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Belluscura PLC
27 June 2024

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

Final Results for the year ended 31 December 2023

LONDON, U.K. AND PLANO, TX, U.S. (27 June 2024). Belluscura plc (AIM:BELL), a leading medical device developer focused on lightweight and portable oxygen enrichment technology, announces its Final Results for the year ended 31 December 2023.

Current trading and outlook:

- Sales in the first half of 2024 are trending significantly higher than in 2023 as we start to gain traction with X-PLOR in the US:
  - US sales of X-PLOR have approximately doubled month-on-month in each of the last four months through to May 2024.
  - Sales in May 2024 were approximately $450k and further significant monthly growth will be achieved in June 2024.
  - Preliminary orders received for 6,500 DISCOV-R devices.
- Anticipate strong growth in sales in 2024 and 2025 from both the X-PLOR and DISCOV-R devices.
  - As the ramp up in sales continues to grow, with the initial launch of the DISCOV-R now underway with full commercial launch in the second half of 2024.

Operational highlights:

- Most of 2023 focussed on:
  - developing our next-generation DISCOV-R portable oxygen generator
  - improving and expanding our manufacturing capabilities in the US and China
  - building, expanding and improving our sales force capabilities in the US and China
- Signed a royalty bearing license agreement with our manufacturing partner InnoMax Medtech to sell and distribute the X-PLOR in China
- Received approval from China's medical device authority ("NMPA") to sell X-PLOR in China. We also received approval to sell in Singapore and Hong Kong
- Released our proprietary NOMAD biometric app on a trial basis

Financial Headlines:

- Group revenue of $0.8 million (2022: $1.4m)
- Loss before tax of $18.5m (2022: $8.2m)
- Adjusted loss from operations of $6.3m (2022: $6.2m)
- Basic loss per share of $0.14 (2022: $0.06)
- Net Cash as at 31 December 2023 of $0.9m

Robert Rauker, CEO, Belluscura plc, commented:

"The Group made substantial product, operations and regulatory approval development progress in 2023, with record sales of the X-PLOR in May the Company is starting to gain good traction in the US. In addition, with the initial Direct to Consumer launch of DISCOV-R in June, the Board now looks forward to the Group capturing share of its market which continues to grow. The Company is well positioned to deliver substantial growth in 2024 and we look forward to the future with confidence."

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CHAIRMAN & CEO'S STATEMENT

2023 - Laying the Foundation for Growth

We spent most of 2023 focusing on developing our next-generation DISCOV-R portable oxygen generator, improving and expanding our manufacturing capabilities in the US and China and building, expanding and improving our sales force capabilities in the US and China.

Lasting supply chain and manufacturing issues from COVID, mostly lack of availability of components and longer than normal-lead times to order others, impacted sales of our X-PLOR portable oxygen concentrator product. The issues were resolved the second half of 2023 setting up the Company to grow sales in 2024. As part of our push to improve sales we made several strategic hires in the US and China and started a direct-to-consumer sales program and as a consequence we have shown significant growth in the first half of 2024, exceeding 2023 sales.

We introduced prototypes of the DISCOV-R portable oxygen concentrator in Q3. Patient feedback was positive.

Distributor feedback was also positive. Over 6,500 preliminary orders were received for the DISCOV-R setting the foundation for the initial product launch in June 2024 with full commercial launch in October 2024.

In August, we signed a royalty bearing license agreement with our manufacturing partner InnoMax Medtech to sell and distribute the X-PLOR in China. In late December we received approval from China's medical device authority ("NMPA") to sell X-PLOR in China. We also received approval to sell the X-PLOR in Singapore and Hong Kong. Receiving approval in China allows us to start selling the X-PLOR in China in 2024. Sales in China continue to grow in the first half of 2024.

We released our proprietary NOMAD biometric app on a trial basis in 2023. The NOMAD tracks data on the X-PLOR and any connected third-party Bluetooth devices of the patient such as iWatch, pulse oximeters, Galaxy watches, and Fitbit devices. The NOMAD generation 1 beta platform will be followed by a commercial generation 2 in by the end of 2024.

2024 and Beyond

The Company anticipates strong growth in sales in 2024 and 2025 from both the X-PLOR and DISCOV-R devices.

US sales of X-PLOR have approximately doubled month-on-month in each of the last four months through to May 2024. Sales in May 2024 were approximately $450k and further significant monthly growth will be achieved in June 2024.

June also marked the initial launch of the DISCOV-R direct to consumer sales program with full commercial launch of the product expected in H2.

Feedback in March of this year from distributors at the largest home healthcare trade show in the US, Medtrade, was very positive. Sales in the first half of 2024 are trending significantly higher than in 2023 with the ramp up continuing to grow with the initial launch of the DISCOV-R.

The global demand for medical oxygen continues to grow with an estimated 300m to 400m people suffering from Chronic Obstructive

Pulmonary Disease[1].

The journey to commercialisation has been a long one, however we have one robust product in the market with our second product to follow in June, the Board now looks forward to the Group capturing market share.

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

Adam Reynolds - Chairman
Robert Rauker - Chief Executive Officer

The following are extracts from the Annual Report which will be available on the Company's website www.belluscura.com, and which will be sent to shareholders shortly.

FINANCIAL REVIEW

Independent Auditor's Report to the Members of Belluscura plc

Shareholders' attention is drawn to the Material uncertainty related to going concern in the Independent Auditor's Report on page 12.

Further information on the Board's assessment of Fund Raising, Prospects and Forecasts is provided under Going Concern in the Director's Report starting on page 9.

Income statement

Revenue for the year to 31 December 2023 was $0.83m (2022: $1.40m). There was a Product Gross Loss in the year of $65,088 (2022: Profit $68,105). 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 $33,942 (2022: $8,703).

Inventory Impairment and Adjustments: Due to the early-stage nature of the business, minimum order quantities, the rapid development of products and the need to bring manufacturing in-house the Company holds a large quantity of Inventory. The Board have reviewed the Inventory and made a best assessment of its value and judged that the impairment of obsolete raw materials, the value of finished goods and batteries are absolute. The total of these adjustments in the year was $4.22m (2022: $0.74m).

Administrative expenses were $13.4m (2022: $7.5m), see note 6.4 to the accounts.

- Operating Expenses. Normal operating expenses were consistent with the prior year, $6.00m (2022: $6.00m) with slight increases in Staff and Other Costs netting off against reduced Sales and Marketing Expense.
- Amortisation and Depreciation: Due to the rapid development of it products the Group continued to accelerate the amortisation of development costs associated with the X-PLOR product, with a charge in the period of $3.29m (2022: $2.91m).
- Staff related Exceptional Costs: These include the Share-based Payments Charge, Accrued Executive Bonus and Costs related to the Former CFO. $0.57m (2022: $0.39m).
- Foreign exchange movements in Admin Expenses: The US$ weakened against £Sterling by 12% during the year (1 January 2023 - $1.21: £1.00; 31 December 2023 - $1.27:£1.00). Due to the size of the Inter-Company Loan from the PLC to the US subsidiary which is fixed in £Sterling, $2.25m loss (2022: $2.9m gain).
- Royalties: Since the launch of X-PLOR in 2022, the Group's minimum royalty payments due are charged to the profit & loss account, $0.79m (2022: $0.76m).

Operating Loss for the year was $18.5m (2022: $8.2m), Total Comprehensive Loss was $16.3m (2022: $12.0m). Adjusted EBITDA Loss of $6.3m (2022: $6.2m) (See note 26 to the accounts). The adjusted EBITDA measures the underlying business performance by removing the impact of non-cash accounting adjustments which is a key performance indicator for our shareholders.

Loss per share

The basic and diluted loss per share was $0.142 (2022: $0.055).

Financial position

The Group net assets as at 31 December 2023 were $17.7m (2022: $20.4m). This comprised total assets of $20.8m (2022: $23.6m) and total liabilities of $3.1m (2022: $3.2m). The total assets included intangible assets (capitalised research and development costs), property, plant and equipment and right-of-use assets of $10.3m (2022: $9.1m).

During the year we have transferred a significant amount of Raw Material Inventory to InnoMax in China, resulted in significant reduction in Inventory which, at 31 December 2023, stood at $3.32m (2022: $ 8.43m).

Cashflow

At 31 December 2023 the Group had net cash of $0.9m (2022: $2.0m). During the year, net cash inflow from funds raised in the year was $12.6m (2022: $7.5m), net cash outflow from operating activities was $9.1m (2022: $14.9m).

Dividends

No dividend is recommended (2022: £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.

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.

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 2022. 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. 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 Inter-company 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. Further information on the Board's assessment of Fund Raising, Prospects and Forecasts is provided under Going Concern in the Director's Report starting on page 9.
- 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

As reported in note 25, 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 2023. 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 2023 cumulative sales of X-PLOR were $1.8 million. No provision has been made in these Financial Statements (see notes 4 and 25).

During 2023 the Company received a claim from a supplier regarding alleged default by the Company under an ongoing contract. The Company has subsequently counter-claimed against the supplier for alleged poor service The supplier has subsequently filed a lawsuit in the United States. The Company has received an independent legal opinion and believes that any claim against the Company is lower than the claim made by the Company. Accordingly, no provision has been made as at 31 December 2023.

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

- the desirability of the Company maintaining a reputation for high standards of business conduct. Our intention is to behave in a responsible manner, operate 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.

Simon Neicheril
Chief Financial Officer
27 June 2024

CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

Group	Note	2023 US $	2022 US $
Continuing Operations			
Revenue	5	825,409	1,398,082
Cost of sales		(890,497)	(1,329,977)
Product Gross (Loss)/Profit		**(65,088)**	68,105
Inventory Impairment and Adjustments	6.1	(4,138,030)	(609,848)
Gross (Loss)		**(4,203,118)**	(541,743)
Other operating income	6.2	33,942	8,703
Other direct costs	6.3	(103,991)	(136,825)
Administrative expenses	6.4	(13,418,554)	(7,459,047)
Operating Loss		**(17,691,721)**	(8,128,912)
Finance income	8.1	2,127	-
Finance costs	8.2	(828,025)	(24,073)
Loss before income tax		**(18,517,619)**	(8,152,985)
Income tax expense	9	-	-
Loss after tax for the period		**(18,517,619)**	(8,152,985)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		2,248,588	(3,827,808)
Total other comprehensive income		**2,248,588**	(3,827,808)
Total comprehensive loss for the year attributable to the equity holders		**(16,269,031)**	(11,980,792)
Earnings per share			
Basic & Diluted: Loss per share	10	**(0.142)**	(0.055)

The notes on pages 25 to 46 are an integral part of these consolidated financial statements.

Adjusted EBITDA[1]

Group	2023 US $	2022 US $
Total comprehensive loss for the year	(16,269,031)	(11,980,792)

Total comprehensive loss for the year	[illegible]	[illegible]
Add back:		
Administrative expenses Realised & unrealised FX movements in	2,424,237	(2,877,886)
Other comprehensive income FX currency translation differences	(2,248,588)	3,827,808
Net foreign exchange movement[2]	**175,649**	949,922
Finance Income and Costs	19,337	24,073
Accrued Interest on Convertible Loan Notes	806,561	-
Product development amortisation	3,293,232	2,911,988
Costs relating to fundraising activities	92,536	-
Former CFO compensation	96,393	-
Share option costs	-	162,505
Minimum royalties in excess of sales royalties	792,818	763,430
Contract Manufacturer Capacity Costs	86,440	128,607
Inventory Impairment and Adjustments	4,138,030	609,848
Accrued Bonus	315,000	-
Issue of share-based payments	163,061	229,241
Adjusted EBITDA	**(6,289,974)**	(6,201,178)

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 non-recurring and exceptional items.

2 ***Net foreign exchange movements***

The US$ weakened against £Sterling by 5% during the year (1 January 2023 - $1.21:£1.00; 31 December 2023 - $1.27:£1.00). Due to the size of the Inter-Company 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$*
- *Unrealised FX movements in administrative expenses arise from the revaluation of the Inter-Company Loan fixed in £Sterling into US$*
- *Foreign currency translation differences in Other Comprehensive Income arise from the revaluation of the PLC balance sheet into US$*

CONSOLIDATED BALANCE SHEET

As at 31 December 2023

Group	**Note**	**2023 US $**	2022 US $
Assets			
Non-current assets			
Tangible assets	12	186,928	152,717
Product development	13	9,987,516	8,668,732
Other long-term receivable	15	1,952,649	-
Right of use asset	12	136,887	246,924
Non-current assets		**12,263,980**	9,068,373
Current assets			
Inventory	14	3,320,652	8,431,031
Trade and other receivables	15	4,306,492	4,054,102
Cash and cash equivalents	16	932,926	2,044,836
Current assets		**8,560,070**	14,529,969
Total assets		**20,824,050**	23,598,342
Current liabilities			
Trade and other payables	20	(3,070,621)	(3,045,788)
Current liabilities		**(3,070,621)**	(3,045,788)
Non-current liabilities			
Trade and other payables	20	(61,267)	(200,432)
Non-current liabilities		**(61,267)**	(200,432)
Total liabilities		**(3,131,888)**	(3,246,220)
Net assets		**17,692,162**	20,352,122

Equity attributable to the owners of the parent			
Share capital	18	1,845,523	1,662,185
Share premium	18	37,494,672	33,379,947
Other Equity Instruments	18	9,167,689	-
Capital contribution	19	165,000	165,000
Retained earnings	19	(28,635,114)	(10,310,673)
Translation reserve	19	(2,345,608)	(4,544,337)
Total equity		**17,692,162**	20,352,122

The notes on pages 25 to 46 are an integral part of these financial statements.

The financial statements on pages 19 to 46 were authorised for issue by the Board of Directors on 27 June 2024 and were signed on its behalf.

Robert Rauker

Chief Executive Officer

Simon Neicheril

Chief Financial Officer

Belluscura plc

registered number 09910883

COMPANY BALANCE SHEET

At 31 December 2023

Company	**Note**	**2023 US $**	2022 US $
Assets			
Non-current assets			
Tangible assets	12	4,424	7,107
Intangible assets	13	-	-
Right of use asset	12	55,181	67,169
Investment in subsidiaries	11	301,307	-
Loans to subsidiaries	15	36,397,060	26,725,430
Non-current assets		**36,757,972**	26,799,706
Current assets			
Trade and other receivables	15	204,511	471,965
Cash and cash equivalents	16	265,807	1,237,288
Current assets		**470,318**	1,709,253
Total assets		**37,228,290**	28,508,959
Current liabilities			
Trade and other payables	20	(171,514)	(155,682)
Current liabilities		**(171,514)**	(155,682)
Non-current liabilities			
Trade and other payables	20	(41,978)	(56,563)
Non-current liabilities		**(41,978)**	(56,563)
Total liabilities		**(213,492)**	(212,245)
Net assets		**37,014,798**	28,296,714
Equity attributable to the owners of the parent			
Share capital	18	1,845,523	1,662,185
Share premium	18	37,542,672	33,427,947
Other equity instruments	18	9,167,689	-
Capital contribution	19	165,000	165,000
Retained earnings	19	(9,342,188)	(2,414,081)
Share option reserve	19	(20,180)	-
Translation reserve	19	(2,343,718)	(4,544,337)
Total equity		**37,014,798**	28,296,714

The Parent Company's loss before tax for the period 31 December 2023 was $7,144,338 (2022: $3,820,378).

The Group has used the exemption under S408 CA 2006 not to disclose the Company income statement.

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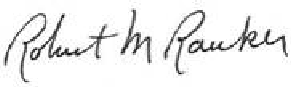

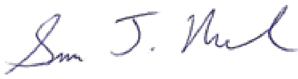

Robert Rauker
Chief Executive Officer

Simon Neicheril
Chief Financial Officer

Belluscura plc
registered number 09910883

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

Group	Note	Ordinary Shares US $	Share Premium US $	Other Equity Instruments US $	Translation Reserve US $	Capital Contribution US $	Retained Earnings US $	Total US $
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	7,354,187	-	-	-	-	7,468,145
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)
Issue of share-based payments	19	-	-	-	-		192,278	192,278
Balance at 31 December 2022		1,662,185	33,379,947	-	(4,544,337)	165,000	(10,310,673)	20,352,122
Balance at 1 January 2023		1,662,185	33,379,947	-	(4,544,337)	165,000	(10,310,673)	20,352,122
Issue of ordinary shares	18	183,338	4,114,725	-	-	-	-	4,298,063
Issue of other equity instruments	18	-	-	9,167,689	-	-	-	9,167,689
Loss for the year	19	-	-	-	-	-	(18,517,619)	(18,517,619)
Other comprehensive income	19	-	-	-	2,198,729	-	-	2,198,729
Total comprehensive income		-	-	-	2,198,729	-	(18,517,619)	(16,318,890)
Issue of share-based payments	19	-	-	-	-	-	193,178	193,178
Balance at 31 December 2023		**1,845,523**	**37,494,672**	**9,167,689**	**(2,345,608)**	**165,000**	**(28,635,114)**	**17,692,162**

The notes on pages 25 to 46 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

Company	Note	Ordinary Shares US $	Share Premium US $	Other Equity Instruments US $	Translation Reserve US $	Capital Contribution US $	Retained Earnings US $	Total US $
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	19	-	-	-	(3,827,808)	-	-	(3,827,808)

income								
Total comprehensive income		-	-	-	(3,827,808)	-	(3,820,378)	(7,648,186)
Share-based payments	19	-	-	-	-	-	195,151	195,151
Balance at 31 December 2022		1,662,185	33,427,947	-	(4,544,337)	165,000	(2,411,208)	28,299,587
Balance at 1 January 2023		1,662,185	33,427,947	-	(4,544,337)	165,000	(2,411,208)	28,299,587
Issue of ordinary shares	18	183,338	4,114,725	-	-	-	-	4,298,063
Issue of other equity instruments	18	-	-	9,167,689	-	-	-	9,167,689
Loss for the year	19	-	-	-	-	-	(7,144,338)	(7,144,338)
Other comprehensive income	19	-	-	-	2,200,619	-	-	2,200,619
Total comprehensive income		-	-	-	2,200,619	-	(7,144,338)	(4,943,719)
Issue of share-based payments	19	-	-	-	-	-	193,178	193,178
Balance at 31 December 2023		**1,845,523**	**37,542,672**	**9,167,689**	**(2,343,718)**	**165,000**	**(9,362,368)**	**37,014,798**

The notes on pages 25 to 46 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

Group	Note	2023 US $	2022 US $
Cash flows from operating activities			
Cash generated from operations	24	(9,131,571)	(14,906,368)
Net cash used in operating activities		**(9,131,571)**	(14,906,368)
Cash flows from investing activities			
Purchases of property, plant and equipment	12	(85,409)	(144,776)
Intangible assets under development	13	(4,447,282)	(4,856,846)
Purchase of Right of Use asset		-	(75,509)
Net cash used in investing activities		**(4,532,691)**	(5,077,131)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares (net)	18	4,236,474	7,467,030
Proceeds from issuance of other equity instruments (net)	18	8,401,168	-
Purchase of share by Employee Benefit Trust	18	-	(48,000)
Lease Payments	22	(126,347)	(130,780)
Net cash generated from financing activities		**12,511,295**	7,288,250
Net (decrease) in cash and cash equivalents		(1,152,967)	(12,695,249)
Cash and cash equivalents at beginning of year		2,044,836	15,889,552
Exchange loss on cash and cash equivalents		41,057	(1,149,467)
Cash and cash equivalents at end of year		**932,926**	2,044,836

The notes on pages 25 to 46 are an integral part of these financial statements.

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", see note 11). 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:

- Profit & Loss account and related notes;
- Statement of financial position and related notes;
- 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 and was launched in the US in September 2021. The Group launched 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 our devices in China alongside US manufacturing.

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 $10.8m. During the year the Group transferred Raw Materials to InnoMax for utilisation in China manufacturing and alongside this, as anticipated, InnoMax is beginning to directly source most of their own components, which will progressively result in a significant margin improvement through lower unit cost of sales and has resulted in a reduction in the Company's inventory levels of components. Raw Material inventory at 31 December 2023 was $1.9m. The Group has reviewed and assessed the value of inventory, with adjustments and impairment made of $4.1m (2022: $0.6m), as detailed in note 6.1.

X-PLOR is now almost exclusively manufactured and assembled by InnoMax and InnoMax has begun tooling to manufacture a DISCOV-R units commercially in October 2024, after initial test production units are developed and perfected in the US beginning in June 2024.

Cash at 31 December 2023 was $0.9m (2022: $2.0m).

Position at 31 May 2024

At 31 May 2024, the Group held $2.9M in Inventory and Finished Goods, $3.9m in Accounts Receivable (of which $3.5m was due from InnoMax for the supply of components) and had Cash of $1.1m.

Fundraising

The Group raised $22.5m after expenses in its IPO on 28 May 2022 and $7.1m after expenses from investors in May 2023 to support the inventory requirements of the new manufacturing agreement. In addition, $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 and a further $4m in October 2023. In March 2024, $5.2m was raised after expenses through the acquisition of TMT Acquisition plc, which operated as a cash shell.

In June 2024 the Company raised $0.3m from the issue of equity. In July 2024 the Board expects to raise up to $3M with a combination of a straight equity and through convertible loan notes (subject to shareholder's approval at a General Meeting).

Prospects and Forecasts

The Board is confident the phased launch beginning in Summer 2024 of the award winning DISCOV-R product will be transformational for the Group. Demand is expected to be very strong because a major competitor has left the market, the two others have larger, more bulky products, and the small size of our product is very appealing to the customer base. Additionally, most of the development and capital costs for DISCOV-R have already been incurred.

Strong sales of X-PLOR and the expected significant demand for the DISCOV-R, alongside the release of working capital through the sale of goods from its existing inventory, and a capital raise in June and the expected one in July together totalling up to $3M (as noted above) 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.

Should projected sales and prices not materialize as anticipated in the Group's forecasts, then the Board would actively consider further fundraising and other mitigating actions (these conditions are necessarily considered to represent a material uncertainty that may cast significant doubt over the Group's and the Company's ability to continue as a going concern).

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 4) 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.

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.

2.3 Foreign currencies

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 (See Note 18).

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 are recognised in P&L as they accrue, using 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 3-15 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" or "CGU"). Due to the close technological nature of it's two products, Belluscura has assessed the business has one CGU.

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

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. The Company's current product technology generates cash inflow in the same manner and therefore the management have assessed there to be one CGU.

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.

The Group recognises a provision for expected credit loss (ECL) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any). ECLs are recognised in two

stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit loss that results from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss provision is required for credit loss expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15 Revenue from Contracts with Customers. The measurement of ECL includes where relevant, an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Group applies both the simplified approach, using a provision loss rate matrix which is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment; and the three-stage general approach to determine impairment of trade receivables depending on their respective nature.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their

ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis. Under this approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing category and for each individual exposure. The PD and LGD is based on default rates determined by external rating agencies for the counterparties. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward-looking information, which includes relevant country: GDP data; inflation rates; interest rates; and FX rates and product selling prices, to arrive at an ECL. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

For receivables from related parties, the Group applies the general approach. The general approach involves tracking the changes in the credit risk and recognising a loss allowance based on a 12-month ECL at each reporting date. When the Group acquires credit impaired assets, the ECL that is netted against the gross receivable balance is released to the consolidated statement of comprehensive income when the original invoice that the ECL relates to is settled.

For amounts due from Group companies, the Company recognises an allowance equal to the 12-month ECL where there has been no significant increase in credit risk since initial recognition. If it has been determined that there has been a significant increase in credit risk since initial recognition, a lifetime ECL is recognised

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.

Other Equity Instruments

The Company has raised funds through the issues of Convertible Loan Notes. The issue of the Loan Notes is a form of equity instrument as detailed in Note 4 (f). The Company has a small number of Warrants outstanding to which the Company has not applied a value to (see note 18).

Warrants

The Company accounts for issued warrants either as a liability or equity in accordance with the substance of the transaction, depending on whether the warrants are issued in exchange for goods or services, or not. When there is an exchange of goods or services, warrants are accounted for as share-based payments. If there is no exchange of goods or services, the warrants are considered an equity instrument if it includes: (i) no contractual obligation either to deliver cash or another financial asset to another entity; and

(ii) the instrument will or may be settled in the Company's own equity instrument if it is a non-derivative that includes no contractual obligation for the Company to deliver a variable number of its own equity instruments or a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants *pro rata* to all of its existing owners of the same class of its own non-derivative equity instruments. Liability-classified warrants are measured at fair value on the grant date and at the end of each reporting period. Any change in the fair value of the warrants after the grant date is recorded as FVTPL. Equity-classified warrants are accounted for at fair value on grant date with no changes in fair value recognised after the grant date.

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

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 comprises the value of consideration received for sales of our developed products. Substantially all of our revenue is derived or denominated in U.S. dollars, regardless of where the customer is located. At inception of a contract with a customer the terms are assessed to determine whether they products or services are distinct, whereby the customer can benefit from the good or service either on its own or together with other resources that are readily available from third parties or from us, and are distinct in the context of the contract, where the transfer of the good or service is separately identifiable from other promises in the contract and should be accounted for as separate performance obligations.

Revenues from the sale of goods are recognised upon delivery.

The Group bases its estimate of return on historical results taking into consideration type of customer, type of transaction and specifics of each arrangement.

Where an agreement involves several performance obligations, the total fee is allocated to individual performance obligations based on their relative standalone selling price. The standalone selling price is assessed by reference to prices regularly charged for the performance obligation when it is sold separately, or if this cannot be used, then other factors may be considered, such as the excess of the total transaction price over the sum of the observable stand-alone selling prices of other goods or services promised in the agreement.

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

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 $932,926 (2022: $2,044,836). 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 external 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 2023	31 December 2022
Cash and cash equivalents	**260,678**	553,070
Trade receivables (gross)	**49,897,060**	35,725,430
Trade payables	**(213,492)**	(212,246)
Net exposure	**49,944,246**	36,066,254

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 2023 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 2022.

Equity		**Profit or Loss**	
2023	2022	**2023**	2022
US $	US $	**US $**	US $
(4,994,424)	(3,606,625)	**(4,994,424)**	(3,606,625)

A 10% percent weakening of the above currencies against the pound sterling at 31 December 2023 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 2021	Weighted average rate for 2022	Closing rate for 2022	Weighted average rate for 2023	Closing rate for 2023
US Dollar	1.3534	1.23.72	1.2098	**1.2438**	**1.2740**

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 judgements and 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*

(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) Other equity instruments

The Directors assess the accounting principles for the issues of other equity instruments. The issue of the Loan Notes are a form of equity financing because:

1) They fall within the parameters of section 560(1)(b) of the CA 2006, being the relevant statutory provision in this jurisdiction;
2) They fall within the parameters of IAS 32 being the internationally recognised accounting standard. IAS 32 has three tests to determine whether the instrument is equity or has a debt element;
   a. an unavoidable contractual obligation to pay cash to the loan note holders;
   b. an obligation to issue a variable number of shares; and
   c. an obligation to issue a fixed number of shares to settle an instrument whose book value is variable

In respect of the Loan Notes, the answer to all three of the above is "no". Therefore, the Instrument falls within the accepted definition of equity and are accounted for as equity from day one.

(e) Contingent liabilities

SDG Licence - 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 2023. 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 2023 cumulative sales of X-PLOR were $1.8 million. The Directors assess that the Group will meet the minimum obligations and therefore no provision has been made in these Financial Statements.

Supplier Claim - During 2023 the Company received a claim from a supplier regarding alleged default by the Company under an ongoing contract. The Company has subsequently counter-claimed against the supplier for alleged poor service The supplier has subsequently filed a lawsuit in the United States.

The Company has received an independent legal opinion and believes that any claim against the Company is lower than the claim made by the Company. Accordingly, no provision has been made as at 31 December 2023. The Directors believe that based on their current assessment of the facts the current $nil provision is appropriate. However, the final amount is dependent upon the outcome of the agreements between the two parties and/or the lawsuit.

Key estimates

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

(a) Recoverability of Inter-Company 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.

(b) Share-based payments charge

The Group's share-based payment charge is calculated using the Black-Scholes model with an assessment of: the expected volatility based on a comparator set of similar stocks; the risk-free rate of return which is commensurate with the expected term and the expected forfeiture rates are based on recent experience of staff turnover levels. The charge is spread over the vesting period on a straight-line basis.

5. Segmental reporting

The chief operating decision makers consider that in the year to 31 December 2023 there is only one operating segment, being the sale of oxygen concentrators in the United States.

The Group generated gross revenue of $1,320,433 less discounts of $495,024 in the year (2022: $1,542,948; $144,866). All sales were in the United States.

6. Inventory Impairment and Adjustments, other operating income and administrative expenses

6.1 Inventory Impairment and Adjustments

Group	2023 US$	2022 US$
Obsolete raw material inventory and inventory adjustments	845,827	609,848
Impairment of Batteries	1,077,626	-
Impairment of Finished Goods Value	1,888,122	-
Provision for 2024 RMA's ("Return to Manufacturer Authorization's")	326,455	-
Total	**4,138,030**	609,848

6.2 *Other operating income*

Group	2023 US$	2022 US$
Freight Charged	14,795	6,805
Rent recharged	19,147	1,898
Total	**33,942**	8,703

6.3 *Other direct costs*

Group	2023 US$	2022 US$
Sales Royalties	40,884	69,904
Freight Costs	63,107	66,921
Total	**103,991**	136,825

6.4 *Expenses by nature*

Group	2023 US $	2022 US $
Operating Expenses		
Employee benefit expense	3,433,042	2,999,299
Sales & Marketing	655,229	1,420,134
Other administration expenses	1,903,776	1,578,231
	5,992,047	**5,997,664**
Depreciation & Amortisation		
Depreciation of property plant and equipment	49,559	38,619
Depreciation of right of use asset	113,231	104,869
Amortisation of product development	3,293,232	2,911,998
	3,456,022	**3,055,486**
Staff Related Exceptional Costs		
IFRS2 Share-based Payment Charge	163,061	229,241
Share option costs	-	162,505
Accrued Bonus	315,000	-
Former CFO Compensation	96,393	-
	574,454	**391,746**
Foreign Exchanges movements in Administration Expenses		
Realised and Unrealised foreign exchange movements	**2,424,237**	**(2,877,886)**
Other		
Minimum Royalties in excess of Sales Royalties	792,818	763,430
Costs related to fundraising activities	92,536	-
Contract Manufacturer Capacity Costs	86,440	128,607
	971,794	**892,037**
Administration expenses	**13,418,555**	**7,459,050**

6.5 Auditor remuneration

During the period, the Group obtained the following services provided by the auditor and its associates:

Group	2023 US$	2022 US$
Fees payable to the Group's auditor for the audit of the Group and Company financial statements	84,000	69,283
Total	**84,000**	**69,283**

7. Employees

7.1 Directors' emoluments

	Salary & fees US $	Bonus US$	Benefits in kind US $	Pension US $	2023 US $	2022 US $
Adam Reynolds	84,371	-	-	-	**84,371**	74,231
Robert Rauker [1]	325,000	157,500	35,975	32,500	**550,975**	571,121
Simon Necheril [2]	51,923	11,250	-	-	**63,173**	-
Robert Fary	187,692	-	23,108	-	**210,800**	-
Dr Patrick Strollo	20,000	-	-	-	**20,000**	35,000
David Poutney	37,314	-	-	-	**37,314**	49,488
Ric Piper	43,533	-	-	-	**43,533**	43,302
Anthony Dyer [3]	177,242	-	13,841	17,724	**208,807**	313,752
Total	927,075	168,750	72,924	50,224	**1,318,973**	1,086,894

Total	927,075	168,750	72,924	50,224	**1,218,973**	1,086,894

[13] Robert Rauker deffered his bonus at the Company's request and as at the date of this report this bonus has not been paid.

[2] Appointed 4 October 2023

[3] Resigned 4 October 2023

7.2 Employee benefit expense

Group	**2023 US$**	2022 US$
Wages and salaries	2,922,837	2,173,897
Social security costs	203,076	209,648
Medical Insurance	185,467	199,090
Pension and other benefits	131,662	119,091
	3,443,042	**2,701,726**
Issue of share-based payments	163,061	229,241
Share option costs	-	162,505
Total employee benefit expense	**3,606,103**	**3,093,472**

7.3 Average number of people employed

Group	**2023 US$**	2022 US$
Average number of people (including executive Directors) employed		
Directors	3	2
Operations	29	19
Administration	3	3
Total average headcount	**35**	24

8.1 Finance income

Group	**2023 US$**	2022 US$
Finance Income:		
- Other Interest Income and Costs	**2,127**	-
Finance Income	**2,127**	-

8.2 Finance costs

Group	**2023 US$**	2022 US$
Interest cost on Right of Use Asset	**19,256**	23,617
Accrued Interest on Other Equity Instruments	**806,561**	-
Other Interest and Costs	**2,208**	456
Finance Cost	**828,025**	24,073

9. Income tax expense

Group	**2023 US$**	2022 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		2023 US$	2022 US$
(Loss) before tax		**(18,947,539)**	(8,152,895)
Tax calculated at domestic tax rates applicable to profits in the respective countries		**(3,789,508)**	(1,630,579)
Tax effects of:			
-	Expenses not deductible for tax purposes	**-**	-
-	Capital allowances in excess of depreciation	**(21,317)**	(30,542)
-	Unrelieved tax losses	**3,286,548**	1,661,121
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	2023 US$	2022 US$
Profit/(Loss) for the year US$	**(18,497,539)**	(8,152,895)
Weighted Average Shares in Issue	**130,395,343**	119,398,219
Basic Loss per Share US$	**(0.142)**	(0.068)
Weighted Average Shares, Warrants and Options in Issue	**131,949,445**	131,797,259
Diluted Loss per Share US$	**(0.142)**	(0.068)

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	Belluscura LLC	Belluscura Shenzhen Technology Company Limited
Country of Incorporation & place of business	USA	China
Class of share held	Ordinary	Ordinary
% of ordinary shares directly held 2023	100%	100%
% of ordinary shares directly held 2022	100%	100%
Nature of business	Sale of medical devices	Sale of medical devices
Registered office	160 Greentree Drive Suite 101, Dover Delaware 19904 County of Kent USA	Room 1603, No. 3, Yinxing Zhijie (Shen Guo Dian Building), Guanguang Road, Xinlan Community, Guanlan Street, Longhua District, Shenzhen, China

Company	2023 US$	2022 US $
Capital Investment in Belluscura Shenzhen Technology Company Ltd	**301,307**	-
Total	**301,307**	-

12. Property, plant and equipment

Group Cost	Land & buildings (Right of Use Asset) US$	Furniture and Equipment US $	Computer Equipment US $	Production Equipment US $	Le
At 1 January 2022	571,950	52,042	34,253	-	
Additions during the year	73,838	1,664	44,170	65,025	
At 31 December 2022	645,788	53,706	78,423	65,025	
At 1 January 2023	645,788	53,706	78,423	65,025	
Additions during the year	-	1,802	12,278	6,841	
FX Revaluation	3,918	184	353	-	
At 31 December 2023	**649,706**	**55,692**	**91,054**	**71,866**	
Accumulated depreciation					
At 1 January 2022	(294,147)	(32,029)	(7,110)	-	
Depreciation charge	(104,717)	(7,356)	(19,461)	(10,272)	
At 31 December 2022	(398,864)	(39,385)	(26,571)	(10,272)	

At 31 December 2022	(398,864)	(39,385)	(26,571)	(10,272)
At 1 January 2023	(398,864)	(39,385)	(26,571)	(10,272)
Depreciation charge	(113,955)	(3,081)	(27,908)	(13,889)
At 31 December 2023	**(512,819)**	**(42,466)**	**(54,479)**	**(24,161)**
Net book value				
At 31 December 2022	246,924	14,321	51,852	54,753
At 31 December 2023	**136,887**	**13,226**	**36,575**	**47,705**

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 2022	-	2,102	3,909	6,011
Additions during the year	73,838	1,364	2,730	77,932
At 31 December 2022	73,838	3,466	6,639	83,943
At 1 January 2023	73,838	3,466	6,639	83,943
Additions during the year	-	-	-	
FX Revaluation	3,918	184	353	4,455
At 31 December 2023	**77,756**	**3,650**	**6,992**	**88,398**
Accumulated depreciation				
At 1 January 2022	-	(297)	(638)	(935)
Depreciation charge for the year	(6,669)	(450)	(1,613)	(8,732)
At 31 December 2022	(6,669)	(747)	(2,251)	(9,667)
At 1 January 2023	(6,669)	(747)	(2,251)	(9,667)
Depreciation charge for the year	(15,906)	(769)	(2,451)	(19,126)
At 31 December 2023	**(22,575)**	**(1,516)**	**(4,702)**	**(28,793)**
Net book value				
At 31 December 2022	67,169	2,719	4,388	74,276
At 31 December 2023	**55,181**	**2,134**	**2,290**	**59,605**

13. Intangible assets

Group

Cost	**Product Development US$**	**Total US$**
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
At 1 January 2023	11,737,503	11,737,503
Additions during the year	4,447,282	4,447,282
At 31 December 2023	**16,184,785**	**16,184,785**
Accumulated amortisation and impairment		
At 1 January 2022	(426,924)	(426,924)
Additions during 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)
At 1 January 2023	(3,068,771)	(3,068,771)
Amortisation in the year	(3,128,498)	(3,128,498)
At 31 December 2023	**(6,197,269)**	**(6,197,269)**

Net book value		
At 31 December 2022	8,668,732	8,668,732
At 31 December 2023	**9,987,516**	**9,987,516**

14. Inventory

Group	**2023 US $**	2022 US $
Finished goods	1,426,357	1,737,785
Raw Materials	1,894,295	6,693,246
Total inventory	**3,320,652**	8,431,031

Inventory adjustments and impairments are detailed in note 6.1. The Company held no inventory.

15. Trade and other receivables

Group - Current	**2023 US $**	2022 US $
Trade receivables	170,719	305,194
Less provision for impairment of trade receivables	(70,922)	-
Trade receivables - net	99,797	305,194
Inventory sold to and Prepaid Inventory sent to InnoMax	2,913,684	1,021,073
VAT	85,300	40,068
Deposits, prepayments and other debtors	1,207,711	2,687,767
Total trade and other receivables	**4,306,492**	4,054,102

Group - Non-Current	**2023 US $**	2022 US $
Inventory sold to and Prepaid Inventory sent to InnoMax	1,952,649	-
Total other long-term receivable	**1,952,649**	-

The fair value of trade and other receivables are not materially different to those disclosed above. The Groups exposure to credit risk is detailed in note 3 on page 32. Inventory sold to InnoMax to be paid on the transfer of manufactured units. The long term receivable has been discounted by 10%.

Company - Current	**2023 US $**	2022 US $
Trade receivables	5,957	2,858
VAT	85,300	40,068
Prepayments and other debtors	113,254	429,039
Total trade and other receivables	**204,511**	471,965

Company - Non-Current	**2023 US $**	2022 US $
Receivables from Group companies	49,897,060	35,725,430
Less provision for impairment of Inter-Company receivables	(13,500,000)	(9,000,000)
Total trade and other receivables	**36,397,060**	26,725,430

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 $**
2022	174,062	110,972	15,040	5,120	**305,194**	-	305,194
2023	8,449	(2,772)	66,679	98,364	**170,720**	-	170,720

Company

The Company had no trade receivables relating to sale of products.

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 Inter-Company receivables is the management intends to recall it within 4 years (2022: 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 $1,111,000 (2022: $795,000) and a 10% reduction in the discount rate would reduce impairment by $1,032,000 (2022: 740,000).

16. Cash and cash equivalents

Group	**2023 US $**	2022 US $

	US $	US $
Cash and bank and in hand	932,926	2,044,836
Total cash and cash equivalents	**932,926**	2,044,836

Company	**2023 US $**	2022 US $
Cash at bank and in hand	265,807	1,237,288
Total cash and cash equivalents	**265,807**	1,237,288

17. Categories of financial assets and financial liabilities

Group	**2023 US $**	2022 US $
Financial assets		
Trade and other receivables at amortised cost	**6,259,141**	3,834,080
Cash and equivalents	**932,926**	2,044,836
	7,192,067	5,878,916
Financial liabilities		
Trade and other payables at amortised cost	**2,953,037**	2,294,956
Lease liability	**178,852**	302,619
	3,131,889	2,597,575

Company	**2023 US $**	2022 US $
Financial assets		
Loans and receivables at amortised cost	**49,897,060**	35,725,430
Provision	**(12,500,000)**	(9,000,000)
Net loans and receivables at amortised cost	**37,397,060**	26,725,430
Other receivables at amortised cost	**57,199**	305,308
Cash and equivalents	**265,807**	1,237,288
	37,720,066	28,268,026
Financial liabilities		
Trade and other payables at amortised cost	**17,463**	60,783

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$
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	-
2023					
Trade & other payables at amortised cost	2,582,637	2,582,637	2,582,637	-	-
Lease Liability	178,852	302,619	260,641	41,978	-
	2,761,489	2,885,256	2,843,278	41,978	-

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 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
Shares issued for cash	14,515,406	183,338
At 31 December 2023	**137,532,567**	**1,845,523**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per

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 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
Premium on shares issued	4,573,624	4,573,624
Cost of issue of shares	(458,899)	(458,899)
At 31 December 2023	**37,494,672**	**37,494,672**

At the end of the year there were 500,000 share warrants in issue at an average subscription price of $0.45 (2022: 766,666 at $0.47 per share). There was no consideration paid for the warrants.

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

Award	2023 000's	2022 000's	Date of Grant	Exercise Price	Exercise Period From	To	Avg remaining contractual life
Unapproved		40	09/03/2022	$1.251	09/03/2022	09/03/2032	8.3 years
Unapproved		15	1403/2022	$1.219	1403/2022	1403/2032	8.3 years
Unapproved		100	01/04/2022	$1.540	01/04/2022	01/04/2032	8.3 years
Unapproved		20	04/04/2022	$1.518	04/04/2022	04/04/2032	8.3 years
Unapproved		100	18/04/2022	$1.508	18/04/2022	18/04/2032	8.4 years
Unapproved		20	18/04/2022	$1.508	18/04/2022	18/04/2032	8.4 years
Unapproved		1	26/05/2022	$1.115	26/05/2022	26/05/2032	8.4 years
Unapproved		1	26/05/2022	$1.115	26/05/2022	26/05/2032	8.4 years
Unapproved		20	11/07/2022	$0.941	11/07/2022	11/07/2032	8.5 years
Unapproved		40	18/07/2022	$0.948	18/07/2022	18/07/2032	8.5 years
Unapproved		20	19/08/2022	$0.870	19/08/2022	19/08/2032	8.6 years
Unapproved		20	29/08/2022	$0.785	29/08/2022	29/08/2032	8.6 years
Unapproved		20	10/10/2022	$0.540	10/10/2022	10/10/2032	8.8 years
Unapproved		20	24/10/2022	$0.500	24/10/2022	24/10/2032	8.9 years
Unapproved	300		16/01/2023	$0.505	16/01/2023	16/01/2033	9.1 years
Unapproved	400		16/01/2023	$0.505	16/01/2023	16/01/2033	9.1 years
Total	700	437					

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 %	(%) Vesting period Years	Risk-free rate of interest %	Fair value $
	Unapproved	1.251	1.251	28.5	3.00	2.1	0.19
1403/2022	Unapproved	1.219	1.219	28.5	3.00	2.1	0.19
01/04/2022	Unapproved	1.540	1.540	28.5	3.00	2.1	0.19
04/04/2022	Unapproved	1.518	1.518	28.5	3.00	2.1	0.15
18/04/2022	Unapproved	1.508	1.508	28.5	3.00	2.1	0.14
18/04/2022	Unapproved	1.508	1.508	28.5	3.00	2.1	0.15
26/05/2022	Unapproved	1.115	1.115	28.5	3.00	2.1	0.18
26/05/2022	Unapproved	1.115	1.115	28.5	3.00	2.1	0.13
11/07/2022	Unapproved	0.941	0.941	28.5	3.00	2.1	0.12
18/07/2022	Unapproved	0.948	0.948	28.5	3.00	2.1	0.12
19/08/2022	Unapproved	0.820	0.820	28.5	3.00	2.1	0.11
29/08/2022	Unapproved	0.790	0.790	28.5	3.00	2.1	0.11
10/10/2022	Unapproved	0.505	0.505	28.5	3.00	2.1	0.06
24/10/2022	Unapproved	0.500	0.500	28.5	3.00	2.1	0.06
16/01/2023	Unapproved	0.505	0.505	28.5	3.00	2.1	0.06
16/01/2023	Unapproved	0.505	0.505	28.5	3.00	2.1	0.06

a. *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.*

c. 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 2022	12,400	0.259	0.303
Granted	437	1.141	1.023
Lapsed/forgiven	(1,223)	0.121	0.187
Outstanding at 31 December 2022	11,614	0.290	0.324
Outstanding at 1 January 2023	11,614	0.290	0.324
Granted	700	0.505	0.505
Lapsed	(135)	0.089	0.089
Outstanding at 31 December 2023	**12,179**	**0.296**	**0.329**

Share-based payments charge

Group	2023 US $	2022 US $
Charge in year	229,241	180,091

19. Reserves

Retained earnings	**Group US $**	**Company US $**
At 1 January 2022	(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)**
Loss for the year	(18,517,619)	(7,141,465)
Share-based payments charge	213,358	213,358
At 31 December 2023	**(28,614,934)**	**(9,342,188)**

On 7 October 2022, 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 2022	165,000	165,000
Capital contribution received	-	-
At 31 December 2023	**165,000**	**165,000**

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

Share Option Reserve	**Group US $**	**Company US $**
At 1 January 2022	-	-
Lapsed share options	-	-
At 31 December 2022	-	-
Lapsed share options	(20,180)	(20,180)
At 31 December 2023	**(20,180)**	**(20,180)**

Translation reserve	**Group US $**	**Company US $**
At 1 January 2022	(716,529)	(716,529)
Foreign exchange (loss)/gain	(3,827,808)	(3,827,808)
At 31 December 2022	(4,544,337)	(4,544,337)
Foreign exchange (loss)/gain	2,198,729	2,200,619
At 31 December 2023	**(2,345,608)**	**(2,343,718)**

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	2023 US $	2022 US $
Trade creditors	657,128	2,545,948
Payroll accruals	151,262	-
Accrued Bonus	315,000	-
Social security and other taxes	24,316	19,871
Lease liability	159,563	125,693
Vehicle hire purchase	4,179	3,832
Provision for 2024 RMA's	326,454	-
Accrued inventory purchases	512,705	-
Accruals and other creditors	920,014	350,444
Total current trade and other payables	**3,070,621**	3,045,788

Group - Non-current	2023 US $	2022 US $
Lease liability	41,978	176,926
Vehicle hire purchase	19,289	23,506
Total non-current trade and other payables	**61,267**	200,432

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

Company - Current	2023 US $	2022 US $
Trade creditors	17,463	60,783
Social security and other taxes	24,316	19,871
Lease liability	16,572	12,182
Accruals and other creditors	113,163	62,846
Total trade and other payables	**171,514**	155,682

Company - Non-current	2023 US $	2022 US $
Lease liability	41,978	56,563
Total trade and other payables	**41,978**	56,563

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 .

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, based upon the UK and US corporate tax rates, of 20% has been used to calculate the potential deferred tax.

Group Deferred tax	2023 US $	2022 US $
Accelerated capital allowances	**(22,094)**	(9,431)
Share-based payments	**100,551**	57,113
Tax losses	**9,141,967**	2,815,024
	9,220,424	2,862,706
Unprovided deferred tax asset	**(9,220,424)**	(2,862,706)
Deferred Tax	-	-

Company Deferred tax	2023 US $	2022 US $
Accelerated capital allowances	-	-
Share-based payments	**100,551**	90,279
Short term timing difference	**735,000**	551,250
Tax losses	**1,675,639**	520,430
	2,511,190	1,161,959
Unprovided deferred tax asset	**(2,511,190)**	(1,161,959)
Deferred Tax	-	-

The Group has cumulative unused tax losses of $9.1m.

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 & buildings US$	Total US $
At 1 January 2022	277,803	277,803
Additions	73,838	73,838
Depreciation charge for the year	(104,717)	(104,717)
At 31 December 2022	**246,924**	**246,924**
Depreciation charge for the year	(109,886)	(109,886)
At 31 December 2023	**136,887**	**136,887**

Amounts recognised in profit or loss	2023 US $	2022 US $
Interest expense on lease liability	**19,399**	23,617
Depreciation on right of use assets	**109,886**	104,869

Amounts recognised in statement of cash flows	2023 US $	2022 US $
Total cash outflow for leases	**146,721**	130,780

Lease Liabilities

Group	Land and buildings US$	Total US $
At 1 January 2023	335,830	335,830
Additions	73,838	73,838
Interest	23,617	23,617
Payment	(130,666)	(130,666)
At 31 December 2023	302,619	302,619
At 1 January 2023	302,619	302,619
Additions	-	-
Interest	19,399	19,399
Payment	(146,721)	(146,721)
At 31 December 2023	**175,297**	**175,297**

Maturity analysis of undiscounted cash flows due for leases

	2023 US$	2022 US $
Within one year	120,362	125,693
After one year but not more than five years	41,743	176,926
After five years	-	-
Total	**162,105**	302,619

23. Dividends

No dividend has been declared for the year ended 31 December 2023 and no dividend was paid during the year.

24. Cash generated from operating activities

Group	2023 US $	2022 US $
Loss before income tax	(18,497,540)	(8,152,985)
Adjustments for		
- Depreciation	51,503	38,619
- ROU Depreciation	122,517	104,869
- Amortisation and impairment	3,128,499	2,911,999
- No cash interest expense	813,041	20,279
- Movement in foreign exchange	(620,714)	(914,776)
- Issue of share-based payments	142,981	229,241
Movement in trade and other receivables	(1,502,346)	(3,502,980)
Inventory movement	5,109,920	(8,121,873)
Movement in trade and other payables	2,120,568	2,481,239
Cash generated from operating activities	**(9,131,571)**	(14,906,368)

25. Contingent Liabilities

SDG Licence

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 2023. 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 2023 cumulative sales of X-PLOR were $1.8 million.

The Directors assess that the Group will meet the minimum obligations and therefore no provision has been made in these Financial Statements.

Supplier Claim

During 2023 the Company received a claim from a supplier regarding alleged default by the Company under an ongoing contract. The Company has subsequently counter-claimed against the supplier for alleged poor service The supplier has subsequently filed a lawsuit in the United States.

The Company has received an independent legal opinion and believes that any claim against the Company is lower than the claim made by the Company.

Accordingly, no provision has been made as at 31 December 2023. The Directors believe that based on their current assessment of the facts the current $nil provision is appropriate. However, the final amount is dependent upon the outcome of the agreements between the two parties and/or the lawsuit.

26. Alternative Performance Measures

Adjusted EBITDA[1]

Group	2023	2022
	US $	US $
Total comprehensive loss for the year	**(16,269,031)**	(11,980,792)
Add back:		
Administrative expenses Realised & unrealised FX movements in	2,424,237	(2,877,886)
Other comprehensive income FX currency translation differences	(2,248,588)	3,827,808
Net foreign exchange movement[2]	**175,649**	949,922
Finance Income and Costs	19,337	24,073
Accrued Interest on Convertible Loan Notes	806,561	-
Product development amortisation	3,293,232	2,911,988
Costs relating to fundraising activities	92,537	-
Former CFO compensation	96,393	-
Share option costs	-	162,505
Minimum royalties in excess of sales royalties	792,818	763,430
Contract Manufacturer Capacity Costs	86,440	128,607
Inventory Impairment and Adjustments	4,138,030	609,848
Accrued Bonus	315,000	-
Issue of share-based payments	163,061	229,241
Adjusted EBITDA	**(6,289,973)**	(6,201,178)

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 non-recurring and exceptional items.

2 *Net foreign exchange movements*

The US$ weakened against £Sterling by 5% during the year (1 January 2023 - $1.21:£1.00; 31 December 2023 - $1.27:£1.00). Due to the size of the Inter-Company 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$*
- *Unrealised FX movements in administrative expenses arise from revaluation of the Inter-Company Loan fixed in £Sterling into US$*
- *Foreign currency translation differences in Other Comprehensive Income arise from 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 licensees 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 $436 thousand (2022: $1,065 thousand) to Dowgate Capital Limited in relation to brokerage fees, research and fundraising activities. David Poutney is the Chief Executive Officer of Dowgate Capital Limited.

In 2023, Robert Rauker was awarded a bonus program worth $625 thousand based on milestones on commercial progress with InnoMax. To date $312 thousand has been earned, although payment of $157 thousand (see note 7.1) of the earned amount has been deferred until 2025 at the Company's election.

28. Events after the reporting period

In March 2024 the Group completed the acquisition of TMT Acquisition plc, which operated as a cash shell.

On 31 October 2023, Belluscura announced a recommended all share offer for TMT Acquisition plc, which became wholly unconditional on 9 February 2024.

Based on the Closing Price of 21.0 pence per Belluscura Share on the Latest Practicable Date, the Offer was equivalent in value to 21.0 pence for each TMT Acquisition Share and the Offer valued the entire issued ordinary share capital of TMT Acquisition at approximately £5.78 million.

The value of a TMT Acquisition Share under the Offer, based on the Closing Price per Belluscura Share of 30.5 pence on 2 October 2023 (being the latest practicable date prior to the commencement of the Offer Period), is 30.5 pence representing a premium of approximately 79% to the Closing Price of 17.0 pence per TMT Acquisition Share on 2 October 2023 (being the latest practicable date prior to the commencement of the Offer Period).

TMT Shareholders received 27,499,994 Belluscura shares.

In June 2024 the Company raised $0.3m from the issue of equity.