Intelligent Ultrasound Group plc
(the "Group")

Trading update

Intelligent Ultrasound Group plc (AIM: IUG), the ultrasound artificial intelligence (AI) software and simulation company, announces that Group revenue for the year to 31 December 2020, which is currently generated entirely by the Group's Simulation Division, is expected to be £5.2m (2019: £5.9m). The decline of 11% is entirely due to the impact of the global pandemic.

Sales from the Group's direct sales team, which together cover the UK and USA, are expected to have grown by over 15% to £3.8m (2019: £3.3m), helped by strong sales from the Group's ScanTrainer and BodyWorks simulators, which incorporate the free of charge Covid-19 lung training module that was developed in response to the pandemic. However, sales in Europe and Asia, that are made through the Group's reseller network, were impacted by Covid-19 restrictions and are expected to have declined to £1.4m (2019: £2.6m).

The Group's Clinical AI Division had a successful year, announcing in October 2020 that GE Healthcare's Voluson SWIFT ultrasound machine, that incorporates Intelligent Ultrasound's ScanNav Assist AI technology in its SonoLyst software, had received CE approval for sale in Europe and 510(k) clearance from the FDA for sale in the USA. GE Healthcare's SonoLyst is the first AI software to be launched under the Group's long-term licence and co-development agreement with GE Healthcare. It is also the world's first fully integrated AI tool that recognises the 20 views recommended by the International Society of Ultrasound in Obstetrics and Gynaecology mid-trimester practice guidelines for fetal imaging. The Voluson SWIFT is the first of the three product types in GE Healthcare's Voluson range to offer SonoLyst.

In October 2020, the Group also announced the submission of its ScanNav Anatomy Peripheral Nerve Block (PNB) software for both CE and FDA regulatory approval. Based on feedback from both regulatory bodies, first sales in the UK and Europe are still expected in the second half of 2021; however, the restrictions imposed by Covid-19 on progressing certain additional US studies may push back FDA regulatory approval.

The Group expects to be able to announce initial sales from its Clinical AI division when we release our 2021 interim trading statement.

The Group operating loss for the year is expected to have improved by over 8%, to between £4.1m and £4.2m (2019: loss of £4.6m) with selling and marketing cost reductions helping to minimise the impact of lower revenues. This includes approximately £2.0m (2019: £2.0m) of expensed R&D costs primarily attributable to investment in the Group's Clinical AI Division. Group management, plc costs and share-based payment charges included in the loss are expected to be £1.0m (2019: £1.0m).

£4.9m net of costs was received in May 2020 from the successful placing and open offer and cash at bank at 31 December 2020 is expected to be approximately £8.8m (2019: £7.3m).

Stuart Gall, CEO of Intelligent Ultrasound Group plc, commented: *"Despite the impact of Covid-19, this has been a very positive year for the Group. The Clinical AI Division has continued to perform well, with GE Healthcare's Voluson SWIFT ultrasound machine, that incorporates Intelligent Ultrasound's ScanNav Assist AI technology in its SonoLyst software, receiving CE approval for sale in Europe and 510(k) clearance from the FDA for sale in the USA. Although Covid-19 has impacted both the signing*

of a second OEM agreement and the regulatory approval process for ScanNav Anatomy PNB, we still expect first product launch and initial revenues for this, our second clinical AI product, to be in H2 2021. Finally, the Simulation Division has worked extremely hard to minimise the negative impact of Covid-19 on 2020 sales revenue and we are confident that, on-going global pandemic restrictions permitting, the Group will return to revenue growth in 2021."

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About Intelligent Ultrasound Group

Intelligent Ultrasound (AIM: IUG) develops artificial intelligence-based clinical image analysis software tools for the diagnostic medical ultrasound market and hi-fidelity virtual reality simulators for the ultrasound training market. Based in Cardiff in the UK and Atlanta in the US, the Group operates two divisions:

Clinical AI Division

Focusses on developing deep learning-based algorithms to make ultrasound machines smarter and more accessible. Products in the market include ScanNav Assist, which uses machine-learning based algorithms to automatically identify and grade ultrasound images. GE Healthcare's SonoLyst software on their Voluson SWIFT ultrasound machine incorporates the ScanNav Assist AI technology and has received 510(k) clearance from the FDA for sale in the USA. SonoLyst is the world's first fully integrated AI tool that recognises the 20 views recommended by the International Society of Ultrasound in Obstetrics and Gynaecology mid-trimester practice guidelines for fetal imaging.

Products in development include ScanNav Anatomy PNB, which aims to simplify ultrasound-guided needling by providing the user with real-time AI-based anatomy highlighting software for a range of medical procedures. ScanNav Anatomy has been submitted for CE and FDA regulatory approval.

Simulation Division

Focusses on hi-fidelity ultrasound education and training through simulation. Its three main products are the ScanTrainer OBGYN training simulator, the HeartWorks echocardiography training simulator and the BodyWorks Eve Point of Care and Emergency Medicine training simulator. To date almost 1,000 simulators have been sold to over 600 medical institutions around the world.

www.intelligentultrasound.com