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for smarter scanning

2019 Preliminary Results

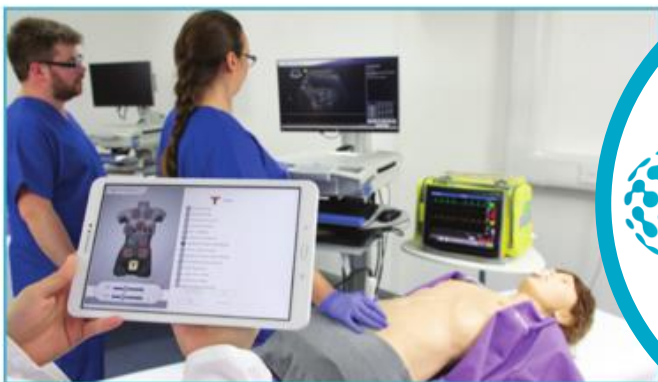
Year ended 31 December 2019 (unaudited)

Transforming ultrasound scanning through AI

HIGHLIGHTS OF THE YEAR

SIMULATION DIVISION

SIMULATION BASED TRAINING IN THE CLASSROOM



Providing a range of hi-fidelity simulators for educating and training ultrasound practitioners and improving patient care by raising scanning standards around the world



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CLINICAL AI DIVISION

AI BASED IMAGE ANALYSIS IN THE CLINIC



Developing a range of AI-based software for real-time guidance and image analysis during ultrasound scanning, to improve the speed and standard of scanning worldwide

- Revenue up 11% to £5.9m
- Gross margin strong at 58%
- Close to divisional EBITDA breakeven
- North America revenue up 53% to £2.7m
- SonoSite co-marketing agreement signed

- First OEM contract signed
- All milestones on target
- Second product at regulatory phase and in commercial discussions
- Image database grown to 4m images



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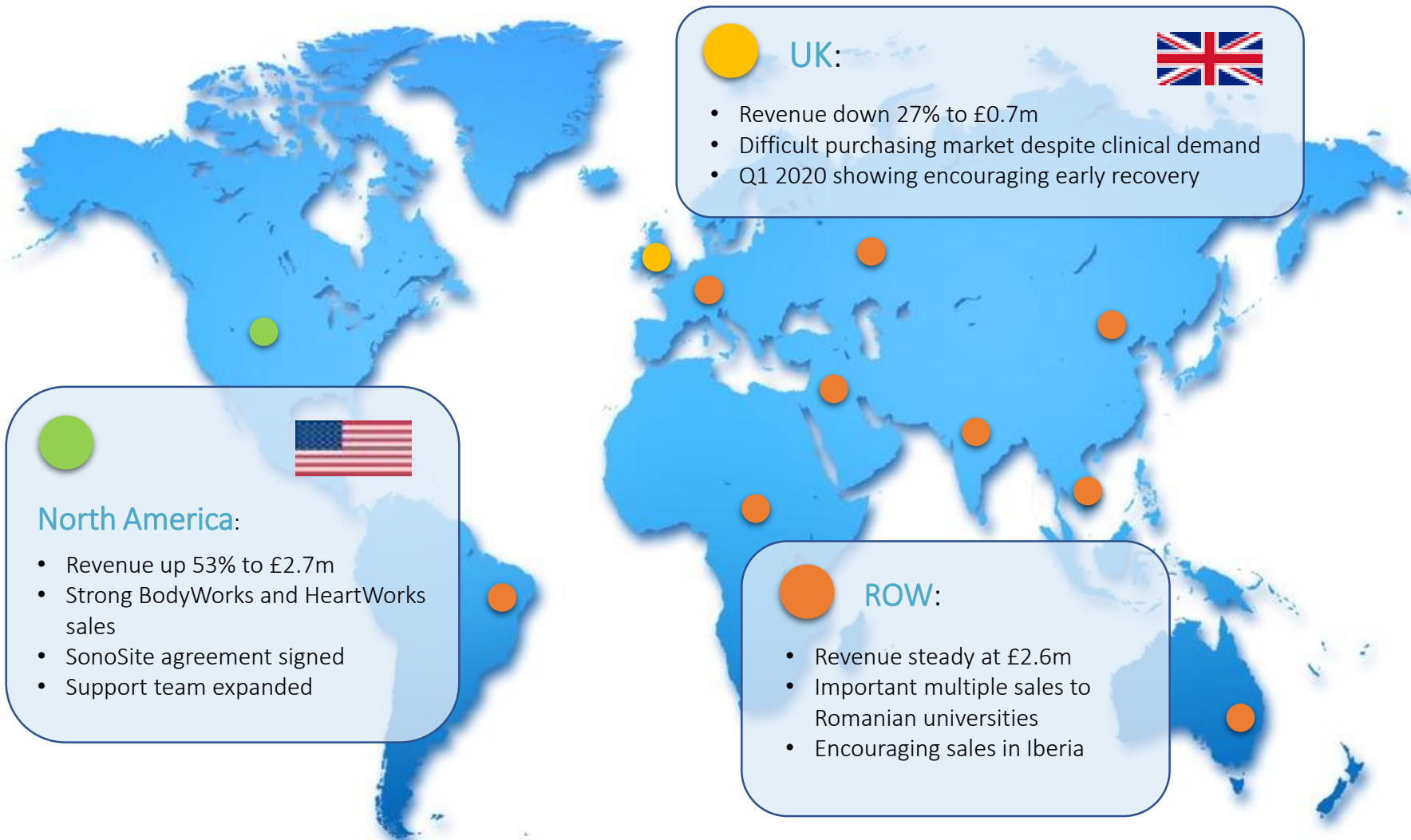
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SIMULATION DIVISION

Training to the highest standards

Simulation Division

Over **850 systems** sold into over **500 medical institutions**



UK:



- Revenue down 27% to £0.7m
- Difficult purchasing market despite clinical demand
- Q1 2020 showing encouraging early recovery



North America:

- Revenue up 53% to £2.7m
- Strong BodyWorks and HeartWorks sales
- SonoSite agreement signed
- Support team expanded

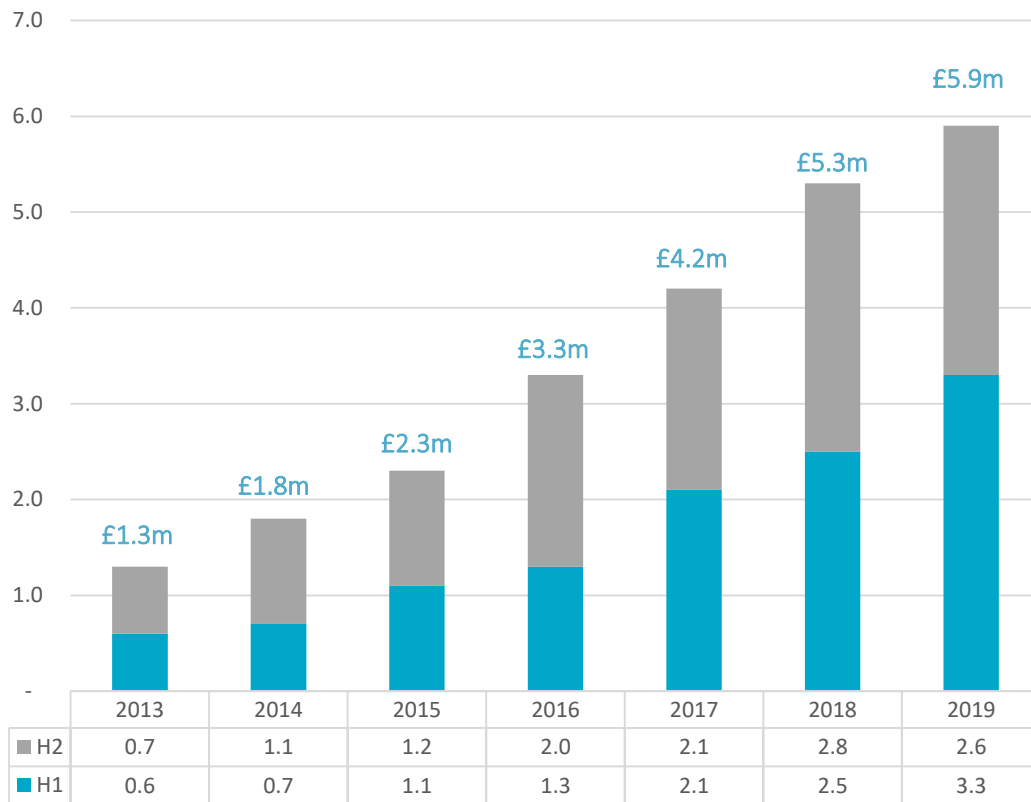


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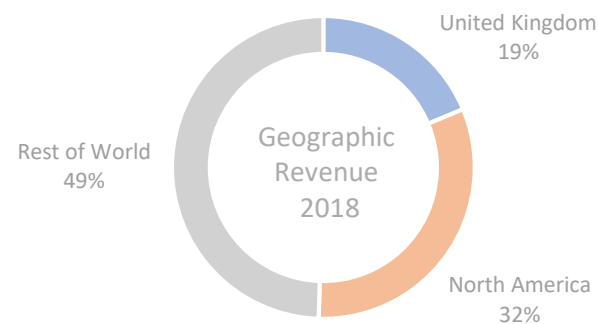
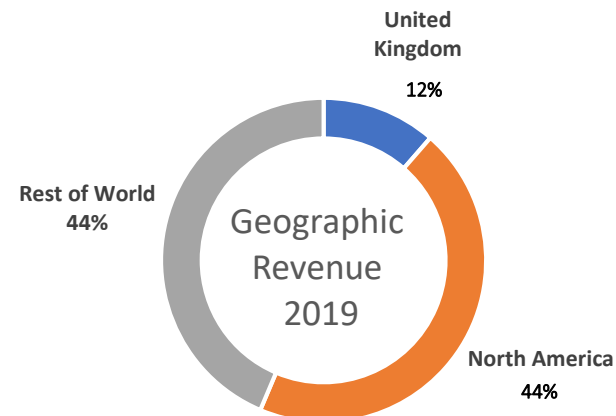
- Revenue steady at £2.6m
- Important multiple sales to Romanian universities
- Encouraging sales in Iberia

Simulation division revenue growth since 2013


Simulation Division Revenue



■ H1 ■ H2



- Post year end launch
- New version of BodyWork's PoCUS simulator released for COVID-19
- Enables hands-on training for frontline clinical staff to use lung ultrasound to diagnose COVID-19 disease
- Free upgrade for all hospital users
- First systems in the UK and US live on 23 March 2020



BODYWORKS | Eve[®]
COVID-19 lung module

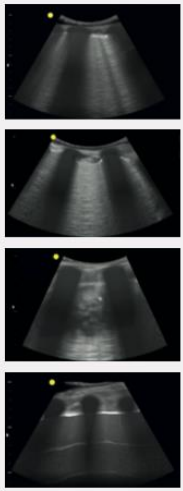

FREE FOR ALL EXISTING & NEW BODYWORKS PoCUS CUSTOMERS

In order to contribute to the fight against the global pandemic, we have developed a **COVID-19 lung ultrasound module** to help frontline clinical staff to practice and train in the use of lung ultrasound as a diagnostic tool in the identification and monitoring of respiratory related COVID-19 disease.

The module includes a video describing the key signs and how to carry out the scan, plus four new cases for live scanning on the ultra realistic Eve manikin:

- COVID-19 example 1 – increased B-lines and thickened irregular pleura.
- COVID-19 example 2 – small bilateral consolidation
- COVID-19 example 3 – large consolidation in the right lung
- New improved normal lung example

As the frontline fight against the virus evolves, we will look to release additional upgrades to the COVID-19 lung ultrasound modules as appropriate.



BodyWorks Eve is an ultra realistic female patient simulator designed for interactive Point of Care Ultrasound (PoCUS) scenario training.

Complete with over 100 real patient scans and over 10,000 pathology variations across cardiac, lung, transabdominal and pelvic ultrasound, BodyWorks Eve is designed to meet the training needs of healthcare professionals who wish to practise PoCUS in Emergency Medicine and Critical Care.

For more information please contact us at hello@intelligentultrasound.com or contact your local BodyWorks representative.

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CLINICAL AI DIVISION

Speeding up scanning and reducing misdiagnosis

First global AI licence signed



- First long-term licensing agreement
 - *with one of the world's leading ultrasound manufacturers*
- Integrating our AI image analysis software
 - *onto a global range of ultrasound systems*
- Generating high margin royalty
 - *Revenues expected from 2021*
 - *Following regulatory approval*
- More agreements expected to follow

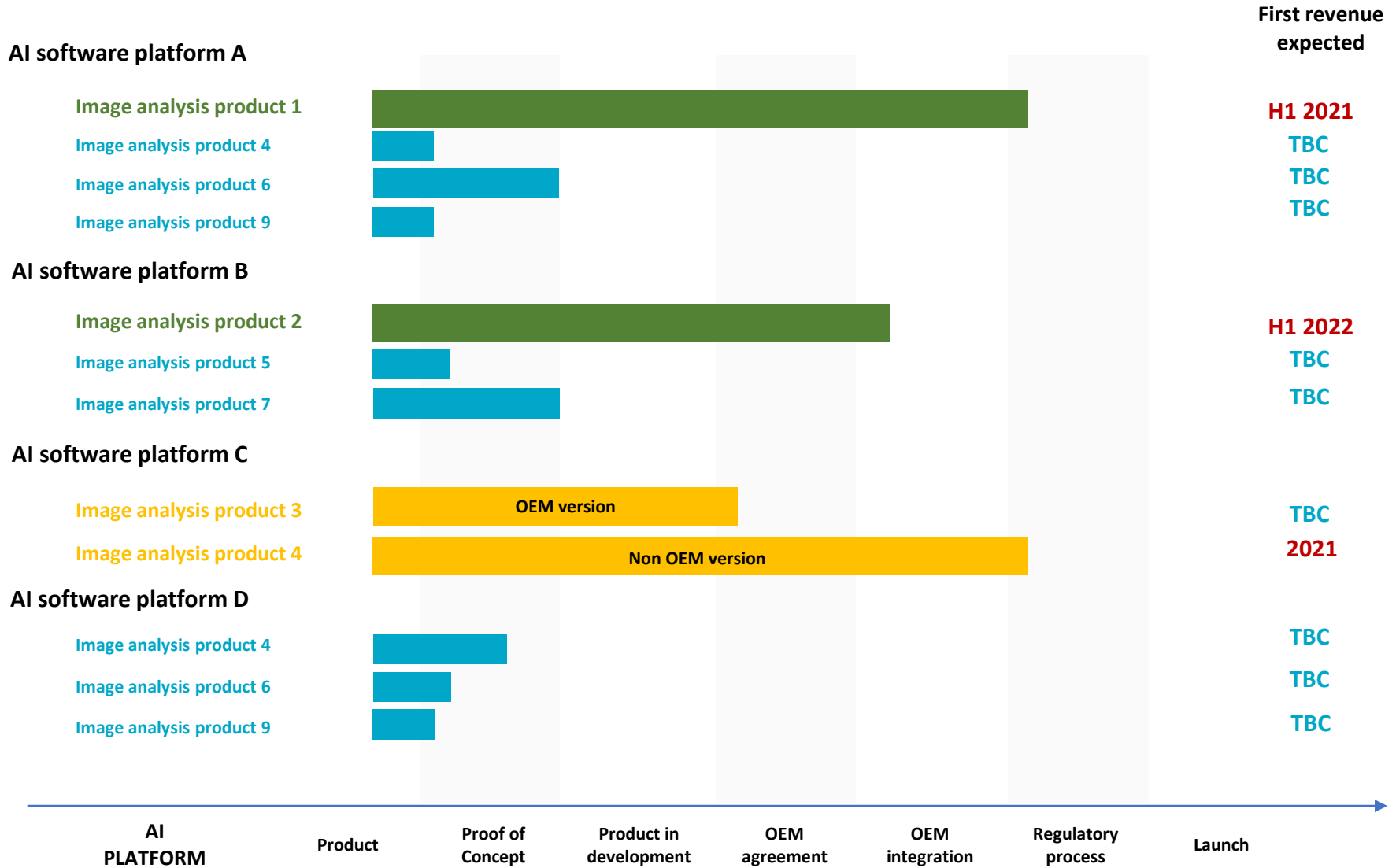


ANATOMYGUIDE™



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Multi-platform, multi-licence strategy



- The recent spread of the COVID-19 virus is impacting all regions in which the Group operates
- There is also considerable uncertainty over the likely duration of the disruption
- To counter any short term slow-down in global simulator sales, we have implemented several cost-saving measures
- This will enable the Group's EBITDA in FY2020 to remain in line with expectations
- The outlook for the medium and long term remains unchanged
- Group expects to have sufficient funds to continue its simulation and AI business activities for 12 months
- When the revenues from its first AI software licence agreement are expected to come on stream



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FINANCIALS

2019 UNAUDITED PRELIMINARY RESULTS

CONSOLIDATED INCOME STATEMENT

	Unaudited 2019	Audited 2018
	£	£
<i>Continuing operations</i>		
REVENUE	5,915,671	5,313,164
Cost of sales	(2,462,207)	(2,479,781)
GROSS PROFIT	3,453,464	2,833,383
Other income	157,314	310,475
Administrative expenses excluding exceptional costs	(8,168,711)	(7,120,434)
Exceptional administrative items	-	362,718
Total administrative costs	(8,011,397)	(6,447,241)
OPERATING LOSS	(4,557,933)	(3,613,858)
Finance costs	(2,002)	(7,402)
LOSS BEFORE INCOME TAX	(4,559,935)	(3,621,260)
Income tax credit	337,517	203,796
LOSS ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT	(4,222,418)	(3,417,464)
OTHER COMPREHENSIVE INCOME		
Items that will or may be reclassified to profit or loss:		
Exchange (loss)/gain arising on translation of foreign operations	(33,453)	844
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(33,453)	844
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT	(4,255,871)	(3,416,620)
LOSS PER ORDINARY SHARE (PENCE) ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT		
Basic and diluted	(2.37)p	(3.59)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 2019 £	Audited 2018 £
NON-CURRENT ASSETS		
Intangible assets	2,331,779	2,886,562
Property, plant and equipment	544,775	417,732
	2,876,554	3,304,294
CURRENT ASSETS		
Inventories	663,240	851,491
Trade and other receivables	2,699,608	1,912,975
Current tax assets	147,517	80,302
Investments (short term deposits)	5,500,000	-
Cash and cash equivalents	1,790,318	5,607,052
	10,800,683	8,451,820
TOTAL ASSETS	13,677,237	11,756,114
CURRENT LIABILITIES		
Trade and other payables	(1,795,698)	(1,467,865)
Deferred income	(325,177)	(311,496)
Lease liabilities	(53,095)	-
Current tax liabilities	-	(100,000)
Provisions	(94,776)	(68,972)
	(2,268,746)	(1,948,333)
NON-CURRENT LIABILITIES		
Deferred income	(108,680)	(160,074)
Deferred taxation	(287,994)	(377,994)
Lease liabilities	(20,340)	-
	(417,014)	(538,068)
TOTAL LIABILITIES	(2,685,760)	(2,486,401)
NET ASSETS	10,991,477	9,269,713
EQUITY AND RESERVES		
Share capital	2,199,968	1,566,278
Share premium	21,653,273	16,437,213
Accumulated losses	(20,074,969)	(15,854,436)
Share-based payment reserve	687,600	561,600
Merger reserve	6,538,023	6,538,023
Foreign exchange reserve	(12,418)	21,035
TOTAL EQUITY	10,991,477	9,269,713

CONSOLIDATED STATEMENT OF CASH FLOWS



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	Unaudited 2019 £	Audited 2018 £
<i>Cash flows from operating activities</i>		
Loss before tax	(4,559,935)	(3,621,260)
Depreciation	334,209	244,957
Amortisation of intangible assets	1,040,032	992,586
Fair value adjustment on contingent consideration	-	(362,718)
Finance costs	2,002	7,402
Share-based payment charge	126,000	148,000
Operating cash flows before movement in working capital	(3,057,692)	(2,591,033)
Movement in inventories	188,251	(438,247)
Movement in trade and other receivables	(786,633)	(203,539)
Movement in trade and other payables	282,570	507,545
Cash used in operations	(3,373,504)	(2,725,274)
Income taxes received	80,302	133,495
NET CASH USED IN OPERATING ACTIVITIES	(3,293,202)	(2,591,779)
<i>Cash flows from investing activities</i>		
Purchase of property, plant and equipment	(355,321)	(361,707)
Disposal of property, plant and equipment	12,194	11,523
Increase in short term deposits	(5,500,000)	-
Internally generated intangible assets	(485,249)	(512,671)
NET CASH USED IN INVESTING ACTIVITIES	(6,328,376)	(862,855)
<i>Cash flows from financing activities</i>		
Issue of new shares	6,336,904	5,078,778
Share issue costs	(487,154)	(260,732)
Principal elements of lease payments	(37,371)	-
Finance costs paid	(2,002)	(7,402)
NET CASH GENERATED FROM FINANCING ACTIVITIES	5,810,377	4,810,644
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,811,201)	1,356,010
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,607,052	4,250,198
Exchange (losses)/gains on cash and cash equivalents	(5,533)	844
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,790,318	5,607,052