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MedaPhor Group plc

("MedaPhor" or the "Company")

Placing to raise £5.0 million and Open Offer to raise up to approximately £2.1 million and Notice of General Meeting

MedaPhor (AIM: MED), the intelligent ultrasound software and simulation company, announces that it is proposing to raise £5.0 million (before the deduction of fees and expenses) through the conditional issue of 58,823,530 Placing Shares at 8.5 pence per Ordinary Share. In addition, the Company is proposing to raise up to approximately a further £2.1 million (before the deduction of fees and expenses) through an Open Offer via the issue of up to 24,219,354 Open Offer Shares at 8.5 pence per Ordinary Share. The New Ordinary Shares will rank, *pari passu*, in all other respects with the Company's Existing Ordinary Shares.

Key Highlights

- Proposed conditional Placing to raise £5.0 million through the issue of 58,823,530 Placing Shares to new and existing institutional and other investors at 8.5 pence per Placing Share
- Proposed Open Offer to raise up to approximately £2.1 million through the issue of up to 24,219,354 Open Offer Shares to Qualifying Shareholders at 8.5 pence per Open Offer Share
- The Issue Price equates to the closing mid-market price of 8.5 pence on 23 November 2018, being the last trading date prior to announcement of the proposed Transaction
- The net proceeds of the Transaction will be used to develop the AI based products, ScanNav AutoCapture and ScanNav AnatomyGuide, to submit them for regulatory approval and for general working capital purposes
- Proposed name change to Intelligent Ultrasound Group plc to reflect the Group's expansion into the development of AI software for use in clinical ultrasound

General Meeting

The Transaction is conditional, *inter alia*, upon Shareholder approval at the General Meeting of the Company which is expected to be held at the offices of Memery Crystal LLP, 165 Fleet Street, London, EC4A 2DY at 11.00 a.m. on 12 December 2018.

Stuart Gall, CEO at MedaPhor, said: *"This is an important fundraise for the Group that will enable us to continue the development of our range of AI based ultrasound software tools in this new and exciting market. 2019 will be an important year as we look to secure an OEM agreement for ScanNav AutoCapture in the global obstetrics market and submit ScanNav AnatomyGuide for regulatory approval. We would like to thank our shareholders for their continued support and look forward to a successful year under our new Intelligent Ultrasound name."*

A Circular containing the Notice of the General Meeting to approve, amongst other things, resolutions relating to the allotment of the New Ordinary Shares, is expected to be published by the Company and sent to Shareholders later today, together with a Form of Proxy and, in the case of Qualifying Shareholders, the Application Form. A copy of the Circular and Form of Proxy will be available on the Company's website at www.investors.medaphor.com. Your attention is drawn to the letter from the Chairman of the Company which is set out in the Circular and which contains, amongst other things, the Directors' unanimous recommendation that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

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Important Notices

Cenkos Securities, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company and no-one else in connection with the Placing, the Open Offer and Admission. Cenkos Securities will not be responsible to anyone other than the Company for providing the regulatory and legal protections afforded to customers (as defined in the rules of the FCA) of Cenkos Securities nor for providing advice in relation to the contents of this announcement or any matter, transaction or arrangement referred to in it. The responsibilities of Cenkos Securities, as nominated adviser under the AIM Rules for Nominated Advisers, are owed solely to London Stock Exchange and are not owed to the Company or any director of the Company or to any other person in respect of their decision to subscribe for or purchase Placing Shares or Open Offer Shares.

Forward-looking statements

Some of the statements in this announcement include forward looking statements which reflect the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Company's products and services). These statements include forward looking statements both with respect to the Company and with respect to the sectors and industries in which the Company operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar statements or negatives thereof are of a forward looking nature.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and therefore are based on current beliefs and expectations about future events. Forward-looking statements are not guarantees of future performance and the Company's actual operating results and financial condition, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this announcement. In addition, even if the Company's operating results, financial condition and liquidity, and the development of the industry in which the Company operates are consistent with the forward looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Accordingly, prospective investors should not rely on these forward-looking statements.

These forward looking statements speak only as of the date of this announcement. The Company expressly disclaims any obligation to publicly update or review any forward looking statement, whether as a result of new information, future developments or otherwise, unless required to do so by applicable law or the AIM Rules for Companies. All subsequent written and oral forward looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified

in this announcement which could cause actual results to differ from those indicated or suggested by the forward looking statements in this announcement before making an investment decision.

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The securities referred to herein have not been and will not be registered under the applicable securities laws of Australia, Canada, the Republic of South Africa, New Zealand, Japan or the Republic of Ireland and, subject to certain exceptions, may not be offered or sold within Australia, Canada, the Republic of South Africa, New Zealand, Japan, or the Republic of Ireland or to any national, resident or citizen of Australia, Canada, the Republic of South Africa, New Zealand, Japan, or the Republic of Ireland or any other jurisdiction where to do so might constitute a violation of local securities laws or regulations.

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Introduction

The Company announces a proposed Placing and an Open Offer, pursuant to which it proposes to raise, subject to certain conditions (i) £5.0 million (before expenses) by the conditional Placing of 58,823,530 new Ordinary Shares at the Issue Price to certain institutional and other investors; and (ii) up to approximately £2.1 million (before expenses) by way of an Open Offer made to Qualifying Shareholders of up to 24,219,354 new Ordinary Shares at the Issue Price.

The proceeds of the Placing and the Open Offer will be used to develop the Company's products and provide additional working capital for the Group. The Placing and the Open Offer are conditional (amongst other things) upon the passing of certain resolutions in order to ensure that the Directors have the necessary authorities and powers to allot the New Ordinary Shares. The Issue Price of 8.5 pence per share equates to the closing middle market price of 8.5 pence per Ordinary Share on 23 November 2018 (being the last business day before publication of this announcement).

The Placing, which has been arranged by Cenkos pursuant to the terms of the Placing and Open Offer Agreement, is also conditional on the Company obtaining approval from its Shareholders to disapply statutory pre-emption rights and to grant the Board authority to allot the New Ordinary Shares and upon Admission.

Background to and reasons for the Placing and the Open Offer

Following the acquisition of IUL in October 2017, MedaPhor has two divisions: the revenue generating Simulation Division and the AI software based Clinical AI Division. Both divisions focus on the ultrasound market, with the former offering training simulators and the latter targeting the clinical ultrasound market.

IUL was a spin-out from The University of Oxford and its development was supported by a team led by one of the world's leading academics in ultrasound image analysis using AI, Professor Alison Noble OBE, FREng, FRS. IUL forms the core of the Group's Clinical AI Division and develops software algorithms with the potential to automatically identify key anatomical structures within an ultrasound scan. The Clinical AI Division has planned a software development pathway, under the "ScanNav" family brand name, which in the first phase comprises ScanNav Audit, ScanNav AutoCapture and ScanNav AnatomyGuide; and subsequently expects to include the development of ScanNav NeedleGuide, ScanNav Assist and ScanNav HealthCheck.

Current ScanNav products in development

The Company is developing ScanNav, ScanNav AutoCapture and ScanNav AnatomyGuide which are detailed below.

ScanNav Audit software is being developed by the Group to provide discrete, real-time support for ultrasound practitioners performing scans under the 20 week pregnancy scanning protocol. In the UK this protocol is called the Fetal Anomaly Screening Programme or "FASP". ScanNav Audit aims to ensure that a complete set of scan images which are fit for purpose are captured during the procedure. The software is designed to act as a live virtual peer review, ensuring that the scan is performed correctly by highlighting issues to the sonographer as he or she saves each image. The software will also provide an auditable record of sonographer's performance, allowing managers to monitor staff and form part of the record keeping requirements of the clinic. In February 2018, MedaPhor announced the initiation of its first pilot of ScanNav Audit, at the Fetal Medicine Department of St George's University Hospitals NHS Trust, London. Subsequently a second UK site, the Princess Anne Wing Ultrasound Department of the Royal United Hospitals, Bath also initiated a pilot of the ScanNav Audit system. ScanNav Audit is currently a pre-commercial CE marked product in the UK, that will require further development and regulatory approval. However, the Directors believe that a product with the capability to automatically capture the correct ultrasound image ("ScanNav AutoCapture", described below) and which also includes the ScanNav Audit features, will have more commercial value, as it is more likely to attract interest from OEMs looking to incorporate the software in their ultrasound machines. Consequently, the immediate focus will be to bring ScanNav AutoCapture (with Audit) to market, leaving the option to sell ScanNav Audit as a stand-alone

offering, if permitted under the terms of any OEM deal or in the event that no agreement is entered into with an OEM.

ScanNav AutoCapture software is being developed by the Group to automatically capture the correct ultrasound images during the 20-week FASP scan. As the sonographer moves the ultrasound probe around the patient the ScanNav software analyses the image planes in real time and automatically selects and saves the key images required by the protocol. Subject to entering into an agreement with an OEM, ScanNav AutoCapture is expected to be expanded from the UK FASP protocol to include the ISOUG global protocol and the US ACR protocol and as such the Directors anticipate that the CE and FDA regulatory approval processes will commence at the end of 2019.

The Directors believe that the ScanNav AutoCapture software has the potential to:

- speed up workflow – as the software automatically captures the correct images, the operator does not need to manually freeze and save each image required by the protocol – allowing them to focus on their dynamic assessment of the foetus; and
- improve accuracy and consistency – the use of AI software should reduce the operator variability from the procedure, which is expected to result in more accurate and consistent image capture.

The Group expects to develop further obstetrics variants of ScanNav AutoCapture to complement the 20 week protocol software described above.

ScanNav AnatomyGuide is an AI based ultrasound software product which can identify and highlight anatomical structures on a live ultrasound image. The product is being developed for use during peripheral nerve block (PNB) procedures to support less experienced practitioners. PNB is a form of local anaesthetic that can be used in certain surgical procedures as an alternative to general anaesthetic. By making PNB accessible to more medical practitioners, the Directors believe that ScanNav AnatomyGuide has the potential to allow PNB to be used in more surgical procedures. MedaPhor is currently gathering clinical data for the product and it is proposed that certain of the net proceeds raised from the Placing and Open Offer are to be applied towards the development of this new product. It is anticipated that the product will be sold into hospitals through the ultrasound reseller market. The Directors expect that development of ScanNav AnatomyGuide will be completed in 2019, and that the regulatory approval process for its sale in Europe and the United States will commence thereafter.

Future ScanNav products

The Company is looking to develop future products including: ScanNav NeedleGuide, which will use commercially available augmented reality hardware, combined with AI needle guidance tools, to enable live tracking of a needle during procedures such as PNB, kidney biopsy and cyst aspiration. The initial development work for this project has been part funded by the award of an Innovate UK grant of £466,000. This is a long-term development project that will be reviewed at the end of the Innovate UK grant in 2019.

ScanNav Assist is the next logical development for the ScanNav technology and, once developed, may facilitate the automatic recognition of abnormalities within a general radiology scan. ScanNav Assist aims to confirm that a clinician has correctly scanned the anatomical area of interest and then highlight any areas of abnormality. The Directors believe that once developed, ScanNav Assist has the potential to allow more point of care medical practitioners to use ultrasound imaging for front line diagnosis. The Directors believe that such a device would be likely to support the practice of a broad range of medical professionals including GPs, midwives, paramedics and doctors working in Emergency Rooms.

MedaPhor's strategy is to focus on the provision of professional AI ultrasound image analysis software before moving into the consumer AI market, as and when the relevant hardware becomes affordable for the consumer.

ScanNav HealthCheck takes the concept of the ScanNav Assist product, which is designed for use by healthcare professionals to the next level by enabling consumers to perform scans on themselves. When combined with the

next generation of low cost ultrasound devices, this software, once developed, could have the potential to enable health conscious individuals to benefit from the ability to scan themselves at home.

Use of proceeds

The Company intends to raise £5.0 million (before expenses) by way of the conditional Placing and up to approximately a further £2.1 million (before expenses) under the Open Offer. The expenses for the Transaction are expected to be approximately £0.275 million.

The primary purpose behind the Transaction is to fund the first phase of development of MedaPhor's portfolio of clinical AI products and to allow MedaPhor to sign an OEM agreement for ScanNav Audit/AutoCapture and commence the regulatory approval process for ScanNav AnatomyGuide.

The net proceeds of the Transaction will be used by the Company for the following purposes:

- (a) to attempt to sign an OEM agreement for ScanNav Audit/AutoCapture;
- (b) to complete development of ScanNav Audit/AutoCapture for global 20-week obstetrics protocols (e.g. ACR and ISUOG);
- (c) work with the OEM to submit ScanNav Audit/AutoCapture for CE and FDA regulatory approval;
- (d) to complete development of ScanNav AnatomyGuide and to have submitted the product for CE and FDA regulatory approval; and
- (e) for general working capital purposes.

It is anticipated that further financing will be required to complete the FDA regulatory approval process for ScanNav AnatomyGuide. To this effect, the Company is also seeking Shareholders' authority at the General Meeting to allot further equity securities up to a nominal value of £411,764.71 for cash on a non-pre-emptive basis, subject to such Ordinary Shares being allotted for a subscription price of no less than the Issue Price.

It is also anticipated that additional financing will be required in 2020 to launch AutoCapture (with Audit) and AnatomyGuide to market and also to facilitate the development of the next phase of products. The Company is not seeking Shareholders' authority to allot equity securities for these purposes at this time.

Current trading and prospects

The Company announced its interim results for the six months ended 30 June 2018 on 25 July 2018. The Company reported revenues for the period under review of £2.5 million up 22.7 per cent. (H1 2017: £2.1 million) and a cash balance of £2.5 million (31 December 2017: £4.3 million). Since that time the Company's Simulation Division has met its milestones for the development of its AI based ScanNav clinical software. The funds raised by the Placing and Open Offer will enable the Group to attempt to sign its first OEM agreement and commence the regulatory approval process for ScanNav AnatomyGuide and provide a platform for future revenue growth in the potentially significant clinical ultrasound AI software market.

Related parties' participation in the Transaction

The following substantial Shareholders (being a Shareholder holding 10 per cent. or more of the Company's Ordinary Shares as at 23 November 2018, the latest practicable date prior to publication of this announcement) are participating in the Placing as described below:

	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Amount Subscribed</i>	<i>Number of Placing Shares</i>	<i>Number of Ordinary Shares held including the Placing Shares*</i>	<i>Percentage of enlarged share capital*</i>
IP Group plc (across its various entities)	35,304,141	36.4%	£1,822,102.50	21,436,500	56,740,641	36.4
Parkwalk Advisors Ltd	16,000,000	16.5%	£1,700,000	20,000,000	36,000,000	23.1

* on the assumption that the maximum number of Placing Shares are issued pursuant to the Placing but not including any Open Offer Shares that may be subscribed for pursuant to the Open Offer

The participation by the Shareholders referred to above in the Placing is classified as a related party transaction for the purposes of the AIM Rules by virtue of such Shareholder being a substantial shareholder (as defined in the AIM Rules for Companies) in the Company. The Directors, having consulted with Cenkos, the Company's nominated adviser, consider that the terms of the transaction are fair and reasonable insofar as the Company's Shareholders are concerned.

Directors' participation in the Placing

As part of the Transaction, certain Directors and their connected persons and an employee intend to subscribe (either personally or through a nominee) for an aggregate of 1,847,064 Placing Shares at the Issue Price. Details of the Placing Shares for which the Directors intend to subscribe (either personally or through a nominee) are displayed below:

<i>Name</i>	<i>Title</i>	<i>Number of existing Ordinary Shares#</i>	<i>Number of Placing Shares intended to be subscribed for#</i>	<i>Value of Placing Shares intended to be subscribed for#</i>	<i>Resulting shareholding following proposed subscription* #</i>	<i>Percentage of enlarged share capital following proposed subscription* #</i>
Riccardo Pigliucci	Non-Executive Chairman	-	117,648	£ 10,000.08	117,648	0.1%
Stuart Gall	Chief Executive Officer	40,000	588,236	£ 50,000.06	628,236	0.4%
Wilson Jennings	Finance Director	-	294,118	£ 25,000.03	294,118	0.2%
Nicholas Sleep	Chief Technology Officer	50,000	176,471	£ 15,000.04	226,471	0.1%
Ian Whittaker	Chief Operating Officer	232,334	117,648	£ 10,000.08	349,982	0.2%
Nick Avis	Non-Executive Director	200,000	141,177	£ 12,000.05	341,177	0.2%
Andrew Barker	Non-Executive Director	200,344	117,648	£ 10,000.08	317,992	0.2%

* On the assumption that the maximum number of Placing Shares are issued pursuant to the Placing but not including any Open Offer Shares that may be subscribed for pursuant to the Open Offer

The number of Ordinary Shares presented in this table as being held or subscribed for by Directors refers to the number of Ordinary Shares held or subscribed for by them either personally or through a nominee

A further announcement will be made on completion of the proposed subscriptions described above.

Details of the Placing

MedaPhor is proposing to raise £5.0 million (before expenses) pursuant to the Placing. The Placing has conditionally raised a total of approximately £2.16 million through the placing of 25,449,306 EIS/VCT Placing Shares and a total of approximately £2.84 million through the conditional placing of 33,374,224 General Placing Shares. The Issue Price per Placing Share equates to the closing price of 8.5 pence on 23 November 2018, the latest Business Day prior to publication of this announcement.

The New Ordinary Shares will represent approximately 46.2 per cent. of the Enlarged Share Capital (on the assumption that the maximum number of Placing Shares are issued pursuant to the Placing and that the Open Offer is fully subscribed). The New Ordinary Shares will, following Admission, rank in full for all dividends and distributions declared, made or paid in respect of the issued Ordinary Share capital of the Company after the date of their issue and will otherwise rank equally in all other respects with the Existing Ordinary Shares.

The Placing and Open Offer Agreement

Pursuant to the terms of the Placing and Open Offer Agreement, Cenkos has conditionally agreed to use its reasonable endeavours, as agent for the Company, to place the Placing Shares with certain institutional and other investors. The Placing has not been underwritten.

The Placing and Open Offer Agreement is conditional upon, inter alia:

- Resolutions 1 and 2 below being passed without amendment;
- compliance by the Company in all material respects with its obligations under the Placing Agreement; and
- Admission of the New Ordinary Shares to trading on AIM becoming effective by not later than 8.00 a.m. on 13 December 2018 (or such later date as is agreed between the Company and Cenkos, being not later than 8.00 a.m. on the Long Stop Date).

The Placing and Open Offer Agreement contains warranties from the Company in favour of Cenkos in relation to, inter alia, the accuracy of the information in the Circular and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Cenkos in relation to certain liabilities it may incur in respect of the Placing. Cenkos has the right to terminate the Placing and Open Offer Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties given to Cenkos in the Placing and Open Offer Agreement, the failure of the Company to comply in any material respect with its obligations under the Placing and Open Offer Agreement, the occurrence of a force majeure event or a material adverse change affecting the condition, or the earnings, management business, affairs, solvency or prospects of the Group as a whole.

Cenkos will subscribe for 1,674,378 Placing Shares at the Issue Price in lieu of receiving £142,322.13 of its fee from the Company.

Details of the Open Offer

MedaPhor is proposing to raise up to approximately £2.1 million (before expenses) pursuant to the Open Offer. The Issue Price per Open Offer Share equates to the closing price of 8.5 pence on 23 November 2018, the last Business Day prior to publication of this announcement. The Open Offer is being made on a pre-emptive basis, allowing all Qualifying Shareholders the opportunity to participate.

The Open Offer provides Qualifying Shareholders with the opportunity to apply to acquire Open Offer Shares at the Issue Price pro rata to their holdings of Existing Ordinary Shares as at the Record Date on the following basis:

1 Open Offer Share for every 4 Existing Ordinary Shares

Entitlements to apply to acquire Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlement to Open Offer Shares will be disregarded in calculating the Basic Entitlement. Qualifying Shareholders who do not take up their Basic Entitlements in full will experience a dilution to their interests of approximately 46.2 per cent. following Admission (assuming full subscription under the Placing and the Open Offer).

Qualifying Shareholders should note that the Open Offer Shares have neither been placed under the Placing subject to clawback under the Open Offer nor have they been underwritten, and that the Placing is not conditional upon the number of applications received under the Open Offer.

The Open Offer is subject to, amongst other matters, the satisfaction of the conditions set out in paragraph 7 of Part I of the Circular and the passing of Resolutions 1 and 2, as set out in the Notice of General Meeting at the back of the Circular. The Open Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission.

Excess applications

The Open Offer is structured to allow Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price pro rata to their existing holdings of Ordinary Shares on the Record Date.

Qualifying Shareholders may also make applications in excess of their Basic Entitlements. To the extent that Basic Entitlements are not subscribed by Qualifying Shareholders, such Open Offer Shares will be available to satisfy such excess applications, subject to a maximum of 24,219,354 Open Offer Shares in aggregate. To the extent that applications are received in respect of an aggregate of more than 24,219,354 Open Offer Shares, excess applications will be scaled back accordingly.

However, excess applications will be rejected if and to the extent that acceptance would result in the Qualifying Shareholder, together with those acting in concert with him/her/it for the purposes of the City Code on Takeovers and Mergers, holding 30 per cent. or more of the Enlarged Share Capital immediately following Admission. Those Placees who are Qualifying Shareholders will also be entitled to participate in the Open Offer.

Qualifying Shareholders should note that the Open Offer is not a rights issue

Qualifying Non-CREST Shareholders should be aware that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that, in the Open Offer, unlike in a rights issue, any entitlements to Open Offer Shares not applied for or not taken up will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

Overseas Shareholders

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Existing Ordinary Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents), or who have a contractual or other legal obligation to forward the Circular, Form of Proxy, or the Application Form to such persons, is drawn to the information which appears in paragraph 6 of Part III of the Circular.

In particular, Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the UK (including without limitation the United States of America), should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements under the Open Offer.

CREST Instructions

Application has been made for the Basic Entitlements for Qualifying CREST Holders to be admitted to CREST. It is expected that the Basic Entitlements will be admitted to CREST on 27 November 2018.

The Excess CREST Open Offer Entitlements will also be admitted to CREST on 27 November 2018. Applications through the CREST system may only be made by the Qualifying Holder originally entitled or by a person entitled by virtue of a bona fide market claim.

Qualifying Non-CREST Shareholders will receive an Application Form which gives details of their Basic Entitlement under the Open Offer (as shown by the number of the Open Offer Shares allocated to them) with the Circular. If they wish to apply for Open Offer Shares under the Open Offer, they should complete the accompanying Application Form in accordance with the procedure for application set out in the Circular and on the Application Form itself. The completed Application Form, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to arrive as soon as possible and in any event no later than 11.00 a.m. on 11 December 2018.

Qualifying CREST Shareholders, will receive no Application Form with the Circular but will receive a credit to their appropriate stock account in CREST in respect of their Basic Entitlement and if appropriate their Excess Entitlement. They should refer to the procedure for application set out in Part III of the Circular. The relevant CREST instruction must have settled by no later than 11.00 a.m. on 11 December 2018.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 11 December 2018. The procedure for application and payment depends on whether, at the time at which application and payment is made, a Qualifying Shareholder has an Application Form in respect of their Basic Entitlement or have their Basic Entitlement credited to their stock account in CREST.

If you are in any doubt as to what action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

General Meeting

The Directors do not currently have authority to allot all of the New Ordinary Shares and, accordingly, the Board is seeking the approval of Shareholders to allot the New Ordinary Shares at the General Meeting. The Directors are also seeking approval of Shareholders to allot further Ordinary Shares up to an aggregate nominal amount of £411,764.71, for the purposes set out in the 'Use of proceeds' paragraph above, subject to such new Ordinary Shares being allotted for a subscription price of no less than the Issue Price.

A notice convening the General Meeting, which is to be held at the offices of Memery Crystal LLP, 165 Fleet Street, London EC4A 2DY at 11.00 a.m. on 12 December 2018, is included in the Circular. At the General Meeting, the following Resolutions will be proposed:

- Resolution 1, which is an ordinary resolution, to authorise the Directors to allot relevant securities up to an aggregate nominal amount of £830,428.84, being equal to 83,042,884 New Ordinary Shares (i.e. the maximum number of New Ordinary Shares available under the Placing and Open Offer);
- Resolution 2, which is conditional on the passing of Resolution 1 and is a special resolution, to authorise the Directors to allot 83,042,884 New Ordinary Shares pursuant to the Placing and Open Offer on a non-pre-emptive basis;
- Resolution 3, which is an ordinary resolution, to authorise the Directors to allot relevant securities up to an additional aggregate nominal amount of £411,764.71, being equal to 41,176,471 new Ordinary Shares, subject to such Ordinary Shares being allotted for a subscription price of no less than the Issue Price;
- Resolution 4, which is conditional on the passing of Resolution 3 and is a special resolution, to authorise the Directors to allot the 41,176,471 new Ordinary Shares referred to in Resolution 3 on a non-pre-emptive basis; and
- Resolution 5, which is a special resolution, to change the name of the Company to Intelligent Ultrasound Group plc.

The authorities to be granted pursuant to Resolutions 1 to 4 (inclusive) shall expire on whichever is the earlier of (a) the conclusion of the Annual General Meeting of the Company to be held in 2019; and (b) in the case of Resolutions 1 and 2, the date falling 6 months from the date of the passing of the Resolutions and, in the case of Resolutions 3 and 4, the date falling 12 months from the date of the passing of the Resolutions (in each case unless renewed varied or revoked by the Company prior to or on that date) and shall be in addition to the Directors' authorities to allot relevant securities and dis-apply statutory pre-emption rights granted at the Company's Annual General Meeting held on 17 May 2018.

The Board believes that the proposed new name of the Company reflects the fact that the Group is no longer only a simulation business aimed at ultrasound training following the expansion of its activities into the development of AI software for use in clinical ultrasound.

Shareholders will find accompanying the Circular a Form of Proxy for use in connection with the General Meeting. The Form of Proxy should be completed and returned in accordance with the instructions thereon so as to be received by Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, as soon as possible and in any event not later than two Business Days before the time of the General Meeting. Completion and return of the Form of Proxy will not prevent a Shareholder from attending and voting at the General Meeting should he/she/it so wish.

Recommendation

The Directors believe the Placing and the Open Offer and the passing of the Resolutions to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions as they intend so to do in respect of their beneficial shareholdings amounting to 1,986,678 Ordinary Shares, representing approximately 2.1 per cent. of the existing issued ordinary share capital of the Company.

Definitions

The following definitions apply throughout this announcement unless the context otherwise requires:

ACR	American College of Radiology
Act	the Companies Act 2006 (as amended)
Admission	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
AI	artificial intelligence
AIM	the market of that name operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies published by the London Stock Exchange from time to time
Application Form	the application form relating to the Open Offer
Basic Entitlement	the number of Open Offer Shares which Qualifying Holders are entitled to subscribe for at the Issue Price pro rata to their holding of Existing Ordinary Shares pursuant to the Open Offer as described in Part III of the Circular
Business Day	a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, England
Cenkos	Cenkos Securities plc
certificated form or in certificated form	an Ordinary Share recorded on a company's share register as being held in certificated form (namely, not in CREST)
Circular	the circular to be posted to Shareholders on 26 November 2018
Clinical Products	ScanNav Audit, ScanNav AutoCapture, ScanNav AnatomyGuide, ScanNav NeedleGuide, ScanNav Assist and ScanNav HealthCheck
Company or MedaPhor	MedaPhor Group plc, a company incorporated and registered in England and Wales under the Companies Act 2006 with registered number 09028611
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations)
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CREST Courier and Sorting Services Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since) as published by Euroclear
CREST member	a person who has been admitted to CREST as a system-member (as defined in the CREST Manual)
CREST member account ID	the identification code or number attached to a member account in CREST

CREST participant	a person who is, in relation to CREST, a system-participant (as defined in the CREST regulations)
CREST participant ID	shall have the meaning given in the CREST Manual issued by Euroclear
CREST payment	shall have the meaning given in the CREST Manual issued by Euroclear
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
CREST sponsor	a CREST participant admitted to CREST as a CREST sponsor
CREST sponsored member	a CREST member admitted to CREST as a sponsored member
Dealing Day	a day on which the London Stock Exchange is open for business in London
Directors or Board	the directors of the Company or any duly authorised committee thereof
EIS	enterprise investment scheme
EIS/VCT Placing	Placing Shares to be issued in respect of which either (i) EIS relief is to be claimed or (ii) consisting of a qualifying holding for VCT purposes
EIS/VCT Placing Shares	the 25,449,306 new Ordinary Shares to be issued and allotted to the Placees pursuant to the EIS/VCT Placing
Enlarged Share Capital	the entire issued share capital of the Company following completion of the Placing and Open Offer on Admission, assuming the Open Offer is fully subscribed
EU	the European Union
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
Excess Application Facility	to the extent that Basic Entitlements to Open Offer Shares are not subscribed for by Qualifying Shareholders, such Open Offer Shares will be available to satisfy excess applications, subject to a maximum of 24,219,354 Open Offer Shares in aggregate, as described in Part III of the Circular
Excess CREST Open Offer Entitlement	in respect of each Qualifying CREST Shareholder who has taken up his Basic Entitlement in full, the entitlement to apply for Open Offer Shares in addition to his Basic Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility, which may be subject to scaling back in accordance with the provisions of the Circular
Excess Entitlements	the entitlement for Qualifying Shareholders to apply to acquire any number of Open Offer Shares subject to the limit on applications under the Excess Application Facility, as described in Part III of the Circular
Excess Shares	Open Offer Shares applied for by Qualifying Shareholders in accordance with the Excess Application Facility
Ex-entitlement Date	the date on which the Existing Ordinary Shares are expected to be marked “ex” for entitlement under the Open Offer, being 26 November 2018
Existing Ordinary Shares	the 96,877,418 Ordinary Shares in issue at the date of this announcement, all of

	which are admitted to trading on AIM
FCA	the UK Financial Conduct Authority
FDA	the US Food and Drug Administration
Form of Proxy	the form of proxy for use in connection with the General Meeting
FSMA	the Financial Services and Markets Act 2000 (as amended)
General Meeting	the general meeting of the Company to be held at the offices of Memery Crystal LLP at 11.00 a.m. on 12 December 2018
General Placing	the Placing Shares to be issued which do not constitute EIS/VCT Shares
Group	the Company and its subsidiaries
HMRC	Her Majesty's Revenue and Customs (which shall include its predecessors, the Inland Revenue and HM Customs and Excise)
ISIN	International Securities Identification Number
Link Asset Services	a trading name of Link Market Services Limited
Issue Price	8.5 pence per Placing Share and per Open Offer Share
ISUOG	the International Society of Ultrasound in Obstetrics and Gynecology
IUL	Intelligent Ultrasound Limited, a wholly owned subsidiary of the Company
London Stock Exchange	London Stock Exchange plc
Long Stop Date	28 December 2018
Money Laundering Regulations	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Criminal Justice Act 1993, the Proceeds of Crime Act 2002
New Ordinary Shares	together, the Placing Shares and the Open Offer Shares
Notice of General Meeting	the notice convening the General Meeting
OEM	Original Equipment Manufacturer
Open Offer	the conditional invitation made to Qualifying Shareholders to apply to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in Part III of the Circular and, where relevant, in the Application Form
Open Offer Shares	the up to 24,219,354 new Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer
Open Offer Entitlement	the entitlement of Qualifying Shareholders to subscribe for Open Offer Shares allocated to Qualifying Shareholders on the Record Date pursuant to the Open

	Offer
Ordinary Shares	ordinary shares of £0.01 each in the capital of the Company
Overseas Shareholders	a Shareholder with a registered address outside the United Kingdom
Placee	the subscribers for the Placing Shares pursuant to the Placing
Placing	the EIS/VCT Placing and General Placing
Placing and Open Offer Agreement	the agreement entered into between the Company and Cenkos Securities in respect of the Placing and Open Offer dated 26 November 2018
Placing Shares	the 58,823,530 new Ordinary Shares to be issued pursuant to the Placing
Prospectus Rules	the Prospectus Rules made in accordance with the EU Prospectus Directive 2003/71/EC in relation to offers of securities to the public and the admission of securities to trading on a regulated market
Qualifying CREST Shareholders	Qualifying Shareholders holding Existing Ordinary Shares in a CREST account
Qualifying Non-CREST Shareholders	Qualifying Shareholders holding Existing Ordinary Shares in certificated form
Qualifying Shareholders	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date (but excluding any Overseas Shareholder who has a registered address in the United States or any other Restricted Jurisdiction)
Receiving Agents	Link Asset Services
Record Date	6.00 p.m. on 21 November 2018 in respect of the entitlements of Qualifying Shareholders under the Open Offer
Regulatory Information Service	has the meaning given in the AIM Rules for Companies
Resolutions	the resolutions set out in the Notice of General Meeting
Restricted Jurisdiction	each and any of Australia, Canada, Japan, New Zealand, the Republic of Ireland, the Republic of South Africa or the United States and any other jurisdiction where the Offer would breach any applicable law or regulations
Shareholders	holders of Ordinary Shares
Simulation Products	ScanTrainer, HeartWorks and BodyWorks ultrasound training simulators
Transaction	the Placing and the Open Offer
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
Uncertificated or Uncertificated form	recorded on the relevant register or other record of the Shares or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
US Person	has the meaning given in the United States Securities Act 1933 (as amended)

VCT	Venture Capital Trust
voting rights	means all voting rights attributable to the share capital of the Company which are currently exercisable at a general meeting
£ and p	United Kingdom pounds sterling and pence respectively, the lawful currency of the United Kingdom

Placing Statistics

Issue Price (per share)	8.5p
Number of Existing Ordinary Shares	96,877,418
Number of General Placing Shares	33,374,224
Number of EIS/VCT Placing Shares	25,449,306
Total number of Placing Shares	58,823,530
Placing Shares as a percentage of the Enlarged Share Capital*	32.7%
Gross proceeds of the Placing	£5.0 million

Open Offer Statistics

Issue Price (per share)	8.5p
Number of Open Offer Shares	up to 24,219,354
Basis of the Open Offer	1 Open Offer Share for every 4 Existing Ordinary Shares
Gross proceeds of the Open Offer*	up to approximately £2.1 million
Enlarged Share Capital following the Placing and the Open Offer*	up to 179,920,302
Open Offer Shares as a percentage of the Enlarged Share Capital*	up to 13.5%

* on the assumption that the maximum number of Placing Shares are issued pursuant to the Placing and that the that the Open Offer is fully subscribed

Expected Timetable of Principle Events

Record Date for the Open Offer	6.00 p.m. on 21 November 2018
Announcement of the Placing and the Open Offer, publication and posting of the Circular, Form of Proxy and to Qualifying Non-CREST shareholders only, the Application Form	26 November 2018
Existing Ordinary Shares marked “ex” by the London Stock Exchange	8.00 a.m. on 26 November 2018
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders	27 November 2018
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 5 December 2018
Latest time for depositing Basic Entitlements and/or Excess Entitlements into CREST	3.00 p.m. on 6 December 2018
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 7 December 2018
Latest time and date for receipt of completed Forms of Proxy	11.00 a.m. on 10 December 2018
Record time and date for entitlement to vote at the General Meeting	Close of business on 10 December 2018
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 11 December 2018
General Meeting	11.00 a.m. on 12 December 2018
Announcement of result of General Meeting and the Open Offer	12 December 2018
Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 13 December 2018
New Ordinary Shares credited to CREST members’ accounts	13 December 2018
Dispatch of definitive share certificates in certificated form	within 5 business days of Admission

Notes:

- i. *References to times in this announcement are to London time (unless otherwise stated).*
- ii. *If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.*