
EXHALATION TECHNOLOGY LTD

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2025

EXHALATION TECHNOLOGY LTD
REGISTERED NUMBER: 04720331

BALANCE SHEET
AS AT 31 JULY 2025

	Note	2025 £	As restated 2024 £
FIXED ASSETS			
Intangible assets	4	168,940	188,815
Tangible assets	5	3,809	4,759
Investments	6	77	77
		<u>172,826</u>	<u>193,651</u>
CURRENT ASSETS			
Stocks		46,901	45,993
Debtors: amounts falling due within one year	7	19,139	44,589
Cash at bank and in hand		158,049	73,606
		<u>224,089</u>	<u>164,188</u>
Creditors: amounts falling due within one year	8	(507,666)	(92,215)
NET CURRENT (LIABILITIES)/ASSETS		<u>(283,577)</u>	71,973
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(110,751)</u>	<u>265,624</u>
NET (LIABILITIES)/ASSETS		<u><u>(110,751)</u></u>	<u><u>265,624</u></u>
CAPITAL AND RESERVES			
Called up share capital	9	308,410	305,910
Share premium account		14,017,255	13,994,755
Other reserves		413,810	320,097
Profit and loss account		(14,850,226)	(14,355,138)
		<u><u>(110,751)</u></u>	<u><u>265,624</u></u>

EXHALATION TECHNOLOGY LTD
REGISTERED NUMBER: 04720331

BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2025

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Helle Funch Nielsen

Helle Funch Nielsen
Director

Date: 20/11/2025

The notes on pages 5 to 15 form part of these financial statements.

EXHALATION TECHNOLOGY LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2025**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 August 2024 (as previously stated)	305,910	13,994,755	-	(14,035,041)	265,624
Prior year adjustment (note 12)	-	-	320,097	(320,097)	-
At 1 August 2024 (as restated)	<u>305,910</u>	<u>13,994,755</u>	<u>320,097</u>	<u>(14,355,138)</u>	<u>265,624</u>
Loss for the year	-	-	-	(495,088)	(495,088)
Shares issued during the year	2,500	22,500	-	-	25,000
Warrant payment charge	-	-	93,713	-	93,713
AT 31 JULY 2025	<u><u>308,410</u></u>	<u><u>14,017,255</u></u>	<u><u>413,810</u></u>	<u><u>(14,850,226)</u></u>	<u><u>(110,751)</u></u>

The notes on pages 5 to 15 form part of these financial statements.

EXHALATION TECHNOLOGY LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2024**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 August 2023 (as previously stated)	270,197	13,503,689	-	(13,638,296)	135,590
Prior year adjustment (note 12)	-	-	230,245	(230,245)	-
At 1 August 2023 (as restated)	<u>270,197</u>	<u>13,503,689</u>	<u>230,245</u>	<u>(13,868,541)</u>	<u>135,590</u>
Loss for the year (as restated)	-	-	-	(486,597)	(486,597)
Shares issued during the year	35,713	491,066	-	-	526,779
Warrant payment charge (as restated)	-	-	89,852	-	89,852
AT 31 JULY 2024	<u><u>305,910</u></u>	<u><u>13,994,755</u></u>	<u><u>320,097</u></u>	<u><u>(14,355,138)</u></u>	<u><u>265,624</u></u>

The notes on pages 5 to 15 form part of these financial statements.

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

1. GENERAL INFORMATION

The company is a private company limited by shares and incorporated in England & Wales. Its registered office is 50/60 Station Road, Cambridge, CB1 2JH.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The Company incurred a loss for the year and at 31 July 2025 had net liabilities of £110,751 (2024 - net assets of £265,624).

The Company is dependent on support from investors while it continues to prove its technology through research and development activities, in order that in the future it can use the technology to generate significant net cash inflows.

Taking into account future funding receipts to fund current and projected levels of expenditure, the directors are confident that the Company will be able to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements, and accordingly the financial statements have been prepared on a going concern basis.

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

2. ACCOUNTING POLICIES (CONTINUED)**2.3 FOREIGN CURRENCY TRANSLATION****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 TURNOVER

Turnover comprises revenue recognised by the Company in respect of medical testing kits during the year, exclusive of Value Added Tax and trade discounts. Revenue is recognised as the fair value of the consideration received or receivable and is recognised on the date of invoice.

2.5 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.6 RESEARCH AND DEVELOPMENT

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

2. ACCOUNTING POLICIES (CONTINUED)**2.8 TAXATION**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.9 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.10 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	10% straight line
Office equipment	-	50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

2. ACCOUNTING POLICIES (CONTINUED)**2.12 STOCKS**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.13 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

2. ACCOUNTING POLICIES (CONTINUED)**2.16 FINANCIAL INSTRUMENTS**

The Company has elected to apply the provisions of Sections 11 and 12 of FRS 102 in respect of its financial instruments. Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Basic financial assets, which include other debtors, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and most other receivables due with the operating cycle fall into this category of financial instruments. Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial assets have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the assets original effective interest rate.

Basic financial liabilities, which include trade and other creditors and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade creditors are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Complex financial instruments consist of warrants which are not classified as basic financial instruments. These are initially recognised at fair value on the date the warrant agreement is entered into, and are subsequently measured at fair value with changes in the profit or loss.

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 6 (2024 - 5).

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

4. INTANGIBLE ASSETS

	Licence £
COST	
At 1 August 2024	198,753
At 31 July 2025	198,753
AMORTISATION	
At 1 August 2024	9,938
Charge for the year on owned assets	19,875
At 31 July 2025	29,813
NET BOOK VALUE	
At 31 July 2025	168,940
At 31 July 2024	188,815

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

5. TANGIBLE FIXED ASSETS

	Plant and machinery £	Office equipment £	Total £
COST			
At 1 August 2024	9,500	9,154	18,654
At 31 July 2025	<u>9,500</u>	<u>9,154</u>	<u>18,654</u>
DEPRECIATION			
At 1 August 2024	4,741	9,154	13,895
Charge for the year on owned assets	950	-	950
At 31 July 2025	<u>5,691</u>	<u>9,154</u>	<u>14,845</u>
NET BOOK VALUE			
At 31 July 2025	<u><u>3,809</u></u>	<u><u>-</u></u>	<u><u>3,809</u></u>

6. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 August 2024	77
At 31 July 2025	<u><u>77</u></u>

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

7. DEBTORS

	2025	2024
	£	£
Trade debtors	1,174	21,833
Other debtors	15,956	18,972
Prepayments and accrued income	2,009	3,784
	<u>19,139</u>	<u>44,589</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£	£
Convertible loan notes	227,000	-
Trade creditors	30,762	73,693
Other creditors	235,955	12,187
Accruals and deferred income	13,949	6,335
	<u>507,666</u>	<u>92,215</u>

During the year the Company issued convertible loan notes totalling £227,000 which accrue interest at 8% p.a. The loan notes carry the option to convert into Ordinary shares on a qualifying financing round in which the Preference shares are redesignated as Ordinary shares. As this has not happened, the loan balance shall be repaid in full by the longstop date which is 31 December 2025. Therefore these amounts are all shown in creditors due within one year.

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

9. SHARE CAPITAL

	2025	2024
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
2,779,767 (2024 - 2,754,767) Ordinary shares of £0.10 each	277,977	275,477
58,300 (2024 - 58,300) Ordinary B shares of £0.10 each	5,830	5,830
246,029 (2024 - 246,029) Preference shares of £0.10 each	24,603	24,603
	308,410	305,910
	308,410	305,910

Share issue

During the year the Company issued 25,000 Ordinary shares of £0.10 each at a subscription price of £1 each. An amount of £22,500 being the difference between the total consideration of £25,000 and the total nominal value of £2,500 for the shares issued has been included in the share premium account.

Warrants

Between July 2016 and July 2022 the Company granted 15,512 warrants for Ordinary shares at exercise prices varying between £0.01 and £13.66. The warrants are exercisable immediately and expire between July 2026 and July 2032 if unexercised.

Between July 2018 and June 2024 the Company granted 60,630 warrants for Growth shares at exercise prices varying between £0.10 and £1.00. The warrants are only exercisable prior to an exit event.

The fair value of the warrants has been calculated using the Black-Scholes pricing model. The Company recognised a total expense in the year of £93,713 in respect of the fair value of warrant awards.

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

10. WARRANT PAYMENT CHARGE

During the year no warrants were granted, and none expired or were exercised.

	Weighted average exercise price (pence) 2025	Number 2025	Weighted average exercise price (pence) 2024	Number 2024
Outstanding at the beginning of the year	141.0	76,142	268.5	82,142
Granted during the year	-	-	100.0	5,000
Expired during the year	-	-	1093.0	(11,000)
OUTSTANDING AT THE END OF THE YEAR	141.0	76,142	141.0	76,142

Option pricing model used	2024 Black Scholes
Weighted average share price (pence)	683.00
Exercise price (pence)	100.00
Weighted average contractual life (years)	5
Expected volatility	36.23%
Expected dividend growth rate	0%
Risk-free interest rate	4.08%

	2025 £	As restated 2024 £
Equity-settled schemes	93,713	89,852
	93,713	89,852

EXHALATION TECHNOLOGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

11. PRIOR YEAR ADJUSTMENT

During the current year the Directors' identified that no share based payment charge had been recognised in prior periods in respect of the Company's share option scheme. As the cumulative charge is material to the Company's financial statements this represents a material prior year error.

In accordance with FRS 102, a prior year adjustment has been made to reflect the cumulative share based payment charge which should be recognised as a cost with a corresponding entry into equity. A new reserve, titled "Other Reserve", has been introduced to reflect the equity component of the share-based payments.

The adjustments have been applied as follows:

- Year ended 31 July 2023: A charge of £230,245 has been recognised in the profit and loss, with a corresponding credit to the newly created Other Reserve.
- Year ended 31 July 2024: A further charge of £89,852 has been recognised in the profit and loss, with a corresponding credit to Other Reserve.

The cumulative effect of these adjustments is a reduction in the profit and loss account of £320,097 and an increase of £320,097 in Other Reserves at 31 July 2024.

12. POST BALANCE SHEET EVENTS

On 23 September 2025, the Company issued 2,999,880 Ordinary shares of £0.10 each for a total consideration of £299,988.