

**Wellair Group Limited and its  
Subsidiaries**

**Directors' Report and Financial Statements**

**For the financial year ended 31 December 2023**

## Wellair Group Limited and its Subsidiaries

### Company Information

<b>Directors</b>	William Gerard McCabe William Beamish Elaine Coughlan Todd Pope (American) (resigned 18 January 2023) Jonathan Paul Khiam Bee Lim (American) (resigned 5 April 2023) Brian Chee (American) (resigned 13 April 2023) Yulong Wang (American) (resigned 24 April 2023)
<b>Company secretary</b>	Eric Murphy
<b>Registered number</b>	548863
<b>Registered office</b>	Oyster Point Temple Road Blackrock Dublin
<b>Independent auditor</b>	BDO Statutory Audit Firm Block 3, Miesian Plaza 50-58 Baggot Street Lower Dublin 2
<b>Bankers</b>	Bank of Ireland Blackrock Co. Dublin
<b>Solicitors</b>	Flynn O'Driscoll 1 Grant's Row Mount Street Lower Dublin 2

## Wellair Group Limited and its Subsidiaries

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## Wellair Group Limited and its Subsidiaries

### Directors' Report For the year ended 31 December 2023

The directors present their annual report and the audited financial statements for the year ended 31 December 2023.

#### Principal activities

The principal activity of the Group is the development and sale of air purification and disinfection equipment.

#### Business review

The Directors note the post pandemic slowdown of the global air purification market has continued in 2023. The Board & Management have continued to keep the group's cost basis under ongoing review and taken further action to reduce expenditure where appropriate. At the date of signing of these financial statements, the Group is debt free and has sufficient cash reserves to invest prudently when growth opportunities arise.

#### Results and dividends

The loss for the year, after taxation, amounted to \$593,579 (2022 - \$32,362,650).

#### Directors Interest in ultimate parent company

In accordance with Section 329 of the Companies Act 2014, the directors' shareholdings and the movements therein during the year ended 31 December 2023 were as follows:

William McCabe controls Oyster Technology Investments Ltd, which is a shareholder in Wellair Group Limited.

At the balance sheet date it held the following shares in the Group:

Ordinary Shares 161,317,700  
Preferred B1 Shares 14,136,993  
Preferred C1 Shares 14,391,940  
Preferred C2 Shares 34,636,024  
Preferred C3 Shares 13,706,610

The number of shares held by Oyster Technology Investments Limited at the balance sheet date represents 27% of the total shares in issue.

William Beamish's shares in the Company are shown below:

	Company	Class of shares	2023	2022
William Beamish	Wellair Group Limited	Series B Ordinary	210,098	210,098
William Beamish	Wellair Group Limited	Series B Preferred	706,849	706,849
William Beamish	Wellair Group Limited	Series C4 Convertible	4,631,059	4,631,059

As at 31 December 2023, William Beamish had 2,530,000 share options outstanding and William McCabe had 25,300,000 share options outstanding.

**Wellair Group Limited and its Subsidiaries**

**Directors' Report (continued)  
For the year ended 31 December 2023**

**Accounting records**

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's accounting records are maintained at the Company's registered office at Oyster Point, Temple Road, Blackrock, Dublin.

**Statement on relevant audit information**

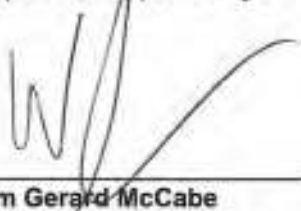
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**Auditor**

The auditor, BDO, continues in office in accordance with section 383(2) of the Companies Act 2014.

This report was approved by the board on 25 February 2026 and signed on its behalf.



**William Gerard McCabe**  
Director



**Elaine Coughlan**  
Director

## **Wellair Group Limited and its Subsidiaries**

### **Directors' Responsibilities Statement For the year ended 31 December 2023**

The directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare the Group and Company financial statements for each financial year. Under the law, the directors have elected to prepare the Group and Company financial statements in accordance with the Companies Act 2014 and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law, the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group as at the financial year end date, of the profit or loss for that financial year and otherwise comply with the Companies Act 2014.

In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for ensuring that the Group keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Group and Company, enable at any time the assets, liabilities, financial position and profit or loss of the Group to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Wellair Group Limited and its Subsidiaries

### Independent Auditor's Report to the Members of Wellair Group Limited and its Subsidiaries

#### Report on the audit of the financial statements

##### Opinion

We have audited the financial statements of Wellair Group Limited and its Subsidiaries (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023, which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its loss for the year then ended;
- the Company Balance Sheet gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023;
- the Group financial statements and Company financial statements have been properly prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Wellair Group Limited and its Subsidiaries

### Independent Auditor's Report to the Members of Wellair Group Limited and its Subsidiaries (continued)

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinion on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' Report is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited, and the Company Balance Sheet is in agreement with the accounting records.

#### Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

#### Respective responsibilities

##### Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

## Wellair Group Limited and its Subsidiaries

### Independent Auditor's Report to the Members of Wellair Group Limited and its Subsidiaries (continued)

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf). This description forms part of our Auditor's Report.

#### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Ronan Harbourn  
for and on behalf of

**BDO**

Statutory Audit Firm  
Block 3, Miesian Plaza  
50-58 Baggot Street Lower  
Dublin 2

25 February 2026

Wellair Group Limited and its Subsidiaries

Consolidated Profit and Loss Account  
For the year ended 31 December 2023

	Note	2023 \$	2022 \$
Turnover	5	14,064,883	20,834,470
Cost of sales		(6,564,443)	(25,232,604)
<b>Gross profit/(loss)</b>		<b>7,500,440</b>	<b>(4,398,134)</b>
Administrative expenses		(8,190,035)	(27,688,901)
Other operating income	6	27,002	-
<b>Operating loss</b>	7	<b>(662,593)</b>	<b>(32,087,035)</b>
Interest payable and similar charges	10	(13,326)	(76,023)
<b>Loss before taxation</b>		<b>(675,919)</b>	<b>(32,163,058)</b>
Tax on loss	11	82,340	(199,592)
<b>Loss for the financial year</b>		<b>(593,579)</b>	<b>(32,362,650)</b>
<b>Loss for the financial year attributable to:</b>			
Owners of the Parent Company		(593,579)	(32,362,650)
		<u>(593,579)</u>	<u>(32,362,650)</u>

The notes on pages 15 to 32 form part of these financial statements.

**Wellair Group Limited and Its Subsidiaries**

**Consolidated Statement of Comprehensive Income  
For the year ended 31 December 2023**

	2023	2022
	\$	\$
Loss for the financial year	<u>(593,579)</u>	<u>(32,362,650)</u>
<b>Other comprehensive income/(loss)</b>		
Movement in foreign exchange reserve	<b>(14,646)</b>	<b>(1,111,340)</b>
Movement in Share Based Payments	<b>412,370</b>	<b>896,852</b>
<b>Other comprehensive income/(loss) for the financial year</b>	<u><b>397,724</b></u>	<u><b>(214,488)</b></u>
<b>Total comprehensive income/(loss) for the financial year</b>	<u><b>(195,855)</b></u>	<u><b>(32,577,138)</b></u>
<b>Loss for the financial year attributable to:</b>		
Owners of the Parent Company	<u><b>(593,579)</b></u>	<u><b>(32,362,650)</b></u>
<b>Total comprehensive income/(loss) for the financial year attributable to:</b>		
Owners of the parent company	<u><b>(195,855)</b></u>	<u><b>(32,577,138)</b></u>


The notes on pages 15 to 32 form part of these financial statements.


Wellair Group Limited and its Subsidiaries

Consolidated Balance Sheet  
As at 31 December 2023

	Note	2023 \$	2022 \$
<b>Fixed assets</b>			
Intangible assets	13	1,547,068	2,068,784
Tangible assets	14	198,277	448,040
		<u>1,745,345</u>	<u>2,516,824</u>
<b>Current assets</b>			
Stocks	16	2,493,415	6,135,278
Debtors: amounts falling due within one year	17	2,448,868	3,074,442
Cash at bank and in hand	18	5,789,631	5,296,670
		<u>10,731,914</u>	<u>14,506,390</u>
Creditors: amounts falling due within one year	19	(4,142,120)	(8,492,220)
<b>Net current assets</b>		<u>6,589,794</u>	<u>6,014,170</u>
<b>Total assets less current liabilities</b>		<u>8,335,139</u>	<u>8,530,994</u>
<b>Net assets</b>		<u>8,335,139</u>	<u>8,530,994</u>
<b>Capital and reserves</b>			
Called up share capital presented as equity	22	881	881
Share premium account	23	52,203,798	52,203,798
Foreign exchange reserve	23	(4,790,474)	(4,775,828)
Other reserves	23	-	(251,589)
Share based payment reserve	23	329,472	638,418
Profit and loss account	23	(39,408,538)	(39,282,686)
<b>Shareholders' funds</b>		<u>8,335,139</u>	<u>8,530,994</u>

The financial statements were approved and authorised for issue by the board:

  
William Gerard McCabe  
Director

  
Elaine Coughlan  
Director

Date: 25 February 2026

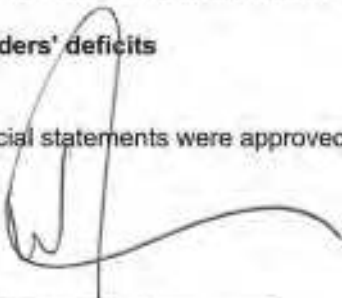
The notes on 15 to 32 form part of these financial statements.


Wellair Group Limited and its Subsidiaries

Company Balance Sheet  
As at 31 December 2023

	Note	2023 \$	2022 \$
Financial assets	15	231	231
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	29	29
		<u>29</u>	<u>29</u>
Creditors: amounts falling due within one year	19	(1,596,079)	(1,596,079)
<b>Net current liabilities</b>		<b>(1,596,050)</b>	<b>(1,596,050)</b>
<b>Total assets less current liabilities</b>		<b>(1,595,819)</b>	<b>(1,595,819)</b>
<b>Net liabilities</b>		<b>(1,595,819)</b>	<b>(1,595,819)</b>
<b>Capital and reserves</b>			
Called up share capital presented as equity	22	881	881
Share premium account	23	52,203,798	52,203,798
Other reserves	23	-	(251,589)
Share based payment reserve	23	329,472	636,418
Profit and loss account brought forward		(54,185,327)	(13,905,502)
Loss for the year		(412,370)	(54,838,135)
Other Movement		467,727	14,558,310
		<u>(54,129,970)</u>	<u>(54,185,327)</u>
<b>Shareholders' deficits</b>		<b>(1,595,819)</b>	<b>(1,595,819)</b>

The financial statements were approved and authorised for issue by the board:

  
\_\_\_\_\_  
William Gerard McCabe  
Director

  
\_\_\_\_\_  
Elaine Coughlan  
Director

Date: 25 February 2026

The notes on pages 15 to 32 form part of these financial statements.

Wellfair Group Limited and its Subsidiaries

Consolidated Statement of Changes in Equity  
For the year ended 31 December 2023

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Share based payment reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$	\$	\$
<b>At 1 January 2022</b>	881	52,203,798	(3,664,488)	(251,589)	490,824	(21,478,346)	27,301,080
<b>Comprehensive income for the year</b>							
Loss for the year	-	-	-	-	-	(32,362,650)	(32,362,650)
Movement in foreign exchange reserve	-	-	(1,111,340)	-	-	-	(1,111,340)
Share Based Payments Movement	-	-	-	-	896,852	-	896,852
Preference share dividend	-	-	-	-	-	13,807,052	13,807,052
Transfer to/from profit and loss account	-	-	-	-	(751,258)	751,258	-
<b>At 1 January 2023</b>	881	52,203,798	(4,775,828)	(251,589)	636,418	(39,282,686)	8,530,994
<b>Comprehensive income for the year</b>							
Loss for the year	-	-	-	-	-	(593,579)	(593,579)
Movement in foreign exchange reserve	-	-	(14,646)	-	-	-	(14,646)
Share Based Payments Movement	-	-	-	-	412,370	-	412,370
Transfer to/from profit and loss account	-	-	-	-	(719,316)	719,316	-
Other Reserves Movement	-	-	-	251,589	-	(251,589)	-
<b>At 31 December 2023</b>	881	52,203,798	(4,790,474)	-	329,472	(39,408,538)	8,335,139

The notes on pages 15 to 32 form part of these financial statements.

**Wellair Group Limited and its Subsidiaries**

**Company Statement of Changes in Equity  
For the year ended 31 December 2023**

	Called up share capital	Share premium account	Other reserves	Share based payment reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$	\$
<b>At 1 January 2022</b>	881	52,203,798	(251,589)	490,824	(13,905,502)	38,538,412
Loss for the year	-	-	-	-	(54,838,135)	(54,838,135)
Share Based Payments Movement	-	-	-	896,852	-	896,852
Preference share dividend	-	-	-	-	13,807,052	13,807,052
Transfer to/from profit and loss account	-	-	-	(751,258)	751,258	-
<b>At 1 January 2023</b>	<b>881</b>	<b>52,203,798</b>	<b>(251,589)</b>	<b>636,418</b>	<b>(54,185,327)</b>	<b>(1,595,819)</b>
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(412,370)	(412,370)
Share Based Payments Movement	-	-	-	412,370	-	412,370
Transfer to/from profit and loss account	-	-	-	(719,316)	719,316	-
Other Reserves Movement	-	-	251,589	-	(251,589)	-
<b>At 31 December 2023</b>	<b>881</b>	<b>52,203,798</b>	<b>-</b>	<b>329,472</b>	<b>(54,129,970)</b>	<b>(1,595,819)</b>

The notes on pages 15 to 32 form part of these financial statements.

**Wellair Group Limited and its Subsidiaries**

**Consolidated Statement of Cash Flows  
For the year ended 31 December 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Loss for the financial year	(593,579)	(32,362,650)
<b>Adjustments for:</b>		
Amortisation of intangible assets	521,716	3,344,869
Depreciation of tangible assets	249,763	405,008
Interest paid	13,326	12,986,223
Taxation charge	(82,340)	199,592
Decrease in stocks	3,641,862	13,418,620
Decrease in debtors	750,662	9,458,601
Decrease in creditors	(3,750,028)	(4,650,342)
Corporation tax (paid)	(75,078)	(194,764)
Share Based Payments	412,370	896,852
<b>Net cash generated from/(used in) operating activities</b>	<b>1,088,674</b>	<b>3,502,009</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(582,387)	(801,709)
Interest paid	(13,326)	(12,986,223)
<b>Net cash (used in)/from financing activities</b>	<b>(595,713)</b>	<b>(13,787,932)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>492,961</b>	<b>(10,285,923)</b>
Cash and cash equivalents at beginning of year	5,296,670	15,582,593
<b>Cash and cash equivalents at the end of year</b>	<b>5,789,631</b>	<b>5,296,670</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	5,789,631	5,296,670

The notes on pages 15 to 32 form part of these financial statements.

Wellair Group Limited and its Subsidiaries

Consolidated Analysis of Net Debt  
For the year ended 31 December 2023

	At 1 January 2023 \$	Cash flows \$	At 31 December 2023 \$
Cash at bank and in hand	5,296,670	492,961	5,789,631
Debt due after 1 year	801,709	(801,709)	-
Debt due within 1 year	(1,384,096)	1,384,096	-
	<u>4,714,283</u>	<u>1,075,348</u>	<u>5,789,631</u>

The notes on pages 15 to 32 form part of these financial statements.

## Wellair Group Limited and its Subsidiaries

### Notes to the Financial Statements For the year ended 31 December 2023

#### 1. General information

Wellair Group Limited is a company limited by shares incorporated in the Republic of Ireland. Oyster Point, Temple Road, Blackrock, Dublin is the registered office. The nature of the Company's operations and its principal activities are set out in the Directors' Report. The financial statements have been presented in United States Dollar (\$) which is also the functional currency of the Company.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and Irish statute comprising of the Companies Act 2014.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 4).

The Company has taken advantage of the exemption allowed under section 304 of the Companies Act 2014 and has not presented its own Profit and Loss Account in these financial statements.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### 2.3 Going concern

The Group made a loss for the year ended 31 December 2023 of \$0.6m (2022 - \$32m) and the net assets stood at \$8m (2022 - \$8.5m) at that date.

The Directors note the post pandemic slowdown of the global air purification market has continued in 2023. The Board & Management have continued to keep the company's cost basis under ongoing review and taken further action to reduce expenditure where appropriate. At the date of signing of these financial statements, the company is debt free and has sufficient cash reserves to invest prudently when growth opportunities arise.

Noting the above the directors believe it is appropriate to prepare these financial statements on a going concern basis.

**Wellair Group Limited and its Subsidiaries**

**Notes to the Financial Statements  
For the year ended 31 December 2023**

**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Group's functional and presentational currency is USD.

**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 Consolidated 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'.

On consolidation, the results of overseas operations are translated into Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

## Wellair Group Limited and its Subsidiaries

### Notes to the Financial Statements For the year ended 31 December 2023

#### 2. Accounting policies (continued)

#### 3. Share Based Payments Options

Wellair Group issues equity-settled and cash-settled share based payments to certain employees (including directors). Equity-settled share based payments are measured at fair value at the date of grant. The fair value at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest.

Where share options are awarded to subsidiary employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

For cash-settled share based payments, a liability equal to the portion of the services rendered is recognised at the current fair value determined at each balance sheet date.

Notes to the Financial Statements  
For the year ended 31 December 2023

**2. Accounting policies (continued)**

**3.1 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**3.2 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.

**3.3 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**3.4 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

Notes to the Financial Statements  
For the year ended 31 December 2023

2. Accounting policies (continued)

3.5 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 and the Group operate and generate income.

3.6 Intangible assets

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Profit and Loss Account over its useful economic life.

**Other 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.

3.7 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:

Fixtures and fittings	-	33.33%
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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.

Notes to the Financial Statements  
For the year ended 31 December 2023

2. Accounting policies (continued)

3.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

3.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

3.10 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 first in, first out 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.

3.11 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.

3.12 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

3.13 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.

3.14 Financial instruments

The Group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Group has elected to apply the recognition and measurement provisions of IFRS 9 Financial

## Wellfair Group Limited and its Subsidiaries

### Notes to the Financial Statements For the year ended 31 December 2023

#### 2. Accounting policies (continued)

##### 3.14 Financial instruments (continued)

Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Group's Balance Sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables, 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 Group's cash and cash equivalents, trade and most other debtors due with the operating cycle fall into this category of financial instruments.

##### **Other financial assets**

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Notes to the Financial Statements  
For the year ended 31 December 2023

2. Accounting policies (continued)

3.14 Financial instruments (continued)

**Impairment of financial assets**

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 asset(s) 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 asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

**Basic financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies 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 payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables 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.

**Other financial instruments**

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

## Wellair Group Limited and its Subsidiaries

### Notes to the Financial Statements For the year ended 31 December 2023

#### 2. Accounting policies (continued)

##### 3.14 Financial Instruments (continued)

###### Derecognition of financial instruments

###### Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Group transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Group will continue to recognise the value of the portion of the risks and rewards retained.

###### Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

##### 3.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### 4. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make judgments and estimates in relation to depreciation on tangible assets, amortisation of intangible assets, accruals, and bad debt provisions for trade debtors. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of the assets.

#### 5. Turnover

An analysis of turnover by class of business is as follows:

	2023	2022
	\$	\$
Sale of air purification units and disinfection equipment	<u>14,064,883</u>	<u>20,834,470</u>

#### 6. Other operating income

	2023	2022
	\$	\$
Other operating income	<u>27,002</u>	<u>-</u>

**Wellair Group Limited and its Subsidiaries**

**Notes to the Financial Statements  
For the year ended 31 December 2023**

**7. Loss on ordinary activities before taxation**

The operating loss is stated after charging/(crediting):

	2023	2022
	\$	\$
Research and development charged as an expense	384,614	2,418,624
Depreciation of tangible fixed assets	249,763	405,008
Amortisation of intangible assets, including goodwill	521,716	752,500
Impairment of intangible assets	-	(2,113,435)
Exchange differences	(6,714)	298,021
	(6,714)	298,021

**8. Auditor's remuneration**

During the year, the Group obtained the following services from the Group's auditor:

	2023	2022
	\$	\$
Fees payable to the Group's auditor for the audit of the Group's financial statements	50,000	50,000
	50,000	50,000

**9. Employees**

Staff costs were as follows:

	2023	2022
	\$	\$
Wages and salaries	4,405,790	11,634,354
Social insurance costs	335,015	830,159
Other compensation costs	270,242	3,843,760
	4,991,047	16,308,273

The average monthly number of employees, including the directors, during the year was as follows:

	2023	2022
	No.	No.
Finance	4	6
Sales	7	40
Admin	3	14
R&D	2	10
Marketing	5	5
Operations	4	6
	25	81

Wellair Group Limited has no employees other than the directors, who did not receive any remuneration in 2023 (2022 - \$NIL).

Wellair Group Limited and its Subsidiaries

Notes to the Financial Statements  
For the year ended 31 December 2023

10. Interest payable and similar expenses

	2023 \$	2022 \$
Interest payable to credit institutions	<u>13,326</u>	<u>76,023</u>

11. Taxation

	2023 \$	2022 \$
<b>Corporation tax</b>		
Current tax on losses for the year	<u>(82,340)</u>	<u>199,592</u>
<b>Total current tax</b>	<u>(82,340)</u>	<u>199,592</u>

**Factors affecting tax (credit)/charge for the year**

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in Ireland of 12.5% (2022 - 12.5%). The differences are explained below:

	2023 \$	2022 \$
Loss on ordinary activities before tax	<u>(675,919)</u>	<u>(32,163,058)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2022 - 12.5%)	<u>(84,490)</u>	<u>(4,020,382)</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	17,531	18,518
R&D Tax Refund	(88,206)	-
US State and other taxes	11,115	-
Losses carried forward	61,710	4,201,456
<b>Total tax (credit)/charge for the year</b>	<u>(82,340)</u>	<u>199,592</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

Wellair Group Limited and its Subsidiaries

Notes to the Financial Statements  
For the year ended 31 December 2023

12. Dividends

	2023 \$	2022 \$
Reversal of dividends previously accrued	-	(13,807,052)

13. Intangible assets

Group and Company

	Patents \$	Trademarks \$	Customer Relationships \$	Goodwill \$	Total \$
<b>Cost</b>					
At 1 January 2023	1,200,000	480,000	940,000	3,241,000	5,861,000
At 31 December 2023	1,200,000	480,000	940,000	3,241,000	5,861,000
<b>Amortisation</b>					
At 1 January 2023	709,091	312,000	611,000	2,160,125	3,792,216
Charge for the year on owned assets	109,091	48,000	94,000	270,625	521,716
At 31 December 2023	818,182	360,000	705,000	2,430,750	4,313,932
<b>Net book value</b>					
At 31 December 2023	381,818	120,000	235,000	810,250	1,547,068
At 31 December 2022	490,909	168,000	329,000	1,080,875	2,068,784

The intangible Assets gained on acquisition of UVI was fully impaired in prior period, with an impairment charge recognised. As such, it has been removed from both cost and accumulated amortisation in the above note.

Wellair Group Limited and its Subsidiaries

Notes to the Financial Statements  
For the year ended 31 December 2023

14. Tangible fixed assets

Group

	Fixtures and fittings \$
<b>Cost or valuation</b>	
At 1 January 2023	1,068,613
At 31 December 2023	<u>1,068,613</u>
<b>Depreciation</b>	
At 1 January 2023	620,573
Charge for the year	249,763
At 31 December 2023	<u>870,336</u>
<b>Net book value</b>	
At 31 December 2023	<u>198,277</u>
At 31 December 2022	<u>448,040</u>

15. Financial assets

Company

	Investments in subsidiary companies \$
<b>Cost or valuation</b>	
At 1 January 2023	231
At 31 December 2023	<u>231</u>

**Wellair Group Limited and its Subsidiaries**

**Notes to the Financial Statements  
For the year ended 31 December 2023**

**15. Financial assets (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Novaerus UK Limited	Fieldaware UK Limited, Citibase Brighton, 95 Ditchling Road, Brighton, BN1 4ST	Ordinary	100%
Novaerus Ireland Limited	Oyster Point, Temple Road, Blackrock. Co. Dublin	Ordinary	100%
Plasma Air International LLC.	35 Melrose Pl., Stamford, Connecticut 06902	Ordinary	100%
Novaerus US Inc.	Tasman Drive, Santa Clara, California 95054	Ordinary	100%
Novaerus Patents Limited	Oyster Point, Temple Road, Blackrock. Co. Dublin	Ordinary	100%
Novaerus (Shanghai) Consultancy and Management Co. Limited	Building C, No. 888, Huanhu West Second Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone, 201306	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2023 and the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

Name	Profit/(Loss) \$
Novaerus UK Limited	(23,031)
Novaerus Ireland Limited	(879,643)
Plasma Air International LLC.	1,326,997
Novaerus US Inc.	(638,958)
Novaerus Patents Limited	(28,295)
Novaerus (Shanghai) Consultancy and Management Co. Limited	(4,965)

**16. Stocks**

	Group 2023 \$	Group 2022 \$	Company 2023 \$	Company 2022 \$
Finished goods and goods for resale	<u>2,493,415</u>	<u>6,135,278</u>	<u>-</u>	<u>-</u>

There are no material differences between the replacement cost of stock and the Consolidated Balance Sheet amounts.

Wellair Group Limited and its Subsidiaries

Notes to the Financial Statements  
For the year ended 31 December 2023

17. Debtors

	Group 2023 \$	Group 2022 \$	Company 2023 \$	Company 2022 \$
Trade debtors	2,138,147	2,625,346	-	-
Other debtors	-	175,415	29	29
Prepayments	185,634	273,681	-	-
Tax recoverable	125,087	-	-	-
	<u>2,448,868</u>	<u>3,074,442</u>	<u>29</u>	<u>29</u>

18. Cash and cash equivalents

	Group 2023 \$	Group 2022 \$	Company 2023 \$	Company 2022 \$
Cash at bank and in hand	<u>5,789,631</u>	<u>5,296,670</u>	<u>-</u>	<u>-</u>

19. Creditors: Amounts falling due within one year

	Group 2023 \$	Group 2022 \$	Company 2023 \$	Company 2022 \$
Loans owed to credit institutions	-	582,387	-	-
Trade creditors	2,147,492	787,663	-	-
Amounts owed to group companies	-	-	1,584,116	1,584,116
Corporation tax	-	4,894	-	-
Other creditors	720,094	3,899,745	-	-
Accruals	1,274,534	3,217,531	11,963	11,963
	<u>4,142,120</u>	<u>8,492,220</u>	<u>1,596,079</u>	<u>1,596,079</u>

20. Loans

	Group 2023 \$	Group 2022 \$	Company 2023 \$	Company 2022 \$
<b>Amounts falling due within one year</b>				
Bank loans	<u>-</u>	<u>582,387</u>	<u>-</u>	<u>-</u>

Wellair Group Limited and its Subsidiaries

Notes to the Financial Statements  
For the year ended 31 December 2023

21. Financial instruments

	Group 2023 \$	Group 2022 \$	Company 2023 \$	Company 2022 \$
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	<u>7,927,778</u>	<u>7,922,016</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>				
Financial liabilities measured at fair value through profit or loss	<u>(2,867,586)</u>	<u>(5,269,795)</u>	<u>-</u>	<u>-</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand, along with trade debtors.

Financial liabilities measured at fair value through profit and loss comprise of trade payables, loans and other creditors.

**Wellair Group Limited and its Subsidiaries**

**Notes to the Financial Statements  
For the year ended 31 December 2023**

**22. Share capital**

	2023	2022
	\$	\$
<b>Authorised, allotted, called up and fully paid</b>		
182,917,910 (2022 - 182,917,910) Ordinary shares of \$0.000001 each	183	183
73,167,164 (2022 - 73,167,164) Series A Preferred shares of \$0.000001 each	73	73
98,166,381 (2022 - 98,166,381) Series B Preferred shares of \$0.000001 each	98	98
47,286,202 (2022 - 47,286,202) Series B Ordinary shares of \$0.000001 each	47	47
21,722,909 (2022 - 21,722,909) Series B1 Preferred shares of \$0.000001 each	22	22
57,567,760 (2022 - 57,567,760) Series C1 Convertible Preferred shares of \$0.000001 each	58	58
138,544,096 (2022 - 138,544,096) Series C2 Convertible Preferred shares of \$0.000001 each	139	139
89,092,965 (2022 - 89,092,965) Series C3 Convertible Preferred shares of \$0.000001 each	89	89
171,803,273 (2022 - 171,803,273) Series C4 Convertible Preferred shares of \$0.000001 each	172	172
	881	881
	881	881

WellAir Group Limited has cumulative preference shares, which have 6% coupon attached to them. At 31 December 2023 the cumulative dividend owing was \$18,869,048. This has not been provided for in the financial statements as the Company does not currently have distributable reserves to pay it out.

**23. Reserves**

**Share premium account**

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

**Foreign exchange reserve**

This reserve relates to the foreign exchange translation on subsidiary companies.

**Other Reserve**

This reserve relates to an historic FX reserve, which has been moved to retained earnings in 2023.

**Profit and loss account**

This relates to the cumulative profits/losses of the Group to date, net of any dividends paid.

Wellair Group Limited and its Subsidiaries

Notes to the Financial Statements  
For the year ended 31 December 2023

24. Share-based payments

The Company has introduced a share-based payment scheme for a certain number of its employees. The fair value of awards granted is estimated on the date of grant using the Black-Scholes valuation model. The vesting period is between 3 to 4 years. If the options remain unexercised after a period of up to 10 years from the date of grant the options expire. Options are forfeited if the employee leaves the company before the options vest.

	Weighted average exercise price (pence) 2023	Number 2023	Weighted average exercise price (pence) 2022	Number 2022
Outstanding at the beginning of the year	0.0070	138,970,331	0.0075	227,082,395
Granted during the year	0.0070	-	0.005	13,274,567
Forfeited during the year	0.0070	(61,777,677)	0.0075	(101,386,631)
Exercised during the year	0.0070	-	0.0075	-
<b>Outstanding at the end of the year</b>	<b>0.0070</b>	<b>77,192,654</b>	<b>0.0070</b>	<b>138,970,331</b>
			<b>2023</b>	<b>2022</b>
Option pricing model used			<b>Black Scholes</b>	<i>Black Scholes</i>
Exercise price (pence)			-	0.005
Weighted average contractual life (years)			-	4
Expected volatility			-	63%
Risk-free interest rate			-	2.9%
			<b>2023</b>	<b>2022</b>
			<b>\$</b>	<b>\$</b>
Equity-settled schemes			<b>329,472</b>	636,418
			<b>329,472</b>	<b>636,418</b>

25. Approval of financial statements

The board of directors approved these financial statements for issue on 25 February 2026