

## INITIATION OF COVERAGE

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### Market Statistics in USD

Price	\$ 0.34
52 week Range	\$0.28 - \$0.97
Daily Vol (3-mo. average)	188,100
Market Cap (M)	\$ 46.8
Enterprise Value (M)	\$ 43.2
Shares Outstanding: (M)	137.5
Float (M)	81.3
Public Ownership	38.6%
Institutional Ownership	21.9%

### Financial Summary in USD

Cash (M)	\$ 3.8
Cash/Share	\$ 0.03
Debt (M)	\$ 0.1
Equity (M)	\$ 25.2
Equity/Share	\$ 0.19

FYE: Dec	2022	2023E	2024E
(all figures in M, expect per share information)			

Rev	\$ 1.4	\$ 2.7	\$ 20.5
Chng%	233%	91%	669%

EBITDA	\$ (6.2)	\$ (6.5)	\$ (2.4)
Net Income	\$ (8.2)	\$ (10.9)	\$ (4.2)
EPS	\$ (0.10)	\$ (0.07)	\$ (0.03)

EV/Revenue	61.5x	16.2x	2.1x
EV/EBITDA	-13.9x	-6.6x	-18.0x
P/E	-7.9x	-4.9x	-10.6x



## COMPANY DESCRIPTION

Belluscula plc (AIM: BELL) develops and commercializes oxygen related medical device products. The Company offers X-PLOR, a modular portable oxygen concentrator. DISCOV-R, the next ground-breaking device, is expected to launch 2H 2023. Belluscula plc was founded in 2015 in London, the United Kingdom, and has headquarters in the US. The Company also has manufacturing facilities in the US and China, which are both ISO 13485 certified. As last reported, Belluscula had 33 patents and pending applications.

## BELLUSCURA PLC (AIM: BELL)

### COMPANY UPDATES

**Most Advanced POC Design:** Following the success of the X-PLOR® portable oxygen concentrator (POC), Belluscula's DISCOV-R™ will officially launch 2H 2023 and delivers nearly 3x the oxygen by weight than the leading dual flow oxygen concentrator on the market; it additionally provides 60% more oxygen than the leading pulse dose concentrator. Belluscula's POCs also have unique patented cartridges that are capable of changing the oxygen flow concentration of the unit. Notably, DISCOV-R is expected to be covered by two CMS codes for superior reimbursement.

**Insider Ownership:** Over the last three months, there has been significant buying at Belluscula; overall, three insiders purchased approximately UK£490K in shares in the Company, and none sold. This is a strong indication of alignment between management and smaller shareholders. Insiders currently own ~18% of Belluscula shares.

**Manufacturing Capacity to Scale:** The Company currently has two high quality manufacturing facilities, both ISO:13485 certified, with one in the US and one in China. The group transferred US manufacturing in-house in April 2022 to increase production output and reduce manufacturing costs, and management also signed an MSA in March 2022 with InnoMax to manufacture its POCs in China, opening access to international markets.

**Nomad App:** Recently, the Company signed a cooperation agreement with a leading respiratory software company to incorporate its Nomad Biometric™ Application into their telerespiratory services. The app was first launched with X-PLOR, making it the first POC with a mobile app to connect with other devices, and it will also be included with DISCOV-R.

**Pipeline and Sales Channel/Market:** The addressable markets for POCs are sizable; over 300 million people worldwide suffer from COPD, and it's predicted to be the #3 leading cause of death globally by 2030. Management notes that over 125 distributors have requested access to sell the newest DISCOV-R unit. Preliminary unit demand is now estimated at 2,000+ units/month, with profitability anticipated to be ~250% higher than X-PLOR.

**Funding Update:** Since the beginning of 2023, the Company has raised capital both through the issue of 10% unsecured convertible loan notes (\$5.1M net) and through an equity issue (\$3.7M net) for a total of ~\$8.8M. Proceeds will go towards finalizing the launch of DISCOV-R as well as expanding sales channels for X-PLOR.

**TMT Acquisition:** Recently, BELL and TMT Acquisition reached an agreement on a possible share for share offer. This transaction was proposed at an exchange ratio of 15 BELL shares per 22 TMT shares. If completed the transaction would add a significant cash infusion to. Currently, the transaction is expected to be completed in early November.

**Valuation:** We are using a comparison analysis to help frame valuation. Given the current stage of the product life cycle we are looking forward to 2025 for our valuation metrics. When comparing Belluscula to its peers we look at it through a EV/Sales, EV/EBITDA, and a BV/Share lenses. By averaging these valuations, we arrive at a valuation range of \$0.72 to \$1.10, with a midpoint of \$1.09.

## BUSINESS OVERVIEW




Belluscura's current products are addressing the growing global demand for medical oxygen with its Portable Oxygen Concentrators, or POCs. The Company's first product X-PLOR received 510(K) clearance from the Food and Drug Administration (FDA) in March 2021 and was launched the following September 2021. Since then, two subsequent generations have been launched, one in September 2022 and the latest in April 2023, and the product has gained good market momentum. Sales initially were primarily directly to patients, but the sales channel has since expanded widely through distributors and DME providers.

The Company has its next ground-breaking device, DISCOV-R, which is estimated to deliver more oxygen by weight than any device currently available on the market, expected to launch 2H 2023. DISCOV-R will be primarily marketed through Durable Medical Equipment (DME) providers and other distributors. Belluscura meanwhile is currently evaluating proposals from third parties interested in white labeling the X-PLOR product for the US market.

Belluscura's products are presently being manufactured in both the US and China in ISO:13485 certified facilities, and accreditations/registrations in China, UK and Europe have commenced. Within three years, the Company expects to be manufacturing ~75,000 units between the two locations.

Belluscura was founded in 2015 in London, the United Kingdom, but has headquarters in the United States. The Company trades on the AIM under the symbol "BELL". Belluscura currently reports 33 patents and pending patent applications mostly related to POC technology and other oxygen enrichment technology.

### Exhibit 1: Belluscura Portable Oxygen Concentrators

	<p><b>DISCOV-R™</b></p> <ul style="list-style-type: none"> <li>• World's first ambulatory <b>8 setting pulse &amp; 2L continuous</b> flow POC</li> <li>• Delivers nearly <b>3 times</b> the oxygen by weight than leading dual flow oxygen concentrator on the market</li> <li>• <b>60% more O<sub>2</sub></b> than leading pulse dose concentrator</li> <li>• <b>Silver Award</b> at <b>2023 Medtrade Show</b></li> <li>• <b>Launch Summer 2023</b></li> <li>• More than <b>125 Distributors</b> have requested access to <b>DISCOV-R</b></li> </ul>		<p><b>X-PLOR®</b></p> <ul style="list-style-type: none"> <li>• <b>Weights only 3.75 lbs</b> with 4 flow settings.</li> <li>• More oxygen by weight than any POC in its class</li> <li>• ModulAir™ design</li> <li>• Patented Ultra Rapid Cycle</li> <li>• Patented User Replaceable Oxygen Enrichment Cartridge</li> <li>• Direct-charge batteries</li> </ul>	
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Source: Company Presentation

## Current Offerings

Belluscura is meeting the challenges of providing supplemental oxygen for the significant population of those that suffer from COPD and other diseases and/or conditions that require treatment but still need to maintain mobility. The Company's portable oxygen concentrators are improving patient outcomes by:

- Increasing availability of breathing assistance by providing oxygen 24/7
- Reducing the costs to the patient and the healthcare system
- Providing increased patient mobility with smaller devices
- Allowing earlier release of patients and thus freeing up beds within the healthcare system
- Enabling telemedicine and remote patient information via its Nomad Biometric App

Belluscura currently has two POC offerings – the **X-PLOR** and the **DISCOV-R**. While portable oxygen concentrators have been around for over 20 years, the Company's POC devices each bring something unique to the marketplace.

### **X-PLOR**

The Company developed its first patented portable oxygen concentrator X-PLOR with research partner, Separation Design Group, and launched X-PLOR in September 2021. X-PLOR is capable of delivering up to 95% pure oxygen to patients continuously 24/7. For its capabilities, it is remarkably lightweight and replaces the traditional metal oxygen tanks and other much heavier portable units. The X-PLOR POC has been granted 510(K) clearance from the FDA. Belluscura has recently launched the next generations of X-PLOR (September 2022 and again in April 2023) that provide more oxygen by weight than any other POC in their class. The X-PLOR portable oxygen concentrator was awarded the Provider's Choice Gold Award at the 2021 MedTrade East HME Trade Show and Conference in Atlanta. This is just one of many awards that Belluscura has received for its dedication to innovating oxygen therapy.

#### **Exhibit 2: The Mobility of Belluscura's X-PLOR POC**

The Company is currently evaluating proposals with third parties interested in white labeling the X-PLOR product in the US market. As of 12/31/22, Belluscura had shipped or received orders for 2,850 X-PLOR units.

In April 2023, Shenzhen Belluscura Technology Company Limited was registered in preparation for the commercial launch of X-PLOR in China 2H 2023 following registration. Management expects further international expansion late 2023 and 2024 once the CE and UKCA marks are approved and anticipated regulatory clearances in Europe, UK, Canada, Singapore and Australia are granted. In September of 2023, the company received approval to begin sales in Hong Kong.



*Source: Company Presentation*

### **DISCOV-R**

The Company released the newest DISCOV-R unit for pre-market evaluation in June 2023 and has received very positive feedback on the device. The DISCOV-R is the first ambulatory pulse-dose and two-liter continuous flow POC in the world. A full commercial launch is expected 2H 2023.

Belluscura has had significant interest in the launch of the DISCOV-R; more than 125 distributors have requested rights to sell the Company's newest POC device. At the MedTrade show in Dallas in March 2023, the DISCOV-R was unveiled and awarded the Silver Award in the Best New Product category. This is the largest home medical equipment trade show and conference in the US.

The DISCOV-R is expected to be covered by two CMS codes, E1390 and E1392 (stationary and portable concentrator, respectively), which will make the device notably more profitable for DME providers. Given both the technical advantages of DISCOV-R over its competitors as well as the anticipated dual CMS reimbursement codes, the Company expects this POC device to account for 70% of production volume and 80 – 85% of Belluscura's revenue by 2025.

## Manufacturing and Distribution

For the production of its devices, Belluscura currently has high quality manufacturing facilities in both the US and China, both of which are enabling the necessary accreditations required for access to international markets. In March 2022, the Company signed a manufacturing Master Supply Agreement (MSA) with InnoMax Medical Technology, Ltd., to manufacture the X-PLOR units in China. The agreement more than doubled its manufacturing capacity and propelled its expansion internationally by opening up access to Asian markets.

The US facilities have been part of the Company's in-house operations since April 2022 (outsourced to a contract manufacturer prior to this time) and gained ISO:13485 accreditation in July 2022 by incorporating best-in-class technology. The China facility is accredited as well.

Both locations provide outstanding quality devices while continuing to lower costs and boost margins. Management states that Belluscura has sufficient capacity with the two locations to support the scaling of the planned business growth. With both domestic and China-based facilities, Belluscura has seen a reduction of inventory levels and expansion of distribution capabilities abroad.

Currently, the COGS on the X-PLOR is ~\$675 per unit, or ~\$850 for the travel package, while the newer DISCOV-R is slightly higher at ~\$775, or ~\$950 for the travel package. The Company is targeting 50%+ gross margins as it gets to scale. The POC devices also incorporate a patented replaceable oxygen enrichment cartridges, which alone offer margins at 40% and generate recurring revenue; the cartridges can be adjusted to change the oxygen flow or concentration of the unit.

Belluscura continues to expand its sales channels through notable players in the healthcare supply chain. The Company distributes in the US through multiple sales channels, including:

- Distributors
- Durable Medical Equipment Providers (online and bricks and mortar)
- Medical Supply Warehouses
- Medical Device Intermediaries
- Hospitals
- Direct to Consumer

In December 2022, the Company signed its first international distribution agreement with MedHealth Supplies of South Africa, which sells to one of the world's leading respiratory device suppliers. Belluscura most recently signed a distribution agreement with McKesson Medical-Surgical, a division of McKesson, the 9<sup>th</sup> largest company by revenue in the US. Additional sales agreements are detailed below.

### Exhibit 4: Extending Its Sales Channels

Agreed August '22	Agreed December '22	Live February '23	Coming July '23	Coming H2 '23 <sup>1</sup>
 <ul style="list-style-type: none"> <li>Largest US Member Service Organisation</li> <li>Network of over 2,500 healthcare providers in nearly 7,000 locations</li> <li>More than 2m patients supported</li> <li>17 new distribution agreements in the last 3 months</li> </ul>	 <ul style="list-style-type: none"> <li>A leading durable medical equipment distributor to South Africa and neighbouring countries</li> <li>Sells to one of the world's leading oxygen suppliers</li> <li>Awarded oxygen supply contracts based on ability to deliver X-PLOR</li> <li>Already ordered over 1,000 units, with the first shipment sold out within 48 hours</li> </ul>	 <ul style="list-style-type: none"> <li>A leading, consumer-focused digital healthcare platform in the United States.</li> <li>2022 revenue expected to be c\$750m</li> <li>X-PLOR POC will be the first non-pharmaceutical product marketed in the GoodRX platform</li> <li>20m monthly visitors to the GoodRX platform</li> <li>NPS score of 90 (extremely trustworthy)</li> <li>Have delivered \$45Bn in cumulative consumer savings</li> </ul>	 <ul style="list-style-type: none"> <li>Global leader in healthcare supply chain management with 1/3 of all pharmaceuticals in USA delivered</li> <li>X-PLOR (and later the DISCOV-R) will be available to McKesson HomeCare and Long Term Care Facility customers</li> <li>Serving more than 200,000 customers through 35 distribution centres in US</li> </ul>	 <ul style="list-style-type: none"> <li>China Registration</li> <li>Hong Kong Registration</li> <li>Europe &amp; UK Registration</li> </ul>  <p>More than 125 Distributors have requested access to DISCOV-R</p>

Source: Company Presentation



## Nomad Biometric App

In addition to its POC devices, X-PLOR and DISCOV-R, Belluscura offers its Nomad Biometric App. The application utilizes Bluetooth to connect with several “smart” devices, which then enables sharing of timely medical information with healthcare providers. The app was first launched with X-PLOR to make it the first POC with a mobile app to connect with other devices, and it will also be included with DISCOV-R.

### Exhibit 5: Making Medical Devices Smart



Source: Company Presentation

Belluscura has signed a cooperation agreement with a leading respiratory software company to incorporate the Nomad Biometric App into its telerespiratory services. This is the first mobile app of its kind that connects and gathers data from not only the POC, but also other digital and biometric devices. The list includes iPhone®, Android®, Nonin® pulse oximeter, Masimo® pulse oximeter, and Galaxy® watch.

## DISCOV-R Market Comparison

A comparison of Belluscura's DISCOV-R to two other top performers among the competition details that the SimplyGo by Philips and the Zen-O are notably 60% heavier than the DISCOV-R, with carts excluded. Despite the lower weight, the DISCOV-R still manages to generate 55% more oxygen by weight in continuous flow mode than the comparables. Additionally, in pulse dose mode, the DISCOV-R is capable of producing nearly 3x the oxygen by weight over the competing products.

In summary, DISCOV-R is anticipated 2H 2023, and it is expected that this most recent Belluscura POC model will receive dual reimbursement; DISCOV-R is expected to be covered by two CMS codes, making it significantly more profitable for DME providers. As previously mentioned, management notes that more than 125 distributors have already requested access to DISCOV-R prior to its official market launch.

### Exhibit 6: Two-Liter Continuous Flow Portable Concentrators

Two-Litre Continuous Flow Portable Concentrators

	Belluscura DISCOV-R®	Philips SimplyGo	GCE Zen-O
Weight	6.5 lbs	10lbs (not incl. cart) Cart: 2.25lb	10.25lbs (not incl. cart) Cart: 2.25lb
Continuous Flow	2 Litres	2 Litres	2 Litres
Pulse Dose	1-8 Levels	1-6 Levels	1-6 Levels
Max Bolus	120ml	72ml	66ml
Oxygen to Weight Ratio	18.5m l/lb	7.2m l/lb	6.4m l/lb

Source: Company Presentation

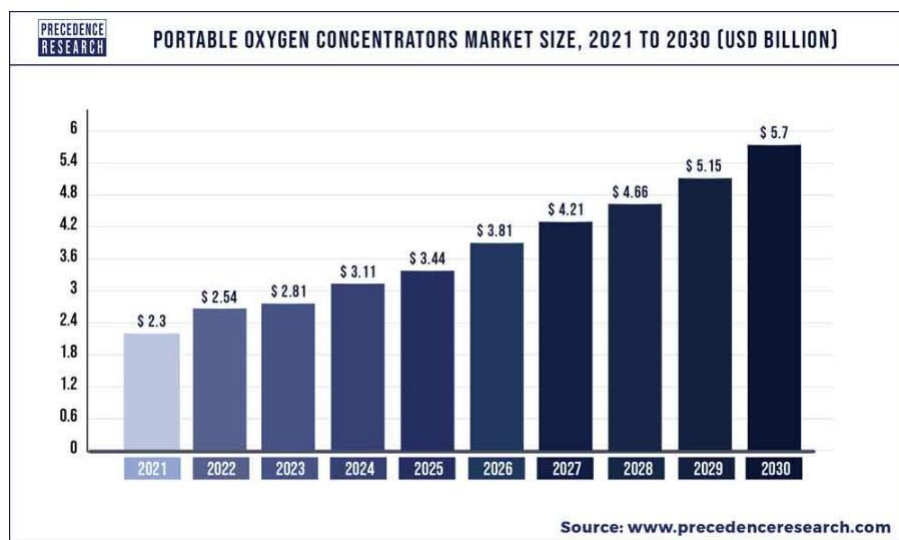
## Market Overview

With over 300 million people worldwide suffering from COPD, Belluscura has a unique opportunity to help mitigate the effects of what is predicted to be the third leading cause of death globally by 2030. For those who suffer from COPD, the leading treatment is supplemental oxygen. Supplemental oxygen is also utilized to address symptoms of COVID-19, Long Covid, pneumonia, as well as other interstitial (group of diseases that cause scarring, or fibrosis, of the lungs) lung diseases. However, the health benefits of keeping patients mobile and active is also a key component of treatment.

For Belluscura, the target market sizes are significant. In 2022, the global oxygen therapy market was valued at \$34.5 billion and expected to grow at a CAGR of 6.5% to \$54.1 billion by 2030. This market growth is being driven by several factors, including the longevity of the growing geriatric population as well as increased expanded treatment uses, among others.

The global portable oxygen concentrator market is currently valued at \$2.3 billion and expected to grow at a CAGR of 10.6%, reaching an estimated \$5.7 billion by 2030 as shown below. Of this, the North American market accounted for over 40% market share in 2021, and there is notably strong growth predicted for the APAC market, with an estimated 100 million Chinese currently suffering from COPD.

### Exhibit 7: Market Growth



Source: Company Presentation

## Risks

As with any investment, there are certain risks associated with Belluscura's operations as well as with the surrounding economic and regulatory environments common to the medical devices industry.

**Product Development and Launch** – The Company currently has revenue derived from one product, X-PLOR. Belluscura has additional follow-on products in development and will need to receive marketing clearance prior to any sales launch.

**Credit Risk** – Although the Company has no debt aside from capital leases, Belluscura has a concentration of customers at this time, and there is always a risk associated with collections of receivables. Management regularly reviews its receivables balance for potential impairment, and should one be identified, Belluscura would need to record an allowance for the potential loss.

**Liquidity Risk** – As a rapidly growing company, Belluscura regularly reviews its liquidity position in order to ensure sufficient cash flow to support expanding operations and plan for any necessary capital outlays.

**Foreign Exchange Risk** – The Company holds Sterling cash deposits but reports its financial results in US Dollars, which exposes Belluscura to potential currency fluctuation risk due to translation effects; however, management reviews the exposure on a frequent basis.

**Competitive Business** – Due to the competitive nature of the medical devices industry, it is not guaranteed that Belluscura will maintain or grow its current market share. As market conditions change, there remains a possibility that competitors gain market share to the detriment of the Company.

**Intellectual Property Laws** – Belluscura currently has 33 patents and pending applications for intellectual property that the Company has developed. Belluscura is constantly on guard and ready to defend its intellectual property using litigation if necessary. Should judgements go against the Company this could materially weaken its edge among peers. Additionally, having to pursue litigation as mediation for any infringement could be costly for the Company, regardless of the outcome.

## VALUATION SUMMARY

We are using a comparison analysis to help frame valuation. Given the current stage of the product life cycle we are looking forward to 2025 for our valuation metrics. When comparing Belluscura to its peers we look at it through a EV/Sales, EV/EBITDA, and a BV/Share lenses.

Company Name	Symbol	Price <sup>(1)</sup>	Mrkt Cap	EV	TBV/Share	EV/Revenue <sup>(2,3)</sup>				EV/EBITDA <sup>(2,3)</sup>				P/E <sup>(2,3)</sup>		
						2022	2023E	2024E	2025E	2022	2023E	2024E	2025E	2022	2023E	2024E
Artivion, Inc.	AORT	\$ 13.05	\$ 538.4	\$ 845.3	N/A	2.57x	2.45x	2.23x	1.99x	40.9x	16.1x	11.8x	9.0x	-25.4x	-22.7x	159.1x
Alphatec Holdings, Inc.	ATEC	\$ 11.88	\$ 1,421.0	\$ 1,831.2	N/A	4.58x	3.95x	3.31x	2.81x	-20.1x	839.2x	88.0x	25.5x	-8.4x	-8.6x	-12.7x
AtriCure, Inc.	ATRC	\$ 35.83	\$ 1,698.4	\$ 1,646.2	\$ 3.38	6.10x	4.18x	3.65x	3.21x	-65.1x	138.0x	95.0x	54.5x	-43.7x	-38.9x	-42.4x
Axonics, Inc.	AXNX	\$ 52.65	\$ 2,724.4	\$ 2,395.8	\$ 8.25	10.07x	6.68x	5.51x	4.58x	-90.8x	-149.7x	149.4x	47.1x	-48.9x	-180.9x	327.0x
Cutera, Inc.	CUTR	\$ 4.25	\$ 88.4	\$ 297.0	N/A	3.70x	1.32x	1.26x	1.14x	-26.2x	-5.4x	-6.4x	N/A	-10.1x	-1.3x	-1.5x
Glaukos Corporation	GKOS	\$ 67.73	\$ 3,287.8	\$ 3,369.9	\$ 2.63	7.44x	10.98x	9.72x	8.29x	-29.7x	-50.3x	-53.6x	-56.4x	-20.9x	-30.2x	-35.0x
Inogen, Inc.	INGN	\$ 4.73	\$ 108.6	\$ (39.7)	\$ 10.43	0.71x	-0.13x	-0.12x	-0.11x	-10.7x	1.7x	2.3x	3.2x	-5.4x	-2.1x	-2.6x
Penumbra, Inc.	PEN	\$207.94	\$ 7,949.9	\$ 7,960.1	\$ 21.46	10.01x	7.54x	6.42x	5.59x	295.5x	74.3x	51.0x	37.5x	-4205.3x	120.7x	76.2x
Teleflex Incorporated	TFX	\$190.47	\$ 9,014.0	\$ 10,391.7	N/A	4.69x	3.51x	3.35x	3.18x	17.1x	12.1x	11.2x	10.3x	32.2x	14.3x	13.4x
Vapotherm, Inc.	VAPO	\$ 2.80	\$ 17.5	\$ 108.5	N/A	2.14x	1.49x	1.28x	1.06x	-2.0x	-3.1x	-4.7x	-12.6x	-0.6x	-0.3x	-0.7x
Beyond Air, Inc.	XAIR	\$ 2.24	\$ 72.3	\$ 35.8	\$ 1.07	N/A	26.62x	3.05x	0.93x	-3.0x	N/A	N/A	N/A	-3.5x	-1.1x	-1.2x
Average					\$ 7.87	5.20x	6.24x	3.61x	3.0x	9.6x	87.3x	34.4x	13.1x	-394.5x	-13.7x	43.6x
Median					\$ 5.82	4.64x	3.95x	3.31x	2.8x	-10.7x	6.9x	11.5x	10.3x	-10.1x	-2.1x	-1.2x
Belluscura plc	BELL	\$ 0.34	\$ 46.8	\$ 43.2	\$ 0.19	61.55x	16.21x	2.11x	0.95x	-13.88x	-6.62x	-18.03x	5.82x	-7.9x	-4.9x	-10.6x

(1) Previous day's closing price

(2) Estimates are from Capital IQ

(3) Forward estimates as of calendar year

(4) All Values in USD at an exchange rate of \$0.82 GBP/USD

Source: Company reports, CapitalIQ, Stonegate Capital Partners

When using an EV/EBITDA framework to inform our BELL valuation, we note that BELL is currently trading at a FY25 EV/EBITDA of 5.8x compared to comps at an average of 13.1x. We are using our FY25 expected EBITDA, and an EV/EBITDA range of 11.0x to 13.0x with a midpoint of 12.0x which moves BELL closer to comp companies while maintaining a reasonable discount to account for the size the BELL. This arrives at a valuation range of \$0.62 to \$0.73 with a mid-point of \$0.67.

EV/EBITDA			
<b>2023 E</b>	<b>11.00x</b>	<b>12.00x</b>	<b>13.00x</b>
Adj EBITDA	7.4	7.4	7.4
TEV	81.6	89.1	96.5
Cash	3.8	3.8	3.8
Debt	0.1	0.1	0.1
Mrkt Cap	85.4	92.8	100.2
S/O	137.5	137.5	137.5
<b>Price</b>	<b>\$ 0.62</b>	<b>\$ 0.67</b>	<b>\$ 0.73</b>

When using an EV/Revenue framework to inform our BELL valuation, we note that BELL is currently trading at a FY25 EV/Revenue of 0.9x compared to comps at an average of 3.0x. We are using our FY25 expected Revenue, and an EV/Revenue range of 2.0x to 3.0x with a midpoint of 2.5x which moves BELL closer to comp companies while maintaining a reasonable discount to account for the earlier stage of its products. This arrives at a valuation range of \$0.62 to \$0.92 with a mid-point of \$0.77.

EV/Sales			
<b>2025 E</b>	<b>2.00x</b>	<b>2.50x</b>	<b>3.00x</b>
Revenues	41.0	41.0	41.0
TEV	82.0	102.5	123.0
Cash	3.8	3.8	3.8
Debt	0.1	0.1	0.1
Mrkt Cap	85.7	106.2	126.7
S/O	137.5	137.5	137.5
<b>Price</b>	<b>\$ 0.62</b>	<b>\$ 0.77</b>	<b>\$ 0.92</b>

Lastly, we see that BELL is trading approximately 5x below its book value at \$0.19 per share. Should the company trade in a TBV/Share range of \$0.50 to \$1.50, which includes a midpoint of \$1.00 it would result in a range of \$0.92 to \$2.75, with a midpoint of \$1.83. This represents how significantly undervalued BELL currently is, made even more striking when comparing BELL to peer companies that trade at an average of \$1.91 per share.

Listed below are the important catalysts for the stock in F23 and beyond:

- Launch DISCOV-R 2H 2023.....F23
- Receive accreditations/registrations in China, UK and Europe.....F23+
- Continue capturing market share both US and abroad.....F23+
- Recognize improved margins following manufacturing transfer to InnoMax .....F23+
- Expand channel partnerships .....F23+



## BALANCE SHEET

Belluscura plc  
Consolidated Balance Sheets (\$M)  
Fiscal Year End: December

ASSETS	Q2 Jun-20	Q4 Dec-20	FY 2020	Q2 Jun-21	Q4 Dec-21	FY 2021	Q2 Jun-22	Q4 Dec-22	FY 2022	Q2 Jun-23
Inventories	-	-	-	-	0.3	0.3	5.7	8.4	8.4	8.8
Receivables	0.2	0.2	0.2	0.5	2.8	2.8	3.5	4.1	4.1	4.0
Cash & cash equivalents	1.5	0.5	0.5	22.7	15.9	15.9	11.6	2.0	2.0	3.8
<b>Total Current Assets</b>	<b>1.7</b>	<b>0.7</b>	<b>0.7</b>	<b>23.2</b>	<b>19.0</b>	<b>19.0</b>	<b>20.8</b>	<b>14.5</b>	<b>14.5</b>	<b>16.6</b>
Tangible Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.1
Product Development	3.7	4.1	4.1	5.2	6.7	6.7	5.8	8.7	8.7	10.3
Right of Use Assets	0.4	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2
<b>Total Assets</b>	<b>5.9</b>	<b>5.2</b>	<b>5.2</b>	<b>28.8</b>	<b>26.0</b>	<b>26.0</b>	<b>26.9</b>	<b>23.6</b>	<b>23.6</b>	<b>27.2</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>										
Trade and Other Payable	0.4	0.2	0.2	0.4	1.1	1.1	2.9	3.0	3.0	1.9
<b>Total Current Liabilities</b>	<b>0.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>	<b>1.1</b>	<b>1.1</b>	<b>2.9</b>	<b>3.0</b>	<b>3.0</b>	<b>1.9</b>
Trade and Other Payables	0.4	0.3	0.3	0.4	0.2	0.2	0.2	0.2	0.2	0.1
<b>Total Liabilities</b>	<b>0.9</b>	<b>0.6</b>	<b>0.6</b>	<b>0.8</b>	<b>1.3</b>	<b>1.3</b>	<b>3.1</b>	<b>3.2</b>	<b>3.2</b>	<b>2.0</b>
Share Capital	0.8	0.8	0.8	1.5	1.5	1.5	1.6	1.7	1.7	1.8
Share Premium	7.3	0.6	0.6	26.0	26.0	26.0	33.1	33.4	33.4	36.9
Other Equity Instruments	-	-	-	-	-	-	-	-	-	5.5
Capital Contribution	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Retained Earnings	(2.8)	2.7	2.7	0.4	(2.3)	(2.3)	(6.8)	(10.3)	(10.3)	(16.6)
Translation Reserve	(0.4)	0.4	0.4	(0.1)	(0.7)	(0.7)	(4.3)	(4.5)	(4.5)	(2.5)
<b>Total Parent Net Equity</b>	<b>5.0</b>	<b>4.7</b>	<b>4.7</b>	<b>28.0</b>	<b>24.7</b>	<b>24.7</b>	<b>23.8</b>	<b>20.4</b>	<b>20.4</b>	<b>25.2</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>5.9</b>	<b>5.2</b>	<b>5.2</b>	<b>28.8</b>	<b>26.0</b>	<b>26.0</b>	<b>26.9</b>	<b>23.6</b>	<b>23.6</b>	<b>27.2</b>
<b>Liquidity</b>										
Current Ratio	4.0x	3.1x	3.1x	62.4x	17.5x	17.5x	7.1x	4.8x	4.8x	8.9x
Quick Ratio	4.0x	3.1x	3.1x	62.4x	17.2x	17.2x	5.1x	2.0x	2.0x	4.2x
Working Capital	1.30	0.49	0.49	22.82	17.87	17.87	17.83	11.48	11.48	14.72

Source: Company Reports, Stonegate Capital Partners

## INCOME STATEMENT

Belluscura plc

Consolidated Statements of Income (in \$M, except per share amounts)

Fiscal Year End: December

	FY 2020	FY 2021	Q2 Jun-22	Q4 Dec-22	FY 2022	Q2 Jun-23	Q4 E Dec-23	FY 2023E	Q2 E Jun-24	Q4 E Dec-24	FY 2024E	Q2 E Jun-25	Q4 E Dec-25	FY 2025E
Revenue	\$ -	\$ 0.4	\$ 0.6	\$ 0.8	\$ 1.4	\$ 0.4	\$ 2.3	\$ 2.7	\$ 8.4	\$ 12.1	\$ 20.5	\$ 16.8	\$ 24.1	\$ 41.0
<b>Total Revenues</b>	-	<b>0.4</b>	<b>0.6</b>	<b>0.8</b>	<b>1.4</b>	<b>0.4</b>	<b>2.3</b>	<b>2.7</b>	<b>8.4</b>	<b>12.1</b>	<b>20.5</b>	<b>16.8</b>	<b>24.1</b>	<b>41.0</b>
Cost of Sales	-	0.5	0.6	0.7	1.3	0.4	1.7	2.1	5.7	7.5	13.2	10.1	13.9	24.0
<b>Gross Profit</b>	-	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.1</b>	<b>0.1</b>	<b>(0.1)</b>	<b>0.6</b>	<b>0.6</b>	<b>2.7</b>	<b>4.6</b>	<b>7.3</b>	<b>6.8</b>	<b>10.3</b>	<b>17.0</b>
Other Operating Income	0.0	0.2	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Direct Costs	-	-	0.1	0.0	0.1	0.1	0.1	0.1	1.3	0.4	1.7	2.5	0.8	3.4
Administration Expenses	2.0	5.3	4.4	3.7	8.1	6.1	5.0	11.1	5.5	4.3	9.8	5.5	4.3	9.8
Total Operating Expenses	1.9	5.1	4.5	3.7	8.2	6.1	5.1	11.2	6.8	4.7	11.4	8.0	5.1	13.1
<b>Operating Income</b>	<b>(1.9)</b>	<b>(5.2)</b>	<b>(4.6)</b>	<b>(3.6)</b>	<b>(8.1)</b>	<b>(6.2)</b>	<b>(4.5)</b>	<b>(10.6)</b>	<b>(4.0)</b>	<b>(0.1)</b>	<b>(4.1)</b>	<b>(1.3)</b>	<b>5.1</b>	<b>3.9</b>
Finance Income	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-
Finance Cost	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
<b>Profit Before Taxes</b>	<b>(2.0)</b>	<b>(5.2)</b>	<b>(4.6)</b>	<b>(3.6)</b>	<b>(8.2)</b>	<b>(6.4)</b>	<b>(4.5)</b>	<b>(10.9)</b>	<b>(4.1)</b>	<b>(0.1)</b>	<b>(4.2)</b>	<b>(1.3)</b>	<b>5.1</b>	<b>3.8</b>
Provision for Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Income</b>	<b>(2.0)</b>	<b>(5.2)</b>	<b>(4.6)</b>	<b>(3.6)</b>	<b>(8.2)</b>	<b>(6.4)</b>	<b>(4.5)</b>	<b>(10.9)</b>	<b>(4.1)</b>	<b>(0.1)</b>	<b>(4.2)</b>	<b>(1.3)</b>	<b>5.1</b>	<b>3.8</b>
<b>Basic EPS</b>	<b>\$ (0.03)</b>	<b>\$ (0.07)</b>	<b>\$ (0.07)</b>	<b>\$ (0.03)</b>	<b>\$ (0.10)</b>	<b>\$ (0.04)</b>	<b>\$ (0.03)</b>	<b>\$ (0.07)</b>	<b>\$ (0.03)</b>	<b>\$ (0.00)</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>	<b>\$ 0.04</b>	<b>\$ 0.03</b>
<b>Diluted EPS</b>	<b>\$ (0.02)</b>	<b>\$ (0.06)</b>	<b>\$ (0.06)</b>	<b>\$ (0.03)</b>	<b>\$ (0.09)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.06)</b>	<b>\$ (0.03)</b>	<b>\$ (0.00)</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>
WTD Shares Out - Basic (M)	55.6	94.7	115.8	123.0	119.4	124.2	129.2	126.7	130.4	131.8	131.1	133.0	134.4	133.7
WTD Shares Out - Diluted (M)	75.5	109.8	128.7	134.9	131.8	136.4	141.6	139.0	143.2	144.4	143.8	146.0	147.3	146.7
<b>EBITDA</b>	<b>(1.5)</b>	<b>(6.1)</b>	<b>(6.1)</b>	<b>(2.8)</b>	<b>(8.9)</b>	<b>(3.7)</b>	<b>(3.8)</b>	<b>(7.5)</b>	<b>(3.4)</b>	<b>2.0</b>	<b>(1.4)</b>	<b>1.5</b>	<b>7.9</b>	<b>9.3</b>
<b>Adjusted EBITDA</b>	<b>\$ (1.5)</b>	<b>\$ (4.2)</b>	<b>\$ (4.1)</b>	<b>\$ (2.1)</b>	<b>\$ (6.2)</b>	<b>\$ (2.9)</b>	<b>\$ (3.6)</b>	<b>\$ (6.5)</b>	<b>\$ (3.2)</b>	<b>\$ 0.8</b>	<b>\$ (2.4)</b>	<b>\$ 0.5</b>	<b>\$ 6.9</b>	<b>\$ 7.4</b>

**Margin Analysis**

Gross Margin	n/a	-12.4%	-9.5%	14.5%	4.9%	-15.2%	27.1%	21.3%	32.3%	37.9%	35.6%	40.1%	42.5%	41.5%
Operating Margin	n/a	-1234.0%	-811.7%	-426.8%	-581.4%	-1691.0%	-193.8%	-399.4%	-48.0%	-0.9%	-20.2%	-7.5%	21.3%	9.4%
EBITDA Margin	n/a	-994.2%	-729.9%	-251.2%	-443.5%	-805.5%	-155.7%	-245.0%	-37.6%	6.4%	-11.7%	3.0%	28.6%	18.1%
Pre-Tax Margin	n/a	-1240.4%	-813.6%	-428.4%	-583.2%	-1752.8%	-194.6%	-408.7%	-48.2%	-1.0%	-20.4%	-7.7%	21.2%	9.3%
Net Income Margin	n/a	-1240.4%	-813.6%	-428.4%	-583.2%	-1752.8%	-194.6%	-408.7%	-48.2%	-1.0%	-20.4%	-7.7%	21.2%	9.3%
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Growth Rate Y/Y**

Total Revenue	-100.0%	N/A	N/A	99.0%	232.6%	-34.8%	175.0%	90.7%	2200.0%	425.0%	668.8%	100.0%	100.0%	100.0%
Total cost of revenues	27.2%	164.0%	85.3%	36.6%	59.6%	36.2%	37.6%	36.8%	10.2%	-7.9%	2.0%	18.7%	9.4%	14.9%
Operating Income	28.4%	166.6%	87.5%	29.6%	56.7%	35.8%	24.8%	31.0%	-34.7%	-97.7%	-61.1%	-68.5%	-5058.2%	-193.4%
Pre-Tax Income	27.5%	163.6%	86.9%	29.4%	56.4%	40.4%	24.9%	33.6%	-36.7%	-97.2%	-61.6%	-68.2%	-4240.6%	-191.5%
Net Income	27.5%	163.6%	86.9%	29.4%	56.4%	40.4%	24.9%	33.6%	-36.7%	-97.2%	-61.6%	-68.2%	-4240.6%	-191.5%

Source: Company Reports, Stonegate Capital Partners estimates

## STATEMENT OF CASH FLOWS

Belluscura plc  
Consolidated Cash Flow Statements (\$M)  
Fiscal Year End: December

CASH FLOW	FY 2019	Q2 Jun-20	Q4 Dec-20	FY 2020	Q2 Jun-21	Q4 Dec-21	FY 2021	Q2 Jun-22	Q4 Dec-22	FY 2022	Q2 Jun-23
<b>Operating Activities</b>											
Cash Generated From Operations	(1,002.4)	(440.6)	(1,030.2)	(1,470.8)	(2.3)	(4.7)	(7.0)	(9.2)	(5.7)	(14.9)	(4.9)
<b>Cash flow generated/(absorbed) from operating Activities</b>	<b>(1,002.4)</b>	<b>(440.6)</b>	<b>(1,030.2)</b>	<b>(1,470.8)</b>	<b>(2.3)</b>	<b>(4.7)</b>	<b>(7.0)</b>	<b>(9.2)</b>	<b>(5.7)</b>	<b>(14.9)</b>	<b>(4.9)</b>
<b>Investing Activities</b>											
Purchases of Property, Plant, and Equipment	(2.5)	-	-	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)
Intangible Assets Under Development	(1,120.3)	(768.1)	(426.3)	(1,194.4)	(1.1)	(1.6)	(2.8)	(1.0)	(3.9)	(4.9)	(2.2)
Purchase of ROU Assets	-	-	-	-	-	-	-	-	(0.1)	(0.1)	-
Sale of Product License	44.4	-	-	-	-	-	-	-	-	-	-
<b>Cash flow generated by Investing Activities</b>	<b>(1,078.5)</b>	<b>(768.1)</b>	<b>(426.3)</b>	<b>(1,194.4)</b>	<b>(1.1)</b>	<b>(1.7)</b>	<b>(2.8)</b>	<b>(1.0)</b>	<b>(4.1)</b>	<b>(5.1)</b>	<b>(2.2)</b>
<b>Financing Activities</b>											
Proceeds form Issuance of Ordinary Shares	2,655.8	1,816.5	435.3	2,251.8	25.7	(0.2)	25.5	7.1	0.3	7.5	3.5
Proceeds from Issuance of Other Equity Instruments	-	-	-	-	-	-	-	-	-	-	5.3
Purchase of Share by EBT	-	-	-	-	-	-	-	-	(0.0)	(0.0)	-
Lease Payments	(105.3)	(56.1)	(62.8)	(118.9)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
<b>Cash flow generated/(absorbed) by financing Activities</b>	<b>2,550.4</b>	<b>1,760.4</b>	<b>372.5</b>	<b>2,132.9</b>	<b>25.6</b>	<b>(0.2)</b>	<b>25.4</b>	<b>7.1</b>	<b>0.2</b>	<b>7.3</b>	<b>8.7</b>
<b>Exchange loss on Cash and Cash Equivalents</b>	<b>31.7</b>	<b>(58.8)</b>	<b>77.7</b>	<b>18.8</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(1.1)</b>	<b>(0.0)</b>	<b>(1.1)</b>	<b>0.1</b>
<b>Net Cash flow in the year</b>	<b>501.3</b>	<b>492.9</b>	<b>(1,006.3)</b>	<b>(513.4)</b>	<b>22.1</b>	<b>(6.8)</b>	<b>15.4</b>	<b>(4.3)</b>	<b>(9.6)</b>	<b>(13.8)</b>	<b>1.8</b>
<b>Cash and Cash Equivalents</b>											
Beginning Cash balance	532.2	1,033.5	1,526.4	1,033.5	520.1	542.2	520.1	535.4	531.2	535.4	521.6
Ending Cash balance	1,033.5	1,526.4	520.1	520.1	542.2	535.4	535.4	531.2	521.6	521.6	523.4

Source: Company Reports, Stonegate Capital Partners

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