

unlocking the potential of ultrasound



# 50 million

medical professionals in the world

MedaPhor®

Intelligent Ultrasound

This is why ultrasound  
remains a specialist skill,  
practised by only 2% of  
medical professionals

Our aim is to not only

**help the 2%**

but to unlock the

**98%**

\*estimate

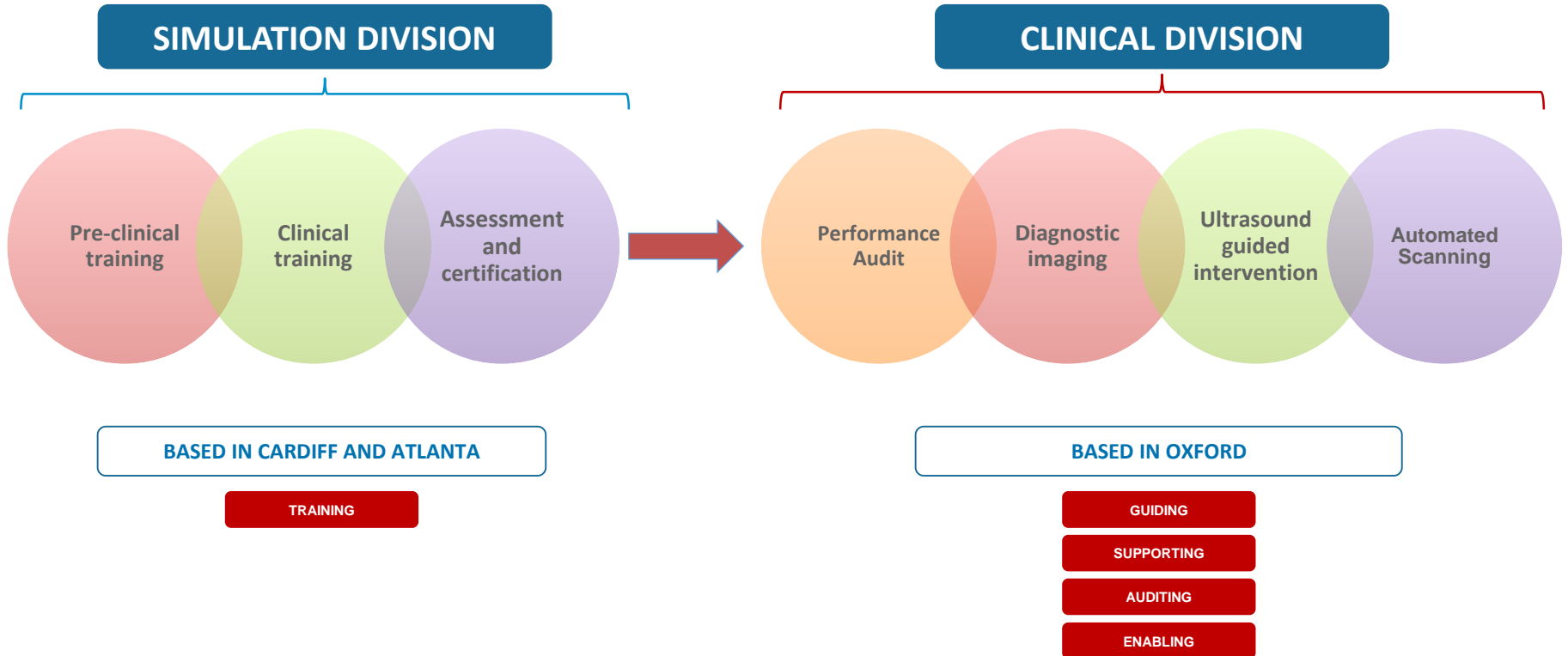


# Our range of intelligent ultrasound products



aims to unlock ultrasound for all medical professionals

# In October 2017 we organised into two divisions



# SIMULATION DIVISION

# The gold standard in ultrasound training simulators:



General medical and OBGYN simulator aimed at medical schools and hospitals globally



Echocardiography simulator range aimed at teaching cardiology and anaesthesiology schools



LAUNCHED FEB '18

New hybrid version of ScanTrainer and HeartWorks aimed at the Emergency market



# Simulation Division - Territory Review

**UK SALES DOWN 40% to £0.7m**

 **CARDIFF**  
MEDAPHOR GROUP HQ  
SIMULATION DIVISION  
  
**STAFF:** 24  
**OPERATIONS:** R&D; MEDICAL; SALES; MARKETING, TECH SUPPORT, FINANCE, GEN ADMIN

**ROW SALES UP 44% to £1.8m**



**CHINA SALES UP 50% to £0.8m**

 **HONG KONG**  
MEDAPHOR ASIA  
**STAFF:** 1  
**OPERATIONS:** SALES, SUPPORT, ADMIN

**MNA SALES UP 98% to £1.7m**

 **ATLANTA**  
MEDAPHOR NORTH AMERICA INC  
**STAFF:** 7  
**OPERATIONS:** SALES; TECH SUPPORT, GEN ADMIN,



-  Resellers (established and trained) x 31
-  MedaPhor offices (direct sales teams)



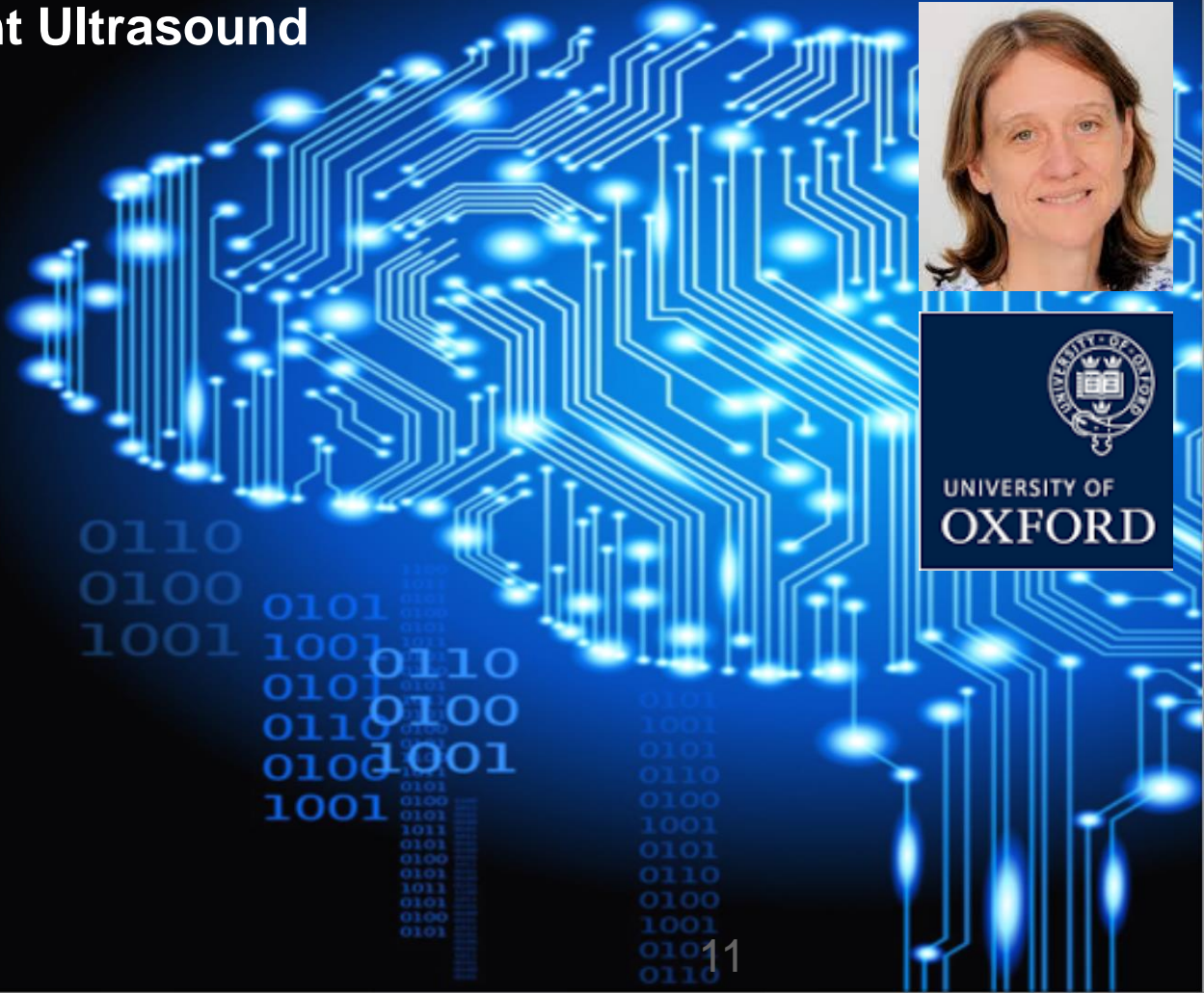
\*Staff figures include full and part-time employees



# CLINICAL DIVISION

# Acquisition of Intelligent Ultrasound

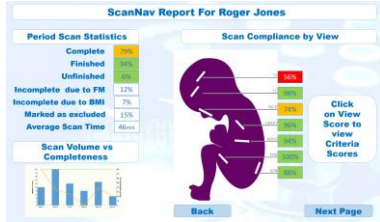
- Born out of University of Oxford
- Based on the research of Prof Alison Noble, OBE and FRS
- World leading authority on artificial intelligence in ultrasound
- Developed deep learning-based ultrasound image analysis software to automatically identify and grade key obstetric images
- Multi-modality development potential



# Automated image analysis using AI

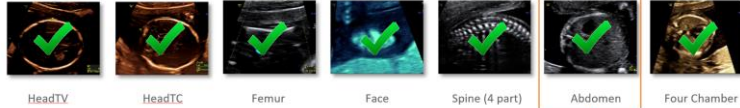


- SUPPORTING
- GUIDING
- AUDITING



- >350,000 *graded obstetric images*
- *Guides, supports + 100% audit trail*
- *First pilot in UK hospital*

**FIRST PILOT IN UK HOSPITAL**



**ScanNav LFR interface - QUICK REFERENCE GUIDE**

**Protocol Views Checklist** (Indicated by Green Tick, Yellow Tick)

|                |      |
|----------------|------|
| HeadTV         | 100% |
| HeadTC         | 100% |
| Femur          | 100% |
| Face           | 100% |
| Spine (4 part) | 100% |
| Abdomen        | 100% |
| Four Chamber   | 100% |

**Menu Scans**

|                |      |
|----------------|------|
| HeadTV         | 100% |
| HeadTC         | 100% |
| Femur          | 100% |
| Face           | 100% |
| Spine (4 part) | 100% |
| Abdomen        | 100% |
| Four Chamber   | 100% |

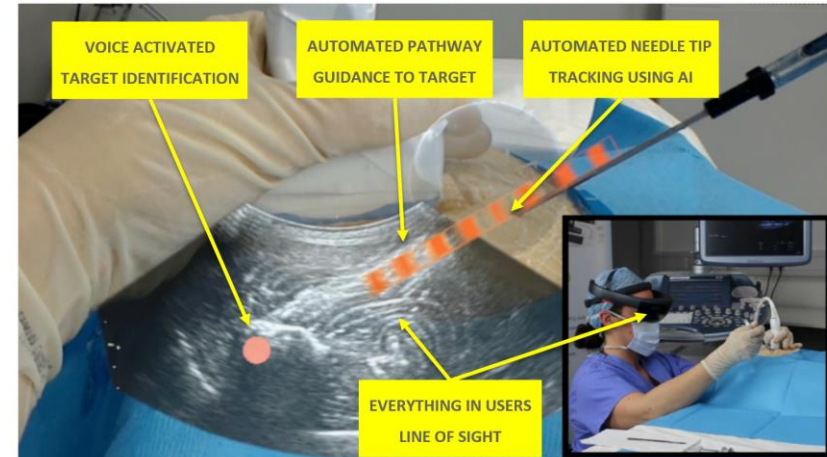
**Image Criteria**

|                |        |                               |
|----------------|--------|-------------------------------|
| Image Criteria | Status | Criteria met present in image |
| HeadTV         | 100%   | Checked - reliable            |
| HeadTC         | 100%   | Checked - reliable            |
| Femur          | 100%   | Checked - reliable            |
| Face           | 100%   | Checked - reliable            |
| Spine (4 part) | 100%   | Checked - reliable            |
| Abdomen        | 100%   | Checked - reliable            |
| Four Chamber   | 100%   | Checked - reliable            |

- Augmented Reality based needling assistant
  - Working POC device
  - Patent filed
  - C. £500k Innovate UK grant won

Innovate UK

**DEVELOPMENT STARTED**



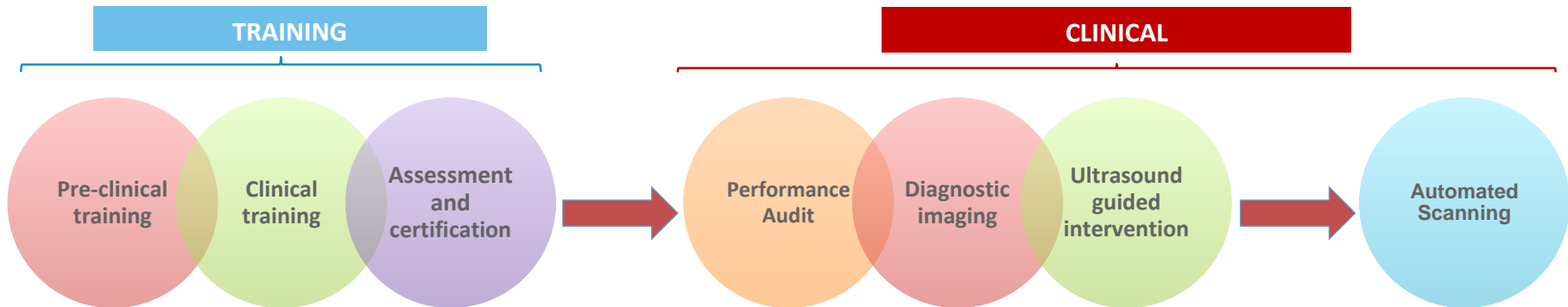
Note: ScanNav and NeedleGuide are pre-market products in development



## Automated GP and home scanning



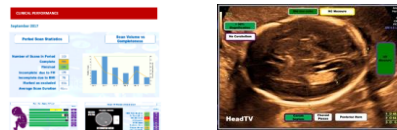
# MedaPhor product development pathway



## SIMULATION



## DEEP LEARNING



Real-time quality audit software

Automated image analysis and real-time quality guidance



## AUGMENTED REALITY



Ultrasound needle guidance



## ARTIFICIAL INTELLIGENCE



Automated diagnostic triaging device\*

£4.2m sales in 2017

LAUNCHED

PILOT IN UK HOSPITAL

INNOVATE WON

ScanNav and NeedleGuide are pre-market products in development

\*Conceptualised image only. Not actual product



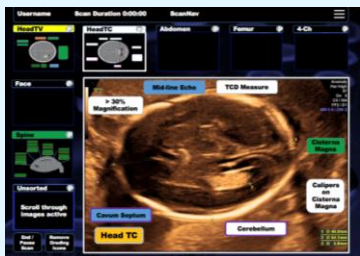
MedaPhor aim's to be the first company in the world to link training and on-going clinical ultrasound performance

LOCAL

### ULTRASOUND TRAINING



### LIVE SCANNING SUPPORT AND AUDIT



SCANTRAINER®



SCANNAV™

CENTRAL

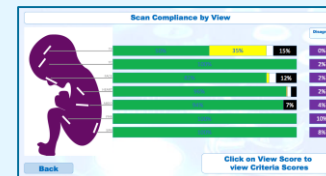
### STUCTURED TRAINING



### OBJECTIVE ASSESSMENT



### 100% CLINICAL AUDIT





MedaPhor®

INTELLIGENT ULTRASOUND

Our unique combination of

|  
**SIMULATION BASED**  
*training*

|  
**ARTIFICIAL INTELLIGENCE**  
*image analysis*

|  
**AUGMENTED REALITY**  
*guidance*



can unlock the potential of ultrasound  
for all medical professionals

# 2017 FINANCIALS

# 2017 FINANCIAL RESULTS

## Summary

- Increased 27% to £4.2m (2016: £3.3m)
- Raised £5.4m net of costs by way of placing of shares
- Acquired Intelligent Ultrasound Limited for £3m
- £1.3m Increase in overheads explained by acquisitions and amortisation of intangibles
- Exceptional items in the year of £2.9m (2016: £0.7m)
- Year-end cash at £4.3m (2015: £1.8m)

# CONSOLIDATED INCOME STATEMENT

|                                                                                  | Note | 2017               | 2016               |
|----------------------------------------------------------------------------------|------|--------------------|--------------------|
|                                                                                  |      | £                  | £                  |
| REVENUE                                                                          | 3    | 4,180,630          | 3,286,147          |
| Cost of sales                                                                    |      | <u>(1,657,765)</u> | <u>(1,174,065)</u> |
| Gross profit                                                                     |      | 2,522,865          | 2,112,082          |
| Other income                                                                     |      | 28,225             | -                  |
| Administrative expenses excluding exceptional costs                              |      | (5,228,211)        | (3,897,652)        |
| Exceptional administrative costs                                                 | 4    | <u>(2,860,774)</u> | <u>(698,435)</u>   |
| Total administrative costs                                                       |      | <u>(8,060,760)</u> | <u>(4,596,087)</u> |
| OPERATING LOSS                                                                   |      | (5,537,895)        | (2,484,005)        |
| Finance costs                                                                    |      | <u>(7,833)</u>     | <u>(3,341)</u>     |
| LOSS BEFORE INCOME TAX                                                           |      | <u>(5,545,728)</u> | <u>(2,487,346)</u> |
| Income tax credit                                                                | 5    | 127,609            | 73,201             |
| LOSS ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT                       |      | <u>(5,418,119)</u> | <u>(2,414,145)</u> |
| OTHER COMPREHENSIVE INCOME                                                       |      |                    |                    |
| Items that will or may be reclassified to profit or loss:                        |      |                    |                    |
| Exchange gain/(loss) arising on translation of foreign operations                |      | 31,171             | (6,996)            |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR                                          |      | <u>31,171</u>      | <u>(6,996)</u>     |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT |      | <u>(5,386,948)</u> | <u>(2,421,141)</u> |



## Year ended 31 December 2017

|                | Distribution<br>£ | Direct Sales<br>£ | Total<br>£       |
|----------------|-------------------|-------------------|------------------|
| United Kingdom | -                 | 715,531           | 715,531          |
| North America  | -                 | 1,708,984         | 1,708,984        |
| Rest of World  | 1,756,115         | -                 | 1,756,115        |
|                | <u>1,756,115</u>  | <u>2,424,515</u>  | <u>4,180,630</u> |

## Year ended 31 December 2016

|                | Distribution<br>£ | Direct Sales<br>£ | Total<br>£       |
|----------------|-------------------|-------------------|------------------|
| United Kingdom | -                 | 1,198,457         | 1,198,457        |
| North America  | -                 | 864,366           | 864,366          |
| Rest of World  | 848,292           | 375,032           | 1,223,324        |
|                | <u>848,292</u>    | <u>2,437,855</u>  | <u>3,286,147</u> |

# CONSOLIDATED INCOME STATEMENT

|                                                                                  | Note | 2017               | 2016               |
|----------------------------------------------------------------------------------|------|--------------------|--------------------|
|                                                                                  |      | £                  | £                  |
| REVENUE                                                                          | 3    | 4,180,630          | 3,286,147          |
| Cost of sales                                                                    |      | <u>(1,657,765)</u> | <u>(1,174,065)</u> |
| Gross profit                                                                     |      | 2,522,865          | 2,112,082          |
| Other income                                                                     |      | 28,225             | -                  |
| Administrative expenses excluding exceptional costs                              |      | (5,228,211)        | (3,897,652)        |
| Exceptional administrative costs                                                 | 4    | <u>(2,860,774)</u> | <u>(698,435)</u>   |
| Total administrative costs                                                       |      | <u>(8,060,760)</u> | <u>(4,596,087)</u> |
| OPERATING LOSS                                                                   |      | (5,537,895)        | (2,484,005)        |
| Finance costs                                                                    |      | <u>(7,833)</u>     | <u>(3,341)</u>     |
| LOSS BEFORE INCOME TAX                                                           |      | (5,545,728)        | (2,487,346)        |
| Income tax credit                                                                | 5    | 127,609            | 73,201             |
| LOSS ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT                       |      | <u>(5,418,119)</u> | <u>(2,414,145)</u> |
| OTHER COMPREHENSIVE INCOME                                                       |      |                    |                    |
| Items that will or may be reclassified to profit or loss:                        |      |                    |                    |
| Exchange gain/(loss) arising on translation of foreign operations                |      | <u>31,171</u>      | <u>(6,996)</u>     |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR                                          |      | <u>31,171</u>      | <u>(6,996)</u>     |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT |      | <u>(5,386,948)</u> | <u>(2,421,141)</u> |

*Increase in administrative expenses excluding exceptional items:*

|                                                                               | £m         |
|-------------------------------------------------------------------------------|------------|
| Amortisation of intangibles arising on the acquisitions of IML and IUL        | 0.2        |
| Other amortisation and depreciation increase                                  | 0.2        |
| Increase in IML overheads (acquired 8 August 2016)                            | 0.5        |
| IUL overheads (acquired 6 October 2017)                                       | 0.2        |
| Movement in exchange differences                                              | 0.1        |
| Other                                                                         | 0.1        |
| <b>Total increase in administrative overheads excluding exceptional costs</b> | <b>1.3</b> |

# CONSOLIDATED INCOME STATEMENT

|                                                                                  | Note | 2017               | 2016               |
|----------------------------------------------------------------------------------|------|--------------------|--------------------|
|                                                                                  |      | £                  | £                  |
| REVENUE                                                                          | 3    | 4,180,630          | 3,286,147          |
| Cost of sales                                                                    |      | <u>(1,657,765)</u> | <u>(1,174,065)</u> |
| Gross profit                                                                     |      | 2,522,865          | 2,112,082          |
| Other income                                                                     |      | 28,225             | -                  |
| Administrative expenses excluding exceptional costs                              |      | (5,228,211)        | (3,897,652)        |
| Exceptional administrative costs                                                 | 4    | <u>(2,860,774)</u> | <u>(698,435)</u>   |
| Total administrative costs                                                       |      | <u>(8,060,760)</u> | <u>(4,596,087)</u> |
| OPERATING LOSS                                                                   |      | (5,537,895)        | (2,484,005)        |
| Finance costs                                                                    |      | <u>(7,833)</u>     | <u>(3,341)</u>     |
| LOSS BEFORE INCOME TAX                                                           |      | <u>(5,545,728)</u> | <u>(2,487,346)</u> |
| Income tax credit                                                                | 5    | 127,609            | 73,201             |
| LOSS ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT                       |      | <u>(5,418,119)</u> | <u>(2,414,145)</u> |
| OTHER COMPREHENSIVE INCOME                                                       |      |                    |                    |
| Items that will or may be reclassified to profit or loss:                        |      |                    |                    |
| Exchange gain/(loss) arising on translation of foreign operations                |      | <u>31,171</u>      | <u>(6,996)</u>     |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR                                          |      | <u>31,171</u>      | <u>(6,996)</u>     |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT |      | <u>(5,386,948)</u> | <u>(2,421,141)</u> |

# EXCEPTIONAL ITEMS

|                                                                  | 2017             | 2016           |
|------------------------------------------------------------------|------------------|----------------|
|                                                                  | £                | £              |
| Goodwill impairment (see note 7)                                 | 3,328,166        | -              |
| Fair value adjustments on contingent consideration (see note 10) | (636,628)        | -              |
| Acquisition costs                                                | 169,236          | 139,435        |
| Integration costs                                                | -                | 26,000         |
| Litigation costs                                                 | -                | 533,000        |
|                                                                  | <u>2,860,774</u> | <u>698,435</u> |



# CONSOLIDATED BALANCE SHEET

|                                | Note | 2017<br>£               | 2016<br>£               |
|--------------------------------|------|-------------------------|-------------------------|
| <b>NON CURRENT ASSETS</b>      |      |                         |                         |
| Intangible assets              | 7    | 3,366,477               | 3,572,284               |
| Property, plant and equipment  |      | <u>312,506</u>          | <u>366,541</u>          |
|                                |      | <u>3,678,983</u>        | <u>3,938,825</u>        |
| <b>CURRENT ASSETS</b>          |      |                         |                         |
| Inventories                    |      | 413,244                 | 482,338                 |
| Trade and other receivables    |      | 1,709,436               | 1,614,538               |
| Current tax assets             |      | -                       | 45,534                  |
| Cash and cash equivalents      |      | <u>4,250,198</u>        | <u>1,765,863</u>        |
|                                |      | <u>6,372,878</u>        | <u>3,908,273</u>        |
| <b>TOTAL ASSETS</b>            |      | <b>10,051,861</b>       | <b>7,847,098</b>        |
| <b>CURRENT LIABILITIES</b>     |      |                         |                         |
| Trade and other payables       | 8    | (2,356,702)             | (2,635,327)             |
| Provisions                     |      | <u>(80,555)</u>         | <u>(72,830)</u>         |
|                                |      | <u>(2,437,257)</u>      | <u>(2,708,157)</u>      |
| <b>NON CURRENT LIABILITIES</b> |      |                         |                         |
| Deferred taxation              |      | <u>(467,994)</u>        | <u>(304,333)</u>        |
| <b>TOTAL LIABILITIES</b>       |      | <b>(2,905,251)</b>      | <b>(3,012,490)</b>      |
| <b>NET ASSETS</b>              |      | <b><u>7,146,610</u></b> | <b><u>4,834,608</u></b> |

## EQUITY

### CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

|                             |   | 2017<br>£               | 2016<br>£               |
|-----------------------------|---|-------------------------|-------------------------|
| Ordinary share capital      | 9 | 907,015                 | 318,986                 |
| Share premium               |   | 12,216,670              | 7,267,139               |
| Accumulated losses          |   | (12,423,931)            | (7,005,812)             |
| Share-based payment reserve |   | 413,600                 | 321,600                 |
| Merger reserve              |   | 6,013,065               | 3,943,675               |
| Foreign exchange reserve    |   | <u>20,191</u>           | <u>(10,980)</u>         |
| <b>TOTAL EQUITY</b>         |   | <b><u>7,146,610</u></b> | <b><u>4,834,608</u></b> |

|                                        | No.               | 2017<br>£      | No.               | 2016<br>£      |
|----------------------------------------|-------------------|----------------|-------------------|----------------|
| <b>Ordinary share capital</b>          | Unlimited         | Unlimited      | Unlimited         | Unlimited      |
| <b>Allotted, issued and fully paid</b> |                   |                |                   |                |
| Ordinary shares of 1p each             |                   |                |                   |                |
| Balance at 1 January                   | 31,898,576        | 318,986        | 20,136,300        | 201,363        |
| Shares issued for cash                 | 44,125,324        | 441,253        | 7,111,112         | 71,111         |
| Shares issued on acquisition of IML    | 2,325,582         | 23,256         | 4,651,164         | 46,512         |
| Shares issued on acquisition of IUL    | <u>12,351,961</u> | <u>123,520</u> | -                 | -              |
| Balance at 31 December                 | <u>90,701,443</u> | <u>907,015</u> | <u>31,898,576</u> | <u>318,986</u> |

# ACQUISITION OF INTELLIGENT ULTRASOUND LIMITED

|                               | Fair Value              |
|-------------------------------|-------------------------|
|                               | £                       |
| Intangible assets             | 1,388,000               |
| Property and equipment        | 6,763                   |
| Prepayments and other debtors | 33,547                  |
| Bank and cash                 | 1,559                   |
| Trade and other payables      | (189,999)               |
| Deferred tax                  | <u>(235,960)</u>        |
| Net assets acquired           | 1,003,910               |
| Goodwill                      | <u>2,035,784</u>        |
| Total consideration           | <u><u>3,039,694</u></u> |

Satisfied by:

|                                                               |                         |
|---------------------------------------------------------------|-------------------------|
| Cash                                                          | 72,000                  |
| Fair value of shares and warrants issued in the Company       | 1,978,463               |
| Fair value of shares and warrants to be issued in the Company | <u>989,231</u>          |
|                                                               | <u><u>3,039,694</u></u> |

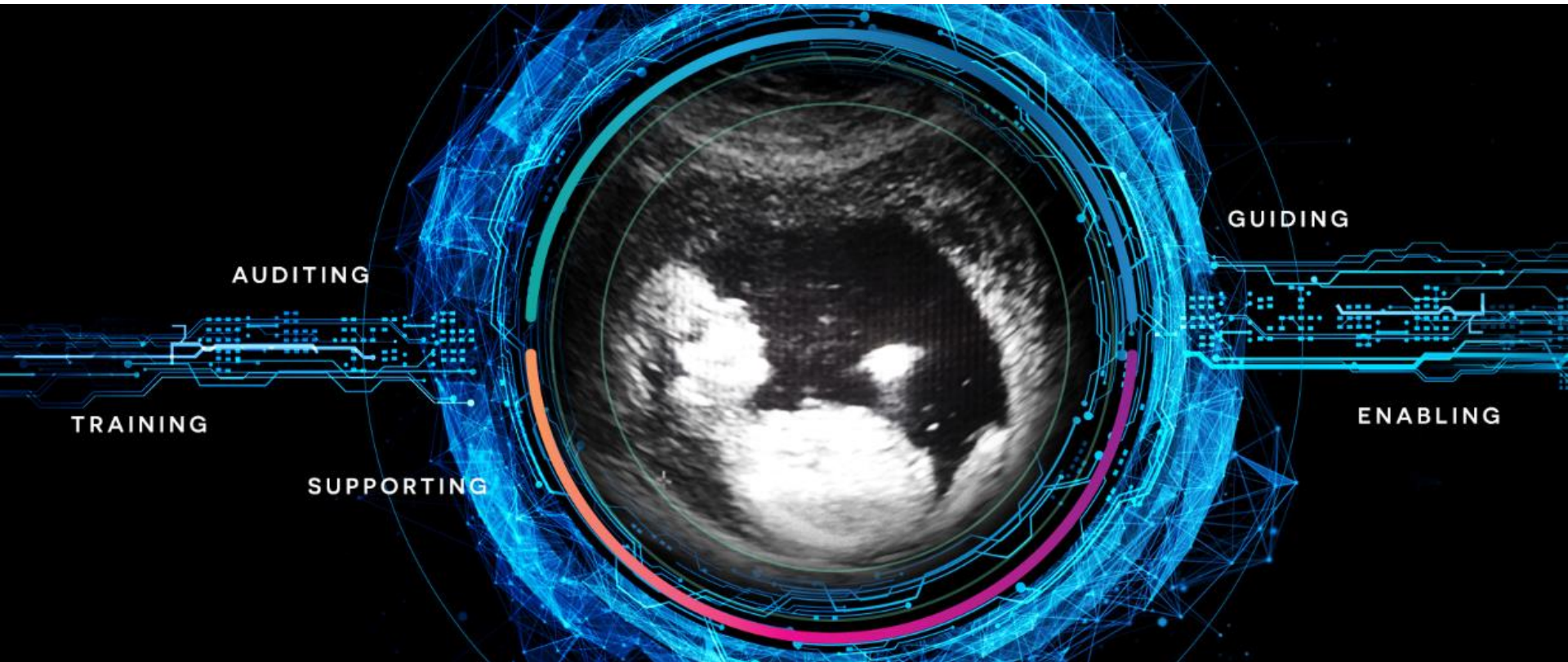
# INTANGIBLE FIXED ASSETS

|                        | Goodwill  | Intellectual<br>property | Brand   | Develop-<br>ment<br>Costs | Other<br>(software<br>licences) | Total     |
|------------------------|-----------|--------------------------|---------|---------------------------|---------------------------------|-----------|
|                        | £         | £                        | £       | £                         | £                               | £         |
| <b>COST</b>            |           |                          |         |                           |                                 |           |
| As at 1 January 2016   | -         | -                        | -       | 986,325                   | 25,000                          | 1,011,325 |
| Additions              | -         | -                        | -       | 472,452                   | -                               | 472,452   |
| Acquisition of IML     | 1,292,382 | 1,650,000                | 133,000 | -                         | -                               | 3,075,382 |
| As at 31 December 2016 | 1,292,382 | 1,650,000                | 133,000 | 1,458,777                 | 25,000                          | 4,559,159 |
| Additions              | -         | -                        | -       | 492,118                   | -                               | 492,118   |
| Acquisition of IUL     | 2,035,784 | 1,388,000                | -       | -                         | -                               | 3,423,784 |
| As at 31 December 2017 | 3,328,166 | 3,038,000                | 133,000 | 1,950,895                 | 25,000                          | 8,475,061 |
| <b>AMORTISATION</b>    |           |                          |         |                           |                                 |           |
| As at 1 January 2016   | -         | -                        | -       | 552,985                   | 25,000                          | 577,985   |
| Charge for year        | -         | 137,500                  | 11,083  | 260,307                   | -                               | 408,890   |
| As at 31 December 2016 | -         | 137,500                  | 11,083  | 813,292                   | 25,000                          | 986,875   |
| Charge for year        | -         | 364,700                  | 26,600  | 402,243                   | -                               | 793,543   |
| Goodwill impairment    | 3,328,166 | -                        | -       | -                         | -                               | 3,328,166 |
| As at 31 December 2017 | 3,328,166 | 502,200                  | 37,683  | 1,215,535                 | 25,000                          | 5,108,584 |
| <b>NET BOOK VALUE</b>  |           |                          |         |                           |                                 |           |
| As at 31 December 2017 | -         | 2,535,800                | 95,317  | 735,360                   | -                               | 3,366,477 |
| As at 31 December 2016 | 1,292,382 | 1,512,500                | 121,917 | 645,485                   | -                               | 3,572,284 |
| As at 1 January 2016   | -         | -                        | -       | 433,340                   | -                               | 433,340   |

# CONSOLIDATED CASH FLOW

|                                                         | 2017               | 2016               |
|---------------------------------------------------------|--------------------|--------------------|
|                                                         | £                  | £                  |
| <b>CASH FLOW FROM CONTINUING OPERATING ACTIVITIES</b>   |                    |                    |
| Loss before tax                                         | (5,545,728)        | (2,487,346)        |
| Depreciation                                            | 232,369            | 154,123            |
| Amortisation of intangible assets                       | 793,543            | 408,890            |
| Impairment of goodwill                                  | 3,328,166          | -                  |
| Fair value adjustment on contingent consideration       | (636,628)          | -                  |
| Finance costs/(income)                                  | 7,833              | 3,341              |
| Share-based payments                                    | 92,000             | 70,600             |
| Operating cash flows before movement in working capital | (1,728,445)        | (1,850,392)        |
| Movement in inventories                                 | 69,094             | (82,913)           |
| Movement in trade and other receivables                 | (61,351)           | (350,911)          |
| Movement in trade and other payables                    | (575,798)          | 96,722             |
| Cash used in operations                                 | (2,296,500)        | (2,187,494)        |
| Income taxes received                                   | 100,844            | -                  |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>            | <b>(2,195,656)</b> | <b>(2,187,494)</b> |

|                                                       | 2017               | 2016               |
|-------------------------------------------------------|--------------------|--------------------|
|                                                       | £                  | £                  |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>          | <b>(2,195,656)</b> | <b>(2,187,494)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>           |                    |                    |
| Purchase of property, plant and equipment             | (183,012)          | (156,800)          |
| Disposal of property, plant and equipment             | 11,440             | 16,209             |
| Internally generated intangible assets                | (492,118)          | (472,452)          |
| Cash used on acquisition of subsidiaries              | (72,000)           | -                  |
| Cash acquired on acquisition of subsidiaries          | 1,559              | 272,787            |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>          | <b>(734,131)</b>   | <b>(340,256)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>           |                    |                    |
| Issue of new shares                                   | 5,515,665          | 3,200,000          |
| Share issue costs                                     | (124,881)          | (183,817)          |
| Finance (costs paid)/income received                  | (7,833)            | (3,341)            |
| <b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>   | <b>5,382,951</b>   | <b>3,012,842</b>   |
| Exchange gains/(losses) on cash and cash equivalents  | 31,171             | (6,996)            |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>      | <b>2,484,335</b>   | <b>478,096</b>     |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b> | <b>1,765,863</b>   | <b>1,287,767</b>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>       | <b>4,250,198</b>   | <b>1,765,863</b>   |



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