



6 September 2021

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

**Half Year Report**

**Unaudited Interim Results for the 6 months ended 30 June 2021**

### **Operational highlights**

- X-PLO<sub>2</sub>R™ received 510(k) Clearance from the Food and Drug Administration ("FDA") on 2 March 2021
- Admission to AIM on 28 May 2021
- Oversubscribed equity fundraising of £17.5 million (\$24.5 million) from new and existing investors
- Strategic senior appointments made: Keith Cook, VP Operations and Jon Meneese, VP Marketing
- First distribution agreement signed with an established nationwide distributor seller of supplemental oxygen equipment, located on the East Coast of the US

### **Post period end highlights**

- Commencement of manufacturing of the X-PLO<sub>2</sub>R™ product in the US
- Pre-Market Evaluation reflected positive feedback on performance and attributes
- Purchase orders received for the X-PLO<sub>2</sub>R™
- **First X-PLO<sub>2</sub>R™ units distributed on 3 September 2021**
- Three further distribution agreements signed with:
  - A leading nationwide distributor of supplemental oxygen and respiratory equipment, located in the Midwest US
  - A durable medical equipment provider with multiple stores in several states and an online store, located in the upper Midwest US
  - A US Service-Disabled Veteran-Owned Small Business dealing exclusively with the US federal government in areas such as Veterans Affairs and The Department of Defense
- Continued development of follow-on products: the X-PLO<sub>2</sub>R CX™ and the X-PLO<sub>2</sub>R DX™

### **Bob Rauker, Chief Executive Officer Belluscura, commented:**

"I am extremely pleased to announce that the Group has achieved its target timeframe and distributed the first X-PLO<sub>2</sub>R™ units off the production line to customers on 3 September 2021.

"Initial demand for X-PLO<sub>2</sub>R™ has been strong. To date we have received orders that meet this year's forecast unit sales and expect to exceed the forecast in the coming months.

“Meanwhile the Group continues to work diligently on the completion of development and testing of our follow-on products, the X-PLO<sub>2</sub>R CX™ and the X-PLO<sub>2</sub>R DX™.

“With the Research and Markets updated Portable Oxygen Concentrator Market research report now forecasting a compound annual growth rate (“CAGR”) of 14.0% from 2019 to 2026, this is a very exciting time for Belluscura.”

**Adam Reynolds, Chairman of Belluscura, commented:**

“I am delighted with the progress the team at Belluscura has achieved this year, particularly taking into account all the disruption caused by the pandemic.

“Receiving FDA 510(k) Clearance for the X-PLO<sub>2</sub>R™ was pivotal for the Group, followed by an oversubscribed placing and successful listing in May. To have brought the product to market so quickly is a tremendous achievement.

“The initial response from the market is hugely positive. With four distribution agreements signed to date and many more enquiries both from within the US and globally, we expect substantial growth over the coming years and the Board is confident of what the future holds for Belluscura.”

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## Strategic report for the six months ended 30 June 2021

### Chairman's Statement

#### Introduction

I am delighted to present our maiden Half Year Report after listing on AIM in May 2021. By way of background, Belluscura ("the Group") is a business 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 Group entered into a co-exclusive license and development agreement with Separation Design Group ("SDG") to complete the development of the X-PLO<sub>2</sub>R™, 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-PLO<sub>2</sub>R™ license. X-PLO<sub>2</sub>R™ received 510(k) clearance from the Food and Drug Administration ("FDA") on 2 March 2021.

Our products are currently manufactured in the US and the Group is delighted to have commercially launched the X-PLO<sub>2</sub>R™ in September 2021.

The Group has also developed follow-on products in the X-PLO<sub>2</sub>R™ range of oxygen concentrators, the X-PLO<sub>2</sub>R CX™ and the X-PLO<sub>2</sub>R DX™, which will target the same oxygen markets. The Group continues to work on other oxygen enrichment technologies in complementary markets.

#### Current Trading

My fellow directors and I believe that the major opportunities lie with the X-PLO<sub>2</sub>R™ and complementary technologies.

We believe that X-PLO<sub>2</sub>R™ will provide significant growth for the Group. It is expected that the longer-term health impact of the COVID-19 pandemic will increase demand for long term oxygen therapy and accelerate the growth in the market.

We have made solid progress in achieving our mission. Since Admission to AIM on 28 May 2021 the Group announced to shareholders that it has signed four distribution agreements. We have received pre-orders for our X-PLO<sub>2</sub>R™ product with first units leaving the production line to customers on 3 September 2021.

#### Financial review

The Group raised £17.5 million (\$24.5 million) from investors in May when its shares were admitted to trading on AIM, before expenses of £1.4 million (\$1.9 million); of which £0.5 million (\$0.6 million) were charged to the Income Statement and £0.9 million (\$1.3 million) were charged to the Share Premium Account. These funds are being applied in pursuing the Group's strategic objectives.

The Group did not make any sales in the period to 30 June 2021 (2020 H1: \$nil; 2020 FY: \$nil) and recorded losses after tax of US \$2.9 million (2020 H1: \$0.5 million; 2020 Full Year: \$1.6 million). Group net assets at the end of the period were US \$28.0 million (2020 H1: \$5.0 million; 2020 Full Year: \$4.7 million). Cash balances as at 30 June 2021 amounted to \$22.65 million.

#### Outlook

Belluscura is well positioned and financed to achieve its expectations as laid out in the admission document and the Company has met all of its key milestones since its shares started trading on AIM in May this year. Since we received FDA 510(k) Clearance for X-PLO<sub>2</sub>R™, which was pivotal for the Group, we have signed four distribution agreements, plus a manufacturing arrangement in the US, and have shipped our first units. We will increase production commensurate with market demand which we expect to grow significantly, and the Company looks forward with optimism and will be updating shareholders on a regular basis.

Adam Reynolds  
Chairman

## Consolidated Statement of Profit and Loss and Other Comprehensive Income

Group	Not e	Unaudited 6 months to 30/06/2021 US \$	Unaudited 6 months to 30/06/2020 US \$	Audited 12 months to 31/12/2020 US \$
<b>Continuing Operations</b>				
Revenue	5	-	-	-
Cost of sales		-	-	-
<b>Gross Profit/(Loss)</b>		-	-	-
Other operating income	6.1	<b>84,253</b>	-	11,493
Administrative expenses	6.2	<b>(2,516,154)</b>	23,099	(1,956,682)
<b>Operating Loss</b>		<b>(2,431,901)</b>	23,099	(1,945,189)
Finance income		<b>15</b>	-	-
Finance costs		<b>(14,012)</b>	(16,820)	(32,956)
<b>Finance costs - net</b>		<b>(13,997)</b>	(16,820)	(32,956)
<b>Loss before income tax</b>		<b>(2,445,898)</b>	6,279	(1,978,145)
Income tax expense	7	-	-	-
<b>Loss after tax for the period</b>		<b>(2,445,898)</b>	6,279	(1,978,145)
<b>Other comprehensive income</b>	6.2			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences – foreign operations		<b>(497,944)</b>	(487,568)	391,736
<b>Total other comprehensive income</b>		<b>(497,944)</b>	(487,568)	391,736
<b>Total comprehensive loss for the period attributable to the equity holders</b>		<b>(2,943,842)</b>	(481,289)	(1,586,409)
<b>Earnings per share</b>				
Basic: Loss per share	8	<b>(0.039)</b>	(0.009)	(0.029)
Diluted: Loss per share	8	<b>(0.039)</b>	(0.009)	(0.029)

## Consolidated Balance Sheet

Group	Unaudited 30/06/2021 US \$	Unaudited 30/06/2020 US \$	Audited 31/12/2020 US \$
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	31,407	17,833	13,818
Intangible assets	-	-	-
Product development	5,239,162	3,703,342	4,129,660
Right to use asset	326,828	424,876	375,852
<b>Total non-current assets</b>	<b>5,597,397</b>	<b>4,146,051</b>	<b>4,519,330</b>
<b>Current assets</b>			
Trade and other receivables	538,320	211,748	197,653
Cash and cash equivalents	22,652,724	1,526,412	520,070
<b>Total current assets</b>	<b>23,191,044</b>	<b>1,738,160</b>	<b>717,723</b>
<b>Total assets</b>	<b>28,788,441</b>	<b>5,884,211</b>	<b>5,237,053</b>
<b>Current liabilities</b>			
Trade and other payables	(371,805)	(439,294)	(230,136)
<b>Total current liabilities</b>	<b>(371,805)</b>	<b>(439,294)</b>	<b>(230,136)</b>
<b>Non-current liabilities</b>			
Trade and other payables	(404,024)	(414,435)	(338,053)
<b>Total non-current liabilities</b>	<b>(404,024)</b>	<b>(414,435)</b>	<b>(338,053)</b>
<b>Total liabilities</b>	<b>(775,829)</b>	<b>(853,729)</b>	<b>(568,189)</b>
<b>Net assets</b>	<b>28,012,612</b>	<b>5,030,482</b>	<b>4,668,864</b>
<b>Equity attributable to the owners of the parent</b>			
Share capital	1,541,229	769,768	823,201
Share premium	25,969,371	7,344,832	556,683
Capital contribution	165,000	165,000	165,000
Retained earnings	398,337	(2,806,432)	2,687,361
Translation reserve	(61,325)	(442,686)	436,619
<b>Total equity</b>	<b>28,012,612</b>	<b>5,030,482</b>	<b>4,668,864</b>

## 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 \$
<b>Six months to 30 June 2020 (Unaudited)</b>						
Balance at 1 January 2020	648,298	5,714,678	44,882	165,000	(2,844,929)	3,727,929
Issue of ordinary shares	121,470	1,630,154	-	-	-	1,751,624
Reduction in capital	-	-	-	-	-	-
<i>Profit for the period</i>	-	-	-	-	6,279	6,279
<i>Other comprehensive income</i>	-	-	(487,568)	-	-	(487,568)
Total comprehensive income	-	-	(487,568)	-	6,279	(481,289)
Share based payments	-	-	-	-	32,218	32,218
<b>Balance at 30 June 2020</b>	<b>769,768</b>	<b>7,344,832</b>	<b>(442,686)</b>	<b>165,000</b>	<b>(2,806,432)</b>	<b>5,030,482</b>
<b>12 months to 31 December 2020 (Audited)</b>						
Balance at 1 January 2020	648,298	5,714,678	44,882	165,000	(2,844,929)	3,727,929
Issue of ordinary shares	174,903	2,233,896	-	-	-	2,408,799
Reduction in capital	-	(7,391,891)	-	-	7,391,891	-
<i>Loss for the period</i>	-	-	-	-	(1,978,145)	(1,978,145)
<i>Other comprehensive income</i>	-	-	391,737	-	-	391,737
Total comprehensive income	-	-	391,737	-	(1,978,145)	(1,586,408)
Share based payments	-	-	-	-	118,544	118,544
<b>Balance at 31 December 2020</b>	<b>823,201</b>	<b>556,683</b>	<b>436,619</b>	<b>165,000</b>	<b>2,687,361</b>	<b>4,668,864</b>
<b>Six months to 30 June 2021 (Unaudited)</b>						

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>Loss 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
<b>Balance at 30 June 2021</b>	<b>1,541,229</b>	<b>25,969,371</b>	<b>(61,325)</b>	<b>165,000</b>	<b>398,337</b>	<b>28,012,612</b>



## Consolidated Statement of cash flows

Group	Note	Unaudited 6 months to 30/06/2021 US \$	Unaudited 6 months to 30/06/2020 US \$	Audited 12 months to 31/12/2020 US \$
<b>Cash flows from operating activities</b>				
Cash generated from operations	12	<b>(2,263,194)</b>	(440,621)	(1,470,773)
Taxation paid		-	-	-
<b>Net cash used in operating activities</b>		<b>(2,263,194)</b>	(440,621)	(1,470,773)
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment		<b>(22,550)</b>	-	-
Intangible assets under development		<b>(1,109,502)</b>	(768,114)	(1,194,432)
<b>Net cash used in investing activities</b>		<b>(1,132,052)</b>	(768,114)	(1,194,432)
<b>Cash flows from financing activities</b>				
Proceeds from issuance of ordinary shares (net)		<b>25,651,154</b>	1,816,495	2,251,774
Lease Payments		<b>(48,961)</b>	(56,053)	(118,859)
<b>Net cash generated from financing activities</b>		<b>25,602,193</b>	1,760,442	2,132,915
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>22,206,947</b>	551,707	(532,290)
Cash and cash equivalents at beginning of period		<b>520,070</b>	1,033,512	1,033,512
Exchange loss on cash and cash equivalents		<b>(74,293)</b>	(58,807)	18,848
<b>Cash and cash equivalents at end of period</b>		<b>22,652,724</b>	1,526,412	520,070

**Belluscura plc**  
**Notes to the accounts**

**1 General Information**

Belluscura plc is a company 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 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 2021, 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](http://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](mailto:tony.dyer@belluscura.com).

**3 Accounting Policies**

This financial information has been prepared and approved by the directors in accordance with 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 2020.

**4 Going concern**

US FDA 510(k) clearance of its X-PLO<sub>2</sub>R™ was received on 2 March 2021. The subsequent successful IPO on the AIM market of the London Stock Exchange on 28 May 2021, raised £17.5 million (\$24.5 million). The Group has commenced manufacturing of the X-PLO<sub>2</sub>R™, expected to be launch in 2021 H2 and, the follow-on products, the X-PLO<sub>2</sub>R CX™ and X-PLO<sub>2</sub>R DX™, are expected to be commercialised within the next 12 months. On this basis, the Directors have concluded that the Group will have 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 has not made any sales in the period to 30 June 2021 (2020 H1: \$nil; 2020: \$nil)

**6 Other operating income and administrative expenses**

**6.1 Other operating income**

<b>Group</b>	<b>Unaudited 6 months to 30/06/2021</b>	<b>Unaudited 6 months to 30/06/2020</b>	<b>Audited 12 months to 31/12/2020</b>
	<b>US \$</b>	<b>US \$</b>	<b>US \$</b>
Grants	6,939	-	6,421
Purchase of option right	-	-	5,072
SBA Loan forgiveness	77,314	-	-
<b>Total</b>	<b>84,253</b>	<b>-</b>	<b>11,493</b>

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**

<b>Group</b>	<b>Unaudited 6 months to</b>	<b>Unaudited 6 months to</b>	<b>Audited</b>
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	30/06/2021	30/06/2020	12 months to 31/12/2020
	US \$	US \$	US \$
Depreciation of property plant and equipment	4,937	4,529	8,544
Amortisation of right of use asset	49,024	49,025	98,049
Costs related to fundraising activities	483,029	6,421	78,911
Realised/Unrealised foreign exchange movements	(178,272)	(643,867)	405,370
Employee benefit expense	1,502,132	408,048	1,022,677
Other administration expenses	655,304	152,745	343,131
<b>Administration expenses</b>	<b>2,516,154</b>	<b>(23,099)</b>	<b>1,956,682</b>
Foreign exchange movements in Other Comprehensive Income	497,944	487,568	(391,737)
<b>Total expenses</b>	<b>3,014,098</b>	<b>464,469</b>	<b>1,564,945</b>

## 7 Income tax expense

Group	Unaudited 6 months to 30/06/2021 US\$	Unaudited 6 months to 30/06/2020 US\$	Audited 12 months to 31/12/2020 US\$
Current tax on profits for the period	-	-	-
Adjustments in respect of prior period	-	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 8 Earnings/Loss per share

Group	Unaudited 6 months to 30/06/2021 US\$	Unaudited 6 months to 30/06/2020 US\$	Audited 12 months to 31/12/2020 US\$
Profit/(Loss) for the period US\$	(2,943,842)	(481,289)	(1,586,409)
Weighted Average Shares in Issue	75,988,502	52,035,313	55,598,175
Basic Loss per Share US\$	(0.039)	(0.009)	(0.029)
Weighted Average Shares, Warrants and Options in Issue	91,679,394	70,305,311	75,534,490
Diluted Loss per Share US\$	(0.039)	(0.009)	(0.029)

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

## 9 Share capital

Group and Company	No of shares of £0.01 each	Ordinary Shares US \$	Total US \$
<b>Issued and fully paid up</b>			
At 1 January 2020	49,132,482	648,298	648,298
Shares issued for cash	9,817,853	121,470	121,470
<b>At 30 June 2020</b>	<b>58,950,335</b>	<b>769,768</b>	<b>769,768</b>

At 1 July 2020	58,950,335	769,768	769,768
Shares issued for cash	3,069,508	42,183	42,183
Shares issued for cash received post year end	885,918	11,250	11,250
<b>At 31 December 2020</b>	<b>62,905,761</b>	<b>823,201</b>	<b>823,201</b>
At 1 January 2021	62,905,761	823,201	823,201
Shares issued for cash	50,401,639	718,028	718,028
<b>At 30 June 2021</b>	<b>113,307,400</b>	<b>1,541,229</b>	<b>1,541,229</b>

## 10 Share premium

Group and Company	Ordinary Shares US \$	Total US \$
<b>Allotted and fully paid up</b>		
At 1 January 2020	5,714,678	5,714,678
Premium on shares issued (net of cost of issue of shares)	1,630,154	1,630,154
<b>At 30 June 2020</b>	<b>7,344,832</b>	<b>7,344,832</b>
At 1 July 2020	7,344,832	7,344,832
Premium on shares issued (net of cost of issue of shares)	603,742	603,742
Reduction in Capital	(7,391,891)	(7,391,891)
<b>At 31 December 2020</b>	<b>556,683</b>	<b>556,683</b>
At 1 January 2021	556,683	556,683
Premium on shares issued	26,739,490	26,739,490
Cost of issue of shares	(1,326,802)	(1,326,802)
<b>At 30 June 2021</b>	<b>25,969,371</b>	<b>25,969,371</b>

## 11 Reserves

Retained earnings	Group US \$
At 1 January 2020	(2,844,929)
Loss for the period	6,279
Share based payments charge	32,218
<b>At 30 June 2020</b>	<b>(2,806,432)</b>
Loss for the period	(1,984,424)
Reduction in Capital	7,391,891
Share based payments charge	86,326
<b>At 31 December 2020</b>	<b>2,687,361</b>
Loss for the period	(2,445,898)
Share based payments charge	156,874
<b>At 30 June 2021</b>	<b>398,337</b>
<b>Translation reserve</b>	
	<b>Group US \$</b>
At 1 January 2020	44,882
Foreign exchange loss	(487,568)
<b>At 30 June 2020</b>	<b>(442,686)</b>
Foreign exchange loss/gain	879,305

<b>At 31 December 2020</b>	<b>436,619</b>
Foreign exchange loss/gain	(497,944)
<b>At 30 June 2021</b>	<b>(61,325)</b>

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.

## 12 Cash generated from operating activities

Group	Unaudited 6 months to 30/06/2021 US \$	Unaudited 6 months to 30/06/2020 US \$	Audited 12 months to 31/12/2020 US \$
Loss before income tax	<b>(2,445,898)</b>	6,279	(1,978,145)
Adjustments for			
- Depreciation	<b>4,937</b>	4,529	8,544
- Amortisation and impairment	<b>49,024</b>	49,025	98,049
- No cash interest expense	<b>14,012</b>	16,820	32,956
- Movement in foreign exchange	<b>(280,058)</b>	883,848	(68,056)
- Share based payments	<b>156,370</b>	33,494	111,350
Movement in trade and other receivables	<b>449,035</b>	19,956	81,268
Movement in trade and other payables	<b>(210,616)</b>	(1,454,572)	243,261
<b>Cash generated from operating activities</b>	<b>(2,263,194)</b>	(440,621)	(1,470,773)

## 13 Events after the reporting period

There have been no events that require disclosure in accordance with IAS10, 'Events after the balance sheet date', save that since the end of the reporting period the Group has signed four distribution agreements, commenced manufacturing of the X-PLO<sub>2</sub>R™ and distributed its first products.

Subsequent to the Annual General Meeting at which shareholders approved the re-appointment of KPMG LLP as the Group's independent auditor, and as requested by the Board, the Audit Committee considered the appointment of a new independent auditor for the year ending 31 December 2021. The Board accepted the Committee's recommendation that Jeffreys Henry LLP be appointed as the Group's independent auditor.

The Board wishes to thank KPMG for their work as the Group's independent auditor since 2017.