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Intelligent Ultrasound Group PLC
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The information contained within this announcement is deemed by the Company to constitute inside information pursuant to Article 7 of EU Regulation 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Intelligent Ultrasound Group plc
("Intelligent Ultrasound" or the "Group" or the "Company")

Audited Results for the Year Ended 31 December 2023

Intelligent Ultrasound Group plc (AIM: IUG), the ultrasound AI software and simulation company, announces its audited results for the year ended 31 December 2023, showing another year of positive progress.

Financial highlights:

- Group revenue grew by 11% to £11.2m (2022: £10.1m)
  - 2022 Group revenue included c.£1.9m of one-off simulation orders from the NHS, adjusting for this, Group revenue in 2023 increased by 36% (2022 adjusted: £8.2m)
- Clinical AI-related revenues trebled to £2.0m (2022: £0.7m)
- Simulation revenues declined by 3% to £9.1m (2022: £9.4m)
  - Adjusting for the one-off orders from the NHS, simulation revenue in 2023 increased by 21% (2022 adjusted: £7.5m)
- Loss after tax decreased to £2.6m (2022: £3.0m)
- Cash at 31 December 2023 of £3.0m (31 December 2022: £7.2m)

Operational highlights:

- GE HealthCare's SonoLyst software, which is powered by Intelligent Ultrasound's AI software, launched as a standard feature on the new Voluson Expert 22 and 20 range of women's health ultrasound machines in Q4 2023
- Liver images agreement signed with Dundee University in Q4 2023
- ScanNav FetalCheck development programme announced for new gestational age AI product in Q4 2023
- ScanTrainer Endometriosis simulator module released in Q2 2023

Post year end:

- GE HealthCare's SonoLyst software launched as a standard feature on the new Voluson Signature 20 and as an option on the Voluson Signature 18 range of women's health ultrasound machines
- ScanNav FetalCheck announced to be used in the largest ever trial on the use of aspirin to prevent pre-eclampsia, funded by the Bill and Melinda Gates Foundation

Outlook:

- The UK market is experiencing tougher trading conditions due to the current reduction in NHS capital expenditure spending but anticipate growing revenue from high margin AI-related products and non-UK related simulation markets
- Implemented tight control on overheads to offset any softness in UK revenue
- The business continues to expect revenue in 2024 to be between £14m to £17m and continues to forecast that it will reach profitability with its current cash resources

Commenting on the results, Riccardo Pigliucci, Chairman of Intelligent Ultrasound said:

"2023 has been another year of important progress for the Group, as we commercialize our regulatory-approved clinical AI software products and develop the next generation of diagnostic AI software. We achieved our number one target for the year, which was to grow AI-related sales to £2m. In addition, our relationship with GE HealthCare continued to develop positively with the launch of SonoLystlive, powered by our obstetrics AI software, on the Voluson Expert ultrasound machine range and post-year end on the Signature ultrasound range. In Q4 2023, we announced the first trials in Africa that will be using our ScanNav FetalCheck AI software to enable an unskilled user to automatically obtain the gestational age of a fetus. With a growing range of AI related products, we remain excited about the future of the business, in this growing market."

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About Intelligent Ultrasound Group

Intelligent Ultrasound (AIM: IUG) is one of the world's leading 'classroom to clinic' ultrasound companies, specialising in real-time hi-fidelity virtual reality simulation for the ultrasound training market ('classroom') and artificial intelligence-based clinical image analysis software tools for the diagnostic medical ultrasound market ('clinic'). Based in Cardiff in the UK and Atlanta in the US, the Group has two revenue streams:

Simulation

Real-time hi-fidelity ultrasound education and training through simulation. Our main products are the ScanTrainer obstetrics and gynaecology training simulator, the HeartWorks echocardiography training simulator, the BodyWorks Eve Point of Care and Emergency Medicine training simulator and the BabyWorks Neonate and Paediatric training simulator. To date over 1,700 simulators have been sold to over 800 medical institutions around the world.

Clinical AI software

Deep learning-based algorithms to make ultrasound machines smarter and more accessible using our proprietary ScanNav ultrasound image analysis technology. Current products on the market utilising this technology are GE HealthCare's SonoLyst software that is incorporated in their Voluson Expert, Signature and SWIFT ultrasound machines; ScanNav Anatomy PNB that simplifies ultrasound-guided needling by providing the user with real-time AI-based anatomy highlighting for a range of medical procedures; and NeedleTrainer that teaches real-time ultrasound-guided needling and incorporates ScanNav Anatomy PNB.

www.intelligentultrasound.com

NOTE: ScanNav Anatomy PNB is CE approved and cleared for sale in the US by the FDA but is not available for sale in any other territory requiring government approval for this type of product.

CHAIRMAN'S STATEMENT

This has been a positive year of progress for the Group, driven by our AI-related sales tripling to £2m (2022: £0.7m) and as a result, Group revenue rose by 11% to £11.2m (2022: £10.1m). Importantly, our AI software developments continued to hit significant milestones during the year, with GE HealthCare launching SonoLyst*ive* as standard on the Voluson Expert range of ultrasound machines; ScanNav FetalCheck, our new AI gestational age estimation software that is in development, being purchased for a number of field trials in Africa funded by the Bill & Melinda Gates Foundation; and commencing the proof of concept development work for our AI liver software, following the signing of our data agreement with Dundee University and NHS Trust.

Strategy

Our unique 'Classroom to Clinic' ultrasound strategy is based on:

- Growing the Group's 'Classroom' related revenues through increased sales of our four ultrasound simulator platforms and the continued expansion of our simulator range into new medical market segments
- Continuing to build our 'Clinic' related AI revenues through increased royalty income from GE HealthCare, who incorporate our 20week obstetrics ScanNav AI technology in their Voluson ultrasound systems; increased sales of our proprietary stand-alone AI-driven ScanNav Anatomy and NeedleTrainer Plus systems, sold through our direct sales and reseller operations; and future new proprietary stand-alone AI-driven products such as ScanNav FetalCheck gestational age estimation aimed at opening up new global medical imaging markets

This novel 'Classroom to Clinic' approach enables us to work with future clinical customers early in their medical careers, aiding brand recognition and product credibility and then, as they progress to real patient scanning and lifelong learning, supports them with workflow or diagnostic AI-based medical imaging software. We believe this unique approach to ultrasound will enable the Group to continue to grow in 2024.

People

I would like to thank all our staff, in the UK, US and China, for working so hard to grow the business during the year and meet all our development and regulatory milestones.

Shareholders

We continue to have a broad spread of supportive shareholders, and we maintain an open-door policy at our head office in Cardiff and would welcome any visitors who wish to enjoy a hands-on experience of our cutting edge 'Classroom to Clinic' technology.

Board and governance

During the year, Ian Whittaker, who has served as an Executive Director and Chief Operating Officer (COO) since joining the Group on the acquisition of Inventive Medical Ltd in August 2016, chose to retire from the Board of Directors and his position as COO. Ian remains with the Group in a part-time capacity to assist on projects, as required. The Board extends its thanks to Ian for his commitment and invaluable contribution to significantly growing the simulation revenue over the last seven years and wishes him continued success in his business and personal endeavours.

ESG

ESG remains an important part of our reporting, and we believe we continue to have a positive impact locally, nationally, and globally. We have continued to make improvements in all aspects of ESG and aspire to be a global force for good, empowering people to have access to medical ultrasound, one of the world's most important imaging modalities.

Outlook

2023 has been another year of important progress for the Group, as we commercialize our regulatory-approved clinical AI software products and develop the next generation of diagnostic AI software. We achieved our number one target for the year, which was to grow AI-related sales to £2m. In addition, our relationship with GE HealthCare continued to develop positively with the launch of SonoLyst*ive*, powered by our obstetrics AI software, on the Voluson Expert ultrasound machine range and post-year end on the Signature ultrasound range. In Q4 2023, we announced the first trials in Africa that will be using our ScanNav FetalCheck AI software to enable an unskilled user to automatically obtain the gestational age of a fetus.

As we start 2024, the UK market is experiencing tougher trading conditions due to the current reduction in NHS capital expenditure spending. We are therefore keeping a tight control on our overheads to offset any potential reduction in UK revenue. When these cost controls are combined with the growing revenue from our high margin AI-related products and non-UK related simulation markets, the business continues to forecast that it will reach profitability with its current cash resources.

Riccardo Pigliucci, *Non-executive Chairman*

CEO REVIEW

We make clinical diagnostic ultrasound easier to learn and simpler to use by providing clinicians around the world with real-time support from the classroom to the clinic. AI is a key element of this unique approach, and the report below details the progress made in 2023 and the key challenges faced during the year.

SIMULATION (Classroom)

We design, develop, and sell some of the world's leading hi-fidelity ultrasound training simulators. Training medical professionals in the skills required to competently scan with diagnostic ultrasound remains an important building block of our business.

The Group's simulation revenue declined slightly by 3% to £9.1m (2022: £9.4m) in 2023 mainly due to lower-than-expected sales in Western Europe and China throughout the year and recognised revenue being slightly less than we anticipated in the final quarter of 2023. However, it should be noted that the 2022 UK simulation revenue figures included c.£1.9m of one-off orders from the NHS, so adjusting for this, simulation revenue in 2023 actually increased by 21% (2022*: £7.5m).

We have four ultrasound simulation-only platform technologies focused on the following markets:

- ScanTrainer - obstetrics and gynecology (OBGYN)
- HeartWorks - echocardiography and anesthesiology (ECHO)
- BodyWorks - emergency medicine, critical care, intensive care, and point-of-care (PoCUS)
- BabyWorks - neonate and pediatrics

These ultrasound training platforms are, in the main, high-value, capital equipment sold to the global medical institution market, through our direct sales forces in the US and UK, plus a network of 23 resellers covering over 30 countries in the rest of the world. To date, we have sold c. 1,700 simulators into over 800 medical institutions around the world.

Research & Development

During the financial year, the simulation R&D team focused on the following developments:

3D Echo MPR release for HeartWorks
In February, we added Multiplanar Reconstruction (MPR) as an optional extra to the HeartWorks simulation platform for cardiac anatomy and echocardiography, enabling students to build their confidence in 3D cardiac image acquisition and manipulation techniques.

Bodyworks 2.0
In August, we launched BodyWorks 4.5, the latest version of our female patient point-of-care simulator that includes ten new high-value cases within the lung and gastric regions, as well as improvements to the custom patient lists to deliver increased flexibility for trainees and tutors.

Babyworks 2.0
In June, we launched an upgraded version of BabyWorks with new modules for cardiac, cranial, gastric, and line placement. The modules were developed in collaboration with leading specialists in infant medicine to ensure the content is aligned with the latest requirements of neonatal and pediatric point-of-care ultrasound (PoCUS).

Endometriosis module for ScanTrainer
It is estimated that 10% of women worldwide have endometriosis so in May, a new endometriosis augmented reality training module was launched for ScanTrainer to support clinicians in learning how to locate and identify endometriotic disease in the ovaries, bowel, and bladder using transvaginal ultrasound.

Territory Review

United Kingdom
Revenue declined by 52% to £2.4m (2022: £4.9m) partly due to £1.9m of one-off orders from a UK NHS training initiative in 2022. Excluding these exceptional orders, the UK like-for-like revenue in 2022 declined by 22%.

There were two main factors that impacted simulator training budgets in the UK during 2023. Firstly, the NHS has had to implement cost savings to cover the increased cost of locum doctors and overtime caused by the doctors strikes during the year. Secondly, the merger of Health Education England (HEE) and NHS England impacted one of the biggest sources of funding for simulation in the NHS. All these reduced anticipated training spend in the second half of the year, by pushing expected orders into 2024. Although this merger is now broadly complete, the UK market is dominated by NHS-related spending and there are concerns that the ongoing junior doctor strike will reduce funds normally made available for capital purchases. So although there remains strong purchasing interest in all our simulation products, we are monitoring closely whether the shortfalls in NHS Trust finances will impact 2024 training budgets.

North America
Revenue increased by over 60% to £4.5m (2022: £2.8m), a record high, with strong sales across all our simulator product platforms. We were particularly encouraged by the take-up of our newest simulator, BabyWorks, with medical schools such as the University of Nebraska Medical Center (UNMC) investing in the simulator, to expand its clinical simulation program into bedside ultrasound for infants. We continued to invest in the US-based sales team in 2023 and moved to a larger office and build space in Alpharetta. We also improved our application specialist web-based demo facilities and with an encouraging long-term sales pipeline, we look forward to continued growth in the North American direct-to-market operation in 2024.

Rest of the World
Revenue increased by 31% to £2.3m (2022: £1.7m). We currently have 28 resellers that sell our simulators outside the UK and North America, and the revenue stream has been somewhat of a rollercoaster in recent years. 2023 continued that trend with sales returning to 2021 levels, and although we had positive sales growth in India, Scandinavia, South Africa, and Israel, the sales growth in China was slower than expected, and sales in Western Europe, Gulf, and Australia were disappointing. However, with over £1m of revenue being generated in the final quarter of 2023 and with the increased range of products, growing pipeline, and anticipated sales growth from China, we hope to continue to grow the reseller market in 2024.

CLINICAL AI (Clinic)

Real-time clinical AI software that makes medical ultrasound easier to use is a key part of our 'Classroom to Clinic' vision, and we were delighted that our AI-related revenue tripled to £2.0m (2022: £0.7m). We are one of the leading independent AI software vendors in real-time ultrasound image analysis, and our products provide real-time workflow enhancements that support faster, more standardized scanning, and importantly also support decision making so that the stress of scanning can be reduced and the potential 'burnout' of clinicians being asked to increase productivity is minimized. We have three AI-related software products available in the market:

- ScanNav Assist obstetric AI software that powers GE HealthCare's SonoLyst software on their Voluson range of women's healthcare ultrasound machines;
- ScanNav Anatomy Peripheral Nerve Block (PNB) for real-time regional anesthesia highlighting; and
- NeedleTrainer that incorporates the PNB software to teach ultrasound-guided needling skills.

We expect 2024 to be another year of significant sales growth for our AI-related products.

ScanNav Assist (SonoLyst)
Our ScanNav Assist AI technology drives GE HealthCare's SonoLyst X/IR and Live software, the world's first fully integrated ultrasound AI tool that automatically and in real-time recognizes the 21 views recommended for the second trimester (20-week) fetal sonography scan. Integrated into GE HealthCare's Voluson SWIFT and Expert ultrasound machines, SonoLyst is available in two formats:

- SonoLyst X/IR is a virtual on-board expert utilizing AI to automatically identify fetal anatomy on the operator's saved views, enhancing efficiency and providing quality assurance by comparing the image to the standard criteria to ensure image acquisition quality and consistency.
- SonoLyst*live* is a fully automated version of X/IR that automatically saves the optimal views live as the operator scans, enhancing efficiency, consistency, and saving up to 40% of time on routine 20-week scans.

By automatically and in real-time supporting the sonographer in their decision making, the software can also help reduce the often considerable stress of obtaining the recommended views. The issue of burnout in scanning centers is increasing around the world, and it is hoped that the adoption of this technology will help reduce this burden.

GE HealthCare is the largest medical imaging company in the world and under our long-term agreement has exclusive rights to our clinical AI technology in the field of women's healthcare until 2029. The royalty terms, product sales, and the timings of the related product launches under this agreement are undisclosed. The launch in October of SonoLyst*live* as a standard feature on GE HealthCare's Voluson Expert 22 and 20 ultrasound machines was a key commercial milestone as this is GE HealthCare's premium ultrasound machine in the obstetric market. Post-year-end SonoLyst*live* was also launched on the Voluson Signature range.

GE HealthCare is the dominant manufacturer in this market, with over 50% market share of the 35,000 plus ultrasound machines that are sold annually. We, therefore, expect to see increased SonoLyst sales throughout 2024 and beyond as SonoLyst continues to be rolled out globally.

ScanNav Anatomy Peripheral Nerve Block (PNB)
Our FDA and CE cleared ScanNav Anatomy PNB AI software simplifies ultrasound-guided needling by providing the user with real-time AI-driven anatomy highlighting for a range of medical procedures. The device supports the performance of healthcare professionals who are suitably qualified but who perform ultrasound-guided local anesthesia procedures on a less frequent basis. The device supports ten common peripheral nerve blocks and is sold as a stand-alone screen that is plugged into existing anesthesiology ultrasound machines to provide clinicians with real-time highlighting of their live ultrasound image. Our aim is to support anesthetists, who are competent but less confident in the specialist knowledge of ultrasound anatomy, to perform nerve blocks and as a result increase the number of ultrasound-guided nerve blocks that they can perform. The device is available for sale in the US, UK, France, Germany, Spain, and Scandinavia. During the year, several important studies were released to demonstrate how ScanNav Anatomy PNB can help support the adoption of ultrasound-guided regional anaesthesia (UGRA).

The accuracy of ScanNav Anatomy PNB was rated as 93.5% by expert clinicians, with clinical trials demonstrating that ScanNav Anatomy PNB is helpful in identifying specific structures in up to 99.7% of cases and confirming the correct block view in up to 99.3% of cases. It could reduce the incidence of adverse events, such as nerve injury, and block failures by between 62.9% and 86.3%. Studies also demonstrated a relative increase in the delivery of ultrasound-guided regional anesthesia by 40.4%, showing that ScanNav Anatomy PNB is helpful to experts in teaching and non-experts in training and clinical practice.

With over 25,000 anesthesiology machines in operation in the US, UK, and Western Europe markets, and ultrasound-guided peripheral nerve blocks increasingly being used as a prudent alternative to general anesthesia, as well as a method of concurrent analgesia, potentially reducing opioid usage, we continue to believe that ScanNav Anatomy PNB has considerable growth potential over the coming years. ScanNav Anatomy PNB is also available as a training simulator for medical learning on volunteers, prior to patient contact, and is incorporated into our NeedleTrainer simulator.

NeedleTrainer
Developed by the clinical AI software team as a spin-off from the ScanNav Anatomy PNB research and development, NeedleTrainer is the first of its kind, using a retractable needle and virtual image overlays to simulate needling on a live participant, using a live ultrasound scan. This enables trainees to develop hand-eye coordination, optimum positioning, and accuracy in ultrasound-guided interventional procedures in a realistic and safe clinical environment with minimal risk.

The system is sold with the trainer version of our ScanNav Anatomy PNB AI-driven software integrated into the device and is also sold as a stand-alone device, with the GE Vscan Air handheld ultrasound machine.

We also sell a classroom to clinic (C2C) needling package that includes a NeedleTrainer system placed into the simulation centre and a ScanNav Anatomy PNB clinical system placed into the operating theatre block room. This enables trainee anesthetists to learn with confidence, more qualified anesthetists to conduct peripheral nerve blocks, and increase the number of peripheral nerve blocks per hospital.

During 2023, we progressed the development of our next two AI software products:

ScanNav FetalCheck
At the end of 2023 we announced a new AI development programme for gestational age estimation in prenatal care. ScanNav FetalCheck is our first diagnostic AI software that aims to enable a non-skilled or skilled user to automatically establish the gestational age (GA) accurately with minimal training. Pregnant women are usually offered two routine ultrasound scans. The first, at 11-14 weeks, is performed to confirm viability of the fetus as well as the gestational age to pinpoint the likely due date. A second scan at 18-20 weeks focuses on detecting congenital abnormalities.

Additional scans may be offered to monitor high-risk or complex pregnancies. Having an accurate gestational age is important in the management of pregnancy, both to assess fetal growth and to inform treatment choice in the event that complications are seen. However, accurate determination of gestational age is difficult in low and middle-income countries (LMICs) as, currently, gestational age must be measured by trained sonographers.

Our ScanNav FetalCheck software aims to enable a non-skilled user to obtain an accurate gestational age with minimal training and without the need for an expensive high-end ultrasound machine. It has the potential to transform antenatal care both in LMICs and in high-income countries (HICs) by allowing the age of the fetus to be assessed in a primary care setting where women need it.

We were also pleased to announce that a leading university in Africa purchased four ScanNav FetalCheck systems as part of a trial to evaluate biomarkers and other factors which affect the probability of stillbirth. Post-year-end, we also announced that our ScanNav FetalCheck AI software is to be used in the largest-ever trial on the use of aspirin to prevent pre-eclampsia. Conducted in Kenya, Ghana, and South Africa, the trial is funded by the Bill & Melinda Gates foundation and led by Concept Foundation. It

aims to advance evidence on pre-eclampsia prevention and inform policies so that women who are treated with aspirin to prevent pre-eclampsia receive a dose that is both effective and safe. All clinical trial sites will use Intelligent Ultrasound's ScanNav FetalCheck software to enable frontline healthcare professionals, with no prior experience of ultrasound, to quickly estimate gestational age. ScanNav FetalCheck is currently not licensed for clinical use.

ScanNav Liver

In November 2023, we were pleased to announce that we had signed a research agreement with the University of Dundee to initiate the first phase of proof-of-concept work to develop AI-based tools for screening patients with liver disease. Utilizing the comprehensive archive comprising over one million ultrasound images from approximately 50,000 patients from the University of Dundee and NHS Tayside, our AI team intends to create machine-learning models that make it easier to stage liver disease and monitor disease progression.

The agreement, which is mainly royalty-based, will allow Intelligent Ultrasound to develop ultrasound-based AI tools with the potential to support clinicians in the clinical management of metabolic dysfunction-associated steatotic liver disease (MASLD) and its advanced form, metabolic dysfunction-associated steatohepatitis (MASH). MASLD is the leading cause of liver disease and is closely related to obesity, the rates of which are rising. Monitoring MASLD is important as patients in the early stages of the disease may be able to reduce the effects on their liver with dietary and lifestyle changes if caught in time.

Around 30% of the world's population has MASLD, and by 2030, it is expected that healthcare systems will need to accurately stage the disease to allow them to target treatment. As current methods for diagnosis are either invasive, costly, or inaccurate, it is hoped that AI-based ultrasound may prove to be a cost-effective point-of-care technique that can give clinicians the answers they need.

Prof. John Dillon at the University of Dundee is a world-renowned hepatologist, who played a major role in introducing Hepatitis C screening in Scotland. We believe that his team's clinical experience, combined with the richness of the Dundee dataset, will form a strong pairing with our expertise in creating healthcare AI solutions. Signing the research agreement was a key longer-term step for us as we look to build our fourth AI ultrasound platform, and we have high hopes for this proof-of-concept work.

Challenges to the 'Classroom to Clinic' Business

Ultrasound continues to be a growing medical diagnostic tool, with increasing demand for training tools that can enhance a medical practitioner's scanning skills and clinical products that can assist sonographers. However, there continue to be capital expenditure limitations on medical training budgets for high-value medical simulators, and hospital funding can also be hard to access, with long adoption periods and purchase cycles of between six to 18 months. This makes revenue forecasting difficult, especially during times of government spending cutbacks, political upheaval, changes of government, or pandemics when funds can be diverted to frontline care. The purchasing decisions made by medical institutions in the simulation market remain broadly based on the quality of training combined with value for money, rather than simply the lowest-priced solution.

During 2023, we continued to respond well to competitive products and pricing and margin pressures by offering a variety of purchase price points, expanding our product extensions, and increasing our e-learning options that can work in tandem with our hands-on training simulators. To counter clinical funding constraints, our clinical AI products are competitively priced and aim to either provide improvements to the workflow, destress the scanning process, or enable more clinicians to confidently complete a procedure that will save a hospital money. After a two-year period where we increased our key component stocks to combat supply chain pressure, during the second half of 2023, we have been able to reduce our stock levels, and now have only three components that have a lead time longer than four weeks.

We are conscious that, for a relatively small company, there has to be constant monitoring of cash and stock against revenue forecasts and potential supply chain spikes. To date we have managed this well and will continue with the current policy in 2024. We continue to review supplier costs and overheads and are conducting a component savings review but expect our simulation gross margin to hold stable in 2024. We are currently reviewing the option for price increases in the second half of 2024.

The AI-based ultrasound imaging software market is recognised as having significant global potential and as such there is considerable competition from both the existing ultrasound manufacturers and well-funded independent AI software vendors. With the revenue models for AI-driven software still in the relatively early stages of commercialisation, we continue to have a two-pronged go-to market strategy:

- Our ScanNav Assist software is being sold through a royalty-based, 'on machine' licence with GE HealthCare, whose established sales network can provide faster roll-out of our technology in the new ultrasound machine market; and
- Our ScanNav Anatomy PNB software is being sold through our own sales network directly to the global pool of existing ultrasound machines via our own portable 'plug-in' real-time AI enabled device.

Although the restrictions caused by the pandemic have now fully receded in all our markets, there are several potential threats to the world, regional and local economies. These include:

- The continued threat that the Russian invasion and illegal occupation of Ukraine could escalate to the point where it impacts other European countries
- The Israeli-Hamas war and increased tension in the Middle East region escalating
- The impact on hospital budgets of an economic slowdown in UK, Europe and China
- The disruption to government spending plans that can be caused by imminent elections in the US and UK
- The continuation of the junior doctor's strike in the UK significantly reducing funds available for capital purchases

Quality Management System

Meeting the standards of ISO 13485:2016 remains a high priority for the Group, as we continue to ensure the consistent design, development, production, installation, and sale of medical devices that are safe for their intended purpose.

Workplace environment

We have a great team that has worked incredibly hard all year and I would like to thank everyone for enabling us to achieve so much.

Shareholders

I would also like to thank our shareholders for their continued support as we grow our classroom to clinic vision and produce cutting edge AI software that will make ultrasound easier to use for medical professionals around the world.

Looking ahead

In 2023 over half of our AI-related revenue came from our women's health-related AI software sales, which included both GE HealthCare royalty income, combined with revenue from studies utilising our ScanNav FetalCheck AI software. We are therefore at a pivotal moment for the Company, and we remain positive about the outlook for the business in this exciting market.

Stuart Gall, *Chief Executive Officer*

FINANCIAL REVIEW

Summary financial performance

£m	2023	2022	Change

£m (unless otherwise stated)	2023	2022	Change (%)
Revenue	11.17	10.10	+11
Gross profit	6.84	6.08	+13
Gross profit margin (%)	61%	60%	+1
Expensed R&D	(1.15)	(1.69)	-32
Administrative expenses (*restated)	(8.72)	(8.07)	+8
Operating loss	(3.02)	(3.67)	-18
Loss after taxation	(2.58)	(2.98)	-13
Gross R&D costs	(2.96)	(3.20)	-8
Net cash used in operating activities	(1.71)	(0.68)	+150
Cash and cash equivalents	3.03	7.17	-58

Income statement

Revenue

The Group delivered overall growth in revenues of 11% in 2023 to £11.2m (2022: £10.1m) with Clinical AI revenues experiencing 203% growth from 2022 and Simulation revenues declining slightly by 3%.

Simulation

£m	2023	2022	Change	Adjusted 2022**	Change (%)
UK	2.36	4.91	-52%	3.01	-22
North America	4.51	2.78	+62%	2.78	+62
Rest of the World	2.27	1.74	+31%	1.74	+31
	9.14	**9.43**	**-3%**	**7.53**	**+21**

Simulation revenues reduced by 3% in 2023, although 2022 revenues included £1.9m of 'one-off' revenue from a national NHS England echocardiography ultrasound training programme. Excluding this exceptional one-off revenue, simulation revenue on a like-for-like basis increased by 21% in 2023.

It was encouraging that North American revenues grew 62% in 2023 after significant investment in resource and marketing over the past two years. Despite the strengthening of Sterling against the US Dollar in 2023, the region saw good growth in sales across all products, in particular BabyWorks, the newest product in the range.

Revenues increased by a third from the reseller network outside of the UK and North America to £2.27m (2022: £1.74m). Although some countries such as China and Australia performed below expectation, we started to see strong sales in the last quarter of the year which is expected to continue into 2024.

UK revenues declined by 52% in 2023, partly due to the one-off large NHS order in the prior year and also due to a reduction in NHS general training budgets with funding diverted to other priority areas. It should be noted however, that if we exclude the 'one-off' 2022 orders, the UK like-for-like revenue declined by 22%.

**2022 restated for a reclassification of labour and distribution cost*
***Adjusted on a 'like-for-like' basis to exclude the £1.9m of one-off sales in 2022*

Clinical AI

£m	2023	2022	Change (%)
UK	0.41	0.24	+72
North America	0.31	0.16	+96
Rest of the World	1.31	0.27	+382
	2.03	**0.67**	**+203**

Clinical AI revenues trebled in 2023 to £2.03m (2022: £0.67m), with positive growth in sales from NeedleTrainer (NT) and 'Classroom to Clinic' NT products (C2C), SonoLyst royalty income as well as revenues relating to the ScanNav Fetalcheck studies.

Gross profit

Gross profit increased by 13% to £6.84m (2022 restated*: £6.08m) directly associated with higher revenues. Average gross margin also improved by 1% to 61% (2022*: 60%).

Simulation gross margin percentage in 2023 of 60% remained the same as in 2022 with a more favourable product mix offset by a lower proportion of revenue coming from direct sales in the UK and North America (75% in 2023 versus 82% in 2022).

Clinical AI gross margin improved to 68% (2022: 58%) with the prior year margin impacted by the cost of a component upgrade to the NeedleTrainer demonstration units.

Administrative expenses

£m	2023	Restated 2022*	Change (%)
Sales, marketing and distribution	3.77	3.56	+6
Other general and administrative	3.10	2.75	+13
Other non-cash costs:			
Share based payment charges	0.24	0.38	-36
Depreciation and amortisation	1.61	1.38	+17
	8.72	**8.07**	**+8**

Administrative expenses increased by 9% to £8.72m (2022 restated: £8.07m) with salary increases, higher sales and exhibition-related distribution costs, and insurance costs in the US, as well as general higher inflationary increases impacting other administrative costs. Amortisation charges increased by £0.2m reflecting the higher capitalised development costs in 2022 and

administrative costs. Amortisation charges increased by £0.2m reflecting the higher capitalised development costs in 2022 and 2023. Share-based payment charges reduced by 36% to £0.24m (2022: £0.38m) with historical share option charges having been fully recognised in the prior year as well as increased forfeiture rates.

Operating loss

The operating loss reduced by 18% to £3.02m (2022: £3.67m) driven partly by the 13% increase in gross profit and higher capitalised R&D costs.

Research and development (R&D) costs

£m	2023	2022	Change (%)
Expensed	1.15	1.69	-32
Capitalised	1.81	1.51	+20
	2.96	**3.20**	**-8**
Simulation	0.91	1.24	-27
Clinical AI	2.05	1.96	+5

The Group incurred lower R&D expenditure in 2023 of £2.96m (2022: £3.20m). The simulation R&D team was largely focused on continuing to enhance the BabyWorks functionality as well as the development of the new version of BodyWorks. Lower external development costs resulted in a 27% reduction in R&D spend on simulation products. The Clinical AI R&D team continued to make further improvements to NeedleTrainer, developed ScanNav FetalCheck, and started the first phase of ScanNav Liver. R&D expenditure relating to clinical AI products remained broadly flat year on year at £2.05m (2022: £1.96m).

Taxation

The total tax credit in 2023 was £0.44m (2022: £0.72m). The Group claims annually for R&D tax credits and, since it is loss-making, elects to surrender these tax credits for a cash rebate. The credit is £0.28m lower than in 2022 due to changes in the SME R&D tax credit legislation which came into effect on 1 April 2023 where the enhanced deduction for SMEs reduced from 130% to 86%, and the amount of tax credit reduced from 14.5% to 10%.

As at 31 December 2023, the Group had cumulative gross UK tax losses of approximately £20.02m (31 December 2022: £18.81m) for which the Group continues to hold a cautious view, and consequently chooses to not recognise those losses as a deferred tax asset.

Balance sheet and working capital

Net assets at 31 December 2023 were £9.74m (31 December 2022: £12.2m).

Intangible assets of £4.10m increased by £0.82m, with £1.81m of R&D costs capitalised in 2023 (2022: £1.49m), offset by £0.99m amortisation charge. Capitalised R&D costs were higher in the year despite lower R&D spend due to more expenditure meeting the criteria for capitalisation in 2023.

Working capital reduced by £3.16m to £5.07m at 31 December 2023 (31 December 2022: £8.23m) with cash and cash equivalents decreasing by £4.14m, offset by higher trade and other receivables of £1.37m due to a higher proportion of orders being received in November and December compared to the prior year. Inventory of £1.45m was lower by £0.15m (2022: £1.60m) following a review during the year to reduce the inventory of certain raw material components.

Included within current assets is the R&D tax credit receivable of £0.46m (31 December 2022: £0.71m). This is £0.25m lower than at 31 December 2022 due to the changes in the SME R&D tax credit legislation from 1 April 2023.

During the year £1.81m (2022: £1.47m) of product development costs were capitalised within intangible assets with more development cost meeting the criteria for capitalisation in 2023 compared to the prior year.

Current liabilities were £3.27m (31 December 2022: £3.28m), with trade payables of £1.23m (31 December 2022: £1.36m) and accruals of £1.12m (31 December 2022: £0.97m) largely relating to sales-based royalties payable, sales commissions and annual bonuses. Lease liabilities of £0.69m (31 December 2022: £0.49m) increased in the year following the expansion of the warehouse facility in Caerphilly in August 2023 as well as a move to a new office in North America.

Deferred income at 31 December 2023 was £0.57m (31 December 2022: £0.55m) which relate to extended warranties and technical support. These amounts are deferred and released to the income statement over the life of the extended warranty and support period.

The share-based payment reserve increased by £0.24m to £2.00m (31 December 2022: £1.75m) due to the share-based payment charge of £0.25m for the year.

Cash flow

The Group reported cash and cash equivalents of £3.03m at 31 December 2023 (31 December 2022: £7.17m), a decrease of £4.14m.

£m	2023	2022
Operating	(1.71)	(0.69)
Investing	(2.12)	(1.82)
Financing	(0.24)	4.55
Exchange (gains)/losses	(0.07)	0.18
(Decrease)/increase in cash and cash equivalents	**(4.14)**	**2.22**

Operating cash outflows increased by £1.02m in 2023. Despite reduced operating cash outflows of £0.79m, this was offset by adverse movements in working capital of £1.24m (2022: £0.26m) particularly due to timing of invoicing impacting trade and other receivables as well as lower R&D tax credits received in the year of £0.69m (2022: £0.96m).

The net cash outflow arising from investing activities was £2.12m (2022: £1.82m) relating to capitalised R&D expenditure of £1.81m (2022: £1.47m) and £0.33m (2022: £0.38m) of property, plant and equipment, the majority of which relates to the capitalisation of sales demonstration equipment.

The net cash outflow from financing activities was £0.24m (2022: £4.55m inflow), mainly relating to lease payments of £0.21m

The net cash outflow from financing activities was £0.2m (2022: £4.55m inflow), mainly relating to lease payments of £0.21m and the associated interest. The prior year included the net funds received following the share placing in November 2022.

Going concern

In undertaking a going concern review, the Directors have reviewed three financial projections to 31 December 2025 based on the existing base budget, a flexed, more conservative version of the base budget and a reforecast based on current trading; all of which include estimates and assumptions regarding the product development projects, sales pipeline, future revenues and costs and timing and quantum of investments in the R&D programmes. Post-year-end, the Company secured access to a £2 million overdraft facility with HSBC which provides additional liquidity to support the Company's working capital needs but is scheduled for review within 12 months of signing the financial statements. If the Group subsequently becomes reliant on the availability of the facility to meet its short-term liquidity needs, a failure to renew or extend the facility could impact its ability to continue as a going concern. Additionally, if the Group's performance does not meet that projected and available facilities are insufficient to meet its liquidity needs then the Group may need to find alternative sources of finance. These circumstances represent a material uncertainty that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern.

Notwithstanding the uncertainties around timing and magnitude of future cashflows, the Directors believe existing cash reserves, expected cash flows from operating activities as well as the availability of the overdraft facility if required, are sufficient to meet the Group and Company's obligations as they fall due for at least the next twelve months from the date of approval of these financial statements.

The Directors have therefore concluded that it is appropriate to prepare the Group and Company financial statements on a going concern basis. The financial statements do not include any adjustments that would result if the Group or the Company was unable to continue as a going concern.

Helen Jones
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2023

Continuing operations	Note	2023 £'000	Restated 2022* £'000
Revenue	2	11,173	10,100
Cost of sales		(4,334)	(4,024)
Gross profit		**6,839**	**6,076**
Other income		9	8
Administrative expenses		(9,868)	(9,756)
Operating loss		**(3,020)**	**(3,672)**
Finance income		26	1
Finance costs		(29)	(31)
Loss before taxation		**(3,023)**	**(3,702)**
Taxation	3	441	718
Loss attributable to the equity shareholders of the Parent		**(2,582)**	**(2,984)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange gain arising on translation of foreign operations		(90)	238
Other comprehensive gain for the period		(90)	238
Total comprehensive loss attributable to the equity shareholders of the Parent		**(2,672)**	**(2,746)**
Loss per ordinary share attributable to the equity shareholders of the Parent			
Basic and diluted (pence)	4	(0.79)	(1.08)

*See note 1 for details of the restatement as a result of a change in accounting policy

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Intangible assets		4,095	3,272
Property, plant and equipment		1,293	1,174
Trade and other receivables		61	61
		5,449	**4,507**
Current assets			
Inventories		1,450	1,603
Trade and other receivables		3,398	2,025
Current tax assets		462	713
Cash and cash equivalents		3,031	7,166
		8,341	**11,507**
Total assets		**13,790**	**16,014**
Current liabilities			
Trade and other payables		(2,698)	(2,732)
Deferred income		(294)	(337)
Lease liabilities		(244)	(188)
Provisions		(35)	(22)
		(3,271)	**(3,279)**

Non-current liabilities			
Deferred income		(272)	(209)
Lease liabilities		(446)	(298)
Other payables		(65)	(65)
		(783)	**(572)**
Total liabilities		**(4,054)**	**(3,851)**
Net assets		**9,736**	**12,163**
Equity			
Share capital	5	3,269	3,269
Share premium		30,207	30,207
Accumulated losses		(32,533)	(29,951)
Share-based payment reserve		1,998	1,753
Merger reserve		6,538	6,538
Foreign exchange reserve		92	182
Other reserves		165	165
Total equity		**9,736**	**12,163**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Accumulated losses £'000	Share-based payment reserve £'000	Merger reserve £'000	Foreign exchange reserve £'000	Other reserves £'000	Total equity £'000
As at 31 December 2021	**2,707**	**25,959**	**(26,967)**	**1,373**	**6,538**	**(56)**	**165**	**9,719**
Loss for the year	-	-	(2,984)	-	-	-	-	(2,984)
Other comprehensive income	-	-	-	-	-	238	-	238
Total comprehensive loss for the year	-	-	(2,984)	-	-	**238**	-	**(2,746)**
Transactions with owners, recorded directly in equity								-
Issue of share capital	562	4,248	-	-	-	-	-	4,810
Cost of share-based awards	-	-	-	380				380
As at 31 December 2022	**3,269**	**30,207**	**(29,951)**	**1,753**	**6,538**	**182**	**165**	**12,163**
Loss for the year	-	-	(2,582)	-	-	-	-	(2,582)
Other comprehensive income	-	-	-	-	-	(90)	-	(90)
Total comprehensive loss for the year	-	-	(2,582)	-	-	(90)	-	(2,672)
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-
Cost of share-based awards	-	-	-	245	-	-	-	245
As at 31 December 2023	**3,269**	**30,207**	**(32,533)**	**1,998**	**6,538**	**92**	**165**	**9,736**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	2023 £'000	2022 £'000
Cash flows from operating activities		
Loss before taxation	(3,023)	(3,702)
Depreciation	629	604
Amortisation of intangible assets	986	780
Net finance costs	3	30

Share-based payment charge	245	380
Operating cash flows before movement in working capital	**(1,160)**	**(1,908)**
Decrease/(increase) in inventories	151	(404)
(Increase)/decrease in trade and other receivables	(1,413)	739
Increase/(decrease) in trade and other payables	7	(70)
Movement in provisions	13	-
Cash used in operations	**(2,402)**	**(1,643)**
Income taxes received	691	959
Net cash used in operating activities	**(1,711)**	**(684)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(338)	(357)
Internally generated intangible assets	(1,809)	(1,467)
Interest received	26	1
Net cash used in investing activities	**(2,121)**	**(1,823)**
Cash flows from financing activities		
Proceeds from issue of new shares	-	5,200
Share issue costs	-	(390)
Principal elements of lease payments	(207)	(231)
Interest paid	(29)	(31)
Net cash (used in)/generated by financing activities	**(236)**	**4,548**
Net (decrease)/ increase in cash and cash equivalents	**(4,068)**	**2,041**
Cash and cash equivalents at beginning of year	7,166	4,950
Exchange losses on cash and cash equivalents	(67)	175
Cash and cash equivalents at end of year	**3,031**	**7,166**

1. GENERAL INFORMATION

Intelligent Ultrasound Group plc ("the Company") is a publicly limited liability company incorporated and domiciled in the United Kingdom whose shares are traded on AIM, a market operated by the London Stock Exchange. The Company's registration number is 09028611 and its registered office address is Floor 6A Hodge House, 114-116 St Mary Street, Cardiff, CF10 1DY.

These results do not constitute the Group's statutory accounts for the year ended 31 December 2023 but are derived from those accounts. Statutory accounts for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the Company's Annual General Meeting.

The external auditors have reported on those accounts; its report was unqualified, drew attention by way of emphasis to a material uncertainty related to going concern as addressed below and the valuation of intangible assets, investment value and intercompany receivable, and did not contain any statements under section 498 of the Companies Act 2006.

Going concern

In undertaking a going concern review, the Directors have reviewed three financial projections to 31 December 2025 based on the existing base budget, a flexed, more conservative version of the base budget and a reforecast based on current trading; all of which include estimates and assumptions regarding the product development projects, sales pipeline, future revenues and costs and timing and quantum of investments in the R&D programmes. Post-year-end, the Company secured access to a £2 million overdraft facility with HSBC which provides additional liquidity to support the Company's working capital needs but is scheduled for review within 12 months of signing the financial statements. If the Group subsequently becomes reliant on the availability of the facility to meet its short-term liquidity needs, a failure to renew or extend the facility could impact its ability to continue as a going concern. Additionally, if the Group's performance does not meet that projected and available facilities are insufficient to meet its liquidity needs then the Group may need to find alternative sources of finance. These circumstances represent a material uncertainty that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern.

Notwithstanding this, after making due enquiries and considering the uncertainty, the Directors believe existing cash reserves, expected cash flows from operating activities as well as the availability of the overdraft facility if required, are sufficient to meet the Group and Company's obligations as they fall due for at least the next twelve months from the date of approval of these financial statements.

The Directors have therefore concluded that it is appropriate to prepare the Group and Company financial statements on a going concern basis. The financial statements do not include any adjustments that would result if the Group or the Company was unable to continue as a going concern.

Impairment assessment of Clinical AI intangible assets

For the intangible assets that have a finite life, the Directors considered the need to impair the carrying value of intangible assets by performing a review for indicators of impairment by assessing the performance of the assets against qualitative and quantitative factors. If any of these factors are present a detailed impairment review is undertaken. A detailed impairment assessment is performed by assessing the assets value in use which requires management to make a number of estimates. The most sensitive estimate is in relation to management's estimates of future revenues on the basis that these are relatively new products which have no extensive history of sales upon which to base the forecasts.

During the period ended 31 December 2023, the Clinical AI related and Simulation assets with a carrying value of £2.1m and £2.0m respectively were tested for impairment. The calculations use five-year cash flow projections based on financial budgets approved by management covering a two-year period. Cash flows for periods three to five are extrapolated using estimated growth rates and growth rates beyond five years are consistent with forecasts specific to the sector in which the CGU operates.

Reasonable sensitivities applied to the cashflow projections indicate that there is significant headroom before any impairment would be required. In the scenario that Clinical AI revenues only grow by 22.7% year on year in the value in use calculation, this would result in full impairment of the carrying value of the asset by £2.1m. If simulation revenue decreased by 50% over the five years used in the value-in-use calculation for Simulation assets there would still be adequate headroom.

Restatement to Consolidated Statement of Profit and Loss and Other Comprehensive Income

In 2023, there was a change in accounting policy to recognise distribution costs and warehouse labour within cost of sales instead of administrative expenses to more accurately reflect the direct costs associated with generating revenue.

For comparative purposes, the 2022 income statement has been restated below:

	As previously reported	Reclassification	As restated
	2022	2022	2022
	£'000	£'000	£'000

	£'000	£'000	£'000
Revenue	10,100	-	10,100
Cost of sales	(3,766)	(258)	(4,024)
Gross profit	**6,334**	**(258)**	**6,076**
Other income	8	-	8
Administrative expenses	(10,014)	258	(9,756)
Operating loss	**(3,672)**	**-**	**(3,672)**

2. OPERATING SEGMENTS

Operating segments reflect the way in which information is presented to and reviewed by the Chief Operating Decision Maker (CODM) for the purposes of making strategic decisions and assessing Group-wide performance. The Group's Board of Directors ('the Board') is the Group's CODM. The Group evaluates performance of the operational segments on the basis of revenue and gross profit. Apart from Intangible assets and Property, plant and equipment, all other assets and liabilities are reported to the Board at Group level and are not separated segmentally. The format of revenue reporting is based on the Group's management and internal reporting (including reports to the CODM). The Group has two operating segments: Simulation and Clinical AI:

- Simulation: sales of ultrasound simulation systems and related services
- Clinical AI: sales of AI-related ultrasound image analysis software products

2023	Simulation £'000	Clinical AI £'000	Total £'000
Revenue	9,144	2,029	11,173
Cost of sales	(3,838)	(496)	(4,334)
Gross profit	**5,306**	**1,533**	**6,839**

2022 (restated)	Simulation £'000	Clinical AI £'000	Total £'000
Revenue	9,432	668	10,100
Cost of sales*	(3,742)	(282)	(4,024)
Gross profit	**5,690**	**386**	**6,076**

*See note 1 for details of the 2022 restatement

Revenue by destination of external customer

	2023 £'000	2022 £'000
United Kingdom	2,769	5,145
North America (USA & Canada)	4,828	2,943
Rest of the World	3,576	2,012
	11,173	**10,100**
Timing of revenue recognition:		
At a point in time	10,674	9,591
Over time	499	509

Clinical AI royalty income is included within Rest of the World based on the external customer's invoicing country rather than the destination of the end customer.

Included within non-UK revenues are sales to the following country which accounted for more than 10% of the Group's total revenue for the year:

	2023 £'000	2022 £'000
USA	4,021	2,808

The Group had no customers who accounted for more than 10% of the Group revenue for the year ended 31 December 2023 or 2022.

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Simulation	1,037	942	1,509	1,258
Clinical AI	434	299	990	605
Central	144	143	-	-
	1,615	**1,384**	**2,499**	**1,863**

Non-current assets based outside the UK

Right-of-use assets include leased offices for Intelligent Ultrasound North America Inc (IUNA), based in Georgia. The net book value as at 31 December 2023 was £0.19m (2022: £0.03m).

3. TAXATION

	2023 £'000	2022 £'000
Current tax		
R&D tax credit	(460)	(711)
R&D tax credit relating to prior periods	19	(7)
	(441)	(718)
Deferred tax		
Origination and reversal of timing differences	-	-
Effect of tax rate change on opening balance	-	-

Effect of tax rate change on opening balance	-	-
	-	-
Income tax credit	**(441)**	**(718)**

4. LOSS PER ORDINARY SHARE

The loss per Ordinary share has been calculated using the loss for the year and the weighted average number of Ordinary shares in issue during the year as follows:

	2023 £'000	2022 £'000
Loss after taxation	(2,582)	(2,984)

Number of Ordinary shares of 1p each	2023 No.	2022 No.
Basic and diluted weighted average number of Ordinary shares	326.869,921	275,274,014
Basic and diluted loss pence per share	(0.79)	(1.08)

At 31 December 2023 and 2022 there were share options outstanding which could potentially have a dilutive impact but were anti-dilutive in both years.

5. SHARE CAPITAL

Authorised, allotted, issued and fully paid	2023		2022	
	Number	£'000	Number	£'000
Ordinary shares of 1p each				
Balance at 1 January	326,869,921	3,269	270,653,485	2,707
Shares issued for cash	-	-	56,216,436	562
At 31 December	**326,869,921**	**3,269**	**326,869,921**	**3,269**

The nominal values and the premium arising on shares issued in 2022 are as follows:

Date	Number of shares	Nominal value £'000	Premium £'000
1 and 2 December 2022	56,216,436	562	4,638

On 1 December 2022 the Company placed 56,216,436 newly issued shares of 1 pence each in the capital of the Company at a price of 9.25 pence per share. Share issue costs of £0.39m have been netted off against share premium arising on the new share issue.

Ordinary shares have a par value of 1 pence. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote; and, on a poll, each share is entitled to one vote. Ordinary shares have equal rights, preferences and no restrictions on distributions of dividends nor the repayment of capital.

The Company does not have a limited amount of authorised capital.

6. PUBLICATION OF ANNUAL REPORT

It is anticipated that the full Annual Report will be published in May 2023. Copies will be available at the Company's head office; Floor 6A Hodge House, 114-116 St Mary Street, Cardiff, CF10 1DY and on the Company's website (www.intelligentultrasound.com).