,938)	(14,012)	(26,837)
Finance costs net		(10,938)	(13,997)	(26,837)
Loss before income tax		(4,570,500)	(2,445,898)	(5,213,494)
Income tax expense	7	-	-	-
Loss after tax for the period		(4,570,500)	(2,445,898)	(5,213,494)
Other comprehensive income	6.2			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences – foreign operations		(3,534,564)	(497,944)	(1,153,148)
Total other comprehensive income		(3,534,564)	(497,944)	(1,153,148)
Total comprehensive loss for the period attributable to the equity holders		(8,105,064)	(2,943,842)	(6,366,642)
Earnings per share				
Basic and Diluted: Loss per share	8	(0.039)	(0.032)	(0.055)

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Consolidated Balance Sheet

Group	Note	Unaudited 30/06/2022 US \$	Unaudited 30/06/2021 US \$	Audited 31/12/2021 US \$
Assets				
Non-current assets				
Tangible assets		74,316	31,407	47,156
Product development	9	5,830,149	5,239,162	6,723,883
Right to use asset		228,779	326,828	277,803
Total non-current assets		6,133,244	5,597,397	7,048,842
Current assets				
Inventory		5,670,662	-	309,159
Trade and other receivables		3,803,379	538,320	3,059,363
Cash and cash equivalents		11,302,313	22,652,724	15,587,552
Total current assets		20,776,354	23,191,044	18,956,074
Total assets		26,909,598	28,788,441	26,004,916
Current liabilities				
Trade and other payables		(2,946,422)	(371,805)	(1,084,601)
Total current liabilities		(2,946,422)	(371,805)	(1,084,601)
Non-current liabilities				
Trade and other payables		(171,534)	(404,024)	(247,823)
Total non-current liabilities		(171,534)	(404,024)	(247,823)
Total liabilities		(3,117,958)	(775,829)	(1,332,424)
Net assets		23,791,642	28,012,612	24,672,492
Equity attributable to the owners of the parent				
Share capital	10	1,642,500	1,541,229	1,548,227
Share premium	11	33,054,658	25,969,371	26,025,760
Capital contribution	12	165,000	165,000	165,000
Retained earnings	12	(6,819,423)	398,337	(2,349,966)
Translation reserve	12	(4,251,093)	(61,325)	(716,529)
Total equity		23,791,642	28,012,612	24,672,492

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Consolidated Statement of Changes in Equity

Group	Attributable to equity holders of the parent company					
	Ordinary Shares US \$	Share Premium US \$	Translation Reserve US \$	Capital Contribution US \$	Retained earnings US \$	Total US \$
Six months to 30 June 2021 (Unaudited)						
Balance at 1 January 2021	823,201	556,683	436,619	165,000	2,687,361	4,668,864
Issue of ordinary shares	718,028	25,412,688	-	-	-	26,130,716
Reduction in capital	-	-	-	-	-	-
<i>Profit for the period</i>	-	-	-	-	(2,445,898)	(2,445,898)
<i>Other comprehensive income</i>	-	-	(497,944)	-	-	(497,944)
Total comprehensive income	-	-	(497,944)	-	(2,445,898)	(2,943,842)
Share based payments	-	-	-	-	156,874	156,874
Balance at 30 June 2021	1,541,229	25,969,371	(61,325)	165,000	398,337	28,012,612
12 months to 31 December 2021 (Audited)						
Balance at 1 January 2021	823,201	556,683	436,619	165,000	2,687,361	4,668,864
Issue of ordinary shares	725,026	25,469,077	-	-	-	26,194,103
Reduction in capital	-	-	-	-	-	-
<i>Loss for the period</i>	-	-	-	-	(5,213,494)	(5,213,494)
<i>Other comprehensive income</i>	-	-	(1,153,148)	-	-	(1,153,148)
Total comprehensive income	-	-	(1,153,148)	-	(5,213,494)	(6,366,642)
Share based payments	-	-	-	-	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
Six months to 30 June 2022 (Unaudited)						
Balance at 1 January 2022	1,548,277	26,025,760	(716,529)	165,000	(2,349,966)	24,672,492
Issue of ordinary shares	94,273	7,028,898	-	-	-	7,123,171
Reduction in capital	-	-	-	-	-	-
<i>Loss for the period</i>	-	-	-	-	(4,570,500)	(4,570,500)
<i>Other comprehensive income</i>	-	-	(3,534,564)	-	-	(3,534,564)
Total comprehensive income	-	-	(3,534,564)	-	(4,570,500)	(8,105,064)
Share based payments	-	-	-	-	101,043	101,043
Balance at 30 June 2022	1,642,500	33,054,658	(4,251,093)	165,000	(6,819,423)	23,791,642

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Consolidated Statement of cash flows

Group	Note	Unaudited 6 months to 30/06/2022 US \$	Unaudited 6 months to 30/06/2021 US \$	Audited 12 months to 31/12/2021 US \$
Cash flows from operating activities				
Cash generated from operations	12	(9,243,635)	(2,263,194)	(7,289,072)
Taxation paid			-	-
Net cash used in operating activities		(9,243,635)	(2,263,194)	(7,289,072)
Cash flows from investing activities				
Purchases of property, plant and equipment		(39,702)	(22,550)	(45,461)
Intangible assets under development		(951,615)	(1,109,502)	(2,750,997)
Net cash used in investing activities		(991,317)	(1,132,052)	(2,796,458)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares (net)		7,123,171	25,651,154	25,469,077
Lease Payments		(60,780)	(48,961)	(108,392)
Net cash generated from financing activities		7,323,077	25,602,193	25,360,685
Net increase/ (decrease) in cash and cash equivalents		(3,172,560)	22,206,947	15,275,155
Cash and cash equivalents at beginning of period		15,587,552	520,070	520,070
Exchange loss on cash and cash equivalents		(1,112,679)	(74,293)	(207,673)
Cash and cash equivalents at end of period		11,302,313	22,652,724	15,587,552

1 General Information

Belluscura plc is a company incorporated in England and Wales and domiciled in the UK, 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 this interim financial information are set out below, which have been consistently applied, unless otherwise stated.

2 Electronic communications

The Company is not proposing to bulk print and distribute hard copies of this Interim Report for the six months ended 30 June 2022 unless specifically requested by individual shareholders. The Board believes that by utilising electronic communication it delivers savings to the Company in terms of administration, printing and postage, and environmental benefits through reduced consumption of paper and inks, as well as speeding up the provision of information to shareholders. News updates, Regulatory News and Financial statements can be viewed and downloaded from the Group's website, www.belluscura.com. Copies can also be requested from; Company Secretary, Belluscura plc, 15 Fetter Lane, London EC4A 1BW or by email: tony.dyer@belluscura.com.

3 Accounting Policies

This financial information has been prepared and approved by the directors in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"). The preparation of this financial information in conformity with IFRS requires the use of certain critical accounting estimates and consistent with the accounting policies used in the Financial Statements for the year ended 31 December 2021.

The Board has considered and updated certain critical accounting estimates in connection with the amortisation of Intangible Assets. Further information is provided in Note 9 Intangible Assets below.

The condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard No. 34, 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2021. These condensed interim financial statements for the six months ended 30 June 2022 and 30 June 2021 are unaudited and do not constitute full accounts. The comparative figures for the period ended 31 December 2021 are extracted from the 2021 audited financial statements. The independent auditor's report on the 2021 financial statements was not qualified.

4 Going concern

The Group's forecasts and projections indicate that the Group has sufficient cash reserves to operate within the level of its current facilities and the Directors have a reasonable expectation the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing this interim financial information.

5 Revenue

The Group made sales in the period to 30 June 2021 of \$561,745 (2021 H1: \$nil; 2021: \$420,316). All sales were made in the US.

6 Other operating income and administrative expenses

6.1 Other operating income

Group	Unaudited 6 months to 30/06/2022 US \$	Unaudited 6 months to 30/06/2021 US \$	Audited 12 months to 31/12/2021 US \$
Grants	-	6,939	6,876
SBA Loan forgiveness	-	77,314	202,814
Total	-	84,253	209,690

The US Small Business Administration ("SBA") loan was forgiven on 9 April 2021 and treated as other operating income in the period.

6.2 Expenses by nature

Group	Unaudited 6 months to 30/06/2022 US \$	Unaudited 6 months to 30/06/2021 US \$	Audited 12 months to 31/12/2021 US \$
Depreciation of property plant and equipment	12,033	4,937	14,531
Depreciation of right of use asset	49,024	49,024	98,049
Amortisation of product development	1,968,229	-	156,774
Costs related to fundraising activities	-	646,042	646,042
Realised and unrealised foreign exchange movements ¹	(2,609,050)	(141,663)	(734,678)
Employee benefit expense	2,229,921	642,034	1,838,779
IFRS2 Share Based Payments Charge	139,131	156,370	180,091
Surrendered Share Options	-	611,947	611,947
Sales & Marketing	567,489	92,548	1,118,472
Raw Material Write Off	153,181	-	-
Other administration expenses	1,996,114	454,915	1,414,169
Administration expenses	4,506,072	2,516,154	5,344,176
Foreign exchange movements in Other Comprehensive Income ²	3,534,564	497,944	1,153,148
Total expenses	8,040,636	3,014,098	6,497,324

¹ Realised foreign exchange movements relate to the foreign exchange movements on the conversion of bank and cash balances. Unrealised foreign exchange movements relate to the revaluation of the intercompany balances.

² Foreign exchange movements in Other Comprehensive Income relate to the movement in the balance sheet translation reserve comprising 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.

During the period the £GBP weakened against the US\$. The exchange rate at 30 June 2022 was \$1.220:£1 (30 June 2021: \$1.3801:£1; 31 December 2021 \$1.353:£1).

7 Income tax expense

Group	Unaudited	Unaudited	Audited
	6 months to 30/06/2022 US\$	6 months to 30/06/2021 US\$	12 months to 31/12/2021 US\$
Current tax on profits for the period	-	-	-
Adjustments in respect of prior period	-	-	-
Total current tax	-	-	-
Income tax expense	-	-	-

8 Earnings/Loss per share

Group	Unaudited	Unaudited	Audited
	6 months to 30/06/2022 US\$	6 months to 30/06/2021 US\$	12 months to 31/12/2021 US\$
Loss for the period US\$	(4,570,500)	(2,445,898)	(5,213,494)
Weighted Average Shares in Issue	115,776,189	75,760,721	94,724,153
Basic Loss per Share US\$	(0.039)	(0.032)	(0.055)

9 Intangible Assets

Group – Unaudited	Purchased intangible assets		
	Licences US \$	Product Development US\$	Total US\$
Cost			
At 1 January 2021	189,506	4,399,810	4,589,316
Additions during the period	-	1,109,502	1,109,502
At 30 June 2021	189,506	5,509,312	5,698,818
At 1 July 2021	189,506	5,509,312	5,698,818
Additions during the period	-	1,641,495	1,641,495
Disposal during the period	(189,506)	-	(189,506)
At 31 December 2021	-	7,150,807	7,150,807
At 1 January 2022	-	7,150,807	7,150,807
Additions during the period	-	986,615	951,615
At 30 June 2022	-	8,137,422	8,102,422
Accumulated amortisation and impairment - Unaudited			
At 1 January 2021	(189,506)	(270,150)	(459,656)
At 30 June 2021	(189,506)	(270,150)	(459,656)
At 1 July 2021	(189,506)	(270,150)	(459,656)
Amortisation in the period	-	(156,774)	(156,774)
Disposal during the period	189,506	-	189,506
At 31 December 2021	-	(426,924)	(426,924)
At 1 January 2022	-	(426,924)	(426,924)
Amortisation in the period	-	(1,968,229)	(1,968,229)
At 30 June 2022	-	(2,395,153)	(2,395,153)
Net book value			
At 1 January 2021	-	4,129,660	4,129,660
At 30 June 2021	-	5,239,162	5,239,162
At 30 December 2021	-	6,723,883	6,723,883
At 30 June 2022	-	5,742,269	5,707,269

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 associated development costs of the first generation product with a charge in the period of \$1.97m (2021 H1: nil; 2021 FY \$0.16m), along with a charge of \$0.16m (2021 H1: \$nil; 2021 FY: \$nil), for raw materials that have been superseded.

10 Share capital		No of shares of £0.01 each	Ordinary Shares US \$
Group and Company			
Issued and fully paid up			
At 1 January 2021		62,905,761	823,201
Shares issued for cash		50,401,639	718,028
At 30 June 2021		113,307,400	1,541,229
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At 1 July 2021		113,307,400	1,541,229
Shares issued for cash		528,044	6,998
At 31 December 2021		113,835,444	1,548,227
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At 1 January 2022		113,835,444	1,548,227
Shares issued for cash		7,392,157	94,273
At 30 June 2022		121,227,601	1,642,500

11 Share premium		Ordinary Shares US \$
Group and Company		
Allotted and fully paid up		
At 1 January 2021		556,683
Premium on shares issued		26,739,490
Cost of issue of shares		(1,326,802)
At 30 June 2021		25,969,371
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At 1 July 2021		25,969,371
Premium on shares issued (net of cost of issue of shares)		56,389
At 31 December 2021		26,025,760
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At 1 January 2022		26,025,760
Premium on shares issued (net of cost of issue of shares)		7,028,898
At 30 June 2022		33,054,658

12 Reserves		Group US \$
Retained earnings		
At 1 January 2021		2,687,361
Loss for the period		(2,445,898)
Share based payments charge		156,874
At 30 June 2021		398,337
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At 1 July 2021		398,337
Loss for the period		(2,767,596)
Share based payments charge		19,293
At 31 December 2021		(2,349,966)
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At 1 January 2022		(2,349,966)
Loss for the period		(4,570,500)
Share based payments charge		101,043
At 30 June 2022		(6,819,423)
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Translation reserve		
At 1 January 2021		436,619
Foreign exchange loss		(497,944)
At 30 June 2021		(61,325)
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At 1 July 2021		(61,325)
Foreign exchange loss/gain		(655,204)
At 31 December 2021		(716,529)
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At 1 January 2022		(716,529)
Foreign exchange loss/gain		(3,534,564)
At 30 June 2022		(4,521,093)

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.

13 Cash generated from operating activities

Group	Unaudited 6	Unaudited 6	Audited 12
	months to	months to	months to
	30/06/2022	30/06/2021	31/12/2021
	US \$	US \$	US \$
Loss before income tax	(4,547,800)	(2,445,898)	(5,213,494)
Adjustments for			
- Depreciation	12,067	4,937	14,531
- ROU Depreciation	40,854	49,024	98,049
- Amortisation and impairment	1,968,225	-	156,774
- No cash interest expense	10,938	14,012	26,837
- Movement in foreign exchange	(2,077,833)	(280,058)	333,842
- Share based payments	139,131	156,370	180,091
Movement in trade and other receivables	(1,991,393)	449,035	(2,179,894)
Movement in inventory	(4,473,644)	-	(309,159)
Movement in trade and other payables	1,675,820	(210,616)	(396,649)
Cash generated from operating activities	(9,243,635)	(2,263,194)	(7,289,072)

14 Events after the reporting period

There have been no events that require disclosure in accordance with IAS10, 'Events after the balance sheet date'.

On 14 July 2022, 66,667 Warrant Shares were exercised in the share capital of Belluscura. The consideration for the exercise of the Warrant Shares amounts, in aggregate, to a cash value of £10,000.

On 14 July 2022, 500,000 warrant shares were exercised in the share capital of Belluscura. The consideration for the exercise of the Warrant Shares amounts, in aggregate, to a cash value of £235,000.

On 10 August 2022, 1,222,893 shares options were exercised in the share capital of Belluscura. The consideration for the exercise of the share options amounts, in aggregate, to a cash value of £115,250.

On 2 August 2022, the Company announced that it has entered into a Group Purchasing Organization Product Supply Agreement (the "Agreement") for the supply of portable oxygen concentrators with VGM Group, Inc ("VGM"). VGM is the largest and most comprehensive Member Service Organization ("MSO") in the US for post-acute healthcare, which provides a range of support to its members including with the purchasing of medical equipment in the respiratory field. Over 2,500 healthcare providers with nearly 7,000 locations across the US rely on VGM to connect them to valuable resources every single day.

15 Alternative Performance Measures

Group	Unaudited 6	Unaudited 6	Audited 12
	months to	months to	months to
	30/06/2022	30/06/2021	31/12/2021
	US \$	US \$	US \$
Loss from Operations	(4,559,562)	(2,431,901)	(5,186,657)
Adjustments for			
- Amortisation and impairment	1,968,229	-	156,774
- Movement in foreign exchange	(2,609,050)	(141,663)	(734,678)
- Share based payments	139,131	156,370	180,091
- Costs related to fundraising activities	-	646,042	646,042
- Surrendered share options	-	611,947	611,947
Adjusted EBITDA	(5,061,252)	(1,159,205)	(4,326,482)