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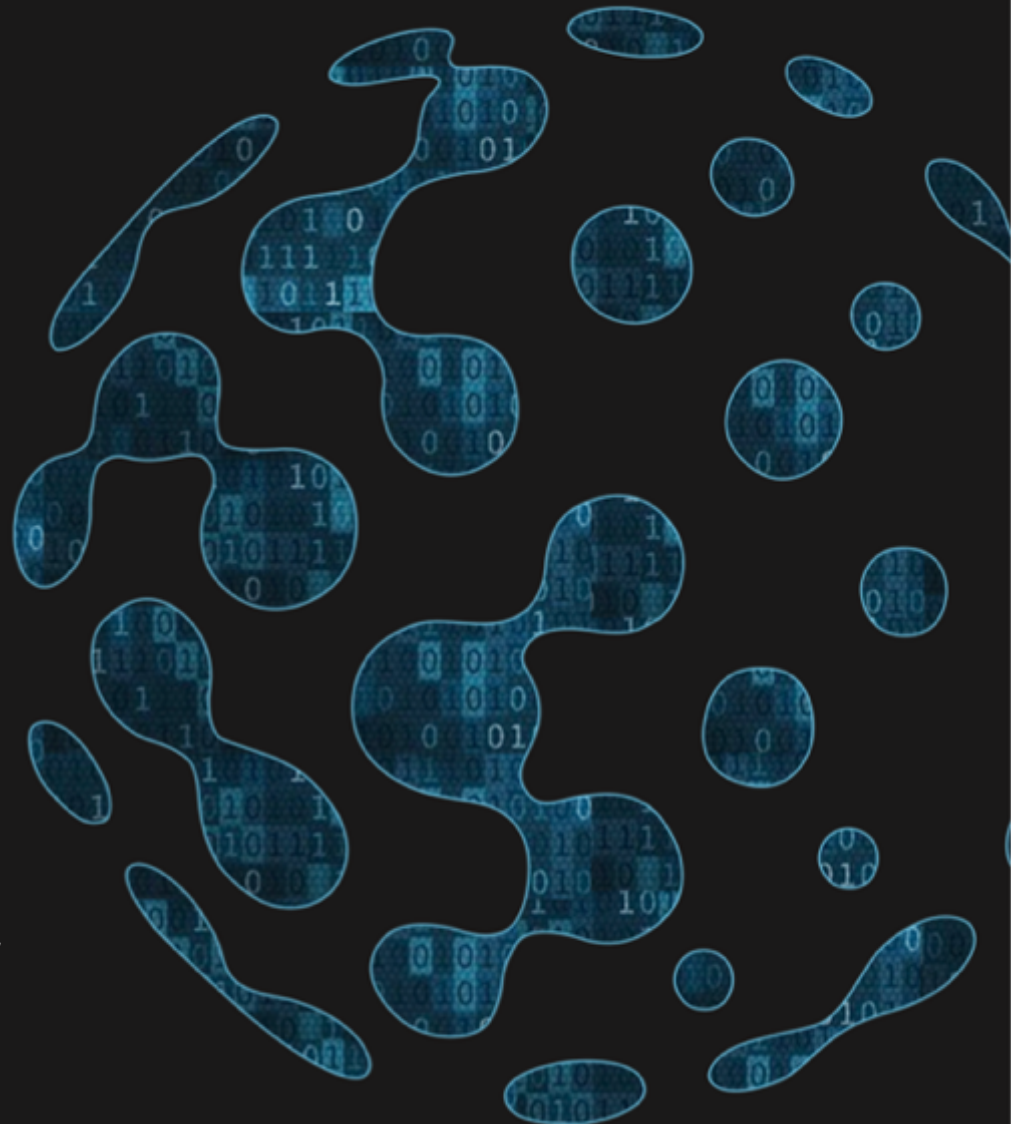
for smarter scanning

Interim Results to 30 June 2020

Stuart Gall *CEO*

Helen Jones *CFO*

Transforming ultrasound scanning through AI



Summary

- Reduced EBITDA loss of £1.2m (H1 2019: £1.3m)*
 - [On Covid19 reduced turnover of £2.5m \(H1 2019: £3.1m\)](#)
- Cash balance of £10.1m (31 Dec 2019: £7.3m)
 - [Placing of £5.2m \(gross\)](#)
- First ScanNav AI revenues remain on track for 2021
- Three further ScanNav AI products in development
 - [AnatomyGuide CE filing submitted 24 July 2020](#)
 - [Covid19 Lung software](#)
 - [Prostate software](#)
- Group is managing impact of Covid19 and remains confident of reaching profitability inflection point with existing funds

*EBITDA is a non-GAAP measure defined as operating loss before depreciation, amortisation and impairment



CLINICAL AI DIVISION

AI based image analysis



Three core ScanNav AI platforms

SCAN NAV[®] ASSIST



Automated image analysis
for protocol-based scanning

Launch product

Undisclosed

Variants include:

Undisclosed

Major OEM license signed

SCAN NAV[®] ANATOMY



Automated anatomy highlighting
for ultrasound guided needling

Launch product

Peripheral Nerve Blocks

Variants include:

Central line access
Interventional Radiology

In CE regulatory approval

In commercial discussions

SCAN NAV[®] DETECT



Automated pathology highlighting
for triaging patients

Products in development

Prostate
Lung (Covid19)

Variants include:

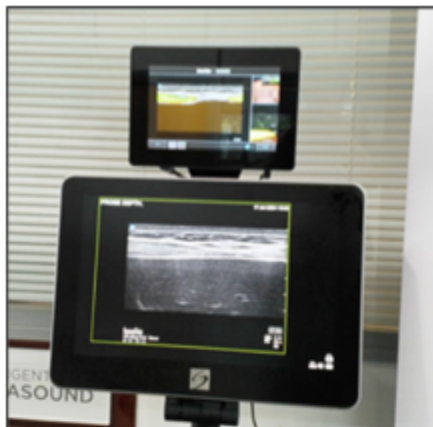
Liver lesions

In development

In commercial discussions



- Long-term licensing agreement
 - *Signed in 2019 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
 - *All internal milestones being met*
 - *Revenues expected from 2021 following regulatory approval*



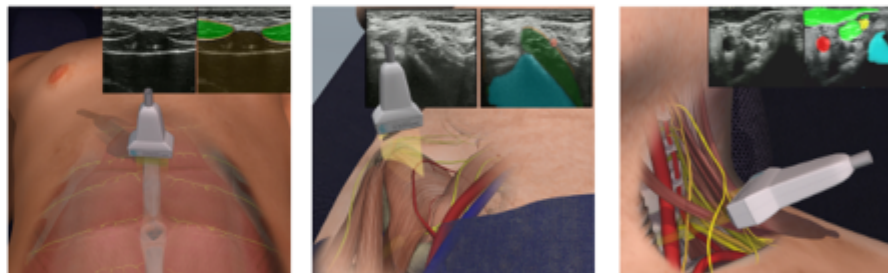
Flip-up screen attaches to ultrasound



■ Blocks for all common procedures:

- Interscalene
- Superior Trunk
- Supraclavicular
- Axillary
- Rectus Sheath
- Suprainguinal Fascia Iliaca
- Adductor Canal
- Popliteal

■ Integrated training videos:



■ Two routes to market:

- Black box retro-fit
 - Components sourced and in production
 - CE submission: 24 July 2020
 - FDA submission: Q3 2020
- Integrated with OEM
 - Remain in discussion with multiple vendors

Covid19/Lung

- Initial concept work completed
- Compatible with AnatomyGuide hardware
- In discussion with potential commercial partners

Prostate

- Initial concept work completed
- In discussion with potential commercial partner



SCAN NAV

ASSIST

Image analysis product 1

Image analysis product 4

Image analysis product 5

Image analysis product 6

Image analysis product 2

Image analysis product 7

Image analysis product 8

Image analysis product 3

First revenue
expected

H1 2021

TBC

TBC

TBC

H1 2022

TBC

TBC

TBC

TBC

SCAN NAV

ANATOMY

Peripheral Nerve Block (OEM)

Peripheral Nerve Block (Add-on)

TBC

2021

SCAN NAV

DETECT

Lung Covid19

Prostate

Liver lesion

TBC

TBC

TBC

AI PLATFORM

Product

Proof of Concept

Product in development

OEM agreement

OEM integration

Regulatory process

SIMULATION DIVISION

Simulation based training



DIRECT SALES

Combined sales up 6% to £1.9m (H12019: £1.8m)

RESELLER SALES

Sales down 54% to £0.6m (H12019: £1.4m)

UK

- Sales doubled to just under £1m
 - H1 2019: £0.5m
- Over 50% of sales were for BodyWorks Eve + Covid19
 - with the new Covid19 training module
- Key frontline role
 - Nightingale hospital training

NORTH AMERICA

- Sales down 29% to £0.9m
 - H1 2019: £1.3m
- ScanTrainer sales doubled
- Optimistic BodyWorks + Covid19 module will lead recovery
- Key frontline role
 - New York VA Harbor Healthcare training

REST OF WORLD

- Sales region most affected by Covid19
- Many hospitals completely inaccessible for whole period
 - China, which makes up large part of ROW sales were severely impacted
- Resellers working hard to rebuild sales as countries reopen

Pre-Covid19

- Exhibitions provide substantial leads for sales pipeline
- All sales through face-to-face sales process in the hospital
 - High cost of travel and accommodation in US
- Multiple visits to demo simulators prior to sale
 - High cost of shipping
 - Multiple demo units can be required

Covid19 (current)

- Increased email campaigns
 - Leads at 80% compared to 2019
- Increasing use of web-based demonstrations
- Online advertising
- Sales occurring without face-to-face demos
- On-going assessment of the impact on
 - The sales pipeline
 - US hospital discretionary spend

Two next generation AI training simulators

SCAN NAV ANATOMY Peripheral Nerve Block

TRAINER



Live ultrasound training tool to highlight PNB structures in real-time to less confident anesthesiologists

Learn all the PNB structures on fellow clinicians prior to scanning on patients

Uses existing ultrasound machine with a discreet pop up screen

Q1 2021

NEEDLETRAINER Live Ultrasound Guided Needling Trainer

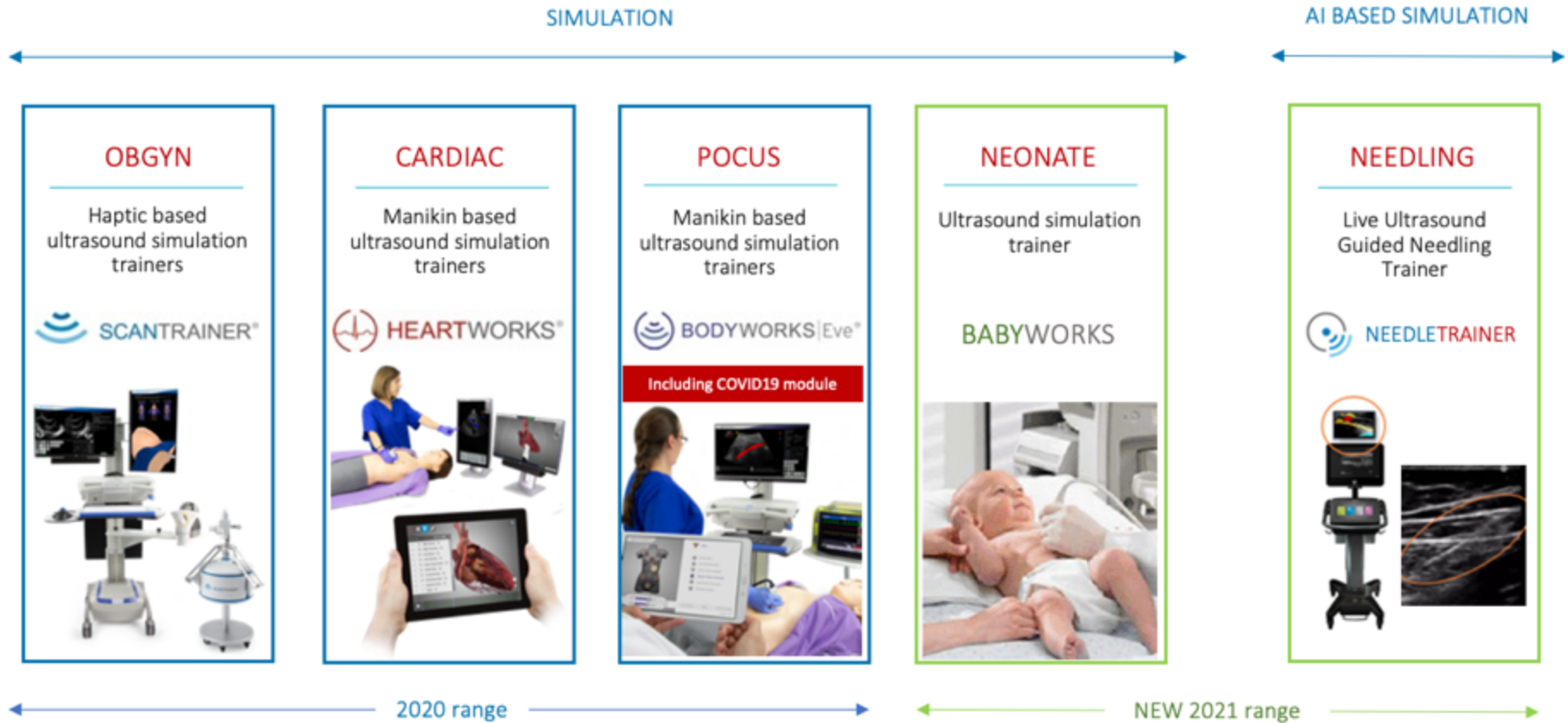


Training simulator to enable clinicians to practice ultrasound guided needling on any part of the body with a real ultrasound machine

Includes ScanNav Anatomy highlighting for PNB

Q1 2021

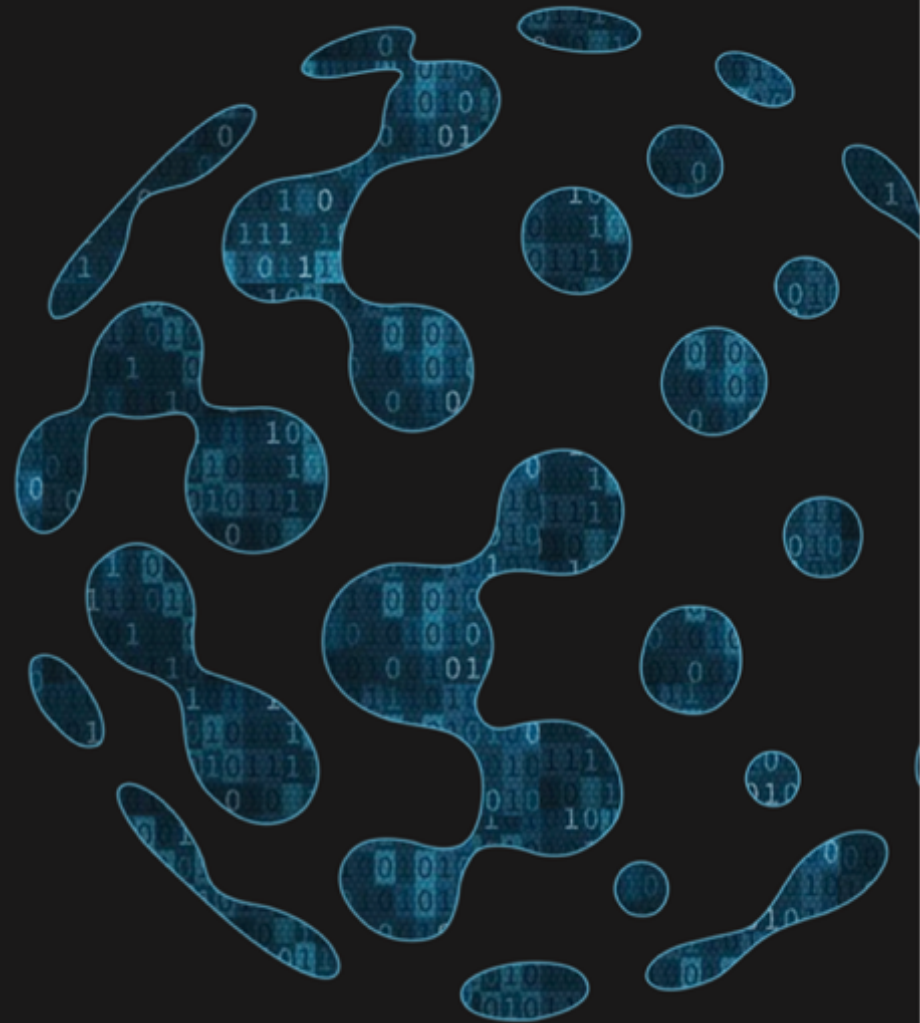
Expanding simulation platform range





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COVID RESPONSE



Cardiff

- All staff working from home
- R&D staff as necessary
- Relocation expected in September

Oxford

- Closed and merged into Cardiff office

Caerphilly

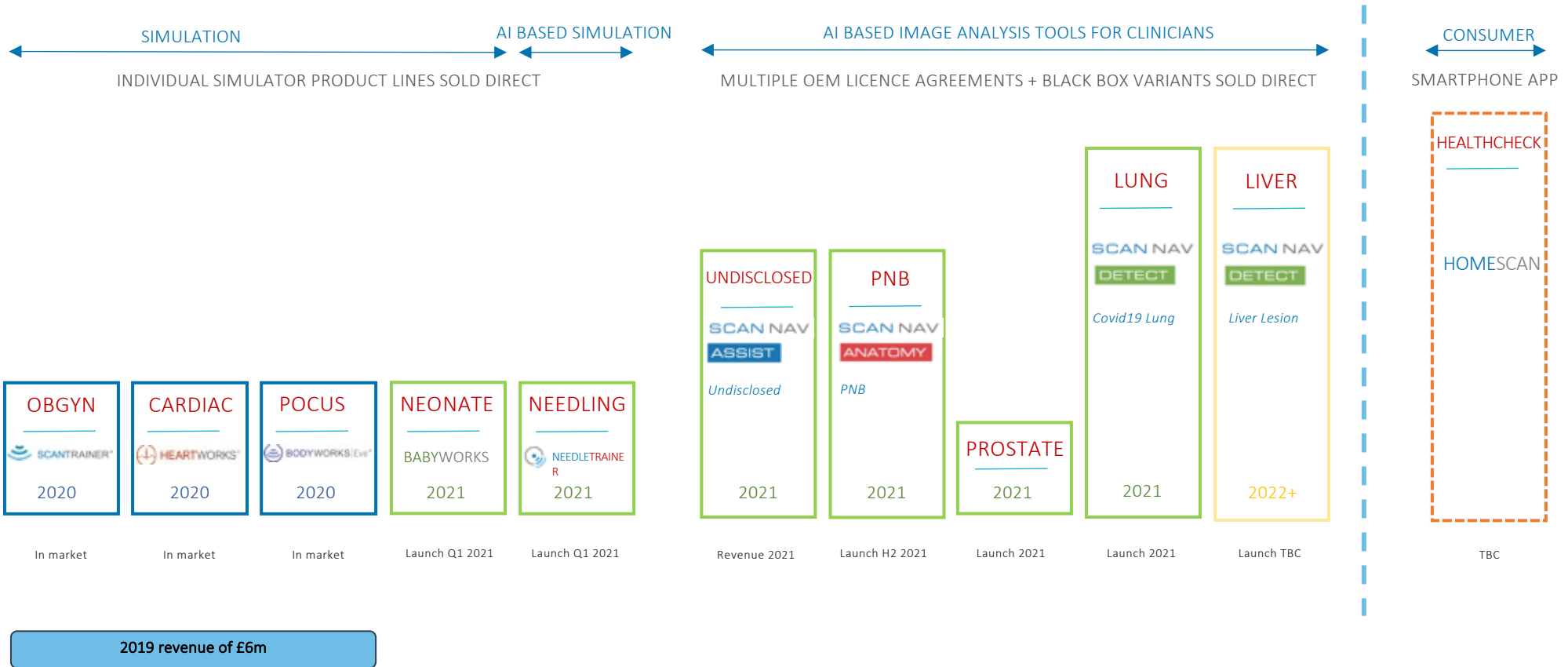
- New dedicated warehouse for current simulation and future clinical AI hardware related sales

Atlanta

- Flexible working to support field sales team and tech support



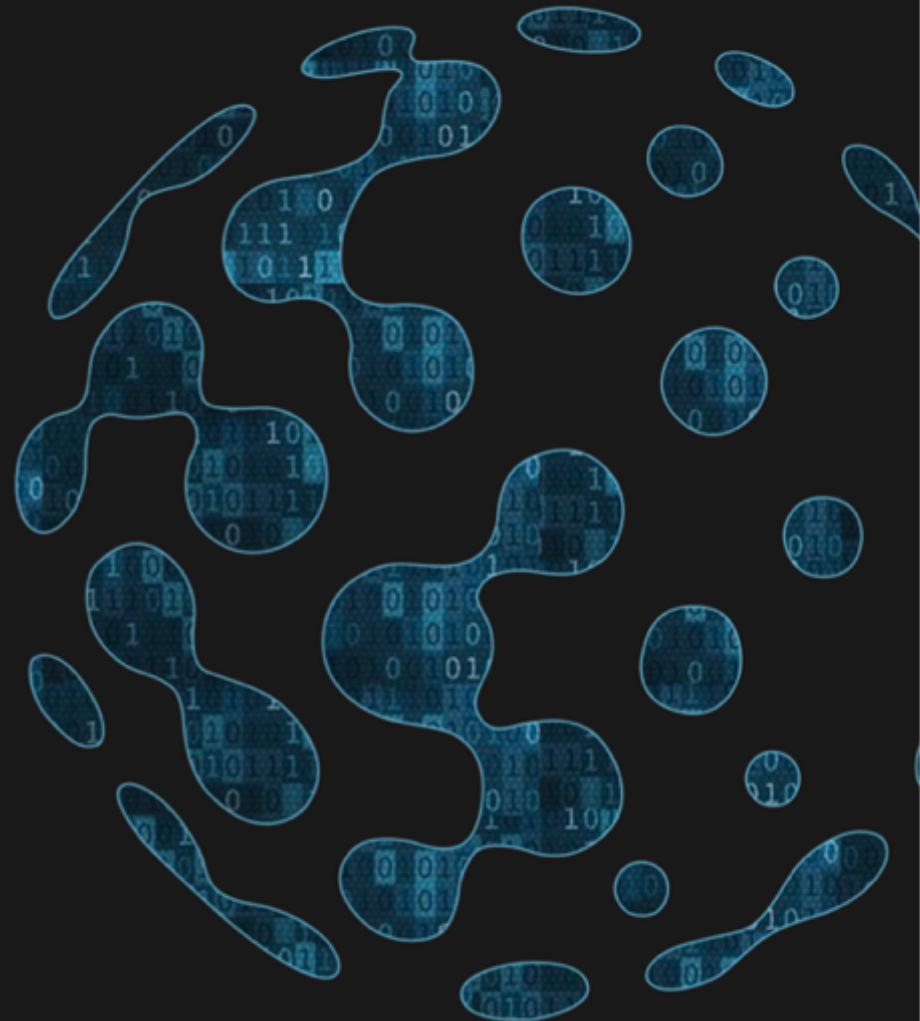
Summary





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FINANCIALS



Summary financials

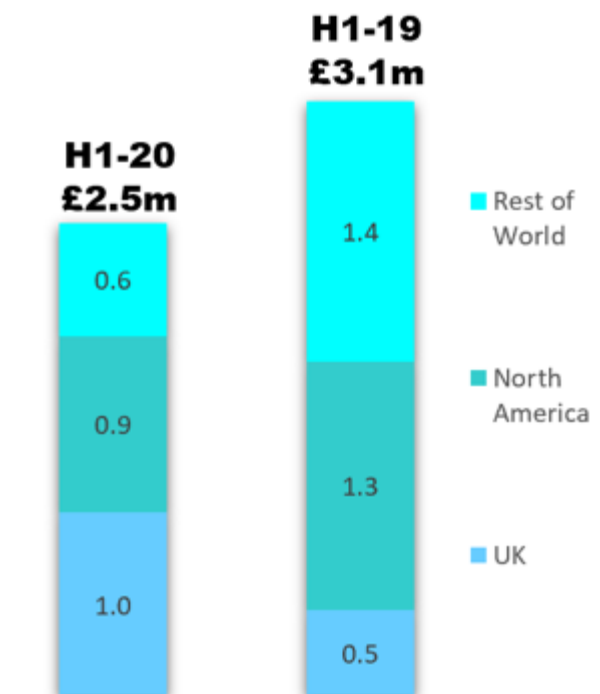


BALANCE SHEET	30 June 2020 £m	31 Dec 2019 £m
Non-current assets	2.8	2.9
Current assets		
Inventory	1.3	0.7
Trade & other receivables	2.2	2.8
Cash	10.1	7.3
Current liabilities	(1.7)	(2.1)
Non-current liabilities	(0.5)	(0.5)
Net assets	14.2	11.1

INCOME STATEMENT	H1 2020 £m	H1 2019 £m
Revenue	2.5	3.1
Gross Profit	1.5	1.8
<i>Gross margin</i>	<i>59%</i>	<i>57%</i>
SG&A	(2.9)	(3.2)
Other income	0.2	0.1
EBITDA loss*	(1.2)	(1.3)
Depreciation, amortisation & share based payments	(0.8)	(0.7)
Operating loss	(2.0)	(2.0)

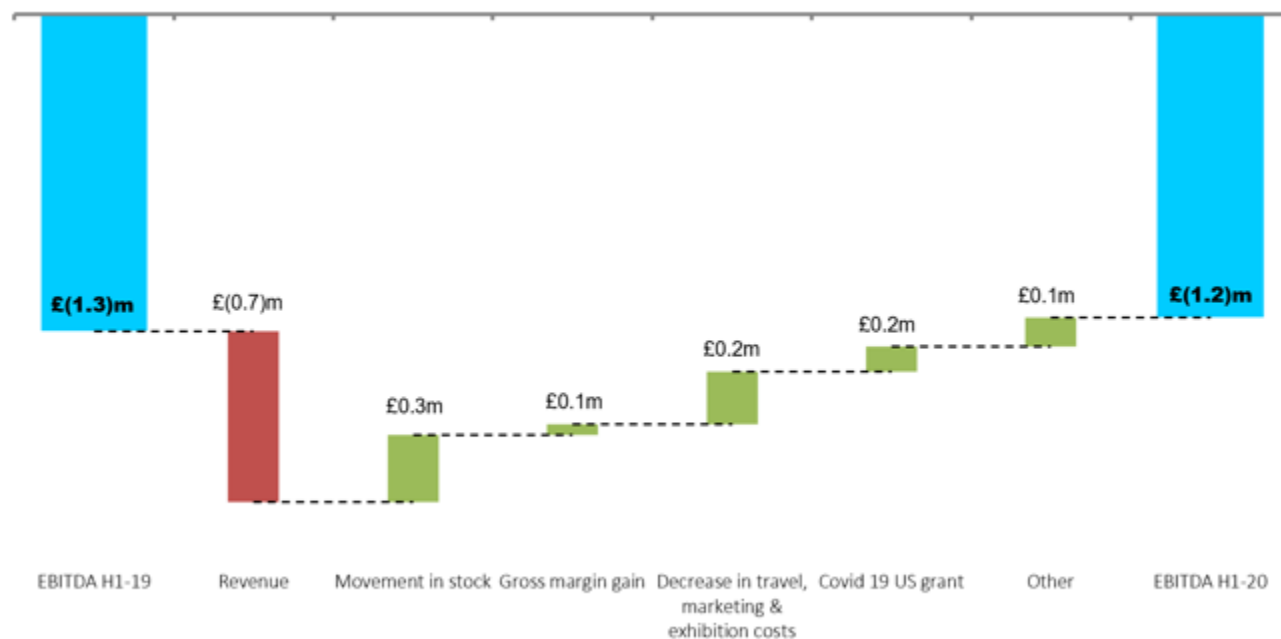
*EBITDA is a non-GAAP measure defined as operating loss before depreciation, amortisation and impairment

Revenue



20% reduction

EBITDA Loss bridge



Reduced SG&A costs and 2% gross margin improvement

*EBITDA is a non-GAAP measure defined as operating loss before depreciation, amortisation and impairment

	£'000
Net assets at 31 December 2019	11,117
Cash from operating activities	- 1,218
Share placing	4,777
Increase in stock	- 630
Movement in other working capital	217
Tax credits received	168
Capex & R&D	- 486
Other	276
Net assets at 30 June 2020	14,221



Cash balance of £10.1m



Investment in capex & R&D of £0.5m



Higher stock levels of £1.3m (31 Dec 19 £0.7m)

Robust financial position at 30 June 2020

Consolidated Income Statement



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	Notes	Unaudited 6 months ended 30 June 2020	Unaudited 6 months ended 30 June 2019	Audited year ended 31 December 2019
		£'000	£'000	£'000
REVENUE	4	2,479	3,117	5,916
Cost of sales		(1,018)	(1,335)	(2,462)
Gross profit		1,461	1,782	3,454
Other income		205	72	157
Administrative expenses		(3,616)	(3,847)	(8,169)
Total administrative costs		(3,411)	(3,775)	(8,012)
OPERATING LOSS		(1,950)	(1,993)	(4,558)
Finance income		17	-	-
Finance costs		(2)	(3)	(2)
LOSS BEFORE INCOME TAX		(1,935)	(1,996)	(4,560)
Taxation	5	116	45	337
LOSS ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT		(1,819)	(1,951)	(4,223)
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will or may be reclassified to profit or loss:				
Exchange gain/(loss) arising on translation of foreign operations		50	8	(33)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		50	8	(33)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT		(1,769)	(1,943)	(4,256)
LOSS PER ORDINARY SHARE (PENCE) ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT				
Basic and diluted	6	(0.76)p	(1.25)p	(2.37)p

Consolidated statement of financial position



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	Note	Unaudited 30 June 2020	Unaudited 30 June 2019 (restated)	Audited 31 December 2019
		£'000	£'000	£'000
NON-CURRENT ASSETS				
Intangible assets	7	2,148	2,668	2,332
Property, plant and equipment		670	479	545
		2,818	3,147	2,877
CURRENT ASSETS				
Inventories		1,293	497	663
Trade and other receivables		2,073	2,611	2,700
Current tax asset		131	-	148
Investments (short term deposits)		-	-	5,500
Cash and cash equivalents		10,137	3,481	1,790
		13,634	6,589	10,801
TOTAL ASSETS		16,452	9,736	13,678
CURRENT LIABILITIES				
Trade and other payables	8	(1,216)	(1,302)	(1,670)
Deferred income		(287)	(179)	(325)
Income tax		-	(100)	-
Lease liabilities		(66)	(14)	(53)
Provisions		(98)	(85)	(95)
		(1,667)	(1,680)	(2,143)
NON-CURRENT LIABILITIES				
Deferred income		(211)	(187)	(109)
Deferred taxation		(265)	(333)	(288)
Lease liabilities		(88)	(16)	(20)
		(564)	(536)	(417)
TOTAL LIABILITIES		(2,231)	(2,216)	(2,560)
NET ASSETS		14,221	7,520	11,118
EQUITY				
Share capital	9	2,694	1,566	2,200
Share premium		25,959	16,437	21,653
Share warrants		126	126	126
Accumulated losses		(21,894)	(17,803)	(20,075)
Share-based payment reserve		760	627	688
Merger reserve		6,538	6,538	6,538
Foreign exchange reserve		38	29	(12)
TOTAL EQUITY		14,221	7,520	11,118

Consolidated statement of cashflows



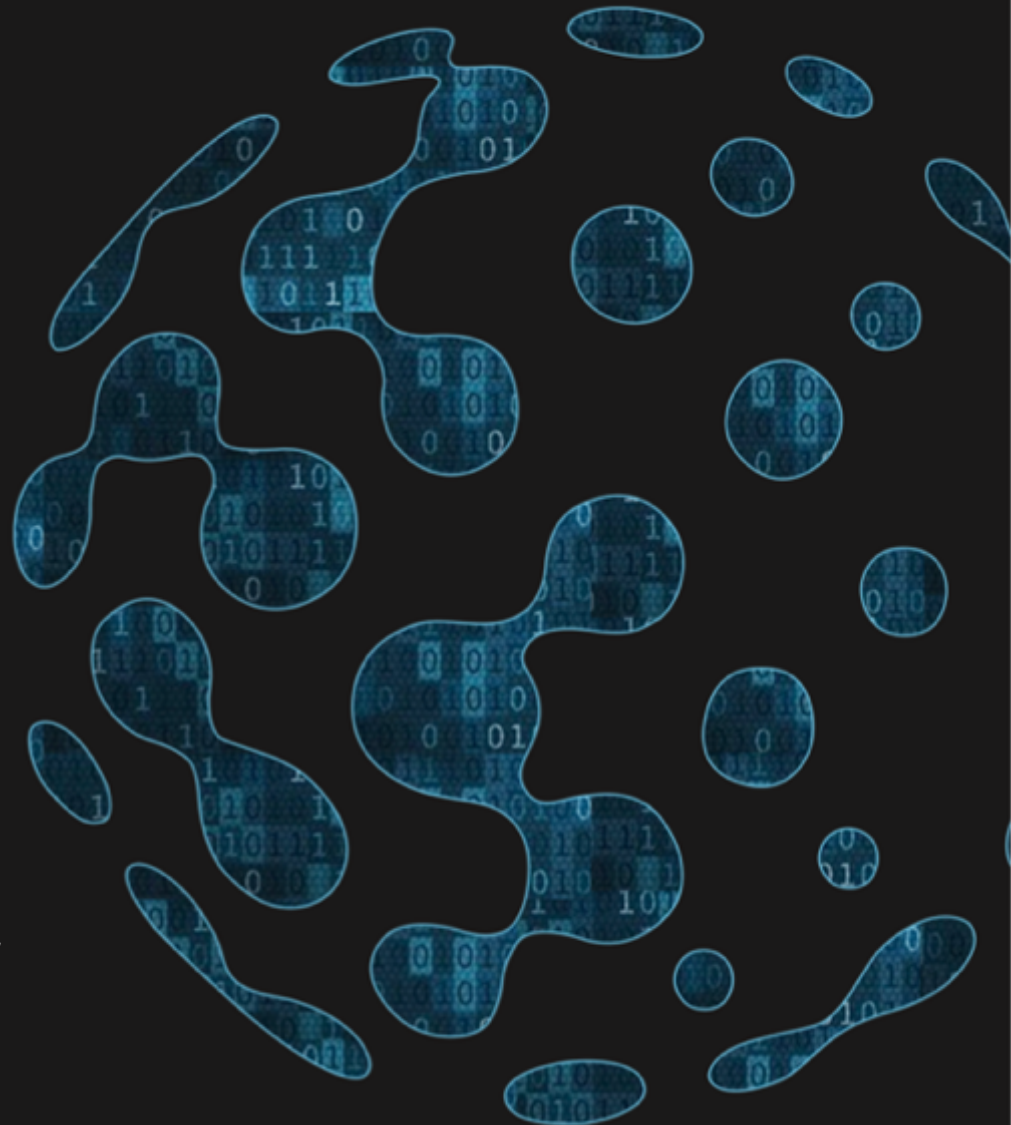
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	Unaudited 6 months ended 30 June 2020 £'000	Unaudited 6 months ended 30 June 2019 £'000	Audited year ended 31 December 2019 £'000
CASH FLOW FROM CONTINUING OPERATING ACTIVITIES			
Loss before tax	(1,935)	(1,996)	(4,560)
Depreciation	171	115	334
Amortisation of intangible assets	476	525	1,040
Foreign exchange	47	-	-
Increase in warranty provision	4	-	-
Research and development expenditure credit	(38)	-	-
Finance income	(17)	-	-
Finance costs	2	-	2
Share-based payments expense	72	65	126
Operating cash flows before movement in working capital	(1,218)	(1,291)	(3,058)
Movement in inventories	(630)	354	188
Movement in trade and other receivables	626	(697)	(787)
Movement in trade and other payables	(409)	(130)	283
Cash used in operations	(1,631)	(1,764)	(3,374)
Income taxes received	168	80	80
NET CASH USED IN OPERATING ACTIVITIES	(1,463)	(1,684)	(3,294)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(292)	(144)	(355)
Disposal of property, plant and equipment	-	-	12
Interest receivable	17	-	-
Movement in short term deposits	5,500	-	(5,500)
Internally generated and purchase of intangible assets	(193)	(306)	(485)
NET CASH USED IN INVESTING ACTIVITIES	5,032	(450)	(6,328)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of new shares	5,152	-	6,337
Share issue costs	(352)	-	(487)
Principal elements of lease payments	(23)	-	(37)
Finance costs paid	(2)	-	(2)
NET CASH GENERATED FROM FINANCING ACTIVITIES	4,775	-	5,811
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,344	(2,134)	(3,811)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,790	5,607	5,607
Exchange gains/(losses) on cash and cash equivalents	3	8	(6)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10,137	3,481	1,790



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Transforming ultrasound scanning through AI