

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM AUSTRALIA, CANADA, JAPAN, NEW ZEALAND, THE REPUBLIC OF IRELAND, THE REPUBLIC OF SOUTH AFRICA OR THE UNITED STATES OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE OR CONTAIN ANY INVITATION, SOLICITATION, RECOMMENDATION, OFFER OR ADVICE TO ANY PERSON TO SUBSCRIBE FOR, OTHERWISE ACQUIRE OR DISPOSE OF ANY SECURITIES IN INTELLIGENT ULTRASOUND GROUP PLC OR ANY OTHER ENTITY IN ANY JURISDICTION.

Intelligent Ultrasound Group plc

("Intelligent Ultrasound" or the "Company")

Placing to raise £6.25 million and Open Offer to raise up to approximately £0.25 million

and

Notice of General Meeting

Intelligent Ultrasound (AIM: MED), the intelligent ultrasound software and simulation company, is pleased to announce an oversubscribed Placing to raise £6.25 million (before the deduction of fees and expenses) through the conditional issue of 62,500,000 Placing Shares at 10 pence per Ordinary Share. In addition, the Company is proposing to raise up to approximately a further £0.25 million (before the deduction of fees and expenses) through an Open Offer via the issue of up to 2,506,043 Open Offer Shares at 10 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

- Oversubscribed Placing to raise £6.25 million through the conditional issue of 62,500,000 Placing Shares to new and existing institutional and other investors at 10 pence per Placing Share
- Proposed Open Offer to raise up to approximately £0.25 million through the issue of up to 2,506,043 Open Offer Shares to Qualifying Shareholders at 10 pence per Open Offer Share
- The Issue Price equates to the closing mid-market price of 10 pence on 7 August 2019, being the last trading date prior to announcement of the proposed Transaction
- The net proceeds of the Transaction will be used to complete the development and launch of the first ScanNav products to market under the Group's recently announced OEM agreement, complete the development of the Group's second ScanNav product and launch to market under a second OEM agreement, complete the proof of concept development work on the first ScanNav Assist products, continue the proof of concept development work on ScanNav HealthCheck and general working capital

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 27 August 2019.

Stuart Gall, CEO at Intelligent Ultrasound, said: *"This is an exciting time for the Group. The fund raise will enable us to bring our first Intelligent Ultrasound products to market under the Group's recently signed OEM agreement, complete the development and launch our second AI product, as well as accelerating the development of a range of follow-on clinical AI products. We believe the market for AI-based software tools, in the real-time ultrasound*

image analysis sector, has considerable potential and we would like to thank both our new and existing shareholders for their support.”

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.intelligentultrasoundgroup.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.

Enquiries:

Intelligent Ultrasound Group plc

Stuart Gall, CEO

www.intelligentultrasound.com

Tel: +44 (0)29 2075 6534

Cenkos Securities

Giles Balleny/Cameron MacRitchie (Nominated Adviser)

Michael Johnson/Julian Morse (Corporate Broking)

Tel: +44 (0)20 7397 8900

Walbrook PR

Anna Dunphy/Paul McManus

Tel: +44 (0)20 7933 8780

or intelligentultrasound@walbrookpr.com

Mob: +44 (0)7876 741 001/Mob: +44 (0)7980 541 893

This announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notices" section.

The following is extracted from the Circular:

Introduction

On 8 August 2019, the Company announced a proposed Placing and Open Offer, pursuant to which it proposes to raise, subject to certain conditions (i) £6.25 million (before expenses) by the conditional Placing of 62,500,000 new Ordinary Shares at the Issue Price to certain institutional and other investors; and (ii) up to approximately £0.25 million (before expenses) by way of an Open Offer made to Qualifying Shareholders of up to 2,506,043 new Ordinary Shares at the Issue Price.

The net 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, as described in more detail below. 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 equates to the closing middle market price of 10 pence per Ordinary Share on 7 August 2019 (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 Open Offer

Intelligent Ultrasound (formerly MedaPhor Group plc) intends to make ultrasound easier for clinicians to use both in the clinic, via artificial intelligence-based clinical ultrasound image analysis software for medical ultrasound machines, and in the classroom, via advanced ultrasound training simulators to teach medical practitioners.

On 3 July 2019, Intelligent Ultrasound signed its first long-term licence and co-development agreement for its AI software with one of the world's leading ultrasound equipment manufacturers. The long-term agreement will enable the integration of Intelligent Ultrasound's real-time image analysis software onto a range of specialty specific ultrasound systems marketed in the global healthcare market. Co-development work with the OEM partner has commenced and the first royalty per unit revenues are expected during 2021, following regulatory approval. Terms of the agreement are confidential and undisclosed for commercial reasons.

The Directors intend for Intelligent Ultrasound to use the net proceeds of the Placing and Open Offer to capitalise on this agreement by accelerating the development and launch of the Company's AI software into multiple clinical areas and to seek to become one of the leaders in realtime ultrasound image analysis.

Background to the Company

Based in Cardiff and Oxford in the UK, Atlanta in the US and with representation in Beijing in Asia, the Group operates two divisions: an AI software development based Clinical AI Division and a revenue generating Simulation Division.

Originally focused on developing and selling hi-fidelity simulators to the professional ultrasound training market, in November 2017 the Company acquired Intelligent Ultrasound Limited, an early stage spin-out company from The University of Oxford that was developing ultrasound image analysis algorithms. This acquisition enabled the Group to form a Clinical AI Division based on the work of Professor Alison Noble OBE, FREng, FRS, one of the world's leading academics in ultrasound image analysis using AI.

The Clinical AI Division has planned a software development pathway, under the "ScanNav" family brand name, which in the first phase comprises AI software based on the ScanNav Audit, ScanNav AutoCapture and ScanNav AnatomyGuide product lines; and subsequently expects to include the development of ScanNav Assist and ScanNav HealthCheck.

ScanNav Audit

In 2019, Intelligent Ultrasound completed two successful pilots of its first ScanNav Audit software at the Fetal Medicine Department of St George's University Hospitals NHS Trust, London and at the Princess Anne Wing Ultrasound Department of the Royal United Hospitals, Bath.

During a fetal ultrasound scan, ultrasound practitioners take a series of images which together act as a record confirming that they have assessed the necessary fetal anatomy to determine that the fetus does not have abnormalities. National and international protocols set out the clinical criteria for each view and it is important that these criteria are met to ensure that potential fetal anomaly sites are properly examined.

The ScanNav Audit software is being developed by the Group to provide discrete, real-time support for ultrasound practitioners performing protocol-based scans to ensure that a complete set of scan images which are fit for purpose are captured during the procedure. The Directors believe that ScanNav Audit provides two key benefits:

- ***The clinician can take images in any order***
By allowing the clinician to see which images have not yet been taken, they can carry out the scan in the most appropriate order for the position of each fetus.
- ***The software assesses each image for protocol-adherence as it is saved***
By acting as a live 'virtual peer review', less experienced practitioners can be confident that the images they have taken meet protocol standards and more experienced practitioners receive instant assurance that they have not made a mistake.

In addition, the software can provide an auditable record of sonographer's performance, allowing managers to monitor staff and form part of the record keeping requirements of the clinic.

ScanNav Audit is currently a pre-commercial CE marked product in the UK. The Company is enhancing this product to meet global scanning standards, prior to submission for regulatory approval.

ScanNav AutoCapture

The ScanNav AutoCapture software is being developed by the Group to further improve sonographer workflow in protocol-based fetal ultrasound scans.

The software continuously monitors the live ultrasound image to capture protocol-adherent images without the sonographer needing to press any buttons. 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.

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

- ***Speed up workflow***
Since 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 fetus; 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 images being captured.

ScanNav AutoCapture is currently a development product and the Company is enhancing this product to meet global scanning standards, prior to submission for regulatory approval.

The Group expects to develop and licence multiple variants of both ScanNav Audit and AutoCapture.

ScanNav AnatomyGuide

In May 2019, Intelligent Ultrasound made the first live demonstration of ScanNav AnatomyGuide to clinicians at the Annual Scientific Meeting of Regional Anaesthesia United Kingdom (RA-UK). AnatomyGuide is being developed for use during Peripheral Nerve Block (PNB) procedures, a form of regional anaesthesia injected around a nerve to numb a limb or region of the body. Ultrasound guidance is used both to locate the nerve and to track the needle, ensuring it does not damage other structures as it is inserted.

PNB can be used for certain surgical procedures as a safer and cheaper alternative to general anaesthesia, but it requires significant skill to guide the needle safely through the patient's body. ScanNav AnatomyGuide automatically and in real-time, identifies anatomical structures on the live ultrasound scan image, highlighting structures such as arteries that must be avoided during the needling procedure, thereby making PNB more accessible to less experienced practitioners, potentially saving time and money and reducing risk.

The Group commenced a clinical study within the Aneurin Bevan University Health Board in November last year to provide supporting clinical data for the product's development and regulatory validation.

The Directors expect that the development phase for ScanNav AnatomyGuide will be substantially completed this year and that the regulatory approval process in Europe and the United States is therefore expected to commence in 2020.

Future ScanNav products

The Company is looking to develop future products including:

ScanNav Assist

ScanNav Assist aims to facilitate the automatic recognition of abnormalities within a general radiology scan by confirming that a clinician has correctly scanned the anatomical area of interest and then highlighting 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 such as GPs, midwives, paramedics and doctors working in Emergency Rooms.

ScanNav HealthCheck

ScanNav HealthCheck aims to take 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.

Intelligent Ultrasound'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.

Simulation Division

The Group's Simulation Division focuses on hi-fidelity ultrasound education and training through advanced simulation. Its three main products are the ScanTrainer obstetrics and gynecology training simulator, the HeartWorks echocardiography training simulator and the BodyWorks Eye Point of Care and Emergency Medicine training simulator. To date over 800 simulators have been sold to over 400 medical institutions in over 30 countries around the world.

The Simulation Division's revenue rose by 24 per cent. to £3.1 million during the six months ended 30 June 2019 compared to the same period in 2018 (six months ended 30 June 2018: £2.5 million) and sales in North America of £1.30 million were almost double those in the comparable period last year (six months ended 30 June 2018: £0.66 million). Although sales in the UK fell to £0.45 million for the six months ended 30 June 2019 (six months ended 30 June 2018: £0.55 million), the Directors believe this was due, at least in part, to the uncertainty surrounding Brexit negotiations. Rest of world sales, which are generated by the Group's reseller network, increased to £1.37 million, a rise of 4 per cent. on the comparative period in 2018 (six months ended 30 June 2018: £1.32 million).

The continued growth of the Simulation Division revenues is encouraging and brings the division closer to its target of EBITDA breakeven.

Use of proceeds

With the recent signing of its first OEM agreement, the Group has accelerated its fundraising timetable and intends to raise £6.25 million (before expenses) by way of the conditional Placing and up to approximately a further £0.25 million (before expenses) under the Open Offer. The expenses for the Transaction are expected to be up to approximately £0.47 million.

The primary purpose behind the Transaction is to fund bringing the Group's first AI-based clinical software products to market under the Group's recently announced OEM agreement and to accelerate the development of follow-on clinical AI products.

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

- (a) to complete the development and launch the first ScanNav products to market under the Group's recently announced OEM agreement;
- (b) to complete the development of the Group's second ScanNav product and to launch this to market under a second OEM agreement;
- (c) to complete the proof of concept development work on the first ScanNav Assist products and pilot the software on an OEM ultrasound machine;
- (d) to continue the proof of concept development work on ScanNav HealthCheck; and
- (e) for general working capital purposes.

Current trading and prospects

The Company announced its interim results for the six months ended 30 June 2019 on 31 July 2019. The Company reported revenues for the period under review of £3.1 million up 24 per cent. (H1 2018: £2.5 million) and a cash balance of £3.5 million (31 December 2018: £5.6 million). In July 2019, the Company signed its first long-term licence and co-development agreement for its first AI software products with one of the world's leading ultrasound equipment manufacturers. The funds raised by the Placing and Open Offer will enable the Group to bring this first product to market, bring its second AI software product through regulatory approval and continue the development of the next range of ScanNav AI image analysis software, providing a platform for future revenue growth in the potentially significant clinical ultrasound AI software market.

Related parties' participation in the Transaction

Directors' participation in the Placing

As part of the Transaction, certain Directors and their connected persons intend to subscribe (either personally or through a nominee) for an aggregate of 500,000 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>Resultant shareholding following proposed subscription#</i>	<i>Percentage of enlarged share capital following proposed subscription#*</i>
Stuart Gall	Chief Executive Officer	628,236	200,000	£20,000	828,236	0.37%
Wilson Jennings	Finance Director	294,118	100,000	£10,000	394,118	0.18%
Nicholas Sleep	Chief Technology Officer	226,471	100,000	£10,000	326,471	0.15%
Ian Whittaker	Chief Operating Officer	349,982	25,000	£2,500	374,982	0.17%
Nick Avis	Non-Executive Director	200,000	25,000	£2,500	225,000	0.10%
Nazar Amso	Non-Executive Director	1,084,000	50,000	£5,000	1,134,000	0.51%

In addition to the above:

Professor Nazar Amso is the beneficial holder of 180,000 Ordinary Shares through The Amso Trust and Professor Nazar Amso's spouse holds 120,000 Ordinary Shares.

** 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.

The participation by the Directors referred to above in the Placing is classified as a related party transaction for the purposes of the AIM Rules. The Independent Directors being Riccardo Pigliucci, David Baynes and Andrew Barker, having consulted with Cenkos Securities, the Company's nominated adviser, consider that the terms of the transaction are fair and reasonable insofar as the Company's Shareholders are concerned.

Details of the Placing

Intelligent Ultrasound is proposing to raise £6.25 million (before expenses) pursuant to the Placing. The Placing has conditionally raised a total of approximately £4.60 million through the placing of up to 46,000,000 EIS/VCT Placing Shares and a total of approximately £1.65 million through the placing of 16,500,000 General Placing Shares. The Issue Price of 10 pence per Placing Share equates to the closing price of 10 pence on 7 August 2019, the latest Business Day prior to publication of this announcement.

The Placing Shares will represent approximately 28.2 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 being passed without amendment;
- compliance by the Company in all material respects with its obligations under the Placing Agreement; and
- Admission becoming effective by not later than 8.00 a.m. on 28 August 2019 (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.

Details of the Open Offer

Intelligent Ultrasound is proposing to raise up to approximately £0.25 million (before expenses) pursuant to the Open Offer. The Issue Price per Open Offer Share equates to the closing price of 10 pence on 7 August 2019, the latest 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:

2 Open Offer Share for every 125 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 29.3 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 the paragraph above entitled “The Placing and Open Offer Agreement” and the passing of the Resolutions, as set out in the Notice of General Meeting. 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 2,506,043 Open Offer Shares in aggregate. To the extent that applications are received in respect of an aggregate of more than 2,506,043 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 Shareholders to be admitted to CREST. It is expected that the Basic Entitlements will be admitted to CREST on 9 August 2019.

The Excess CREST Open Offer Entitlements will also be admitted to CREST on 9 August 2019. Applications through the CREST system may only be made by the Qualifying Shareholder 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 23 August 2019.

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 23 August 2019.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 23 August 2019. 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 Company is also seeking shareholder authority to adjust the rules of the Company's EMI share option scheme (the "**Scheme**"). Currently, the rules of the Scheme restrict the number of Ordinary Shares over which an Option

(as defined in the Scheme) may be granted to 20 per cent. of the Ordinary Shares in issue from time to time. The Directors propose to reduce this cap from 20 per cent. to 10 per cent. of the Ordinary Shares in issue from time to time.

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 27 August 2019, is set out at the end of 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 for cash up to an aggregate nominal amount of £650,060.43, being equal to 65,006,043 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 65,006,043 New Ordinary Shares for cash pursuant to the Placing and Open Offer on a non-pre-emptive basis; and
- Resolution 3, which is an ordinary resolution to authorise the Directors to adjust the rules of the Company's EMI share option scheme ("Scheme") to restrict the number of Ordinary Shares over which Options (as defined in the Scheme) may be granted to 10 per cent. of the Ordinary Shares in issue from time to time.

The authorities to be granted pursuant to the Resolutions (inclusive) shall expire on whichever is the earlier of (a) the conclusion of the next Annual General Meeting of the Company; and (b) the date falling six months from the date of the passing of the Resolutions (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 23 May 2019.

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.

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 3,218,447 Ordinary Shares, representing approximately 2.1 per cent. of the existing issued ordinary share capital of the Company.

Expected Timetable of Principle Events

Record Date for the Open Offer	6.00 p.m. on 6 August 2019
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	8 August 2019
Existing Ordinary Shares marked "ex" by the London Stock Exchange	8.00 a.m. on 8 August 2019
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders	9 August 2019

Recommended latest time and date for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 19 August 2019
Latest time for depositing Basic Entitlements and/or Excess Entitlements into CREST	3.00 p.m. on 20 August 2019
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 21 August 2019
Latest time and date for receipt of completed Forms of Proxy	11.00 a.m. on 22 August 2019
Record time and date for entitlement to vote at the General Meeting	Close of business on 22 August 2019
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 23 August 2019
General Meeting	11.00 a.m. on 27 August 2019
Announcement of result of General Meeting and the Open Offer	27 August 2019
Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 28 August 2019
New Ordinary Shares credited to CREST members' accounts	28 August 2019
Despatch 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.

Placing Statistics

Issue Price (per share)	10 pence
Number of Existing Ordinary Shares	156,627,749
Number of General Placing Shares	16,500,000
Number of EIS/VCT Placing Shares	46,000,000
Total number of Placing Shares	62,500,000
Placing Shares as a percentage of the Enlarged Share Capital*	28.2%
Gross proceeds of the Placing	£6.25 million

Open Offer Statistics

Issue Price (per share)	10 pence
Number of Open Offer Shares	up to 2,506,043
Basis of the Open Offer	2 Open Offer Shares for every 125 Existing Ordinary Shares
Gross proceeds of the Open Offer*	up to approximately £0.25 million
Enlarged Share Capital following the Placing and the Open Offer*	up to 221,633,792
Open Offer Shares as a percentage of the Enlarged Share Capital*	up to 1.1%

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

Definitions

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

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 which accompanies the Circular (in the case of Qualifying Non-CREST Shareholders only)
Basic Entitlement	the number of Open Offer Shares which Qualifying Shareholders are entitled to subscribe for at the Issue Price <i>pro rata</i> 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 or Cenkos Securities	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)

Clinical Products	ScanNav Audit, ScanNav AutoCapture, ScanNav AnatomyGuide, ScanNav NeedleGuide, ScanNav Assist and ScanNav HealthCheck
Company or Intelligent Ultrasound	Intelligent Ultrasound 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)
Dealing Day	a day on which the London Stock Exchange is open for business in London
Directors or Board	the directors of the Company
Circular	the Circular which, for the avoidance of doubt, does not comprise a prospectus (under the Prospectus Rules) or an admission document (under the AIM Rules)
EIS	enterprise investment scheme
EIS/VCT Placing	Placing Shares to be issued under the Placing and either (i) in respect of which EIS relief is to be claimed; or (ii) constituting a qualifying holding for VCT purposes
EIS/VCT Placing Shares	the 46,000,000 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
Excess Application Facility	to the extent that Basic Entitlements to Open Offer Shares are not subscribed for by Qualifying Shareholders in full, such Open Offer Shares will be available to satisfy excess applications, subject to a maximum of 2,506,043 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 marked “ex” for entitlement under the Open Offer, being 8 August 2019
Existing Ordinary Shares	the 156,627,749 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
Form of Proxy	the form of proxy for use in connection with the General Meeting which accompanies the Circular
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 27 August 2019, notice of which is set out at the end of the Circular
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
Issue Price	10 pence per Placing Share and per Open Offer Share
IUL	Intelligent Ultrasound Limited, a wholly owned subsidiary of the Company
Link Asset Services or Link	a trading name of Link Market Services Limited
London Stock Exchange	London Stock Exchange plc
Long Stop Date	27 September 2019
Money Laundering Regulations	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Criminal Justice Act 1993 and 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 which is set out at the end of the Circular
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	up to 2,506,043 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 7 August 2019, as described in the Circular
Placing Shares	the 62,500,000 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 6 August 2019 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

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.

Important information

Neither this announcement nor any copy of it may be made or transmitted into the United States, or distributed, directly or indirectly, in the United States. Neither this announcement nor any copy of it may be taken or transmitted directly or indirectly into Australia, Canada, the Republic of South Africa, New Zealand, Japan, the Republic of Ireland or to any persons in any of those jurisdictions, except in compliance with applicable securities laws. Any failure to comply with this restriction may constitute a violation of United States, Australian, Canadian, South African, New Zealand, or Japanese or Irish securities laws or the securities laws of any other jurisdiction (other than the United Kingdom). The distribution of this announcement in other jurisdictions may be restricted by law and persons into whose possession this announcement comes should inform themselves about, and observe any such restrictions. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for securities in the United States, Australia, Canada, the Republic of South Africa, New Zealand, Japan, the Republic of Ireland or in any jurisdiction in which such offer or solicitation is unlawful.

The securities to which this announcement relates have not been, and will not be, registered under the Securities Act or with any regulatory authority or under any applicable securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within, into or in the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any applicable state or other jurisdiction of the United States. There will be no public offer of the securities in the United States. The securities have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the securities or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States. In addition, offers, sales or transfers of the securities in or into the United States for a period of time following completion of the Placing and the Open Offer by a person (whether or not participating in the Placing or Open Offer) may violate the registration requirement of the Securities Act.

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.

No representation or warranty, express or implied, is made by the Company or Cenkos Securities as to any of the contents of this announcement, including its accuracy, completeness or for any other statement made or purported to be made by it or on behalf of it, the Company, the Directors or any other person, in connection with the Placing, the Open Offer and Admission and nothing in this announcement shall be relied upon as a promise or representation in this respect, whether as to the past or the future (without limiting the statutory rights of any person to whom this announcement is issued). Cenkos Securities does not accept any liability whatsoever for the accuracy of any information or opinions contained in this announcement or for the omission of any material information from this announcement for which the Company and the Directors are solely responsible.