INTELLIGENT ULTRASOUND
for smarter scanning

Unlocking Ultrasound

Annual Report and Accounts

2020

Intelligent Ultrasound is unlocking ultrasound for everyone by training clinicians in the classroom, and then supporting and guiding them in the clinic, with real-time AI based image analysis software

A respectable performance, positioned for growth

Financial highlights

Group revenue
£5.2m

2020

2019: £5.9m

Operating loss
£4.5m

2020

2019: £4.6m

Net cash used in operations
£2.3m

2020

2019: £3.3m

Operational highlights

- Launch of SonoLyst (incorporating ScanNav Assist AI technology) as an option on GE Healthcare's Voluson SWIFT ultrasound machine at the end of 2020
- SonoLyst is the world's first fully integrated AI tool that recognises the 20 views recommended by the International Society of Ultrasound in Obstetrics and Gynaecology (ISUOG) for mid-trimester fetal images
- Commenced the CE and FDA regulatory approval process for ScanNav Anatomy Peripheral Nerve Block stand-alone device, with in-built AI software, that can be plugged into existing anaesthesiology ultrasound machines
- Covid-19 module released on BodyWorks Eve simulator in March used to train frontline staff, especially in London (Nightingale Hospital) and New York (VA Harbor Healthcare)

Successful placing raising a net **£4.8m** in May 2020

Cash at year end
£8.8m

2020

2019: 7.3m

Post year end

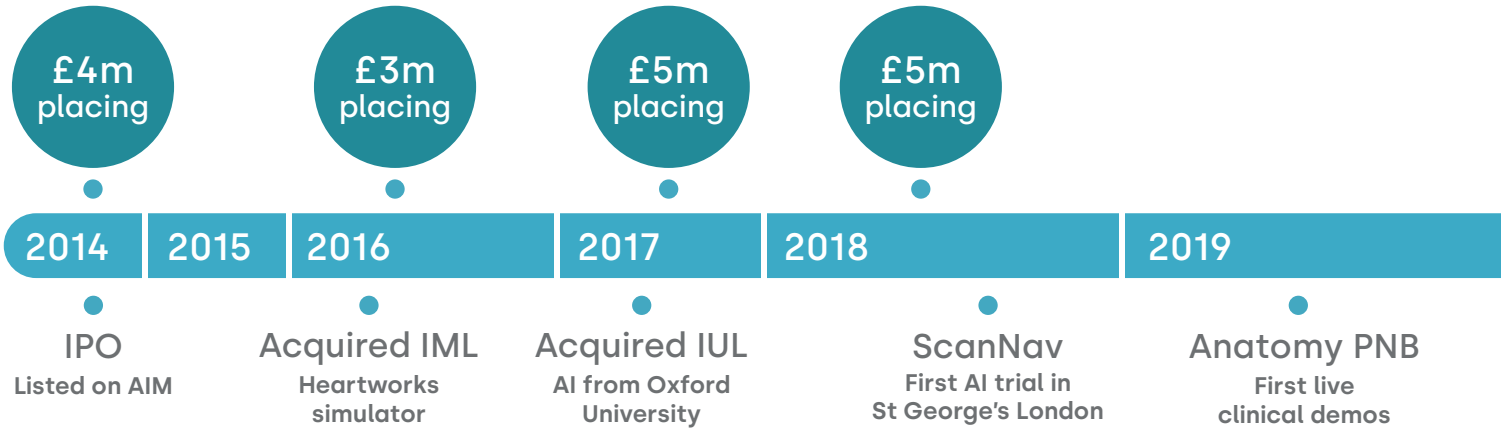
- Reached the significant milestone of installing our 1000th ultrasound training simulator
- Received CE approval for ScanNav Anatomy Peripheral Nerve Block

Contents

Intelligent Ultrasound aims to unlock ultrasound for everyone through the provision of products that train clinicians in the classroom and then support and guide them in the clinic with real-time artificial intelligence image analysis software.

This Classroom to Clinic approach to transforming ultrasound imaging in medicine reflects the Group's belief that by supporting, guiding and speeding up ultrasound training and scanning, we can make ultrasound more accessible to all medical professionals.

Our journey



From Classroom...

Focussed on ultrasound education and training through simulation:

ScanTrainer

A range of hi-fidelity haptic based ultrasound simulators aimed at the OBGYN training market

Anatomy PNB Trainer

A new AI-based Peripheral Nerve Block training simulator aimed at the ultrasound guided needle training market

BodyWorks

A hi-fidelity manikin-based ultrasound simulator aimed at the Point-of-Care (PoCUS) and Covid-19 training markets

HeartWorks

A range of hi-fidelity manikin-based ultrasound simulators aimed at the cardiac/anaesthesiology training markets

... to Clinic

Focussed on deep-learning-based image analysis software that makes ultrasound machines smarter and more accessible

ScanNav Assist*

A range of AI-based ultrasound software products that provide real-time image analysis during protocol-based scanning in the women's health sector and are exclusively licensed to GE Healthcare

*GE's SonoLyst software integrates the ScanNav Assist technology and has received CE and FDA regulatory approval

ScanNav Anatomy**

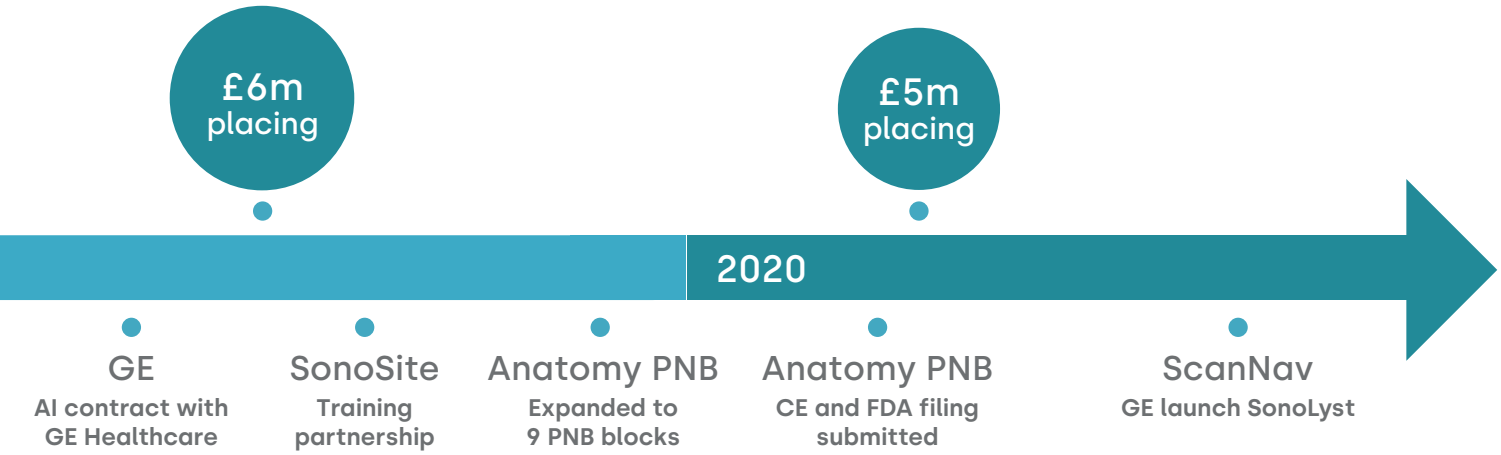
AI based ultrasound software which can automatically identify and highlight key anatomical structures in a live ultrasound image

**ScanNav Anatomy PNB has received CE approval but has not yet received FDA approval for sale in the US

ScanNav Detect***

AI-based ultrasound software products which can automatically identify and highlight pathologies in a live ultrasound image

*** ScanNav Detect are products in development that will be licensed as medical devices and so will require regulatory approval prior to product launch



Invest in R&D to develop and then commercialise software-based disruptive technologies in the ultrasound healthcare market

Ultrasound is one of the world's leading diagnostic modalities and, although the increasing availability of low-cost handheld devices is widening the professional ultrasound user base, the directors continue to believe that this alone is not sufficient to open up the potential for ultrasound to become a mass-market diagnostic tool that can be used by medical practitioners who do not possess specialist ultrasound skills.

To achieve wider use, ultrasound needs to become simpler to use by making ultrasound machines 'smarter', supporting users both in their image acquisition skills and their decision-making. This will involve either integrating AI-based image analysis into professional imaging devices or analysing images using AI off the machine in the post processing environment such as PACS.

We therefore aim to be not only a global provider of hi-fidelity simulation-based ultrasound training products, but to also follow the medical professional into the clinic and be a global provider of AI-based clinical ultrasound software products that support, guide and speed up ultrasound scanning to make ultrasound more accessible to all clinicians.

We therefore aim to generate revenue from hardware and software-based technologies in the following markets:

Classroom

Develop and sell advanced ultrasound training simulators to hospitals and medical institutions, to enable more clinicians to use ultrasound in the clinic

Clinic

Develop and sell regulatory approved AI-based image analysis algorithms and either sign royalty-based license agreements that integrate the software into imaging vendor's hardware or sell proprietary add-on products through our own aftermarket sales channels

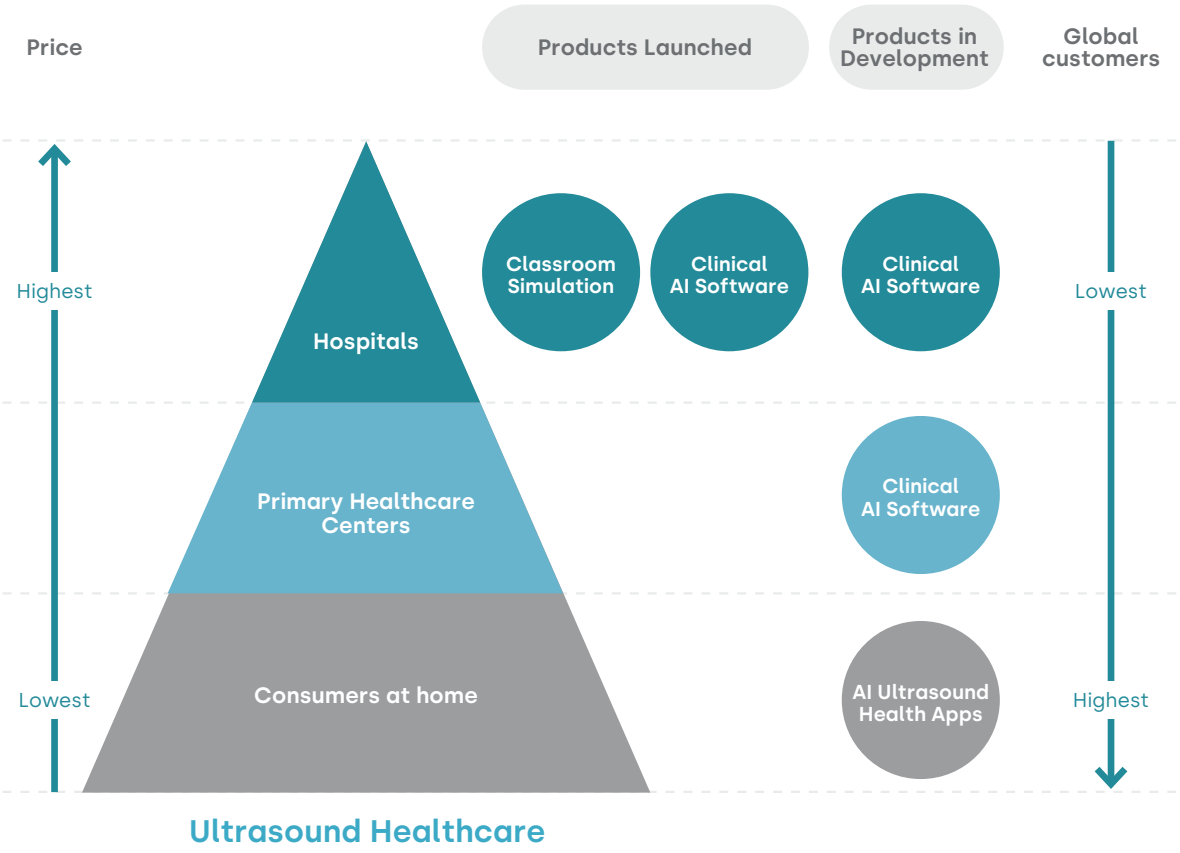
Consumer

Develop and sell regulatory-approved AI-based image analysis apps that integrate the software into consumer scanning hardware in the home health awareness market.

Current markets | **Potential future market**

The business model builds on the key strengths and resources of the Group by leveraging our knowledge and experience in medical ultrasound, simulation, image segmentation, and machine learning to develop and sell classroom and clinical software that can increase the numbers of medical professionals who can use ultrasound, as well as increasing the speed and quality of scanning itself.

In the long term, as the price and size of ultrasound hardware comes down and the performance of AI-enabled software advances, the Group aims to expand out from the medical professional imaging market to providing enabling software for mass-market AI-based health assessment scanning at home for the health-conscious consumer.



Ultrasound Healthcare

Our strategic aims and how we intend to achieve them

	TRAIN THROUGH SIMULATION	USE AI TO SPEED UP SCANNING	USE AI TO IMPROVE DIAGNOSIS
Strategic aims	To develop and sell a range of ultrasound training simulators that meet the needs of the global medical professional training and education market	To develop and sell a range of AI clinical ultrasound software tools that enable hospitals to scan more patients by speeding up scanning and helping more clinicians scan	To develop and sell a range of AI-based clinical ultrasound software tools that enable hospitals and imaging centres to improve ultrasound-based diagnosis
HOW	Focus on hi-fidelity ultrasound simulation	Build and maintain large, curated ultrasound image databases	Identify new markets for AI around pathology diagnosis
	Aimed at clinical teaching schools where ultrasound scanning performance is important	Develop AI software that meets a medical need and has a viable commercial market	Develop AI software that identifies where potential pathologies can be picked up earlier during triaging
	Extend simulator range into new ultrasound growth markets	Work with OEMs to integrate our software into their devices	
		Extend the market for our AI platform device in the retrofit market	
	Build on our clinical and simulation synergies to cement our position as the ultrasound experts in the market		

> We remain an ambitious Group, that is successfully expanding into the new AI-based clinical market.

Dear Shareholders,

2020 has been another year of progress for the Group, with the Clinical AI division announcing the successful launch of its ultrasound AI software in partnership with GE Healthcare, the global leader in women's health ultrasound and the simulation division working extremely hard to minimise the negative impact of Covid-19 on 2020 sales revenue, with the launch of the BodyWork's Covid-19 lung training simulator.

Clinical AI:

- GE Healthcare's SonoLyst technology on the Voluson SWIFT ultrasound machine, that utilises our ScanNav Assist AI software, received CE approval for sale in Europe and 510(k) clearance from the FDA for sale in the USA at the end of 2020. SonoLyst is the world's first fully integrated ultrasound AI tool that recognises the 20 views recommended by the International Society of Ultrasound in Obstetrics and Gynaecology (ISUOG) mid-trimester practice guidelines for fetal imaging.
- Our ScanNav Anatomy Peripheral Nerve Block (PNB) AI software was submitted for both CE and FDA approval during the year, with CE approval announced post year-end on 12 April 2021.

Simulation:

- Revenue of £5.2m (2019: £5.9m), the decline of 13% being mainly due to the impact of the global pandemic during the year in the territories where we do not have a direct sales organization.
- Sales in the UK and USA grew by over 13% to £3.7m (2019: £3.3m).
- Sales in Europe and Asia, that are made through our reseller network, were impacted by global Covid-19 restrictions and declined to £1.4m (2019: £2.6m).

Group:

- Operating loss was lower at £4.5m (2019: loss of £4.6m) with selling and marketing cost reductions helping to minimise the Covid-19 impact of lower revenues.
- Cash at bank at 31 December 2020 was £8.8m (2019: £7.3m) after receiving £4.8m net of costs in May 2020 from the successful placing and open offer.

Strategy

We continue to progress our 'Classroom to Clinic' ultrasound strategy based on:

- Growing simulation revenues from our direct UK and US operations and global reseller channels, by expanding our range of ultrasound training simulators into new medical market sectors;
- Building on our partnership with GE Healthcare, that incorporates our ScanNav AI technology in their latest ultrasound systems, to grow clinical AI revenues through royalty-based licences with ultrasound machine manufacturers; and
- Marketing, through our direct sales organisation, proprietary stand-alone AI systems that target the large pool of existing ultrasound machines.

Three years on from our strategic 'Classroom to Clinic' expansion, we believe the successful progress of all parts of the business is reaffirming the wisdom of this decision and we look forward to continuing to build on this momentum.

> I would like to thank all the staff in the Group for working so hard in 2020 to grow the simulation business and to meet all the development and commercial milestones that we set for the new AI software products.

Board and governance

The Board continues to recognise the importance of maintaining the highest standards of corporate governance and is fully aware that the Group is in transition from a typical founders and venture driven company to a more mature public entity.

At the end of 2019 we therefore appointed an external advisor to conduct a full review of our Board and its performance and also held meetings with a number of our major shareholders during 2020, to allow us to fully align the Group's corporate governance with stakeholder expectations.

The key actions enacted from this review were:

- The establishment of a Nomination Committee of the Board with the task to reconfigure our Board to comply with both the independence, as well as the seniority requirement of today's public companies;
- The goal to reduce, by 2022, the size of the Board from the current nine Directors to seven while maintaining a majority of independent Non-executive Directors (NEDs); and
- The goal to increase Board diversity and the relevant experience of the Directors in the ultrasound equipment market and in the evolving AI sector.

2021 and 2022 will therefore be transition years with newly appointed NEDs overlapping with current Directors, some of whom will not stand for re-election the following year.

As the first step in this process, we are pleased to announce that Ingeborg Øie has been appointed as a Non-executive Director post period end on 19 May 2021. Ingeborg brings to the Company outstanding financial experience having been a medical devices and healthcare services analyst at Goldman Sachs and Jefferies and is currently CFO of surgical robotics company, CMR Surgical.

People

2020 has been a difficult year for many companies, as we have all had to learn how to cope with the unpredictable impact of Covid-19 and I would like to thank all our staff for working so hard and performing so well in such difficult circumstances.

The move of our head office to larger premises in the centre of Cardiff was well timed, giving us the ability to continue key research and development in a Covid-secure environment, as well as building new web-based demo facilities that have enabled product sales demonstrations to continue in these restricted times.

Outlook

This has been a positive year for the Group considering the impact of the Covid-19 lockdowns on our access to hospitals and the ability of our development teams to cope with the remoteness of home working.

We minimised the effect of the pandemic on simulation division sales and Group operating losses, launched our first AI software with GE Healthcare, the world's largest ultrasound manufacturer and raised a net £4.8m from existing shareholders in May to strengthen our balance sheet.

2021 has started well, with encouraging simulation sales, as well as the recent announcement of CE approval for our second clinical AI software product. As such we remain confident that we can continue to build a successful 'Classroom to Clinic' ultrasound business and reach the profitability inflection point from a growing stream of simulation and clinical AI revenues.

Riccardo Pigliucci
Non-executive Chairman
21 May 2021

> We remain optimistic about the opportunites for the group in this exciting sector of the market.

Intelligent Ultrasound is harnessing the power of the new generation of artificial intelligence (AI) algorithms to make ultrasound simpler to use and easier to learn, by providing guidance and support to medical professionals whilst they are scanning.

AI is a key element of our 'Classroom to Clinic' approach to ultrasound as we expand both our simulation and clinical AI divisions. The report below details how each division operates, the progress made in 2020 and the key challenges faced during the year.

Clinical AI Division

Our clinical AI division continues to build on the original work of Professor Alison Noble FRS OBE, and Professor Aris Papageorghiou FRCOG from The University of Oxford. Alison and Aris still work with us today, keeping us informed of the latest advances in the machine learning field, to ensure that we can develop products that meet real clinical needs.

In under three years the AI development team has grown to over 30 software engineers, image segmenters and medical and regulatory advisors. Their leading-edge development work is underpinned by a well-curated and growing database of over five million ultrasound images that we have used to develop our range of AI-based ScanNav real-time image analysis software products. These products are focused on moving AI into the clinic to give real-time support to clinicians whilst they are scanning.

ScanNav Assist

For obstetricians, our ScanNav Assist AI technology acts like a personal scanning assistant, by comparing the image or view acquired to specific criteria on standard views within a fetal scan, to ensure they contain the required anatomy for the imaging plane.

In 2019, we entered a long-term partnership agreement for our ScanNav Assist AI software with GE Healthcare, one of the world's leading ultrasound manufacturers. At the end of September 2020 GE Healthcare announced the launch of the Voluson SWIFT, which is the first GE ultrasound system to feature SonoLyst, the new software that utilises our ScanNav Assist real-time image analysis software to enhance workflow and improve consistency by reducing variability between operators. SonoLyst is the world's first fully integrated AI tool that recognises the 20 views recommended by the ISUOG mid-trimester practice guidelines for fetal sonography imaging:

> I have worked in the field of AI in ultrasound for over ten years, yet I am still amazed at the level of accuracy that has been achieved. You can really see how Intelligent Ultrasound's AI technology, incorporated in the SonoLyst software, will improve efficiency, make the learning of ultrasound easier and reduce omissions and errors. It's a big advance for ultrasound imaging in women's health.

Prof Aris Papageorghiou, Professor of Fetal Medicine,
St George's Healthcare NHS Trust, London

SonoLystIR
Utilises ScanNav Assist to perform automated detection of the key scanning views and automated selection of the relevant Voluson SonoBiometry measurement tools. SonoLystIR automatically detects anatomy then selects all applicable annotations and measurements, enhancing workflow and reducing variability between operators for improved consistency.

SonoLystX
Utilises ScanNav Assist to compare the acquired image to standardised criteria, to ensure that it meets clinical standards. SonoLystX is a virtual onboard ultrasound expert that can help enhance accuracy and quality and is ideal for teaching, training, and quality assurance to ensure quality image standards and consistency.

SonoLyst is an optional add-on to the Voluson SWIFT and is the first AI software to be launched under the Group's long-term agreement with GE Healthcare, that provides for the integration of Intelligent Ultrasound's real-time AI image analysis software into GE Healthcare's Voluson women's health ultrasound portfolio.

Although the terms of the agreement are confidential and undisclosed for commercial reasons, the Voluson SWIFT received CE approval for sale in Europe and 510(k) clearance from the FDA for sale in the USA at the end of 2020 and we would therefore look to be able to report more fully on clinical AI division revenues in our 2021 half year results.

Initial user feedback has been encouraging and with pandemic related restrictions on hospital capital expenditure expected to ease in the second half of 2021, combined with the full global roll-out of the Voluson SWIFT, this should result in a growth of our clinical sales through the second half of the year. However, we would expect 2022 to be a truer indication of the royalty generation potential of this first product in our AI range.

Intelligent Ultrasound's aim is to develop future variants of ScanNav Assist that will support additional protocol-based scanning in both obstetrics and general radiology.

ScanNav Anatomy

ScanNav Anatomy uses the latest AI technology to automatically highlight the live ultrasound image to enhance the accuracy and standardisation of ultrasound image interpretation, by making it easier to identify key anatomical structures. This supports the performance of healthcare professionals who are suitably qualified, but who perform ultrasound-guided procedures on a less frequent basis.

Our first version of the product, ScanNav Anatomy PNB, received CE approval in April 2021 and supports nine common peripheral nerve blocks (a form of local anaesthesia). It will be sold as a stand-alone screen mounted on a portable stand that can be plugged into existing anaesthesiology ultrasound machines. The device will provide clinicians with continuous feedback from real-time highlighting of their live ultrasound. Users can also re-familiarise themselves with blocks that are carried out less frequently using the system's integrated 3D animations.

ScanNav Anatomy PNB is also available as a training simulator for medical learning on volunteers, prior to patient contact.

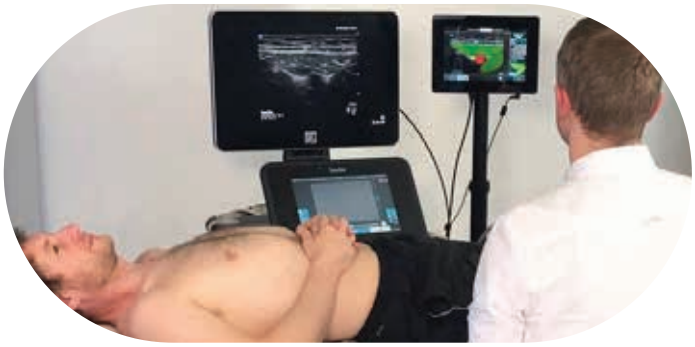
Increasingly, ultrasound-guided peripheral nerve blocks are being used as a prudent alternative to general anaesthesia, but not all anaesthetists have the specialist knowledge of ultrasound anatomy to perform them. Through the adoption of ScanNav PNB, it is hoped that hospitals will be able to increase the number of ultrasound-guided nerve blocks that they can perform.

The cart-based system was launched in the UK market using our existing in-house sales resources in May 2021. In addition, we continue to progress the product's FDA regulatory filing to enable a version of the product to be sold in the US, as well as seeking to license an integrated version of the product to the major ultrasound manufacturers.

Intelligent Ultrasound's aim is to develop further variants of ScanNav Anatomy that can be added to the existing ScanNav IPU hardware platform and support scanning in both interventional radiology and general radiology, as appropriate.

"ScanNav Anatomy PNB will help tip the balance of safety and confidence in favour of performing regional anaesthesia. Our aim is to make a real clinical difference to patients by increasing the availability of regional anaesthesia through cutting edge technology."

Dr David Burckett-St.Laurent, Consultant Anaesthetist, Royal Cornwall Hospitals NHS Trust



Future ScanNav AI products

The division has the following additional products in various early stages of development.

ScanNav Detect[1]

ScanNav Detect aims to facilitate the automatic recognition of abnormalities within a general medical ultrasound scan, confirming that a clinician has correctly scanned the anatomical area of interest, and then flagging any areas of potential abnormality, so the patient can be triaged to a specialist.

We expect ScanNav Detect to allow more point-of-care medical practitioners to use ultrasound imaging for frontline medical diagnostic sonography. Once developed such a device would be likely to support a broad range of medical professionals including GPs, midwives, paramedics and doctors working in Emergency Rooms.

Developments include:

- Lung/Covid-19
- Prostate
- Liver

[1]ScanNav Detect products are in development and may require US FDA or other regulatory approval, as such this material should be considered informational only and does not constitute an offer to sell or infer claims or benefits.

ScanNav HealthCheck

ScanNav HealthCheck is a proof-of-concept development area that aims to build on our current ScanNav medical practitioner AI technology, to enable consumers to perform ultrasound treatments on themselves.

In the long term, as the price of ultrasound hardware decreases to a point, such that consumers can plug devices into their smartphones; and the performance of our AI software advances, we aim to provide enabling software for mass market AI-based ultrasound scanning at home, for the health-conscious consumer.

Challenges to the Clinical AI Division

The medical imaging AI software market remains immensely exciting, potentially hugely significant, yet still unproven. In addition, there is considerable competition from both existing ultrasound manufacturers and new AI start-ups and many of these are extremely well funded.

To respond to these challenges, we remain focussed on developing AI software that has both a clinical need and a clear economic rationale for its purchase; and we will continue to build our AI image database to ensure we have high quality, curated images that are relevant to building AI algorithms in the field of anaesthesiology, obstetrics, gynaecology, radiology and primary care medicine.

In addition, we have deployed a two-pronged marketing strategy to:

- Sign royalty-based, 'on-machine' licences for the provision of real-time AI for the next generation of ultrasound machines with the major manufacturers, whose established sales networks can provide faster access to our technology in the new ultrasound machine market; and
- Sell our own 'off-machine' real-time AI enabled devices direct to the global pool of existing ultrasound machines, through our own sales network.

In summary, to date, we have signed our first partnership agreement with GE Healthcare, and they have launched SonoLyst, their first product to incorporate our ScanNav Assist technology. In April 2021 we received CE regulatory approval for ScanNav Anatomy PNB, our first direct to market proprietary stand-alone device and launched the system into the UK market in May 2021.

These successes are enabling us to focus on rolling these first products out to market, working with key opinion leaders to build compelling study data, such that we can convert early-stage interest into long-term sales and demonstrate the revenue potential of AI in ultrasound from 2022 onwards.

Simulation Division

Training clinicians through hi-fidelity simulation is a cornerstone of our business and has been the foundation of our expertise in understanding the clinical needs of medical professionals who rely on ultrasound imaging and its growing diagnostic capabilities in medicine.

Based in Cardiff (UK), Alpharetta (US) and with representation in Beijing (China), our simulation division continues to design, develop and sell some of the world's leading hi-fidelity training systems for teaching ultrasound scanning to medical professionals in institutions and medical device companies.

During the year we continued to focus on three key markets

- Obstetrics/gynaecology (OBGYN)
- Echocardiography/anaesthesiology (ECHO)
- Emergency medicine/point-of-care (PoCUS)

This will continue in 2021 and is expected to be supplemented with the in-house development of new simulator platforms that, when combined with the existing products ranges, should accelerate our growth from 2022 onwards.

Highlighting the synergy between our two divisions, our new ScanNav Anatomy PNB product has been adapted for use in teaching. This represents a new area of joint development for the Group, whereby certain products have the potential to meets the needs of both the classroom and the clinic.

Our ultrasound training simulators are, in the main, high value, capital equipment sales made to the global medical institution market and sold through our direct sales forces in the US and UK and a network of almost 30 resellers in the rest of the world. In March 2021, we were delighted to announce the significant sales milestone of installing our 1000th ultrasound simulation system, a BodyWorks Eve PoCUS and Covid-19 training simulator, at the Ohio State University College of Medicine, one of the leading medical institutions in North America.

Research & Development

At the start of the pandemic in early 2020, our simulation R&D team resources were diverted to focus on the development of a Covid-19 version of our BodyWorks Point-of-Care simulator, designed to train frontline healthcare providers to use lung ultrasonography.

Ultrasound has major utility for patient monitoring of respiratory-related Covid-19 due to its safety, repeatability, absence of radiation, low cost and point of care use. Our Covid-19 upgrade module was made available globally and free of charge, to all our existing customers and enabled rapid and effective training of many healthcare professionals working in the front line. Examples include the UK Nightingale hospitals, New York's Harbour Healthcare hospitals and Ohio State University system, to name but a few.

During the year we also continued to release new products, including a new version of the HeartWorks Augmented Reality tablet with its exceptional 3D cardiac anatomy, and a comprehensive module upgrade for ScanTrainer to add new training modules to its teaching material.

At the beginning of 2021 we released in the UK, the first AI-enabled training simulator for peripheral nerve blocks. As highlighted above, this represents a new area of joint development opportunity for the Group, whereby new AI developments may also have training simulator sales potential.

We also are in the process of releasing a significant number of remote learning options for our simulators to help with the flexible and hybrid learning requirements that training needs to provide in the current environment.

Territory Review

Sales in a Covid-19 impacted year declined by 13% to £5.2m (2019: £5.9m), but there are positive signs that 2021 will see a return to growth and that the expansion of our hi-fidelity simulator range will continue this growth in the longer term.

United Kingdom
Revenue increased by 95% to £1.4m (2019: £0.7m)

The UK rebounded well after a difficult 2019. The relaxing of NHS spending limitations by the UK government opened up the backlog of interest in our simulator range from UK universities and teaching hospitals. Importantly, the development of our free Covid-19 training module aimed at training medical professionals working on the pandemic frontline, increased sales of our BodyWorks simulator. The successful training of the Nightingale hospitals' staff, at such short notice, was particularly rewarding for the team.

We continue to have significant purchasing interest in all our simulation products in the UK and look forward to continuing this growth in 2021.

North America
Revenue decreased by 10% to £2.4m (2019: £2.6m)

Sales in North America recovered well in the year, to finish only 10% down on 2019, despite the on/off effect of Covid-19 and its subsequent restrictions on access to teaching institutions and hospitals.

In a number of major US states, including New York, Ohio and California, our free Covid-19 training module achieved significant success in training frontline staff responding to the pandemic.

With almost every major face-to-face trade exhibition event in the US cancelled during the year, we were able to adapt our sales processes by building a new virtual demonstration room in our Alpharetta office for potential customers. This enabled sales demos to continue, even during total state lockdowns. As such, even with hospital visits severely restricted, the US team was able to recover from the initial sales downturn in the first half of the year and is confident that this recovery will continue in 2021.

Rest of the World
Revenue decreased by 46% to £1.4m (2019: £2.6m)

Although our combined direct sales force in the UK and North America was able to mitigate the effect of the pandemic and grow sales by a combined 15% to £3.8m (2019: £3.3m), many of our resellers, who are one step removed from us in the sales process, were unable to mitigate the impact and in some cases, were closed for virtually the whole year.

However, there were signs of a recovery in sales in Germany, Scandinavia and China during the second half of the year and sales in 2021 have started encouragingly, with training and product sales support being provided to our resellers from our new, state-of-the art web demonstration room in our head office in Cardiff.

Challenges to the Simulation Division

Training budgets for high value simulators within the global healthcare markets remain affected by restricted health budgets, which can be both hard to access and predict, especially during times of political upheaval or global pandemics, when funds are diverted from training to frontline care.

We continue to respond well to competitive products and associated pricing and margin pressures, by offering a range of simulators that provide the highest standard of ultrasound training, at a variety of price points. Purchasing decisions in our sector of the market continue to be based on quality of training and value for money, rather than simply the lowest priced solution.

However, we have also recognised that eLearning is an important element of the training mix and are developing a range of online training solutions that work in tandem with our hands-on training simulators.

The impact of Covid-19 in reducing the ability to demo in hospitals, meet potential customers at trade shows and train our resellers has been met by an increase in online marketing, combined with the development of new web demo rooms with on-site training resource in Alpharetta and Cardiff.

Finally, the development and launch of our first AI-based training simulator for PNB, demonstrates the potential for clinical AI developments to result in training simulator spin-offs, that could provide future incremental revenue to the Group.

Quality Management System

The Group continues to meet the standards of ISO 13485:2016 to ensure the consistent design, development, production, installation and sale of medical devices that are safe for their intended purpose. Post year-end, the Group has changed its Notified Body to Dare!! Services B.V.

Workplace environment

During the year, the Group moved to a larger, more modern and flexible head office space in the centre of Cardiff, and also moved the Group's warehouse and technical support operation to new premises in Caerphilly. The combined effect of these moves was to significantly improve the Group's ability to operate effectively during the pandemic restrictions, as well as providing the facilities for post-pandemic growth of both divisions.

Our staff have been tremendous in this very difficult working year, mixing at-home and office work to minimise the impact of the pandemic on the business. Safety of employees has been of key importance and we quickly acted to ensure all employees, where possible, had the resources to be able to work effectively from home.

I would like to convey my thanks to all staff for being so supportive during the year.

Brexit

Sales to European resellers in 2020 were relatively small and as such, the impact of Brexit on the business has been minimal to date.

Looking ahead

Despite the understandable concerns over Covid-19 and its potential ongoing negative impact on revenue in 2021, we are encouraged by the start to the year.

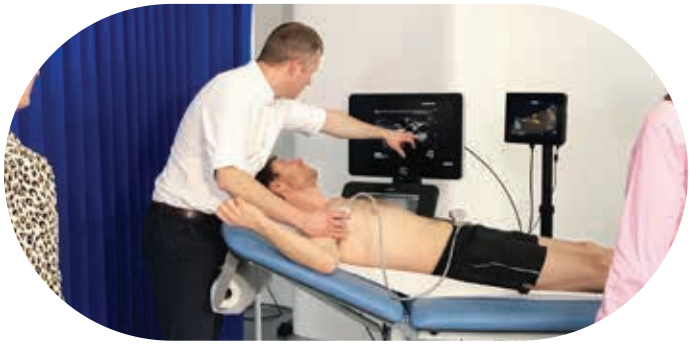
For the simulation division, 2021 is expected to be a year of new product launches and revenue growth and our simulator sales have started well.

For the clinical AI division, we have our first AI product on GE Healthcare's Voluson SWIFT and have received CE approval for our second AI product, ScanNav Anatomy PNB. We are, however, conscious that the pandemic is still restricting hospital access and budgets and that our new AI products are launching into new markets that need time to accept the product and time to build significant sales. 2021 is therefore expected to be a year where we will continue to invest heavily in R&D, but also focus on generating the compelling key opinion leader study data that will enable the longer-term acceptance and subsequent sales potential of AI in ultrasound to be realised from 2022 onwards.

The Directors continue to believe that the current cash position will be sufficient to enable the Group to meet its anticipated profitability inflection point from expected future revenues from the clinical AI division. We remain optimistic about the opportunities for the Group in this exciting sector of the market and would like to thank our shareholders and investors for their continued support.

Finally, with our move to new offices in Cardiff, we would be delighted to welcome any shareholders or prospective investors should they wish to visit us to see our technology for themselves.

Stuart Gall
Chief Executive Officer
21 May 2021



BodyWorks Eve Covid-19 module used to train front line clinicians in NYC

Dr. Brian Kaufman, Professor of Anesthesiology, Medicine, Neurology and Neurosurgery at NYU Grossman School of Medicine and Director of the simulation laboratory at VA NY Harbor Healthcare in Manhattan, reflects on his institution's use of simulation-based training to help prepare clinicians to rapidly acquire and practice lung ultrasound skills.

Facing the global Covid-19 pandemic and a mounting number of patients in need of proper diagnosis, the Veteran's Administration NY Harbor Healthcare Simulation Center recently introduced critical care simulation- based training sessions utilizing their BodyWorks Eve PoCUS simulator with newly installed Covid-19 lung module.

Dr. Kaufman explained the situation, "As all the hospitals in the NYU Langone Health system and major affiliates including the Manhattan campus of the NY Harbor Healthcare Center and Bellevue Hospital were being deluged with Covid-19 patients requiring ICU admission and care, there was an overwhelming need for rapid expansion of ICU beds, and providers to care for these patients. These needs were exacerbated when some of our usual ICU clinical providers needed to be removed from the workforce due to the need to quarantine."

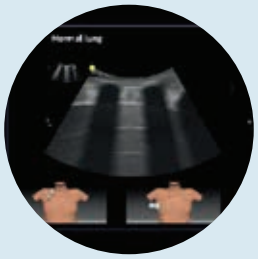
"The main objectives of the training are to improve the knowledge and comfort level of the participants."

The training is an entirely new skillset for some of the providers and focuses in part on:

- Use of lung ultrasonography to determine if lung sliding is present or absent using both 2D mode and M mode.
- Use of lung ultrasonography to evaluate for the presence of A-lines and/ or B-lines.

> **"We discuss how we try to limit conventional radiographic studies and CT scans in these patients and heavily rely on ultrasound. We then go to the BodyWorks Eve ultrasound simulator and go through the Covid-19 pathologies that have been recently released.**
>
> **Having these Covid-19 specific cases available on the BodyWorks Eve ultrasound simulator in the early days of the pandemic has had a significant effect on our ability to quickly train clinicians on lung ultrasound in order to provide better patient care."**
>
> Dr. Brian Kaufman





Summary financial performance

£m (unless otherwise stated)	2020	2019
Revenue	**5.2**	5.9
Gross profit	**3.2**	3.5
Gross profit margin (%)	**61**	58
Administrative expenses	**(7.9)**	(8.2)
Operating loss	**(4.5)**	(4.6)
Net cash used in operating activities	**(2.3)**	(3.3)
Loss after taxation	**(3.3)**	(4.2)
Cash and investments (short term deposits)	**8.8**	7.3

Revenue

Revenues from the simulation division declined by 13% in 2020 to £5.2m (2019: £5.9m), mainly caused by a significant downturn in revenue due to the impact of Covid-19 on our reseller network in Europe and Asia, where sales year on year were down by £1.2m (46%). This was offset however by an increase in sales in the UK and US combined of £0.5m (13%).

Simulation division revenue

£m	2020	2019
UK	**1.4**	0.7
North America	**2.4**	2.6
Rest of World	**1.4**	2.6
	5.2	5.9

Clinical AI division revenue

First revenue of £0.017m from our clinical AI division was recognised at the end of the year.

Gross profit

Gross margin increased from 58% in 2019 to 61% in 2020, due largely to the higher proportion of direct sales representing 73% of total sales (2019: 56%).

Operating costs

The operating loss improved by £0.1m to £4.5m (2019: £4.6m), despite gross profits decreasing by £0.3m to £3.2m (2019: £3.5m). This reduction in gross profits was offset by a £0.3m saving in administrative expenses, down to £7.9m (2019: £8.2m), due to a significant decrease in travel and marketing costs, with lockdown restrictions preventing our sales teams from providing live on-site demonstrations of our products and the majority of exhibitions and conferences being cancelled in the year.

Research and development (R&D) costs

£m	2020	2019
R&D		
– Expensed	**2.0**	2.2
– Capitalised	**0.6**	0.5
	2.6	2.7
Simulation division	**0.9**	1.2
Clinical AI division	**1.7**	1.5

Total R&D spend in 2020, including both expensed and capitalised costs, was £2.6m which is £0.1m lower than in 2019. Expensed R&D costs of £2.0m in 2020 largely relate to activity in the clinical AI division, which had not yet met the criteria for capitalisation under IAS 38. A further £0.6m (2019: £0.5m) of costs relating to the continued ongoing development of products in the simulation division were capitalised within intangible assets, which are being amortised over three years.

Other income

Other income includes an advance of £0.12m ($0.16m) relating to the US Government's Paycheck Protection Program which allowed US small businesses to apply for forgivable loans to pay for their payroll and certain other costs during the pandemic.

RDEC to the amount of £0.83m was received in relation to R&D projects which have been previously in receipt of grant funding which cannot be claimed under the R&D SME regime. RDEC is recognised as taxable income within other income.

Taxation

The Group claims each year for R&D tax credits and, since it is loss-making, elects to surrender these tax credits for a cash rebate. The amount included within the consolidated income statement in respect of amounts received and receivable for the surrender of R&D expenditure was £0.9m (2019: £0.2m).

Included within the tax credit of £1.2m is a deferred tax credit of £0.3m, which represents the movement in the consolidated deferred tax liability as well as the recognition at the year end of an equivalent deferred tax asset in relation to the intangible fixed assets acquired on acquisition of IUL and IML representing the view that the intangible fixed assets have value which will lead to the accumulated trading losses being utilised in the future.

As at 31 December 2020, the Group has cumulative gross UK tax losses of approximately £15.7m (2019: £14.3m) for which no deferred tax asset has been recognised.

Share placing

On 4 May 2020 the Company issued a further 49,400,000 new ordinary shares of 1 pence each at a price of 10.5 pence per share which raised £5.2m before costs, and £4.8m after costs.

The proceeds have been and will continue to be used for the research and development costs of bringing clinical AI products to market, to continue the development of our simulation products and general working capital.

Statement of financial position

Consolidated net assets increased to £12.7m (2019: £11.1m). Intangible fixed assets of £2.0m were £0.3m lower than the carrying amount at 31 December 2019 of £2.3m. Additions to intangibles in the year were £0.6m (2019: £0.5m) relating to capitalised development costs; whereas amortisation of all intangibles including IP and brands totalled £0.9m (2019: £1.0m). Property, plant equipment of £1.3m (2019: £0.5m) includes £0.9m of new right of use assets in relation to the leases of the new head office in Cardiff and the new manufacturing and technical support operation warehouse in Caerphilly. This much larger warehouse has enabled the Group to hold higher inventory levels in anticipation of any Covid-19 related delays resulting in inventory at year end totalling £1.0m (2019: £0.7m).

Cash and short term deposits

Cash and cash equivalents at 31 December 2020 was £8.8m (2019: £1.8m), an increase of £7.0m.

Net cash used in operating activities was £2.3m, £1.0m lower than in 2019 (2019: £3.3m). This decrease was due to the lower operating loss combined with improvements in the management of net working capital as well as higher R&D tax credits of £0.36m (2019: £0.1m).

The net cash inflow arising from investing activities was £4.6m (2019: outflow £6.3m), largely relating to the maturity of £5.5m that was held on short term deposit offset by capitalised internally generated intangible assets of £0.6m (2019: £0.5m).

The net cash inflow from financing activities of £4.7m (2019: £5.8m) included £4.8m raised from the share placing less lease payments of £0.1m.

Going concern

The financial statements have been prepared on a going concern basis. The Group meets its day-to-day working capital requirements from its cash reserves.

The Board has prepared trading and cash flow forecasts for the period to 31 December 2022. These model trade returning to 2019 levels as the impact of Covid-19 reduces later in 2021, as well as the sales projections for new products coming on stream as a result of the Group's research and development activity. The forecasts indicate that the Group will continue to trade with its existing cash reserves. The Board has prepared various downside scenarios from its base case, involving reductions in revenue and delays in research and development projects. Under these scenarios, the Group continues to have sufficient cash reserves for at least the next 12 months from the date of approval of these financial statements and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Board is confident that continued focus on research and development, new product development and sales & marketing will deliver growth and bring the Group to profitability.

Engaging and maintaining strong relationships with stakeholders is a key factor in determining the long-term success and sustainability of Intelligent Ultrasound – not only in delivering the Group's strategy, vision and values, but also in directly benefiting employees, partners, suppliers, customers, consumers and shareholders alike. The Board is proactive in ensuring that dialogue and engagement with stakeholders takes place and that feedback is taken into account in the Board's decision making.

S172 Statement

The Directors are required by law to act in good faith to promote success of the Company for the benefit of the shareholders as a whole and are also required to have regard for the following:

- the likely long term consequences of any decision;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company

The Directors discharge their duties by monitoring and assessing stakeholder interests in two primary ways:

(i) Regular information flow from the Executive Directors

The Executive Directors are directly involved in day-to-day business operations. The Non-executive board members receive regular written and verbal business updates from the Executive Directors via monthly reports, face-to-face at regular board meetings or between board meetings as required.

(ii) Direct engagement of Board members

Directors are expected, where appropriate, to engage directly with, or on behalf of, stakeholders. The Directors consider the interests of each of our key stakeholder groups when considering their duties under S172 and take into account the information gathered through engagement with these stakeholders when determining the Group's strategies and key decisions.

The following disclosure identifies our key stakeholders, the issues that matter most to them and engagement activities during the year.

Our stakeholder	Material issues	How we engage
THE PEOPLE WHO USE OUR PRODUCTS		
Healthcare professionals We engage with the healthcare professionals who use our products to ensure the products meet their needs	• Products continue to support the needs of the healthcare professional	• Ongoing clinical and commercial dialogue • Targeted research • Medical Advisory Committee • Key opinion leader meetings
Customers We stay close to our current and potential customers, building long-term relationships.	• Manage key customer relationships through our direct and reseller sales network • Meet project development milestones • Customer satisfaction • Product innovation	• Exhibitions to showcase our products • Regional account management structure across the world to encourage meaningful, consistent and ongoing engagement with customers • Focus on continued innovation and product development and prioritisation of R&D resource and spend

Section 172 Statement

Our stakeholder	Material issues	How we engage
DIRECT ENABLERS WHO HELP US DELIVER		
Employees Our people are a highly skilled and technical workforce. They are an essential component of the Group's ability to stay ahead in a fast-paced competitive environment	• Employee care and value • Retention and talent • Remuneration and benefits package • Diversity and inclusion • Workforce engagement • Day to day engagement from executive team	• Weekly constructive dialogue between the CEO and all employees • Annual full UK employee engagement event • Open working spaces in the offices allowing an open, collegiate and free-thinking environment • New initiatives to support engagement including improvements in employee development and appraisal systems, salary review, recruitment and share option revisions.
Partners Includes our distributors who market and sell our products outside the UK and the US	• Effective competitively priced products • Fair pricing and commercial terms. • Continuity of supply	• Commercial dialogue • Marketing activities • Distributor due diligence and product training • Regular performance reviews
Suppliers Our relationship with our suppliers is integral to the delivery of quality products to our customers and the operational success of our business.	• Potential disruption of supply chain • Competitiveness • Financial performance • Research and development investment	• Engage with key suppliers regularly to ensure uninterrupted supply chain • Standard business terms • Prompt payment with agreed and reasonable terms • Day-to-day dialogue and communications between the sales and build teams
Shareholders All Board decisions are made to promote the long-term success of the Group for the benefit of our shareholders. We aim to attract shareholders who are interested in a long term holding in our Company. This involves a good understanding of our strategic objectives, our business model and our culture.	• Financial performance • Path to profitability • R&D projects to market • Our strategy • Long-term viability • Responsible business practices	• Regular dialogue between members of the Board, and the Company's major shareholders, analysts and corporate broker • Participation in sector investor conferences • Annual Report and Accounts • Results statements, trading updates and press releases • Investor roadshows • Annual General Meeting

Our stakeholder	Material issues	How we engage
Community and Environment The Group regularly reviews the impact of operations on the environment and the communities in which it operates	• Impact of operations on local community and the environment • Carbon footprint • Employment opportunities	• CSR policies and initiatives reviewed by the Board bi-annually • Minimal negative impact of operations on the local community • Local employment opportunities • Increasing use of web-based demonstration of products to reduce air travel use • Building our reputation
Regulators and professional advisors The Group works with regulators and professional advisors to enable it to operate within the appropriate regulatory and legal requirements	• Maintaining the licence to operate • Ensure all obligations under laws and regulations are understood	• Regular internal communications, training about monitoring of compliance and regulatory matters • Obtain specialised eternal guidance in relation to obtaining regulatory approval for products in development

Principal Risks and Uncertainties

The long-term success of the Group depends on the continual review, assessment and control of the key business risks it faces. The following are identified as the principal risks and uncertainties facing the Group.

The Group identifies and assesses each risk based on the impact and likelihood, and then applies mitigating actions appropriately. Each risk is scaled, based on the likelihood of occurrence and severity of impact, and risks categorised as high, medium or low accordingly, with high risk areas receiving the most attention. The risk register is reviewed and updated to capture and identify any new risks and opportunities, and to improve the mitigating actions. Such risks are reported to and reviewed by the Board on a periodic basis.

Risk	Impact	Mitigating actions
STRATEGIC RISKS		
AI market too early for clinical acceptance	Revenues take longer than expected to grow and profitability inflection point is delayed.	Ongoing customer feedback to build AI that has a market need and manage costs relative to conservative sales growth projections.
COMMERCIAL AND OPERATIONAL RISKS		
In-house OEM software development	There is a risk that the manufacturer will develop their own version to replace our software.	We have entered into a long term contractual arrangement and forge strong relationships with our partners and maintain regular focus on competitor activity.
Regulatory approval failure or delay	Our AI products are regulated by national and regional medical device regulations; there can be no assurance that we will receive regulatory approvals on a timely basis, or at all. There may also be regulatory changes that could require additional studies and a need to resubmit products to the regulatory authorities.	The Group monitors regulatory risks regularly and makes extensive use of regulatory consultants.
Market acceptance of current and new AI products	There is no assurance that our ScanNav Assist technology will be an attractive option on new ultrasound machines. There is also no guarantee that the ScanNav Anatomy PNB 'black-box' strategy will be successful.	1) We engage with Key Opinion Leaders and clinicians on the development of our products, gathering feedback in order to develop products that meet their needs 2) We intend to launch ScanNav Anatomy PNB to known markets using our existing US and UK sales team and support services, using a trial approach which is re resource light to minimise demands 3) We can utilise existing distribution network to reach other markets
Dependence on resellers in certain geographical areas	Sales of our simulation products depend in part on the expertise and clients of our reseller network. There is a risk that resellers are not maximising sales in their regions.	We have an experienced senior head of global channels who is focused on building strong relationships with the whole distribution network and ensures resellers are educated and trained in marketing and selling our products. We have introduced more web based training from the UK in the year and set annual regional sales targets which are reviewed monthly.

Risk	Impact	Mitigating actions
Key employees	The Group is dependent upon a relatively small number of staff who might be hard to replace. Talented software developers and experts in simulation and AI technology are in demand in today's environment. The recruitment and retention of specialised software experts remains an ongoing challenge.	The Group's response to this risk has been to offer competitive remuneration and benefits to encourage talented people to join and remain with the Group. The UK business has moved to new head office premises which are closer to major transport links and offer a better work environment.
Supply chain	The Group relies on third party manufacturers for the supply of the majority of raw materials. Problems with obsolescence and manufacturer facilities may lead to delay and disruptions in the supply chain which could have a significant negative impact on the Group's operations.	The Group maintains a close dialogue with key suppliers and closely monitors its inventory status and customer demand to ensure that any potential problems in the supply chain can be managed.
Technology	The Group invests in research and development to enable the delivery of new and enhanced products and services. All technology-based companies face the risk of being overtaken by superior solutions or undercut in price by low cost competitors.	The Group closely monitors the market on an on-going basis. The Group maintains its investment in R&D and developing a platform for its services based on continuously evolving proprietary technology.
Liquidity	Growing the business in the short to medium term is dependent on positive cashflows from operating activities which is currently generated solely by the Group's simulation division; beyond this, and until the clinical AI division is generating sufficient income, the Group will be reliant on existing cash resources.	Group cash balances are monitored on a monthly basis to ensure that the Group has sufficient funds to meet its needs. Cash flow forecasts are generated and reviewed regularly by management. The Directors have prepared projected cash flow information for the coming year. The projections take into account the business opportunities highlighted in the CEO's statement, the timing and quantum of which will affect the Group's cash requirements, which are continually monitored by the Board. On the basis of these projections, the Group expects to have sufficient working capital facilities to reach profitability inflection point.
Foreign exchange	The Group has transactional currency exposures. The Group has a US subsidiary, it makes purchases of inventory and incurs other costs in foreign currencies and makes sales denominated in Sterling, US Dollars and Euro.	Fluctuations in exchange rates between the Group's functional currency of Sterling and the currency of transactions could adversely impact the financial results. The US Dollar costs incurred by the US subsidiary are hedged by revenues invoiced in US Dollars. The Group has, when necessary, utilised foreign currency hedging instruments to mitigate the impact of unhedged currency fluctuations.

Principal Risks and Uncertainties

Risk	Impact	Mitigating actions
Credit risk	There is a risk of non-payment of debts due from customers and external distributors.	The Group aims to minimise its exposure to credit risk through a mixture of credit limits and credit checks on new customers and distributors and requiring up-front payments where appropriate.
Economic and political conditions	The Group may be faced with changes in the general economic climate in each territory in which it operates that may adversely affect the financial performance of the Group.	The Group seeks to mitigate this risk by conducting operations on a broad geographic basis and by introducing new technologies to remain innovative.
Brexit	The Group both sells into and sources some of its component products from the European Union.	The Group undertook a detailed review of the potential impact of Brexit and took steps to mitigate any risks. The Group operates in global markets in the healthcare sector which is largely tariff free and continues to be post- Brexit. Post Brexit we continue to monitor any impact on our supply chain.
LEGAL AND REGULATORY RISKS		
Compliance with regulatory requirements for medical devices	We also need to comply with ongoing regulatory requirements, such as to maintain a quality management system (QMS), for which we are subject to periodic inspections (scheduled and unscheduled), restrictions in relation to promotional materials and post-market safety surveillance programmes. Losing the ISO 13485 accreditation would impact regulatory approval.	1) Our QMS team is focused on the development of quality documentation for the QMS 2) All documentation is stored and available should any resubmission be necessary, and our quality systems are designed to be sufficiently robust to withstand any necessary scrutiny 3) We have taken steps to ensure that our CE registrations remain valid within the EU post Brexit. 4) We will take necessary actions to register products in any alternative UK-based system as and when required.
Cyber security and GDPR	The Group stores anonymised patient scans for use in its software development projects and its cloud based simulation systems also store customer data on servers managed by a third party. There is a risk of data loss or system security breach which would result in loss of reputation with customers and investors and there is a risk of regulatory penalty.	Compliance with the General Data Protection Regulation (GDPR) is managed on an ongoing basis. Its third party server manager, which is a major player in the information technology sector, has confirmed its compliance with GDPR. In November 2020 the Group obtained the IASME Governance certificate which included CyberEssentials. Strong IT security measures have been implemented and are reviewed to ensure that we are adequately protected.

Risk	Impact	Mitigating actions
Litigation	All technology-based companies face the risk of litigation and the Group experienced this in 2016 when it was involved in a completely unexpected IP action brought by one of its US based competitors.	The Group continues to mitigate the risk of litigation by reviewing its IP position against all its competitors and conducting reviews of its freedom to operate in its target markets.

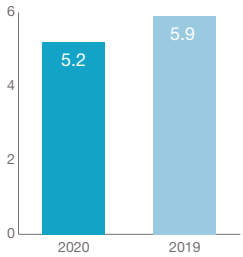
Key Performance Indicators

We assess operational and strategic progress at Group and divisional level against key performance indicators, or KPIs. These provide a clear direction as to how we should achieve our goals. Importantly, these measures are reflected in management targets and are aligned with our growth objectives and our purpose, strategy and vision.

Financial

Revenue (£m)

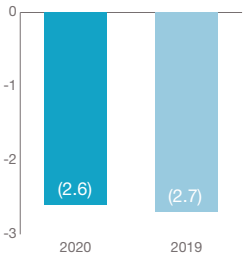
Revenue from simulation and clinical AI divisions



2020: Decrease of 13%

Research & development expenditure (£m)

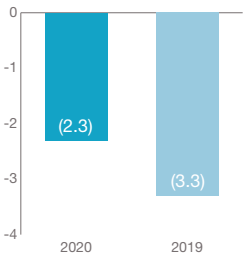
Total R&D expenditure including capitalised development costs



2020: Consistent with 2019

Cash used in operations (£m)

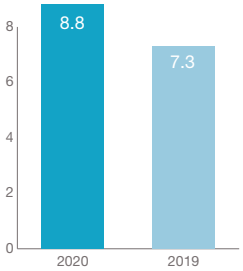
Cash used in operations



2020: Decrease of 28%

Cash, cash equivalents and short term deposits (£m)

Cash resources available

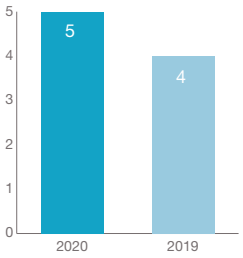


2020: Increase of 21%

Operational

AI image database (million)

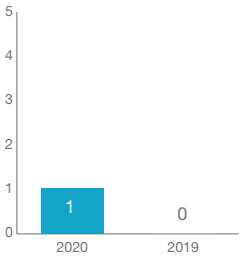
Total number of AI database ultrasound images



2020: 25% growth

Clinical AI products in market

Number of Clinical AI products commercially launched

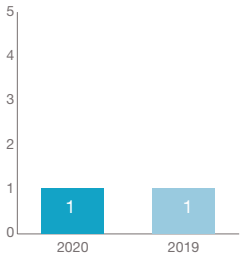


2020: ScanNav Assist launched in 2020

Post year end ScanNav Anatomy PNB launched in the UK

AI partner agreements

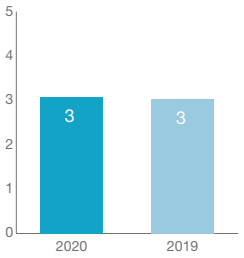
Signed partner agreements



2020: No new agreements signed in the year

AI products in development

Products in development as opposed to proof of concept



2020: Progressed development of ScanNav Autocapture, ScanNav Anatomy PNB and ScanNav Detect Lung

"Our goal is to build a sustainable and viable, long-term business that will enable ultrasound for everyone"

Sustainability is an increasingly important component of our business and we are committed to playing our part in adhering to the UN's Sustainable Development Goals, which are aimed at achieving a better and more sustainable future for all.

To this end the Group has established an ESG Working Group in April 2021 with the following remit:

1. Hold regular ESG working group meetings in 2021 with CEO Stuart Gall as the accountable executive
2. Develop an ESG policy that reflects our goal to build a sustainable and viable, long-term business that will enable ultrasound for everyone
3. Develop and implement an environmental training/awareness programme for all employees
4. Reduce the Group's carbon emissions through initiatives such as minimising travel, paper use and printing and offset the Group's 2021 carbon emissions
5. Develop an ESG dashboard that is reviewed annually and reported to stakeholders

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The Company is required by the Companies Act 2006 to include a Strategic Report in its Annual Report. The information that fulfils this requirement can be found from pages 1 to 25. Signed by order of the Directors on behalf of the Board.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This Strategic Report was approved by the Board on 21 May 2021 and signed on its behalf by:

Stuart Gall
Chief Executive Officer

Transforming ultrasound through AI

A Board with a broad range of skill and experience

Riccardo Pigliucci, Non-executive Chairman, Appointed: 2012

Riccardo has more than 30 years' experience of guiding private and publicly listed high technology companies and brings a wide range of experience in sales, marketing, operations, financing, acquisitions and public offerings within the medical sector. He is a former President, COO and Board member of The Perkin Elmer Corporation, has served as CEO of Life Sciences International plc, Chairman and CEO of Discovery Partners International and was on the Board of several private and publicly listed companies including Dionex, a public company purchased by Thermo Fisher in December 2010, DVS Sciences, sold in January 2014 to Fluidigm and most recently Affymetrix, sold to Thermo Fisher in March 2016. Mr Pigliucci is a member of the UK Institute of directors and has received a Professional director Certification from the American College of Corporate directors, a public company director education and credentialing organization.

Committees: *Audit, Remuneration and ex-oficio Nomination*

Executive Directors

Stuart Gall, Chief Executive Officer, Appointed: 2009

Stuart was a joint founder and Executive Director of Fusion IP plc, an AIM listed university IP commercialisation company, before its purchase by IP Group plc for £103 million in 2014. Stuart has a sales, marketing and general management background with over 25 years' experience in starting small technology led companies, fund raising for and managing SMEs and acting as an Executive Director for a number of public companies. Stuart is an engaging and motivational leader with an energetic management style and the drive and enthusiasm to 'tell the Intelligent Ultrasound story'. He also leads an active life outside work, taking part in running and cycling races throughout the year. In addition to Fusion IP, he has previously worked at British Airways plc, The Promotions Partnership Limited, Anvil Limited and Toad Group plc (now 21st Century Technology plc). Stuart provided part-time Senior Advisor services to IP Group plc (ended April 2020), is an NED with i2L Ltd and, pandemic permitting, attends regular external courses during the year to keeps his skills up to date and relevant.

Ian Whittaker, Chief Operating Officer, Appointed: 2016

Ian was formerly the CEO of Inventive Medical Ltd (IML), the cardio ultrasound simulation company which was acquired by the Company in August 2016. Ian previously held general management roles at Hewlett Packard (HP) in the UK and EMEA, living in Grenoble and Geneva for 5 years. He was appointed to the HP UK Board in 2001, working as Vice President for HP's UK Consumer, Imaging and Printing business, where he was closely involved in the integration of Compaq into the HP group following its acquisition in 2002. Since leaving HP in 2005, Ian worked with blue chip US technology companies and UK start-ups before being appointed CEO of IML in 2010 and COO of the Group in September 2016.

Nicholas Sleep, Chief Technology Officer, Appointed: 2012

Before joining the Group, Nicholas ran his own consultancy specialising in providing management support to early stage companies. Nicholas is a software engineer by background but has also run companies in areas as diverse as stem cell therapeutics and biofuels. Previous companies include The Technology Partnership Limited, Magnecell Limited, Procognia Limited (where he negotiated out-licensing deals with Qiagen and GE) and The Automation Partnership Limited (where he grew a £0.4m annual turnover business to over £3m in two years). Nicholas has a BscMEng from The University of Manchester and an MBA from Cranfield university school of management. Running the group's Artificial Intelligence division, Nicholas takes an active part in the national debate on both the benefits of machine learning for medical imaging and the roadblocks that need to be removed for this potential to be realised. He keeps his skills current by interaction with colleagues, internal training courses and regular attendance of clinical symposia.

Helen Jones, Chief Financial Officer, Appointed: 1 January 2020

Helen qualified as a Chartered Accountant with PwC and has a BS(Hons) in French and Spanish. Before joining the Board, Helen was part of the senior finance team at Amerisur Resources plc, an AIM quoted oil and gas company and spent over 10 years in various senior group finance and tax roles within Tata Steel Europe. These roles enabled her to acquire experience in corporate acquisitions, restructurings and disposals as well as debt and equity transactions, IFRS reporting and investor relations. Most recently she was significantly involved in the $350 million acquisition of Amerisur.

Non-executive Directors

Professor Nazar Amso, Non-executive Director, Appointed: 2004

One of the founders of the Group, Nazar is an Emeritus Professor at Cardiff University. He has been a Fellow of the Royal College of Obstetricians and Gynaecologists since 1999 and Founding Fellow of the Higher Education Academy. Nazar has more than 30 years' experience in ultrasound education. At Cardiff University, Nazar pioneered integration of simulation into the ultrasound Masters' programme curriculum. Nazar is passionate about introducing ultrasound simulation into the undergraduate curriculum and has continuously championed that cause around the world. Nazar has been and remains on a number of national and international committees defining and setting standards in ultrasound practise. He is a recognised expert in the field of ultrasound, Chairs the Board's Medical Advisory Committee and brings a wealth of medical and training experience to the Board.

Independent: No

Committees: *Nomination*

David Baynes, Non-executive Director, Appointed: 2011

David is currently the Chief Operating Officer of IP Group plc. David was the joint founder and Chief Executive Officer of Fusion IP plc before its purchase by IP Group plc for £103 million in 2014. David has previously worked at Celsis International plc, Toad Group plc (now 21st Century Technology plc), which he co-founded, and Codemasters Limited.

David's association with IP Group, which is a major shareholder in the Company, means that he does not qualify as an independent director, but he is a very welcome member of the Board who makes an invaluable contribution, bringing a wealth of corporate finance experience backed by clear strategic thinking and no shortage of common sense.

Independent: No

Committees: *Audit (CHAIR), Remuneration, Nomination*

Professor Nick Avis, Non-executive Director, Appointed: 2006

Nick was the Scientific director for the Group in its formative years. Nick's research interests include: interactive and real-time visualization and virtual/augmented reality systems; computational steering; application acceleration using many-core devices, remote rendering; interactive grid middleware and visual analytics of social media data. Nick has conducted many successful projects with both academic and industrial partners including JISC, HLRS, Electronics Visualization Lab, University of Chicago, Wuhan Technical University and Toyota Motor Corporation (Japan). In September 2013 he joined the University of Chester to establish the first new Faculty of Science and Engineering and in September 2018 was appointed Pro-Vice-Chancellor for Research and Knowledge Transfer. Nick is a member of the Engineering and Physical Sciences (EPSRC) peer review college and was previously a lay member of the Postgraduate Medical Education and Training Board (PMETB) and the General Medical Council (GMC). Nick has completed the Entrepreneurial University Leadership Programme.

Independent: Yes

Committees: *Audit, Remuneration, Nomination*

Andrew Barker, Non-executive Director, Appointed: 2017

Andrew was formerly Chair and acting CEO of Intelligent Ultrasound Limited (IUL). Andrew has over 30 years' experience in senior management of technology and software businesses and in venture capital, having been involved in the early stages of internet computing with Sun Microsystems in Silicon Valley, later going on to help build Intel's venture arm in the UK. He is an experienced NED and investor in early stage companies with disruptive technology. His portfolio has a med-tech focus and, in addition to his position as a director of the Company, Andrew is the Chairman of Oxford Brain Diagnostics and founder director of Brainomix, both University of Oxford medical imaging spin outs, and a Partner of Anchard Associates LLP. Andrew holds the Institute of Directors Certificate in Company Direction.

Independent: Yes

Committees: *Remuneration (CHAIR), Audit, Nomination*

Ingeborg Øie, Non-executive Director, Appointed: 19 May 2021

Ingeborg was appointed to the Board of Intelligent Ultrasound on 19 May 2021. She is currently the CFO of CMR Surgical, the next-generation surgical robotics company based in Cambridge. Ingeborg has both a strong background in finance and a deep understanding of the healthcare industry. She has led large private financing rounds, headed up investor relations at a FTSE 100 medical device company and served on the Board of a London Stock Exchange-listed healthcare services group. Her career began working as a medical devices and healthcare services analyst at Goldman Sachs and Jefferies. She holds degrees in Biomedical Engineering and Public Health and is a CFA® charterholder.

Independent: Yes

Committees: *Audit, Nomination*

Chairman's introduction

I have pleasure in introducing our Corporate Governance Statement. The Board continues to be committed to supporting high standards of corporate governance, and in this section of the Annual Report we set out our governance framework and describe the work we have done to ensure good corporate governance throughout the Company and its subsidiaries ('the Group'). As Chair, my primary responsibility is to lead the Board effectively and ensure that the Group's corporate governance is appropriate and adopted across all our business activities. I am also responsible for ensuring our Board agenda ensures that we examine all the key operational and financial issues affecting our strategy.

Intelligent Ultrasound is traded on the AIM market of the London Stock Exchange. The Directors recognise the importance of sound corporate governance and are committed to maintaining high standards of corporate governance. As a Company whose shares are admitted to AIM, the Board has adopted and complies with the Quoted Companies Alliance's Corporate Governance Code ("the QCA Code") to the extent that they consider them appropriate for a company of the size and nature of the Group, in establishing its corporate governance policies.

The QCA Code

The QCA Code sets out 10 corporate governance principles and how to apply these principles, including a set of specific disclosures required in the Company's annual report and accounts or on its website. The Company's disclosures on its website ("the Website Disclosures") can be found at:
The-Companys-application-of-the-principles-of-the-QCA-Code-Website-Disclosures-_Nov-2020.pdf (intelligentultrasound.com)

How the QCA Code is applied by the Group to support medium to long-term success

Principle		Commentary	Further information
1	**Establishing a strategy and business model to promote long-term value for shareholders.**	The Group's business model and strategy to deliver shareholder value in the medium to long-term is discussed in the Strategic Report. The section Principal Risks and Uncertainties includes a discussion of the key challenges facing the Group and how these will be addressed.	Page 4
2	**Seeking to understand and meet shareholder needs and expectations.**	Responsibility for shareholder liaison rests principally with our CEO supported by our CFO and Chairman, alongside our advisers Cenkos and Walbrook PR. However, all our Board members attach a high degree of importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. The Board holds meetings with institutional investors and other large shareholders following the release of the interim and financial results. We provide the market and shareholders with the results of AGM and GM voting via RNS and other communication channels including the Group's website. We also participate from time to time in investor shows offering smaller and private investors insight into our business and also access to our management team.	Details of all shareholder communications are provided on our website

Principle		Commentary	Further information
3	**Taking into account wider stakeholder and social responsibilities and their implications for long term success.**	The Company recognises that its success relies on relations with a range of stakeholders – shareholders, employees, medical advisors, customers, suppliers and regulators. The Company regularly engages with all stakeholders to gain an understanding of their needs, interests and expectations. This engagement includes regular staff meetings, support group meetings, sales team and customer meetings and meetings with external medical advisors. The Company's business plan is focussed on developing the 'Gold Standard' ultrasound simulation systems and cutting-edge AI software to make ultrasound more efficient and accessible to more medical professionals. The Company does not have the resources to finance a large in-house clinical team, but our R&D teams receive invaluable input from medial consultants who are experienced specialists in their respective fields which, along with input from our customers, staff and technology suppliers, has played a significant part in the development of our technology. For example, this input has helped us identify the key pathologies that our simulators need to cover in the training programmes and to develop our learning management systems. Similarly, with regard to our clinical projects, our stakeholders have helped us identify the workflow log-jams in ultrasound screening programmes and this has helped to direct the focus for our AI software development.	The "Section 172" statement in this Annual Report provides further information
4	**Embedding effective risk management, considering both opportunities and threats throughout the organisation.**	Our Executive Directors are closely involved in the day-to-day operations of the Group and of our operating subsidiaries and report to the Board in detail at monthly intervals. Relevant papers are distributed to members of the Board in advance of Board and Committee meetings. Detailed financial reports of the Group's financial performance are also provided on a regular basis. The Board reviews a matrix of the key risks which sets out how these are managed and mitigated through internal and other controls and processes. The significant risks and related mitigation and control are disclosed in the Strategic Review on pages 2 to 5.	The Principal Risks and Uncertainties section of this Annual Report sets out some of the principal risks and uncertainties faced by the Group
5	**Maintaining the Board as a well-functioning, balanced team led by the Chairman.**	The Board comprises the Non-executive Chairman, four Executive Directors and five Non-executive Directors. The Board considers that Nick Avis and Andrew Barker are independent Non-executive Directors. Currently no Senior Independent Director has been appointed, but the Board continues to evaluate a possible appointment. To ensure the Board functions well, the Board meets at least 11 times each year and it is the responsibility of the Company Secretary (supported by reports submitted by the Executive Directors) to provide the Board with high quality information in a timely manner to facilitate the proper assessment of the matters requiring a decision or insight. We also hold an annual strategy meeting at which Directors' attendance is mandatory. Each Non-executive Director continues to demonstrate that they have sufficient time to devote to our business. To support the Board we have put in place Audit, Remuneration and Nomination Committees all of which have agreed formal terms of reference.	Biographies of the Directors are presented on page 27 in this Annual Report and on our website. Reports of the Board committees are also presented in this report.

Principle		Commentary	Further information
6	**Ensuring that between them the directors have the necessary up-to-date experience, skills and capabilities.**	The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of innovation, software development, the use of medical ultrasound, finance, marketing, international trade and corporate acquisitions. The Board includes some diversity in terms of the background and ethnicity of each Director and there are now two female members of the Board.	Biographies of the Directors are presented on page 27 in this Annual Report and on our website.
7	**Evaluating Board performance based on clear and relevant objectives, seeking continuous improvement.**	The Chairman regularly assesses the performance of each of the Directors (including by way of one-to-one meetings) to ensure that they remain committed to the business, that their individual contributions are relevant and effective and where relevant, they have maintained their independence. Agreed personal objectives and targets are set each year for the Executive Directors and performance measured against these metrics. This year we undertook a formal Board evaluation process. The process was led by an independent consultant and required Directors to answer a set of questions setting out their views on the effectiveness of the Board and on the value of their Board contributions. The results of that assessment process were used by the Chairman to facilitate discussions with each individual Director and with the Board as a whole. The questions were based around issues arising from the ten principles of the QCA Code and the results have assisted in continuing our focus on strategy and risk management.	
8	**Promoting a corporate culture based on ethical values and behaviours.**	The Board has introduced an ethics policy which forms part of the Staff handbook and a breach of the policy by any member of staff would result in disciplinary action to ensure that the Company's ethical values and behaviours and recognised and respected. A summary of the policy is set out below: It is the policy of Intelligent Ultrasound to conduct its business at all times and throughout the world with honesty and integrity and the Company will continue to be an ethical and responsible company. This policy is embedded within the staff handbook which is given to all Group employees when they join the business and is updated and refreshed regularly. The Company recognises it has a responsibility for all the actions of its employees in connection with the activities of the organisation. In view of this, the Company believes that the ethics demonstrated by our employees should give all customers, shareholders, suppliers, colleagues, business partners and regulators' confidence that the Company operates in a way that avoids any suggestion of improper or personal motives or actions. Therefore, all employees are expected to conduct themselves in accordance with the Company's Code of Ethics at all times.	

Principle		Commentary	Further information
9	**Maintaining governance structures and processes that are fit for purpose and support good decision-making by the Board.**	The Non-executive Directors scrutinise the performance of management against the Group's objectives and also monitor the reporting of performance. The CEO is responsible for the day-to-day leadership of the Group, the management team and its employees. The CEO is responsible, in conjunction with the Executive Directors and senior management, for the execution of the Company's strategy approved by the Board and the implementation of Board decisions. The Board has considered mechanisms by which the business and the financial risks facing the Group are managed and reported. The principal business and financial risks have been identified and control procedures implemented. The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk. To achieve this aim the Board has a formal schedule of matters specifically reserved to it for decisions including the approval of annual and interim results, approval of annual budgets, approval of larger financial commitments and investment proposals, review of the overall system of internal control and risk management and review of corporate governance arrangements. Other responsibilities are delegated to the Board committees, being the Audit, Remuneration and Nomination Committees, which as explained above operate within clearly defined terms of reference, and which report back to the Board.	Reports of the Board committees are also presented on pages 36–42 in this Report.
10	**Communicating how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.**	We maintain a regular dialogue with our shareholders.	Further information and the resolutions put to a vote at annual general meetings can be found on our website.

Areas in which the Company's governance structures and practices differ from the expectations set out by the QCA Code and proposed changes in governance arrangements.

Understanding shareholder needs and expectations

The Company's shareholders include a number of private individuals who have invested though VCT/EIS and other investments funds and it is not possible to engage with all elements of the Company's shareholder base to gain an understanding of their needs and expectations. However, the Directors (principally the CEO and CFO) endeavour to meet with major shareholders and engage with others at presentations made to groups of shareholders. All Directors attend the Company's annual general meeting with shareholders. Existing and potential investors are also invited to contact the Company about any investor relations matter by emailing intelligentultrasound@walbrookpr.com.

Requirement to have at least two independent Non-executive Directors on the Board

The Board has identified two Non-executive Directors who it considers to be independent, Nick Avis and Andrew Barker. Nick Avis has served on the Board for more than 10 years but will continue to offer himself up for re-election each year. Both Nick Avis and Andrew Barker participate in share option schemes in the Company but the value of their share options is not significant, relative to their respective personal financial position and their remaining un-lapsed options vest after set time periods with no dependence on any Company performance measure. Currently no senior independent director has been appointed, but the Board continues to evaluate a possible appointment.

The Board should understand and challenge its own diversity, including gender balance, as part of its composition

The Board includes some diversity in terms of the background and ethnicity of each Director and currently has two female members of the Board. The Group will look to further increase the diversity of the Board when seeking to appoint additional, appropriately qualified, directors in future.

That the Company Secretary should not be an Executive Director

The Board members have significant external Board director experience and are aware that they may seek independent professional advice at the company's expense to discharge their duties. The Board believes that the Company is currently best served by combining the roles of CFO and Company Secretary, in the interests of efficiency and cost.

Key governance related matters that have occurred during the year

Towards the end of 2019 we appointed an external advisor to conduct a full review of the Board and its performance. The key actions enacted from this review were:

- The establishment of a Nomination Committee tasked with the objective of reconfiguring the Board to comply with both the independence and seniority requirements of today's public companies;
- The goal of reducing the size of the Board from the current nine directors, to seven in 2022 while maintaining a majority of non-executive directors;
- Increasing Board diversity; and
- Expanding the experience of the Directors in ultrasound machine manufacturing and AI sectors

As the first step in this process, we are pleased to announce that Ingeborg Øie has been appointed as a Non-executive Director post period end on 19 May 2021. Ingeborg brings to the Company outstanding experience in the financial world having been a medical devices and healthcare services analyst at Goldman Sachs and Jefferies and is currently CFO of surgical robotics unicorn, CMR Surgical. She will also join the Audit Committee effective with her appointment.

Board committees

The Board has established Audit, Remuneration and Nomination Committees with formally delegated duties and responsibilities. The Audit Committee comprises David Baynes as Chair along with Riccardo Pigliucci (as an ex-oficio member), Professor Nick Avis and Andrew Barker. The Remuneration Committee comprises Andrew Barker as chair along with Riccardo Pigliucci, Professor Nick Avis and David Baynes. The Nomination Committee is chaired by Riccardo Pigluicci and also comprises Professor Nick Avis, David Baynes, Andrew Barker and Nazar Amso.

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and external auditors relating to the interim and annual accounts and accounting and internal control systems in use throughout the Group. The Audit Committee meets at least twice in each financial year and has unrestricted access to the Group's external auditors.

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to the employee share option schemes or equity incentive plans in operation from time to time. The remuneration committee meets at least twice each year to set targets for the executive Board and review their remuneration.

In 2020, the Company has established a Nomination Committee to lead its process for appointments and oversee the development of a diverse pipeline for succession.

The Executive Directors are employed full-time by the Group. The CEO, Stuart Gall, is an NED for i2L Ltd and also worked as a consultant to IP Group plc for one day each month however this commitment ended on 30 April 2020. The Chairman is contracted to work for the Company for 48 days per annum, Professor Nick Avis and Andrew Barker are contracted to work for the Company for 20 days per annum and David Baynes and Professor Nazar Amso are contracted to work for the Company for 12 days per annum.

Attendance at Board and Committee meetings during 2020:

	Board meeting	Board call	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings in 2020	**6**	**6**	**3**	**3**	**2**
Chair	**RP**	**RP**	**DB**	**AB**	**RP**
Riccardo Pigliucci	6	6	3	3	2
Stuart Gall	6	6	N/a	N/a	N/a
Helen Jones	6	6	N/a	N/a	N/a
Ian Whittaker	6	6	N/a	N/a	N/a
Nicholas Sleep	6	6	N/a	N/a	N/a
Nazar Amso	6	6	N/a	N/a	2
Andrew Barker	6	6	3	3	2
Nicholas Avis	5	6	3	3	2
David Baynes	6	6	3	3	2

Riccardo Pigliucci
Chairman
21 May 2021

Audit Committee Report

This report covers activities of the Audit Committee in 2020 and in the period up to the approval of the 2020 Annual Report and Accounts (together, the 'period').

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Company's management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. In fulfilling its oversight responsibilities, the Committee reviewed and discussed the audited consolidated financial statements included in this Annual Report with management and the Group's external auditor, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements.

The Committee is governed by its terms of Reference, a copy of which can be found on the Company's website at: https://www.intelligentultrasoundgroup.com/wp-content/uploads/Audit-Committee-Terms-of-Reference.pdf

Members of the Committee

The Committee is chaired by David Baynes and includes three independent Non-executive Directors, Nick Avis, Andrew Barker and Ingeborg Øie, along with the chair of the Board, Riccardo Pigliucci. For this purpose 'independent' means that, apart from directors' fees and interests in shares and share options in the Company, Nick and Andrew are independent of management, independent in character and judgement and free from any business or other relationship or circumstance which is likely to affect, or could appear to affect the exercise of their independent judgement as Committee members. The chair of the Committee, David Baynes, has recent and relevant financial experience.

The Group's external auditor

The Audit Committee recognises the importance of maintaining the independence of the Group's external auditor, both in fact and appearance. Each year, the Committee evaluates the qualifications, performance and independence of the Group's external auditor and determines whether to re-engage the current auditor. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the auditors, the auditors' global capabilities and the auditors' technical expertise and knowledge of the Group's operations and industry.

During the year, and in light of the long service of BDO as auditors to the Group, the Audit Committee ran a formal process to re-tender for audit services. As well at the current incumbents the Committee considered 5 other firms, all of whom were invited to tender for the Group's audit.

The Audit Committee considered each of these written tenders and heard presentations from all of the firms involved. After further consideration and discussion, it was agreed that it was in the best interest of the Group to appoint new auditors to the role. To this end Deloitte LLP, who had provided the best overall proposal, and who were considered to be the firm that would be able to provide audit quality, experience and global network reach to the Group, were appointed as the Group's auditors to complete the year end audit for 2020.

Internal audit

The Group does not have an internal audit function, as the Board does not consider the current scale and complexity of operations warrant such a function. However, the Board will keep this under review, with a view to creating an internal audit function when it is warranted.

Audit Committee meetings

In addition to numerous meetings to consider the appointment of new auditors the Committee has held 4 full meetings since the publication of the 2019 Report & Accounts.

The membership of the Audit Committee, together with appointment dates and attendance at meetings, is set forth below:

Member	Committee member since	Attendance at full meetings held since publication of the prior year Report & Accounts
David Baynes (Chair)	14 August 2014	4/4
Nick Avis	14 August 2014	4/4
Andrew Barker	1 January 2018	4/4
Riccardo Pigliucci	14 August 2014	3/4
Ingeborg Øie	19 May 2021	0/0

The meetings of the Committee are designed to facilitate and encourage communication among the Committee, the Company, and the external auditor. The Committee discussed with the external auditor the overall scope and plans for their audit and the key audit risks identified at the audit planning stage at a meeting held on 22 January 2021

The Committee subsequently met with the external auditor on 26 April 2021 to discuss the draft Report & Accounts 2020, results of their examinations to that date; their evaluation of the Company's internal control and the overall quality of the Company's financial reporting.

The Committee also reviewed and discussed together with management and the external auditor the effectiveness of the Group's internal control over financial reporting and the auditor's audit of internal control over financial reporting. Both management and the external auditors identified certain control weaknesses and deficiencies, including in respect of deferred income. As part of our evolution of the control environment, mitigating actions are being established to address these issues with further enhancements in relation to monitoring controls and processes and strengthening of the finance team planned in 2021.

The chair of the Audit Committee also had a number of conversations with the partner responsible for the 2020 audit during the planning stage and during the course of the audit.

Financial reporting

The Committee has reviewed, with both management and the external auditor, where the more significant judgements have been made and the quality and appropriateness of the Group's accounting policies. The Committee has also reviewed the assumptions and provided assurance to support the going concern statement. The Board has adopted the going concern basis in preparing these financial statements and considers that the Group is able to continue in operation and meet its liabilities as they fall due for at least the next 12 months.

Approval of the financial statements

The Audit Committee has concluded that it has acted in accordance with its Terms of Reference. At the meeting on 26 April 2021 the Audit Committee considered each section of the Annual Report and the document as a whole, as proposed by the Company and subsequent to a review of the final draft of the report and accounts; it reached the conclusion and advised the Board that it considered the 2020 Annual Report & Accounts to be fair, balanced and understandable and, combined with the QCA Code Website Disclosures, provided the information necessary to assess the Group's business plan and strategy. The chair of the Audit Committee will be available at the 2021 AGM to answer any questions about the work of the committee.

Approval

This report was reviewed and approved by the audit committee and signed on its behalf by:

David Baynes
Chair of the Audit Committee
21 May 2021

Remuneration Committee Report

This report to shareholders sets out the Company's remuneration practices and how they align the interests of senior management with those of shareholders and also outlines the Executive Directors' bonus scheme for the current year which is designed to underpin the Company's objective to provide shareholder value.

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors. The Committee ensures that the remuneration practices of the Company move towards best practice in light of the Company's size and profile and with the interests of shareholders.

As an AIM-quoted company, the information provided is disclosed to fulfil the requirements of AIM Rule 19. The Company is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008; however, it is committed to achieving high governance standards.

The information is unaudited except where stated.

The Committee includes two independent Non-executive Directors, Nick Avis and Andrew Barker (Chair), along with David Baynes and the chair of the Board, Riccardo Pigliucci.

The terms of reference of the Remuneration Committee are available on the Company's website at:

https://www.intelligentultrasoundgroup.com/wp-content/uploads/Remuneration-Committee-Terms-of-Reference.pdf

Directors and their interests

The Directors' interests in the shares of the Company (audited) are detailed below: -

	At 31 December 2020 No.	% of issue Ordinary share capital	At 31 December 2019 No.	% of issue Ordinary share capital
Nazar Amso	**1,134,000**	0.42%	**1,134,000**	0.52%
Stuart Gall[1]	**923,474**	0.34%	**828,236**	0.38%
Helen Jones[1]	**95,238**	0.04%	**-**	-
Ian Whittaker[1]	**451,172**	0.17%	**374,982**	0.17%
Nicholas Sleep[1]	**421,709**	0.16%	**326,471**	0.15%
Andrew Barker	**317,992**	0.12%	**317,992**	0.14%
Nicholas Avis[1]	**272,619**	0.10%	**225,000**	0.10%
Riccardo Pigliucci	**117,648**	0.04%	**117,648**	0.05%

[1]These Directors acquired a total of 409,523 shares via the placing in May 2020

In addition to the above, Professor Nazar Amso is the beneficial holder of 180,000 shares representing 0.07% (2019: 0.08%) of the issued share capital through The Amso Trust and Professor Amso's spouse holds 120,000 shares representing 0.04% (2019: 0.05%) of the issued share capital.

Parties related to Professor Nicholas Avis hold 141,177 shares representing 0.05% (2019: 0.06%) of the issued share capital.

Director's remuneration

The Committee aims to ensure that the total remuneration for Executive Directors is designed to:

- be competitive and to attract, retain and motivate executives of a high calibre;
- be appropriate to the scale of their responsibility;
- provide for a significant element of "at risk" performance-related pay;
- ensure Directors identify with the interests of shareholders; and
- are fairly remunerated in the light of their own personal performance, their contribution to the Group's overall performance and, where appropriate, the performance of the divisions for whose performance they are individually directly responsible.

The remuneration package for Executive Directors comprises:

- basic salary;
- pension allowance;
- performance related pay;
- share-based incentives; and
- other benefits.

The Directors' remuneration (audited) for the year ended 31 December 2020 was:

	Salaries & fees £'000	Accrued bonus £'000	Pension £'000	Travel & car allowance £'000	Other benefits £'000	**Total 2020 £'000**	Total 2019 £'000
Riccardo Pigliucci	54	–	–	–	–	**54**	55
Nazar Amso	20	–	–	–	–	**20**	20
Nicholas Avis	20	–	–	–	–	**20**	20
Andrew Barker	20	–	–	–	–	**20**	20
David Baynes	20	–	–	–	–	**20**	20
Stuart Gall	189	31	19	10	2	**251**	246
Helen Jones	113	19	12	–	1	**145**	–
Nicholas Sleep	180	24	18	5	1	**228**	222
Ian Whittaker	143	16	14	–	5	**178**	168
Wilson Jennings[1]	–	–	–	–	–	**–**	193
Total	**758**	**90**	**63**	**15**	**10**	**937**	**963**

[1]Retired 31 December 2019

Mr Baynes holds an interest in IP Group plc. The £20,000 fees (2019: £20,000) in respect of the services provided by Mr Baynes were paid to IP Group plc.

Basic salary

Salary and benefits are reviewed annually by the Committee and benchmarked against comparable roles in the sector and general market conditions.

Pensions

Each Executive Director receives a pension allowance equivalent to 10% of their basic salary.

Performance related pay

i) 2020 Bonus Plan

Each Executive Director can earn up to 15% of their base salary on the successful achievement of the following:

- 7.5% based on meeting Group revenue, product launch and partnership agreement targets;
- 7.5% based on each Executive Director hitting individual divisional and corporate targets as agreed by the Committee at the beginning of the year; and
- An additional bonus of up to 15% could also be paid on the achievement of exceptional performance targets, set by the Committee

The Committee may exercise its discretion over up to 50% of the potential 15% bonus payment, but not over the additional 15% exceptional performance bonus.

ii) 2021 Annual Incentive Scheme

Each Executive Director can earn up to 30% of their base salary on the successful achievement of the following

- 10% based on hitting Group revenue, cash, and operations targets; and
- 20% based on the achievement of individual performance-based targets for each Director;

The Committee may exercise its discretion over up to 25% of the potential scheme payment.

Directors' interests in share options

At 31 December 2020 the following options had been granted to the Directors and remain current and unexercised:

	Option exercise price (pence)	At 1 January 2020	Granted during year	At 31 December 2020	Expiry date
Executive Directors					
Stuart Gall	19.0	268,000	–	**268,000**	1 May 2023
Stuart Gall	42.5	324,000	–	**324,000**	30 June 2024
Stuart Gall	11.25	2,437,000	–	**2,437,000**	29 May 2028
Stuart Gall	15.0	–	1,087,498	**1,087,498**	21 Dec 2030
Nicholas Sleep	19.0	268,000	–	**268,000**	1 May 2023
Nicholas Sleep	42.5	260,000	–	**260,000**	30 June 2024
Nicholas Sleep	11.25	1,605,000	–	**1,605,000**	29 May 2028
Nicholas Sleep	15	–	1,033,711	**1,033,711**	21 Dec 2030
Ian Whittaker	20.5	200,000	–	**200,000**	4 April 2027
Ian Whittaker	11.25	1,000,000	–	**1,000,000**	29 May 2028
Ian Whittaker	15.0	–	824,790	**824,790**	21 Dec 2030
Helen Jones	12.0	–	1,000,000	**1,000,000**	24 April 2030
Helen Jones	15.0	–	662,266	**662,266**	21 Dec 2030
Non-executive Directors					
Nazar Amso	16.508	84,000	–	**84,000**	16 March 2021
Nazar Amso	19.0	80,000	–	**80,000**	1 May 2023
Nazar Amso	42.5	150,000	–	**150,000**	30 June 2024
Nick Avis	16.508	84,000	–	**84,000**	16 March 2021
Nick Avis	42.5	40,000	–	**40,000**	30 June 2024
Andrew Barker	16.22	135,000	–	**135,000**	6 October 2027
Riccardo Pigliucci	19.0	216,000	–	**216,000**	1 May 2023
Riccardo Pigliucci	42.5	80,000	–	**80,000**	30 June 2024
		7,231,000	**4,608,265**	**11,839,265**	

The vesting conditions are detailed in Note 26 of the financial statements.

M&A bonus arrangement

The Remuneration Committee provides incentive for senior management to realise reward for growth with the Long Term Incentive Plan, through share price appreciation of awarded stock options however the Remuneration Committee also recognizes the need to provide management with an incentive in the form of a cash award that will be payable upon the completion of a potential exit event through an M&A Bonus. To provide a dual incentive structure, the M&A Bonus is underpinned by the Long Term Incentive Option which can be exercised in accordance with its own terms.

The maximum amount of cash payable to each Participant under the M&A Bonus will be based on a multiple of 50% of each Executive Director's remuneration if the price per share to be paid by an acquirer is £0.18 or more and will increase with any increase in the price per share paid by an acquirer above £0.18. The total M&A bonus pool for all participants is capped at 2.9% of the eventual sale price of the company. The actual amount of cash payable under the M&A Bonus will be calculated after deduction of any gain in the Long Term Incentive Option.

Other benefits

The Executive Directors are offered life insurance and private healthcare insurance.

Non-executive Directors

The salary of the Chairman is determined by the Committee excluding the chair and the salaries of the Non-executive Directors are determined by the Board excluding the Non-executive Directors following a recommendation from the Chair of the Remuneration Committee. The Non-executive Directors, other than David Baynes, have been awarded a small number of share options in previous years and no further options will be issued.

Approval of the Remuneration Committee Report

The Chair of the Committee will be available at the 2021 AGM to answer any questions about the Group's senior management remuneration policies and practices. This report was reviewed and approved by the Remuneration Committee and signed on its behalf by:

Andrew Barker
Chair of the Remuneration Committee
21 May 2021

Nomination Committee Report

Given the Company's maturity and the nature of its current Board composition, in 2020 the Company has established a formal Nomination Committee to lead its process for appointments and oversee the development of a diverse pipeline for succession.

Membership

The Committee is chaired by Riccardo Pigliucci and includes David Baynes, Nick Avis, Nazar Amso and Andrew Barker. Although only members of the Committee have the right to attend meetings, other individuals, such as external advisers and the CEO, may be invited to attend for all or part of any meeting.

Responsibilities

The main responsibilities are set out in its Terms of Reference, which are available on the Group's website (https://www.intelligentultrasound.com/wp-content/uploads/2020/12/ICSA-nomination-committee-terms-of-reference-JAN201.pdf). The terms of reference for the Committee are based on the ICSA guidelines.

The purpose of the Committee is to ensure an orderly succession of candidates for Executive Directors and Non-executive Directors (NEDs), and to advise the Board on matters of corporate governance relating to the appointment and NEDs, and to advise the Board on matters of corporate governance relating to the appointment and re-appointment of Directors. In fulfilling this purpose, the committee is required to:

- identify, evaluate and nominate candidates to fill Board vacancies;
- make recommendations to the Board regarding the annual re-election of Directors;
- ensure an appropriate succession plan is in place for the Chair and all Directors;
- ensure an orderly succession plan is in place for senior executives; and
- advise on matters of governance such as Board diversity.

Diversity

The Committee recognises the importance of a diverse Board and is mindful of the issue of Board diversity in its succession plans. It also acknowledges the importance of ensuring that the selection of directors should be based upon a range of factors including skills, experience, qualifications, background and values. Accordingly, all vacancies are filled taking into account these wider factors and are not based to a disproportionate extent on any one factor such as gender or ethnicity. The Committee has considered the diversity of the Board during the year. In order to bring the widest range of perspectives to the Group, diversity should remain a key factor in determining appropriate nominations, which will help to promote creativity, innovation, debate, understanding and ultimately better overall decision making.

Principal activities during the year

The Nomination Committee met formally twice during the year. The Committee focused on its role to search for and appoint new NEDs. An external consultant was appointed as adviser to the Board and conducted the search for these appointments. The search for NEDs remains active and full consideration is being given to the need to extend the diversity, experience and knowledge of the Board.

There were no new Directors appointed in 2020. However, on 19 May 2021 Ingeborg Øie was appointed to the Board to serve as an independent NED and member of the Audit Committee. The Nomination Committee is also in advanced discussion with a second independent NED that is expected to be appointed to the Board in Q4 2021. Following these appointments, and a brief period of overlap, it is expected that several current directors will not stand for re-election at the 2022 AGM in order to reduce the size of the Board.

Riccardo Pigluicci
Chair of the Nomination Committee

The Directors present their report and audited consolidated financial statements of Intelligent Ultrasound Group plc (the "Company" or the "Group") for the year ended 31 December 2020.

Principal activities

The Company is incorporated as a public limited company and is registered in England and Wales with registered number 09028611. Its registered office is at Floor 6A Hodge House, 114-116 St Mary Street, Cardiff, CF10 1DY.

The Group's principal activities are the development, marketing and distribution of medical training simulators and the development, distribution and licence of clinical ultrasound software.

Information included in the Strategic Report

The Directors have chosen to set out the following information in the Strategic Report which would otherwise be required to be contained in the Directors' Report:

- performance of the business;
- financial review;
- principal risks and uncertainties;
- important events which have occurred post period end; and
- likely future developments.

Results and dividends

The consolidated financial statements incorporate the results of the Company and its subsidiary undertakings. The Group's results for the year ended 31 December 2020 are shown in the Statement of Comprehensive Income. The Directors do not recommend the payment of a dividend (2019: £nil).

Research and development

The Group's research and development activity plays an important role in the operational and financial success of the business. The Group spent £2.56m (2019: £2.71m) on research and development activities of which £2.00m was expensed and £0.57m (2019: £0.49m) was recognised as a development cost asset.

Financial risk management objectives and policies

A description of the Group's financial risk management objectives and policies is included in Note 27 to the financial statements.

Going concern

The financial statements have been prepared on a going concern basis. The Group meets its day-to-day working capital requirements from its cash reserves.

The Board has prepared trading and cash flow forecasts for the period to 31 December 2022. These model trade returning to 2019 levels as the impact of Covid-19 reduces later in 2021, as well as the sales projections for new products coming on stream as a result of the Group's research and development activity. The forecasts indicate that the Group will continue to trade with its existing cash reserves. The Board has prepared various downside scenarios from its base case, involving reductions in revenue and delays in research and development projects. Under these scenarios, the Group continues to have sufficient cash reserves for at least the next 12 months from the date of approval of these financial statements and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Board is confident that continued focus on research and development, new product development and sales & marketing will deliver growth and bring the Group to profitability.

Directors and their interests

The following Directors have held office during the year and up to date of this report:

Nazar Amso
Nicholas Avis
Andrew Barker
David Baynes
Stuart Gall
Riccardo Pigliucci
Nicholas Sleep
Ian Whittaker
Helen Jones (appointed 1 January 2020)
Ingeborg Øie (appointed 19 May 2021)

The Directors' interest in shares, share options and their remuneration is set out in the Remuneration Report.

Insurance

The Company and its subsidiaries have made qualifying third party indemnity provisions for the benefit of its Directors, which remain in force at the date of this report and throughout the year. Directors' and Officers' liability insurance is provided for all Directors of the Company.

Auditors

The Group carried out a formal competitive and comprehensive tendering exercise for the appointment of new auditors with respect to the financial year ending 31 December 2020. The interview panel comprised the Audit Committee and the CFO. The panel approved the appointment of Deloitte LLP as new auditors of the Group. BDO LLP resigned as auditors on 27 November 2020. Resolutions to appoint Deloitte LLP and to authorise the Directors to determine the auditor's remuneration will be proposed at the 2021 AGM.

Corporate governance

The Company's statement on corporate governance can be found in the Corporate Governance Report. The report forms part of this Directors' Report and is incorporated into it by cross-reference.

Substantial shareholdings

The following shareholders held 3% or more of the issued share capital of the Company as at 30 April 2021:

Shareholder	Number of shares	% of issued capital (as at date of notification)
IP Group	56,740,641	21.06
Parkwalk Advisors	36,000,000	13.36
Octopus Investments	31,403,500	11.66
Polar Capital	25,405,236	9.43
Amati Global Investors	15,869,000	5.89
Walker Crips Investment Management	11,790,054	4.38
Herald Investment Management	9,481,900	3.52
Canaccord Genuity Wealth Management	9,444,400	3.51
Rathbones	9,039,054	3.36

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed:

- as far as they are aware, that there is no relevant audit information of which the auditor is unaware.
- each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Director's in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Directors' Report was approved by the Board on 21 May 2021 and signed on its behalf by:

Helen Jones
Chief Financial Officer and Company Secretary

21 May 2021

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board on 21 May 2021 and is signed on its behalf by:

Helen Jones
Chief Financial Officer and Company Secretary
21 May 2021

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Intelligent Ultrasound Group plc (the 'parent company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • completeness and accuracy of deferred income; • impairment of intangible assets; impairment of investment in subsidiaries and intercompany receivables (parent company only); and • the Directors' use of the going concern basis.
Materiality	The materiality that we used for the Group financial statements was £100,000 which was determined with reference to 1.9% of group revenue. Given the loss making performance of the group, revenue was considered the most appropriate benchmark on which to determine materiality.
Scoping	We have performed full scope audit procedures on all trading components.
Significant changes in our approach	Deloitte LLP were appointed as auditor on 2 December 2020 following the resignation of BDO LLP.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting is discussed in section 5.4.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Completeness and accuracy of deferred income

Key audit matter description	Deferred income relates to extended warranty and support packages on sales of hardware products and revenue is released over time as the performance obligation is fulfilled. Deferred income recognised as a liability as at 31 December 2020 totals £0.417m with previously deferred revenues of £0.226m released to the income statement in the financial year to 31 December 2020. The completeness and accuracy of deferred income has been identified as a key audit matter as manual intervention is made by management in both the calculation of revenues to defer and the posting of deferred income adjustments. Where an extended warranty or support package is purchased at the point of initial product sale it is necessary to delay revenue recognition until the end of the standard warranty and support service included in the initial purchase. The revenue recognition accounting policy is disclosed in note 5 to the financial statements. Revenue disclosure is included in note 7 to the financial statements and deferred income disclosure is included in note 22 to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over the revenue deferral process. We obtained management's breakdown and calculation of deferred revenues and on a sample basis assessed whether: • it is appropriate for revenues to be deferred based on the performance obligations of the contract, and the performance obligations have been correctly identified through assessment of the underlying services being provided; • the transaction price has been appropriately determined and correctly included in the calculation of deferred income; • revenue is recognised appropriately on a straight line basis over the period of service; and • the amount recognised is recoverable by assessing cash received or obtaining cus-tomer confirmations. For the sample selected, we recalculated the revenue recognised in the year to 31 December 2020 and the revenue deferred as at 31 December 2020 to assess whether revenues had been correctly recognised or deferred. We obtained evidence in relation to the start date for the service being provided and the length of time the service was being pro-vided over, and assessed whether revenues had only recognised from the identified start date and over the corresponding period of service.
Key observations	We identified control deficiencies with respect to management's review controls over the calculation of deferred income. Refer to the Audit Committee report on page 36 of the Annual Report for discussion of the control environment. Based on the work performed we concluded that the completeness and accuracy of deferred income is appropriate.

5.2. Impairment of intangible assets

Key audit matter description	As at 31 December 2020 the Group has £1.963m of intangible assets, primarily made up of intellectual property of £1.129m relating to the clinical AI and simulation CGUs, and development costs of £0.819m relating to the simulation CGU. Intellectual property has arisen on the acquisitions of Intelligent Ultrasound Limited and Inventive Medical Limited in previous periods. Development costs capitalised relate to development expenditure incurred in the simulation CGU; additions to development costs in 2020 total £0.568m. The intangible assets have been assessed by management for impairment as required under IAS 36 Impairment of Assets where indicators of impairment exist. No impairment has been recognised in 2020. There is a risk that the key assumptions such as revenue growth, terminal growth rate, variability of costs and discount rates used in the impairment review model are not appropriate. Note 5 to the financial statements sets out the Group's accounting policy for intangible assets acquired as part of a business combination, other intangible assets, and impairment of assets. Note 14 to the financial statements outlines the key assumptions involved in the intangible asset impairment assessment.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over management's impairment assessment process for intangible assets. We obtained cash flow forecasts prepared by management and challenged key management estimates included in the forecast, such as revenue growth, terminal growth rates, and dis-count rates. We compared the net present value of the forecast cash flows to the carrying value of the Simulation and Clinical AI CGUs. We considered indicators of impairment including with reference to historical performance, external market data, and assessment of the group's future strategy and budgets. We assessed the accuracy of management's historical forecasts, including where management made adjustments to forecast performance for the impact of Covid-19; where there were discrepancies, we evaluated the impact of these on the current year forecasts. We involved our internal valuations specialists to estimate an appropriate discount rate with reference to market data and compared that to the rate used by management. We applied sensitivities to calculations prepared by management to assess the impact on headroom of reasonable possible change in assumptions.
Key observations	Based on our work performed, we concluded that the carrying value of intangible assets is not impaired.

5.3. Valuation of investment in subsidiaries

Key audit matter description	
	Impairment of investment in subsidiaries The parent company holds significant investment in subsidiary balances held that are not supported by the net asset balance of the invested company, but rather the value in use assessment. The use of the value in use assessment to support the valuation of investment in subsidiaries is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows of the investee companies. The impact of the Covid-19 pandemic has also increased the uncertainty in relation to future cash flows incorporated into management's assessment. The carrying value of the investment in subsidiaries held by the parent company is £5.459m has been assessed for impairment by management with reference to IAS 36 Impairment of Assets. No impairment has been recognised in 2020. Note 5 to the financial statements sets out the Group's accounting policy for investments in subsidiaries and impairment of assets. Note 16 to the financial statements outlines the key assumptions involved in the investment in subsidiaries impairment assessment. **Impairment of intercompany receivables** Under IFRS 9 Financial Instruments, management is required to consider all expected credit losses based on historic, current and forward-looking information, including intercompany loans from the perspective of the lender. The impact of the Covid-19 pandemic has been included by management as part of this assessment. As at 31 December 2020 the carrying value of the parent company's intercompany receivables was £12.526m. In assessing the expected credit losses of intercompany receivables as at 31 December 2020, management determined that the amounts due from its subsidiary undertakings at 31 December 2020 totalling £5.348m were credit impaired (2019: £10.132m). A reversal of previous impairment losses of £4.799m has been recognised in addition to an increase of £0.015m during the year to 31 December 2020. Note 5 to the financial statements sets out the Group's accounting policy for amounts owed by subsidiary undertakings. Note 18 to the financial statements outlines the key assumptions involved in the intercompany receivables impairment assessment.

How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over the valuation of investment in subsidiaries and intercompany receivables. We obtained cash flow forecasts prepared by management and challenged key assumptions included in the forecast, such as revenue growth, terminal growth rates, and discount rate. The net present value of the forecast cash flows was compared to the carrying value of the individual investment in subsidiary balances. We considered indicators of impairment including reference to historical performance, external market data including market capitalisation, and assessment of the group's future strategy and budgets. We evaluated whether the expected credit loss model adopted by management is consistent with the requirements of IFRS 9. We assessed the accuracy of management's historical forecasts, including where management made adjustments to forecast performance for the impact of Covid-19; where there were discrepancies, we evaluated the impact of these on the current year forecasts. We involved our internal valuations specialists to estimate an appropriate discount rate with reference to market data and compared that to the rate used by management. We applied sensitivities to calculations prepared by management to assess the impact on headroom of reasonable possible changes to assumptions. We tested the adequacy of management's disclosures relating to the reasonable possible change disclosure included within Note 18.
Key observations	**Impairment of investment in subsidiaries** Based on our work performed, we concluded that the carrying value of intangible assets is not impaired and that reasonably possible change have been appropriately disclosed within Note 16 of the financial statements. **Impairment of intercompany receivables** Based on our work performed, we concluded that the impairment allowance recognised in line with IFRS 9 as at 31 December 2020 of £5.348m is reasonable and that reasonably possible change have been appropriately disclosed within Note 18 of the financial statements.

5.4. The Directors' use of the going concern basis

Key audit matter description	Although in a net asset position of £12.689m the Group has historically been loss making with a loss after taxation of £3.306m recorded in 2020. The Group has required additional funding to continue development of new products and in May 2020 shareholders approved an equity placing to raise £5.187m (£4.800m net of transaction costs) through the issue of 49,400,000 new Ordinary Shares at 10.5 pence per share. The preparation of the going concern assessment requires management to make significant judgements including in relation to future revenue generation and profitability and the audit work in this area includes judgement in evaluation the results of the work performed. Management's assessment of going concern is discussed in note 3 to the financial statements. Management has prepared various downside scenarios from its base case, including specific consideration of the potential impact of the Covid-19 pandemic, involving further reductions to revenue and delays in research and development projects. Mitigating actions have been identified to compensate for potential underperformance. Under these scenarios, the Group continues to have sufficient cash reserves until at least December 2022 and has scope to further manage its cost base if necessary. Management has adopted the going concern basis of accounting for the Group and parent company and they have concluded that there are no material uncertainties that may cast significant doubt over the Group's and parent company's ability to adopt this basis of accounting. In making this assessment management has considered the period through to 31 December 2022.
How the scope of our audit responded to the key audit matter	We have reviewed the Directors' statement in note 3 to the financial statements regarding their consideration of whether it is appropriate to adopt the going concern basis of accounting in preparing the financial statements and obtained an understanding of management's process for making this determination. We considered, as part of our risk assessment, the nature of the group, its business model and related risks including where relevant the impact of the Covid-19 pandemic, the requirements of the applicable financial reporting framework and the system of internal control. We reviewed management's modelling of reasonably possible downside scenarios taking into consideration current business and economic trends and significant developments during and subsequent to the year ended 31 December 2020 and their impact on the Group's and the parent company's ability to continue to adopt the going concern basis of accounting. We challenged the judgements and assumptions adopted by management in their going concern assessment and the associated forecasts of financial performance and financial position. This included consideration of downside scenarios and the reasonableness of management's assumptions regarding the feasibility of planned mitigating actions in response to the modelled reductions in cash inflows. We considered management's conclusions regarding the likelihood of cash flow timings relating to assumptions driven by the ongoing Covid-19 pandemic. We reverse-stress tested management's modelling and assessed the feasibility of further mitigating actions available to management should cash flow downside exceed that modelled.
Key observations	Based on our work performed, we concluded that management's conclusion to prepare the Group and parent company financial statements using the going concern basis of accounting is appropriate.

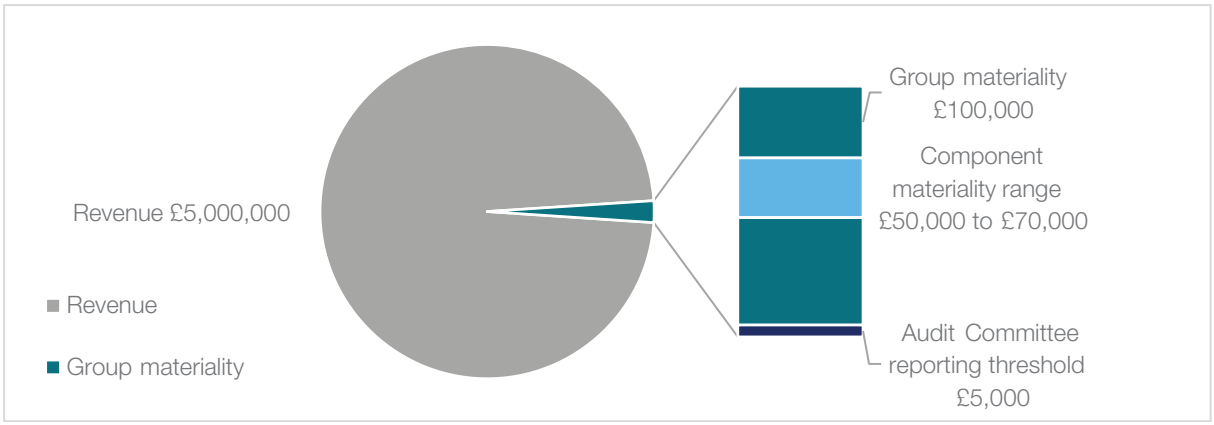
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£100,000	£50,000
Basis for determining materiality	1.9% of revenue	2% of net assets For group audit purposes parent company materiality has been capped at £50,000, being 50% of group materiality.
Rationale for the benchmark applied	In our professional judgement we believe that revenue is the most appropriate benchmark to determine materiality as it is reflective of the size and scale of the group which is currently loss making	In our professional judgement our we consider net assets as the most appropriate measure given the parent company is primarily a holding company for the Group.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	60% of group materiality	60% of parent company materiality
Basis and rationale for determining performance materiality	We set performance materiality at a lower level than materiality to reduce the profitability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 60% of group materiality for the 2020 audit. In determining performance materiality we consider the following factors: • our risk assessment, including our assessment of the Group's overall control environment; • the nature, volume and size of misstatements (corrected and uncorrected) in the previous audit; and • the fact that this is our first year of appointment as auditor.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the committee all audit differences in excess of £5,000 (2019: £2,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Intelligent Ultrasound Group plc is incorporated in England and Wales and holds investment in subsidiaries in MedaPhor Limited, Intelligent Ultrasound Limited, Intelligent Ultrasound North America Incorporated, IML Finance Limited, Inventive Medical Limited, and MedaPhor International Limited. All components are incorporated in England and Wales with the exception of Intelligent Ultrasound North America Incorporated which is incorporated in the USA.

Our audit was scoped by obtaining an understanding of the nature of the Group and its environment, and assessing the risks of material misstatement at the group level.

Based on this assessment we focused our group audit scope on the four main trading companies being Intelligent Ultrasound Group plc, Intelligent Ultrasound Limited, MedaPhor Limited, and Intelligent Ultrasound North America Incorporated.

The four main trading companies make up 100% of Group revenues, 100% of group loss before tax, and 100% of Group net assets. Our audit work for these entities was executed at levels of materiality applicable to each individual entity which were lower than group materiality and ranged from £50,000 to £70,000.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the three dormant companies not subject to audit scope procedures.

All audit work for the purpose of expressing an opinion on the Group's financial statements is performed by the Group audit team as the accounting records are held centrally.

7.2. Our consideration of the control environment

The 2020 audit was planned without the expectation of placing any reliance on the controls operated by the Group. This plan acknowledges the evolving nature of the current finance function and the current control environment. In gaining an understanding of the current control environment deficiencies were identified in relation to the controls relating to the revenue deferral process, as noted in section 5.1 above. Refer to the Audit Committee report on page 36 of the Annual Report for discussion of the control environment.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team relevant internal specialists, including tax, valuations, and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- completeness and accuracy of deferred income; and
- impairment of intangible assets

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the AIM rules, UK Companies Act, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Group's ability to obtain the relevant approval for the sale of medical devices.

11.2. Audit response to risks identified

As a result of performing the above, we identified completeness and accuracy of deferred income and impairment of intangible assets as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Opinion on other matter prescribed by our engagement letter

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Wright, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
21 May 2021

Group Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Continuing operations			
Revenue	7	**5,170**	5,916
Cost of sales		**(1,999)**	(2,462)
Gross profit		**3,171**	3,454
Other income	8	**207**	157
Administrative expenses excluding		**(7,859)**	(8,169)
Operating loss	9	**(4,481)**	(4,558)
Finance income	10	**17**	1
Finance costs	10	**(17)**	(3)
Loss before taxation		**(4,481)**	(4,560)
Taxation	11	**1,175**	338
Loss attributable to the equity shareholders of the parent		**(3,306)**	(4,222)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange loss arising on translation of foreign operations		**(77)**	(33)
Other comprehensive loss for the period		**(77)**	(33)
Total comprehensive loss attributable to the equity shareholders of the parent		**(3,383)**	(4,255)
Loss per ordinary share attributable to the equity shareholders of the parent			
Basic and diluted (pence)	13	**(1.30)**	(2.37)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Group and Company Statements of Financial Position

AS AT 31 DECEMBER 2020

	Note	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Non-current assets					
Intangible assets	14	**1,963**	2,332	**—**	—
Property, plant and equipment	15	**1,313**	545	**675**	—
Investments in subsidiaries	16	**—**	—	**5,459**	5,310
Trade and other receivables	18	**61**	—	**12,587**	4,013
		3,337	2,877	**18,721**	9,323
Current assets					
Inventories	17	**1,048**	663	**—**	—
Trade and other receivables	18	**2,025**	2,700	**116**	100
Current tax assets		**671**	148	**—**	—
Investments (short term deposits)	19	**—**	5,500	**—**	5,500
Cash and cash equivalents	20	**8,774**	1,790	**6,175**	61
		12,518	10,801	**6,291**	5,661
Total assets		**15,855**	13,678	**25,012**	14,984
Current liabilities					
Trade and other payables	21	**(1,901)**	(1,670)	**(296)**	(211)
Deferred income	22	**(142)**	(325)	**—**	—
Lease liabilities	15	**(170)**	(53)	**(123)**	—
Provisions	23	**(10)**	(95)	**—**	—
		(2,223)	(2,143)	**(419)**	(211)
Non-current liabilities					
Deferred income	22	**(275)**	(109)	**—**	—
Deferred taxation	24	**—**	(288)	**—**	—
Lease liabilities	15	**(603)**	(20)	**(518)**	—
Other payables	21	**(65)**	—	**(65)**	—
		(943)	(417)	**(583)**	—
Total liabilities		**(3,166)**	(2,560)	**(1,002)**	(211)
Net assets		**12,689**	11,118	**24,010**	14,773
Equity					
Share capital	25	**2,694**	2,200	**2,694**	2,200
Share premium	25	**25,959**	21,653	**25,959**	21,653
Share warrants	25	**126**	126	**126**	126
Accumulated losses		**(23,381)**	(20,075)	**(10,077)**	(14,360)
Share-based payment reserve		**842**	688	**760**	606
Merger reserve		**6,538**	6,538	**4,548**	4,548
Foreign exchange reserve		**(89)**	(12)	**—**	—
Total equity		**12,689**	11,118	**24,010**	14,773

The accompanying notes are an integral part of these financial statements.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the Statement of Comprehensive Income for the Company. The result for the Company for the year was a profit of £4.28m (2019: loss of £1.51m).

These financial statements were approved and authorised for issue by the Board of Directors on 21 May 2021 and were signed on its behalf by:

Helen Jones
Chief Financial Officer

Stuart Gall
Chief Executive Officer

Group Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share capital £'000	Share premium £'000	Share warrants £'000	Accumulated losses £'000	Share-based payment reserve £'000	Merger reserve £'000	Foreign exchange reserve £'000	Total equity £'000
As at 31 December 2018		1,566	16,437	126	(15,853)	562	6,538	21	9,397
Comprehensive income for the year									
Loss for the year		—	—	—	(4,222)	—	—	—	(4,222)
Other comprehensive loss		—	—	—	—	—	—	(33)	(33)
Transactions with owners, recorded directly in equity									
Issue of share capital	25	634	5,703	—	—	—	—	—	6,337
Cost of raising finance	25	—	(487)	—	—	—	—	—	(487)
Cost of share-based awards	26	—	—	—	—	126	—	—	126
At 31 December 2019		2,200	21,653	126	(20,075)	688	6,538	(12)	11,118
Comprehensive income for the year									
Loss for the year		—	—	—	(3,306)	—	—	—	(3,306)
Other comprehensive loss		—	—	—	—	—	—	(77)	(77)
Transactions with owners, recorded directly in equity									
Issue of share capital	25	494	4,693	—	—	—	—	—	5,187
Cost of raising finance	25	—	(387)	—	—	—	—	—	(387)
Cost of share-based awards	26	—	—	—	—	154	—	—	154
At 31 December 2020		**2,694**	**25,959**	**126**	**(23,381)**	**842**	**6,538**	**(89)**	**12,689**

The above Group Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share capital £'000	Share premium £'000	Share warrants £'000	Accumulated losses £'000	Share-based payment reserve £'000	Merger reserve £'000	Total equity £'000
As at 31 December 2018		1,566	16,437	126	(12,847)	480	4,548	10,310
Comprehensive income for the year								
Loss for the year and total comprehensive loss		—	—	—	(1,513)	—	—	(1,513)
Transactions with owners, recorded directly in equity								
Shares issued for cash	25	634	5,703	—	—	—	—	6,337
Cost of raising finance	25	—	(487)	—	—	—	—	(487)
Cost of share-based awards	26	—	—	—	—	126	—	126
As at 31 December 2019		2,200	21,653	126	(14,360)	606	4,548	14,773
Comprehensive income for the year								
Profit for the year and total comprehensive income		—	—	—	4,283	—	—	4,283
Transactions with owners, recorded directly in equity								
Shares issued for cash	25	494	4,693	—	—	—	—	5,187
Cost of raising finance	25	—	(387)	—	—	—	—	(387)
Cost of share-based awards	26	—	—	—	—	154	—	154
As at 31 December 2020		**2,694**	**25,959**	**126**	**(10,077)**	**760**	**4,548**	**24,010**

The above parent company Statement of Changes in Equity should be read in conjunction with the accompanying notes

Group and Company Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Cash flows from operating activities					
(Loss)/profit before taxation		**(4,481)**	(4,560)	**4,283**	(1,513)
Depreciation	9	**406**	334	**41**	—
Amortisation of intangible assets	9	**937**	1,040	**—**	—
Credit loss (reversal)/allowance on intercompany receivables		**—**	—	**(4,784)**	1,213
Loss on disposal of property, plant and equipment		**26**	—	**—**	—
Fair value adjustment to share warrants		**21**	—	**21**	—
Finance costs/(income)	10	**—**	2	**(7)**	(1)
Share-based payment charge	12	**154**	126	**6**	—
Operating cash flows before movement in working capital		**(2,937)**	(3,058)	**(440)**	(301)
Movement in inventories	17	**(389)**	188	**—**	—
Movement in trade and other receivables		**590**	(787)	**(76)**	(4)
Movement in trade and other payables		**199**	283	**64**	4
Movement in provisions	23	**(85)**	—	**—**	—
Cash used in operations		**(2,622)**	(3,374)	**(452)**	(301)
Income taxes received	11	**362**	80	**—**	—
Net cash used in operating activities		**(2,260)**	(3,294)	**(452)**	(301)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(371)**	(355)	**—**	—
Disposal of property, plant and equipment		**—**	12	**—**	—
Increase in intercompany loans		**—**	—	**(3,729)**	(4,751)
Decrease/(increase) in short term deposits	19	**5,500**	(5,500)	**5,500**	(5,500)
Internally generated intangible assets	14	**(568)**	(485)	**—**	—
Interest received	10	**17**	—	**17**	1
Net cash generated from/(used in) investing activities		**4,578**	(6,328)	**1,788**	(10,250)
Cash flows from financing activities					
Proceeds from issue of new shares	25	**5,187**	6,337	**5,187**	6,337
Share issue costs	25	**(387)**	(487)	**(387)**	(487)
Principal elements of lease payments	15	**(62)**	(37)	**(11)**	—
Interest paid	10	**(17)**	(2)	**(11)**	—
Net cash generated from financing activities		**4,721**	5,811	**4,778**	5,850
Net increase/(decrease) in cash and cash equivalents		**7,039**	(3,811)	**6,114**	(4,701)
Cash and cash equivalents at beginning of year	20	**1,790**	5,607	**61**	4,762
Exchange losses on cash and cash equivalents		**(55)**	(6)	**—**	—
Cash and cash equivalents at end of year	20	**8,774**	1,790	**6,175**	61

The accompanying notes are an integral part of these financial statements.

1. General information

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

The Company's principal activity is that of a holding company. The Group's principal activities are the development, marketing and distribution of medical training simulators and clinical ultrasound software.

2. New and amended standards adopted by the Group

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Amendments to IAS 1 and IAS 8 – Definition of material;
- Amendments to IFRS 3 – Definition of a Business;
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform; and
- Amendments to References to the Conceptual Framework in IFRS Standards.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 – Insurance Contracts
- IFRS 10 and IAS 28 (amendments) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS
- Standards 2018-2020 Cycle
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting
- Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Basis of preparation

Compliance with IFRS

The Group and Company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards.

Historical cost convention

The financial statements have been prepared on historical cost basis except certain financial assets and liabilities are measured at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The accounting policies set out in note 5 have been applied consistently to all periods presented in these financial statements.

Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

ii) Transactions and balances

These financial statements are presented in Sterling which is considered to be the currency of the primary economic environment in which the Group operates. This decision was based on the Group's workforce being based mainly in the UK and that Sterling is the currency in which management reporting and decision making is based.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Critical accounting judgements and estimates are described in note 6.

Going concern

The financial statements have been prepared on a going concern basis. The Group meets its day-to-day working capital requirements from its cash reserves.

The Board has prepared trading and cash flow forecasts for the period to 31 December 2022. These model trade returning to 2019 levels as the impact of Covid-19 reduces later in 2021, as well as the sales projections for new products coming on stream as a result of the Group's research and development activity. The forecasts indicate that the Group will continue to trade with its existing cash reserves. The Board has prepared various downside scenarios from its base case, involving reductions in revenue and delays in research and development projects. Under these scenarios, the Group continues to have sufficient cash reserves for at least the next 12 months from the date of approval of these financial statements and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Board is confident that continued focus on research and development, new product development and sales & marketing will deliver growth and bring the Group to profitability.

4. Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever the facts and circumstance indicate that there may be a change in any of these elements of control. The consolidated financial statements incorporate the results of the Company and its subsidiary undertakings. The Company was incorporated on 7 May 2014.

There are no restrictions over the Company's ability to access or use assets and settle liabilities of the Group.

5. Accounting policies

Revenue recognition

In accordance with IFRS 15 'Revenues from Contracts with Customers', revenue is measured by reference to the fair value of consideration received or receivable by the Group, excluding value added tax (or similar local sales tax), in exchange for transferring the promised goods or services to the customer. Revenue excludes value added tax or similar and local sales tax. The consideration is allocated to each separate performance obligation that is identified in a sales contract, based on stand-alone selling prices.

i) Simulation division

Performance obligations and timing of revenue recognition

The majority of the Group's revenue is derived from selling goods (principally simulation systems including related software licences) with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer or collected by the customer's agents from the Group's premises.

The customer may elect to purchase installation and training services in relation to the goods supplied by the Group. The revenue from these services is recognised once the installation and training have been provided.

A small minority of contracts relate to (i) the provision of scan image analysis services which include the development of bespoke software and (ii) the granting of licences to allow customers to use intellectual property owned by the Group (specifically beating heart animation). The revenue from image analysis services is recognised pro-rata to the delivery of those services. The revenue from licences is recognised at the point in time when the licenced software is delivered to the customer.

In a barter transaction, where simulation systems are exchanged for non-cash consideration in the form of scan images or patient scans, the non-cash consideration is measured at fair value. The fair value of the scan images or patient scans may be set out in the commercial contract but if fair value cannot be readily determined, the fair value is measured indirectly by reference to the stand-alone selling price of the simulation system provided by the Group.

The price of the goods supplied by the Group usually includes 12 months' support and warranty. The technical support is accounted for as a separate performance obligation, with revenue recognised pro-rata to an estimate of the typical profile of the time spent on delivering the support required by customers in the first year (with 60% of the time spent in the first 3 months and the remaining balance spent on a straight line basis over the remaining 9 months). In accordance with IFRS 15, the first year warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

Customers are able to purchase extended warranties, Cloud access, on-going service support (which incorporates ad-hoc minor 'bug-fixes') and, for some products, new release software upgrades (distinguished from minor 'bug-fixes', as these upgrades incorporate fundamental enhancements to the functionality of the software). The revenues from extended warranties Cloud access and on-going service support are recognised on a straight line basis over the term of the related contract. Revenues from the new release software upgrades are recognised on delivery of the software upgrades.

Determining the transaction price

The Group's revenue is almost entirely derived from fixed price contracts and therefore, the amount of revenue to be earned from each contract is determined by reference to those fixed prices. The exception is first year support, which is included in the price of the goods. The transaction price for first year support is determined by reference to a cost-plus model to approximate to the transaction price that the Group might charge if the first year support was sold separately.

Allocating amounts to performance obligations

For the vast majority of contracts there is a fixed unit price for each product or service sold (including installation and training, extended warranties, Cloud access, on-going support and software upgrades) which is set out in the contract. For all contracts, any reductions (for example, for larger orders or sales to key opinion leader customers) are given at a specific time - when the contract is agreed. Therefore, there is no judgement involved in allocating the contract price to each item ordered in such contracts. As explained above, the revenue relating to first year support is estimated using a cost-plus model and allocated to the fulfilment of the performance obligation by reference to the typical profile of the time spent in providing support in the first year. Similarly, the revenue from image analysis services is allocated pro-rata to the fulfilment of the related performance obligations by reference to the stage of completion of these services.

Costs of obtaining contracts and costs of fulfilling contracts

Commissions paid to sales staff for generating sales orders are recognised when the customer order has been receive. Sales are invoiced in all cases when control of the goods passes to the customer or, in the case of services to be delivered in the future, at the point in time when the customer has agreed to purchase these future services. The value of future services extending beyond one year is not significant and so no prepaid commission is recorded as the amounts involved would not be material. No judgement is needed to measure the costs of obtaining contracts – it is the commission paid.

The costs of fulfilling contracts do not result in the recognition of a separate asset because:

- such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
- for service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the asset (the service) is transferred to the customer on a continuous basis as the service is provided. Consequently, no asset for work in progress is recognised.

Significant payment terms

Invoices for goods that are delivered at a point in time are rendered when control of the goods has passed to the customer. Invoices for services that are delivered over time are rendered on the date on which the customers agree to purchase those services. Most customers are allowed 30 days credit from the date of invoice. New distribution customers or existing customers with a poor credit history are required to pay 50% of the invoice on placement of their order, with the balance payable 30 days from delivery of the goods to them. These payment terms apply to both goods that are delivered at a point in time and services that are delivered over time.

Practical exemption

The Group has taken advantage of the practical exemption not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less.

ii) Clinical AI division – royalty income

Revenue is recognised for licenses of intellectual property in exchange for sales-based royalties when the customer's subsequent sales and activation occurs. When the royalty relates to a right-to-use licence, it is recognised at a point in time when the final sales to the end customer occurs.

Share-based payments

The Company issues equity-settled share-based payments to certain employees and Directors of group companies. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on an estimate of shares that will eventually vest.

The fair value is measured by use of a binomial probability option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations. No expense is recognised for awards that do not ultimately vest due to non-market vesting conditions.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the entity becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at their amortised cost using the effective interest method less any provision for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. Institutional customers such as hospitals and medical schools are assigned the lowest credit risk and non-institutional customers with poor credit history are assigned the highest credit risk. The expected loss probability rates are based on management's experience of historical credit losses for each group of trade receivables. The resultant provision matrix is then adjusted for current and forward-looking information based upon management's knowledge of the customer concerned, the prospects of recovery and includes any negative macroeconomic factors relating to the territory or sector in which the customer operates. For trade receivables, which are reported net, provisions for impairment are recorded in a separate provision account with the loss being recognised through the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable or the indicators are that there is no reasonable prospect of recovery (due to, for example, the insolvency of the customer or legal advice that the prospects of recovery are remote), it is deemed to be credit impaired and the gross carrying value of the asset is written off against the associated provision.

Amounts owed by subsidiary undertakings

Amounts owed by subsidiary undertakings are classified and measured in accordance with the requirements of IFRS 9 including, where relevant, applying the Expected Credit Loss (ECL) model for impairment. Amounts owed by subsidiary undertakings are considered to be in default when there is evidence that the borrower will have insufficient liquid assets to repay the amount due on demand.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. A financial liability is a contracted obligation to deliver cash or another financial asset to another entity. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Deferred consideration

In respect of deferred share consideration for business combinations, where the number of shares to be issued may vary then the consideration does not meet the definition of equity and so, until the shares are issued, the deferred consideration is classified as a financial liability. The liability is measured as the fair value of the shares to be issued.

Goodwill

Goodwill arising on consolidation is recorded as an intangible asset and is the surplus of the cost of the acquisition over the Group's interest in the fair value of identifiable net assets (including intangible assets) acquired. Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged to the Statement of Comprehensive Income.

Other intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. Such intangible assets are carried at cost net of related grants received less amortisation.

Amortisation is charged to administrative expenses in the Statement of Comprehensive Income as follows:

Development Costs	33%	Straight line
Software licences	33%	Straight line

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Development expenditure is capitalised as an intangible asset only if the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefit;
- the development cost of the asset can be measured reliably;
- it meets the Group's criteria for technical and commercial feasibility; and
- sufficient resources are available to meet the development to either sell or use as an asset.

Development expenditure thus capitalised is amortised on a straight-line basis over its useful life. Where the criteria is not met, development expenditure is recognised as an expense in the administrative expenses line in profit and loss.

Intangible assets acquired as part of a business combination

For acquisitions, the Group recognises intangible assets separately from goodwill provided they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. Intangible assets are initially recognised at fair value, which is regarded as their cost. Intangible assets are subsequently held at cost less accumulated amortisation and impairment losses. Where intangible assets have finite lives, their cost is amortised on a straight-line basis over those lives. The nature of intangible assets recognised and their estimated useful lives is as follows:

Intellectual Property	5 to 10 Years
Brands	5 Years

Impairment of assets

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognised immediately in the Statement of Comprehensive Income.

For goodwill, intangible assets that have an indefinite life and intangible assets not yet available for use, the recoverable amount is estimated annually or whenever there is an indication of impairment.

Property, plant and equipment

Property, plant and equipment are stated at cost less any subsequent accumulated depreciation or impairment losses.

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Furniture, fixtures and equipment	25%	Straight line
Plant & equipment		
R&D/demonstration/loan units	33%	Straight line
Other	25%	Straight line

The assets' residual values and useful lives are reviewed at each year end and adjusted if appropriate. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Leases

The Group leases property and motor vehicles.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The cost of a right-of-use asset also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Investments in subsidiaries

The Company's investments in its subsidiaries are included at cost plus the fair value of options in the Company's shares that have been granted to the employees of each subsidiary less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Short term investments

Short term investments include term deposits with maturities over three months at the date of investment.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on weighted average basis and includes all direct expenditure. Net realisable value is the price at which the stocks can be sold in the normal course of business after allowing for the costs of realisation and where appropriate for the costs of conversion from its existing state to a finished condition. Provision is made for obsolete, slow moving and defective stocks.

Income tax

The income tax credit for the period is the tax receivable on the current period's taxable loss, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax credit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

UK Research and Development Tax Incentive regimes

The Group accounts for amounts claimed under the SME scheme as tax credits and amounts claimed under the RDEC scheme as Other income.

Pension costs

Pension allowances, contributions to defined contribution pension schemes and contributions to personal pension schemes are charged to the Statement of Comprehensive Income in the year to which they relate.

Warranty claims

Provision is made for liabilities arising in respect of expected warranty claims based upon management's best estimate of the Group's liability for remedial work and warranties granted on products sold.

Government grants

R&D expenditure credits are recognised as income over the periods necessary to match them with the related costs and are included within Other Income.

Amounts claimed under the US Paycheck Protection Program are recognised on a gross basis in accordance with IAS 20. Proceeds are recognised in Other income on a systematic basis that corresponds with the manner in which the business entity recognises the underlying expenses for which the government grant is intended to compensate.

Equity

Ordinary share capital represents the nominal value of equity shares. Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue. Merger reserve represents the difference between the cost of investment and the nominal value of the share capital acquired. Foreign exchange reserve represents the differences arising on translating opening net assets of overseas operations.

Share warrants treated as equity are recorded as a separate component of equity. Warrants issued are measured at fair value at the date of issue. The fair value is included as a component of equity and is transferred from share warrants to ordinary share capital on exercise.

6. Critical accounting judgements and key sources of estimation uncertainty

i) Critical accounting judgements

In preparing the 2020 financial statements no significant judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations, that could have a material effect on the amounts recognised in the financial statements.

ii) Key sources of estimation uncertainty

The key source of estimation uncertainty that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below.

Recoverability of amounts due from subsidiary undertakings (company only)

The Company has applied the IFRS 9 general approach to measure expected credit losses arising from amounts owed by its subsidiary undertakings. This required the Directors to make judgements to arrive at a weighted average expected credit loss based on a number of forecast cash flow scenarios and the assignment of probability factors to each scenario.

7. Segmental Operations

The Group identifies reportable operating segments based on internal management reporting that is regularly reviewed by the chief operating decision maker (CODM). The CODM is the Board of Directors.

The format of revenue reporting is based on the Group's management and internal reporting (including reports to the CODM) of the divisions below which carry different risks and rewards and are used to make strategic decisions. The Group has two operating segments; Simulation and Clinical AI. Other Group costs, assets and liabilities that cannot be allocated to an operating segment are shown within 'Central' below.

i) Simulation division

Revenue arises from sales of ultrasound simulation systems and related services.

ii) Clinical AI division

Revenue arises from sales of regulatory approved AI-based ultrasound image analysis software products.

2020	Simulation	Clinical AI	Central	Total
	£'000	£'000	£'000	£'000
Revenue	5,153	17	—	**5,170**
Cost of sales	(1,999)	—	—	**(1,999)**
Gross profit	3,154	17	—	**3,171**
Other income	207	—	—	**207**
Administrative expenses	(4,703)	(2,239)	(917)	**(7,859)**
Operating loss	(1,342)	(2,222)	(917)	**(4,481)**
Finance income	—	—	17	**17**
Finance costs	(6)	—	(11)	**(17)**
Loss before taxation	(1,348)	(2,222	(911)	**(4,481)**
Taxation	488	687	—	**1175**
Loss attributable to the equity shareholders of the parent	(860)	(1,535)	(911)	**(3,306)**

2019	Simulation	Clinical AI	Central	Total
	£'000	£'000	£'000	**£'000**
Revenue	5,916	—	—	**5,916**
Cost of sales	(2,462)	—	—	**(2,462)**
Gross profit	3,454	—	—	**3,454**
Other income	157	—	—	**157**
Administrative expenses	(5,197)	(2,125)	(847)	**(8,169)**
Operating loss	(1,586)	(2,125)	(847)	**(4,558)**
Finance income	—	—	1	**1**
Finance costs	(3)	—	—	**(3)**
Loss before taxation	(1,589)	(2,125)	(846)	**(4,560)**
Taxation	152	186	—	**338**
Loss attributable to the equity shareholders of the parent	(1,437)	(1,939)	(846)	**(4,222)**

Revenue by destination of external customer

Year ended 31 December 2020	Simulation	Clinical AI	Total
	£'000	£'000	**£'000**
United Kingdom	1,419	—	**1,419**
North America	2,324	—	**2,324**
Rest of World	1,410	17	**1,427**
	5,153	17	**5,170**
Goods transferred at a point in time	4,907	17	**4,924**
Services transferred over time	246	—	**246**

Year ended 31 December 2019	Simulation	Clinical AI	Total
	£'000	£'000	**£'000**
United Kingdom	720	—	**720**
North America	2,580	—	**2,580**
Rest of World	2,616	—	**2,616**
	5,916	—	**5,916**
Goods transferred at a point in time	5,597	—	**5,597**
Services transferred over time	319	—	**319**

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

	2020 £'000	2019 £'000
USA	**2,036**	2,204
China	**421**	598

The Group had no customers who accounted for more than 10% of the Group revenue for the year ended 31 December 2020 or 2019.

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Simulation division	**1,156**	1,230	**1,049**	927
Clinical AI division	**145**	145	**—**	—
Central	**42**	—	**717**	—
	1,343	1,375	**1,766**	927

Assets and liabilities by division

	Assets		Liabilities	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Simulation division	**7,324**	6,753	**(1,906)**	(2,192)
Clinical AI division	**1,578**	1,265	**(258)**	(157)
Central	**6,953**	5,660	**(1,002)**	(211)
	15,855	13,678	**(3,166)**	(2,560)

8. Other income

	2020 £'000	2019 £'000
US Government grant income	**124**	—
UK grant income	**—**	157
R&D expenditure credit (RDEC)	**83**	—
	207	157

In May 2020, IUNA received an advance of £0.124m ($0.159m) under the US Government's Paycheck Protection Program which allowed US small businesses to apply for forgivable loans to pay for their payroll and certain other costs. The program was designed to provide a direct incentive for small businesses to keep their workers on payroll instead of furlough during the pandemic. The amount of a PPP loan available was approximately equal to 2.5 times the average monthly payroll costs. The loan was formally forgiven on 18 December 2020. The advance has been recognised as Other income in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'.

RDEC to the amount of £0.83m was received by MedaPhor in relation to R&D projects which have been previously in receipt of grant funding which cannot be claimed under the R&D SME regime. RDEC is recognised as taxable income within Other income.

9. Operating loss

	2020 £'000	2019 £'000
Operating loss is stated after charging:		
Raw materials and consumables used	**1,605**	1,892
Depreciation		
Right-of-use assets	**111**	44
Other assets	**295**	290
Amortisation of intangible assets	**937**	1,040
Staff costs (note 12)	**4,736**	4,276
Exchange loss	**9**	13
Auditor's remuneration		
Audit of Group financial statements	**69**	56
Audit of Company and subsidiaries	**17**	*14*
Tax advisory services	**—**	12
R&D cost		
— Expensed (including staff costs included above)	**1,990**	2,223
— Amortised	**441**	545

Staff and other development costs not included in the operating loss of £0.57m have been capitalised as intangible assets during the year (2019: £0.49m).

Fees of £0.03k were incurred in relation to the FY20 half year review and payable to the predecessor auditor, BDO LLP.

10. Finance income and costs

	2020 £'000	2019 £'000
Finance income		
Interest income from bank deposits	**(17)**	(1)
Finance costs		
Interest on lease liabilities	**17**	3
	—	2

11. Taxation

i) Analysis of income tax credit in the year

	2020 £'000	2019 £'000
Current tax		
R&D tax credit	**(673)**	(168)
R&D tax credit relating to prior periods	**(214)**	(80)
	(887)	(248)
Deferred tax		
Origination and reversal of timing differences	**(300)**	(90)
Effect of tax rate change on opening balance	**12**	–
	(288)	(90)
Income tax credit	**(1,175)**	(338)

ii) Factors affecting the tax credit

The Group has made a taxable loss for the year (2019: loss) but has not recognised all of the deferred tax asset arising due to uncertainty over the timing of future profit.

	2020 £'000	2019 £'000
Loss before taxation	**(4,481)**	(4,560)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	**(851)**	(866)
Effects of:		
Fixed asset differences	**1**	–
Expenses not deductible/income not taxable	**24**	35
Differences between R&D expenditure credit and capitalised revenue expenditure	**(290)**	(191)
Adjustments in respect of prior periods	**(214)**	–
Remeasurement of deferred tax for changes in tax rates	**(262)**	–
Deferred tax not recognised	**417**	685
Total income tax credit	**(1,175)**	(337)

Legislation will be introduced in the Finance Bill 2021 to set the main rate of corporation tax at 25% for financial year 2023, which will apply to profits above £250,000; and introduce a small profits rate of 19% for profits below £50,000. Marginal relief provisions will be introduced so that, where a company's profits fall between the lower and upper limits, it will be able to claim an amount of marginal relief that bridges the gap between the lower and upper limits providing a gradual increase in the Corporation Tax rate.

In 2019 the R&D tax credit was recognised through the income statement upon cash receipt of the 2018 claim. In 2020 an asset has been recognised for the best estimate of the 2020 R&D tax claim based on the track record of previous successful claims in addition to the 2019 tax claim on receipt.

iii) Deferred tax

The unrecognised and recognised deferred tax asset/(liability) comprises the following:

	Unrecognised		Recognised	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Accelerated capital allowances	**—**	—	**(110)**	(90)
Capitalised development costs	**—**	—	**(91)**	(14)
Intangible assets	**—**	—	**(218)**	(288)
Tax losses	**2,991**	2,726	**419**	104
Total asset/(liability)	**2,991**	2,726	**—**	(288)

Where a deferred tax liability arises, an equal amount of trade losses has been recognised to the net position at entity level is nil. The deferred tax liabilities relate to accelerated capital allowances mainly due to claims for annual investment allowances ('AIA') with respect to eligible fixed asset additions, R&D claims in MedaPhor where development costs are capitalised and R&D claims are made under s.1308 CTA 2009, reducing the tax base of these assets and intangible assets acquired with IML and IUL..

iv) Tax losses

The Group has significant trade losses carried forward which are currently not being recognised due to uncertainty of when these losses will be utilised. This includes losses arising in IUNA of c.$3.2m / £2.5m.

	2020 £'000	2019 £'000
Unused tax losses for which no deferred tax asset has been recognised	**15,742**	14,347
Potential tax benefit @19% (2019: 19%)	**2,991**	2,726

v) Uncertainty over income tax treatments

MedaPhor is currently appealing various penalty notices received by the Inland Revenue Service (IRS) totalling $55k for late filing of historical tax returns in the US. The Company has appealed these penalties and it is the view of the Company, supported by the Group's tax advisers, that these appeals will be successful.

12. Employees

	2020 No.	2019 No.
The average monthly number of persons (including Executive Directors) employed by the Group was:		
Research and development	**32**	20
Sales, marketing and distribution	**11**	14
Management and administration	**15**	11
	58	45

The Company has no other employees and the only staff costs incurred by the Company relate to fees paid to Non-executive Directors (see the Remuneration Report for details).

	2020 No.	2019 No.
The average monthly number of Non-executive Directors employed by the Company was:	**5**	5

Staff costs for the employees and Executive Directors of the Group (included under administrative expenses and in staff costs capitalised under development costs):

	2020 £'000	2019 £'000
Wages and salaries	**3,854**	3,447
Social security costs	**324**	351
Pensions	**180**	99
Share-based payments	**154**	126
Total employed staff costs	**4,512**	4,023
Contractors and freelancers	**475**	377
Staff costs capitalised	**(251)**	(124)
Staff costs included under administrative expenses	**4,736**	4,276

Key management for the Group is considered to be the Executive Directors of the Group.

	2020 £'000	2019 £'000
Short term employee benefits	**740**	766
Post employment benefits	**63**	62
Share based payments	**87**	55
	890	883

Directors' remuneration comprises the following:

	2020 £'000	2019 £'000
Salaries and fees (including estimated value of other benefits)	**854**	881
Fees paid to third parties in respect of services provided by Directors	**20**	20
Directors' pension costs	**63**	62

No Directors are accruing benefits under company pension schemes (2019: none).

	2020 £'000	2019 £'000
This remuneration includes the following amounts in respect of the highest paid director:		
Salaries and fees (including estimated value of other benefits)	**232**	227
Pension costs	**19**	18

The highest paid Director held 923,474 (2019: 828,236) shares at the year end and share options in the Company totalling 4,116,498 (2019: 3,029,000). None of the Directors exercised any of their share options during the year (2019: None). Further details of Directors' fees and salaries, bonuses, pensions and share options are given in the Remuneration report.

13. Loss per ordinary share

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

	2020 £'000	2019 £'000
Loss for the year after taxation	**(3,306)**	(4,222)

Number of ordinary shares of 1p each	2020 No.	2019 No.
Basic and diluted weighted average number of ordinary shares	**254,915,148**	178,503,090
Basic and diluted loss pence per share	**(1.30)**	(2.37)

At 31 December 2020 and 2019 there were share options outstanding (see note 26) which could potentially have a dilutive impact but were anti-dilutive in both years.

14. Intangible assets

	Part of business combination			Other intangibles		
	Goodwill £'000	Intellectual property £'000	Brand £'000	Development costs £'000	Software licences £'000	Total £'000
Cost						
At 1 January 2019	3,328	3,038	133	2,464	25	8,988
Additions	—	—	—	485	—	485
At 31 December 2019	3,328	3,038	133	2,949	25	9,473
Additions	—	—	—	568	—	568
At 31 December 2020	**3,328**	**3,038**	**133**	**3,517**	**25**	**10,041**
Amortisation/impairment						
At 1 January 2019	3,328	971	64	1,712	25	6,100
Charge for year	—	469	27	545	—	1,041
At 31 December 2019	3,328	1,440	91	2,257	25	7,141
Charge for year	—	469	27	441	—	937
At 31 December 2020	**3,328**	**1,909**	**118**	**2,698**	**25**	**8,078**
Net book value						
At 31 December 2020	**—**	**1,129**	**15**	**819**	**—**	**1,963**
At 31 December 2019	—	1,598	42	692	—	2,332
At 1 January 2019	—	2,067	69	751	—	2,887

For the intangible assets that have a finite life, the Directors considered the need to impair the carrying value of intangible assets by performing an assessment of indicators of impairment. The assessment concluded that there were no indicators of impairment requiring a full impairment review.

For those intangible assets still in development and not available for use the recoverable amount must be measured annually, irrespective of whether there is any indication that it may be impaired. The recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use. The assessment of the recoverable amount concluded that no impairment was required.

Intellectual property

Intellectual property (IP) was acquired as part of the acquisition of IML and IUL and are amortised over their estimated useful lives of 5 and 10 years respectively. The IP acquired from IML relates to the Heartworks echo-cardiology simulator software and associated trademarks. The IP acquired from IUL relates to the ScanNav Assist software and ultrasound scan images.

Material individual intangible assets within IP are as follows:

- £0.21m (2019: £0.56m) in relation to the acquisition of IML with a remaining amortisation period of 0.6 years as at 31 December 2020; and
- £0.94m (2019: £1.1m) in relation to the acquisition of IUL with a remaining amortisation period of 6.75 years as at 31 December 2020.

Development costs

Development costs have been internally and externally generated. The amortisation period for these costs is 3 years. Included within internally generated development costs are assets with a net book value of £nil (2019: £nil) that are shown net of government grants received of £0.073m (2019: £0.073m).

15. Property, plant & equipment

i) Group

	Leasehold improvements £'000	Furniture & fixtures £'000	Plant & equipment £'000	Right of use assets £'000	Total £'000
Cost					
At 1 January 2019	—	60	612	—	672
Adjustment on transition to IFRS 16	—	—	—	33	33
At 1 January 2019	—	60	612	33	705
Additions	—	31	325	86	442
Disposals	—	—	(8)	(10)	(18)
As at 31 December 2019	—	91	929	109	1,129
Additions	63	14	276	845	1,198
Disposals	—	(77)	(212)	—	(289)
Foreign exchange	—	—	—	(3)	(3)
As at 31 December 2020	**63**	**28**	**993**	**951**	**2,035**
Depreciation					
At 1 January 2019	—	45	209	—	254
Charge for year	—	14	281	39	334
Disposals	—	—	(2)	(4)	(6)
At 31 December 2019	—	59	488	35	582
Charge for year	10	14	271	111	406
Disposals	—	(65)	(198)	—	(263)
Foreign exchange	—	—	—	(3)	(3)
At 31 December 2020	**10**	**8**	**561**	**143**	**722**
Net book value					
At 31 December 2020	**53**	**20**	**432**	**808**	**1,313**
At 31 December 2019	—	32	441	74	547
At 1 January 2019	—	15	403	33	451

Total depreciation expense of £0.41m (2019: £0.33m) has been charged to administrative expenses in the income statement.

ii) Company

	Right of use assets £'000
Cost	
At 1 January and 31 December 2019	—
Additions	718
As at 31 December 2020	**718**
Depreciation	
At 1 January and 31 December 2019	—
Charge for year	43
At 31 December 2020	**43**
Net book value	
At 31 December 2020	**675**
At 1 January and 31 December 2019	—

iii) Leases

The balance sheet shows the following amounts relating to leases:

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Right-of-use assets				
Premises	**766**	61	**675**	—
Vehicles	**32**	13	**—**	—
	808	74	**675**	—

Additions to the right-of-use assets during the 2020 financial year include £0.72m in relation to a new office lease for the Group's new head office and £0.11m for the new manufacturing and distribution centre.

Set out below is the movements during the period in the carrying amount of the lease liability:

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
At 1 January	**73**	31	**—**	—
Additions	**762**	85	**641**	—
Interest on lease liability	**17**	3	**11**	—
Early termination adjustment/payment	**—**	(6)	**—**	—
Payments of lease liability and interest	**(79)**	(40)	**(11)**	—
At 31 December	**773**	73	**641**	—

Maturity Analysis:				
Year 1	**204**	54	**152**	—
Year 2	**191**	20	**160**	—
Year 3	**164**	—	**133**	—
Year 4	**185**	—	**160**	—
Year 5	**117**	—	**113**	—
	861	74	**718**	—
Less: unearned interest	**(88)**	(1)	**(77)**	—
	773	73	**641**	—
Analysed as:				
Current	**170**	53	**123**	—
Non-current	**603**	20	**518**	—
	773	73	**641**	—

The following amounts relating to leases are recognised in profit and loss in the year to 31 December 2020:

	2020 £'000	2019 £'000
Short term lease expense	**47**	87
Depreciation expense on right-of-use assets	**111**	39
Interest expense on lease liabilities	**17**	3
	175	129

Cash outflows from short term leases are £0.047m (2019: £0.087m).

16. Investments in subsidiaries

	Company	
	2020 £'000	2019 £'000
At 1 January	**5,310**	5,184
Movement in the year	**149**	126
At 31 December	**5,459**	5,310

The capital contribution represents the share-based payment expense in respect of the fair value of share options over the Company's unissued shares granted to employees of subsidiaries.

The Company's subsidiary undertakings are as follows:

Name of undertaking	Company number	Incorporated	Interest in ordinary share capital
MedaPhor Limited	05176992	England & Wales	100%
Intelligent Ultrasound North America Incorporated (IUNA)	—	USA	100%
Intelligent Ultrasound Limited	08107443	England & Wales	100%
IML Finance Limited (dormant)	10289063	England & Wales	100%
Inventive Medical Limited (dormant)	06468381	England & Wales	100%
MedaPhor International Limited (dormant)	08838635	England & Wales	100%

The registered office for the undertakings incorporated in England & Wales is Floor 6A Hodge House, 114-116 St Mary Street, Cardiff, CF10 1DY. IUNA's registered office address 12600 Deerfield Parkway, Suite 100, Alpharetta, GA 30004.

The principal activity of MedaPhor Limited is the development and sale of simulation-based ultrasound training equipment.

The principal activity of IUNA is the sale of simulation-based ultrasound training equipment. MedaPhor Limited subscribed $1 in return for all of the share capital of IUNA on the date of IUNA's incorporation on 1 February 2014. On 15 August 2014 (the date of the share for share exchange between MedaPhor Limited and Intelligent Ultrasound Group plc), MedaPhor Limited sold its holding in the share capital of IUNA to Intelligent Ultrasound Group plc for $1. On 31 December 2015 the Company and IUNA entered into a debt conversion agreement under which $1,000,000 of intercompany loans due from IUNA to the Company where converted into 10,000 shares in IUNA at a price per share of $10. On 1 December 2017 the Company and IUNA entered into a further debt conversion agreement under which $1,934,560 of intercompany loans due from IUNA to the Company were converted into 193,456 shares in IUNA at a price per share of $10. IUNA is exempt from statutory audit.

The principal activity of Intelligent Ultrasound Limited (IUL) is the sale and development of AI based medical imaging software.

The business and net assets of Inventive Medical Limited (IML) were transferred to MedaPhor Limited on 31 December 2018 and IML has not traded since that date and the intention is that it will remain dormant for the foreseeable future. MedaPhor International Limited and IML Finance Limited are dormant companies.

Impairment review of the carrying amount of the Company's investments in subsidiaries

The carrying amount of these investments relate to businesses acquired which are either part of the Group's Simulation division (MedaPhor) or its Clinical AI division (IUL). The total carrying amount of investments relating to the Simulation division is £2.4m and £3.1m relates to the Clinical AI division, following an impairment of £3.6m relating to the Simulation division in 2018.

Following an impairment indicators review for each individual investment, a detailed impairment review was performed using a value in use calculation based on the Group's five year business plan for 2021 to 2025, which has been approved and reviewed by the Board. A net present value has been calculated using a pre-tax discount rate of 13.2% (2019: 13.2%) and a growth rate of 2% (2019: 2%) was used to determine the terminal value. The conclusion of this impairment review was that no further impairment was required in 2020 (2019: £nil).

17. Inventories

	Group	
	2020 £'000	2019 £'000
Raw materials	**869**	628
Work in progress	**172**	35
Finished goods	**6**	—
	1,047	663

The costs of individual items of inventory are determined using weighted average cost.

Inventories recognised as an expense during the year ended 31 December 2020 amounted to £1.6m (2019: £1.9m). These were included in 'cost of sales'.

The above figures include a provision for obsolete stock of £0.35m (2019: £0.35m).

Stock written off in the year, included within 'cost of sales', totalled £0.067m (2019: £nil).

18. Trade and other receivables

i) Included within non-current assets

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Financial assets at amortised cost	61	—	61	—
Amounts owed by subsidiary undertakings	—	—	12,526	4,013
	61	—	12,587	4,013

ii) Company

Impairment allowance in respect of receivables from subsidiary undertakings

	Company	
	2020 £'000	2019 £'000
At 1 January	10,132	8,919
Increase in loss allowance during the year	15	1,213
Reversal of impairment losses	(4,799)	—
At 31 December	5,348	10,132

The loss allowances for intercompany receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. Due to forecast positive net cashflows in both MedaPhor and IUL, the impairment calculation resulted in a reversal of previously recognised impairment losses of £4.8m in relation to receivables from MedaPhor (£4.6m) and IUL (£0.2m).

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Sensitivity analysis

Amounts due from MedaPhor:

If the probability of MedaPhor:

– exceeding plan by 20% reduces from 5% to 0%

– underperforming plan by 20% increases from 20% to 25%

the impairment provision recognised would increase by £0.024m.

Amounts due from IUL:

If the probability of IUL:

– exceeding plan by 20% reduces from 15% to 0%

– underperforming plan by 20% increases from 5% to 20%

the impairment provision recognised would increase by £0.396m.

iii) Included within current assets

	Group			Company		
	31 Dec 2020 £'000	31 Dec 2019 £'000	31 Dec 2018 £'000	**31 Dec 2020 £'000**	31 Dec 2019 £'000	31 Dec 2018 £'000
Trade receivables	**1,639**	2,108	1,555	**—**	—	—
Other receivables	**206**	219	235	**38**	27	29
Prepayments	**180**	373	123	**78**	73	67
	2,025	2,700	1,913	**116**	100	96

Trade receivables are initially recognised at fair value and subsequently measured at their amortised cost using the effective interest method less any provision for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. Customers are assigned one of four credit risk profiles (A to D) with A being the lowest credit risk profile (institutional customers such as hospitals and medical schools) and D the highest (non-institutional customers with a poor credit history). The expected loss probability rates are based on management's experience of historical credit losses for each group of trade receivables. The resultant provision matrix is then adjusted for current and forward-looking information based upon management's knowledge of the customer concerned and the prospects of recovery. The allowance that has been made for estimated irrecoverable trade receivables is £0.11m (2019: £0.09m). The movement in the impairment allowance is included in administrative expenses in profit and loss.

At 31 December 2020 the lifetime expected loss allowance for trade receivables is as follows:

Expected loss rate	**Current**	**1-30 days past due**	**31-60 days past due**	**61-90 days past due**	**More than 90 days past due**
Customer profile A	**0%**	**0%**	**0%**	**5%**	**10%**
Customer profile B	**0%**	**0%**	**5%**	**10%**	**15%**
Customer profile C	**0.5%**	**5%**	**10%**	**15%**	**20%**
Customer profile D	**5%**	**10%**	**15%**	**20%**	**36%**

Trade receivables	**Current £'000**	**1-30 days past due £'000**	**31-60 days past due £'000**	**61-90 days past due £'000**	**More than 90 days past due £'000**	**2020 £'000**
Gross carrying amount	**1,041**	**207**	**14**	**241**	**248**	**1,751**
Loss allowance	**(7)**	**—**	**—**	**(33)**	**(72)**	**(112)**
Trade receivables – net	**1,034**	**207**	**14**	**208**	**176**	**1,639**

At 31 December 2019 the lifetime expected loss allowance for trade receivables is as follows:

Expected loss rate	Current	1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due
Customer profile A	0%	0%	0%	5%	10%
Customer profile B	0%	0%	5%	10%	15%
Customer profile C	1%	5%	10%	15%	20%
Customer profile D	5%	10%	15%	20%	25%

Trade receivables	Current £'000	1-30 days past due £'000	31-60 days past due £'000	61-90 days past due £'000	More than 90 days past due £'000	Total 2019 £'000
Gross carrying amount	931	489	340	154	286	2,200
Loss allowance	(3)	(10)	(15)	(9)	(55)	(92)
Trade receivables – net	928	479	325	145	231	2,108

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Movements in the impairment allowance for trade receivables are as follows:

	Group	
	2020 £'000	2019 £'000
At 1 January	**92**	54
Increase during the year	**20**	82
Receivables written off as uncollectable	**—**	(44)
At 31 December	**112**	92

19. Investments (short-term deposits)

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Short-term deposits	**—**	5,500	**—**	5,500

The cash held on short term deposit in 2019 matured on 6 January 2020.

20. Cash and cash equivalents

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Cash at bank and on hand	**8,774**	1,790	**6,175**	61

21. Trade and other payables

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Current liabilities				
Trade payables	**842**	716	**172**	127
Taxation and social security	**169**	81	**—**	—
Accruals	**829**	764	**63**	44
Share warrants	**61**	40	**61**	40
Other	**—**	69	**—**	—
	1,901	1,670	**296**	211
Non-current liabilities				
Other payables	**65**	—	**65**	—
	1,966	1,670	**361**	211

The Directors consider that the carrying amount of trade payables approximates to their fair value.

The share warrants are explained in note 25.

22. Deferred income

	Group	
	2020 £'000	2019 £'000
Deferred income expected to be recognised:		
Within one year – included in current liabilities	**142**	325
In the second to fifth years inclusive – included in non-current liabilities	**275**	109
	417	434

Deferred revenue released to the income statement in 2020 is £0.246m (2019: £0.319m).

The vast majority of the Group's contracts are for delivery of goods and services within the next 12 months. However, certain support and extended warranty contracts have been entered into which extend beyond 12 months and the value of these contracts is included in deferred income within current and non-current liabilities.

23. Provisions

Remedial and warranty provision:

	Group	
	2020 £'000	2019 £'000
At 1 January	**95**	69
Provision made in the year	**—**	53
Utilised in the year	**(10)**	(27)
Released in the year	**(75)**	—
At 31 December	**10**	95

The warranty provision is estimated to be due within one year.

The provision represents management's best estimate of the Group's liability for remedial work and warranties granted on products sold net of warranty amounts recoverable from its suppliers. The Group sources its simulation system hardware from third party suppliers and, while there is always some uncertainty relating to new technology, the actual annual remedial and warranty costs incurred suggest that the provision is sufficient.

24. Non-current liabilities – deferred taxation

	Group	
	2020 £'000	2019 £'000
At 1 January	**288**	378
Released	**(288)**	(90)
At 31 December	**—**	288

Where a deferred tax liability arises in MedaPhor and IUL, an equal amount of trade losses has been recognised so the net position at entity level is nil. The deferred tax liabilities relate to accelerated capital allowances mainly due to claims for annual investment allowances ('AIA') with respect to eligible fixed asset additions and R&D claims in MedaPhor where development costs are capitalised and R&D claims are made under s.1308 CTA 2009, reducing the tax base of these assets.

25. Share capital and share warrants

	2020		2019	
Allotted, issued and fully paid	**Number**	**£'000**	Number	£'000
Ordinary shares of 1p each				
Balance at 1 January	**219,996,792**	**2,200**	156,627,749	1,566
Shares issued for cash	**49,400,000**	**494**	63,369,043	634
Balance at 31 December	**269,396,792**	**2,694**	219,996,792	2,200

The fair values and premium arising on shares issued in 2020 and 2019 are as follows:

Date	Number of shares	Fair value £'000	Premium £'000
4 May 2020	49,400,000	494	4,493
28 August 2019	63,369,043	634	5,703

On 4 May 2020 the Company placed 49,400,000 newly issued shares of 1 pence each in the capital of the Company at a price of 10.5 pence per share. Share issue costs of £387k have been netted off against the share premium arising on the new share issue.

On 28 August 2019 the Company placed 63,369,043 newly issued shares of 1 pence each in the capital of the Company at a price of 10 pence per share. Share issue costs of £487k have been netted off against the share premium arising on the new share issue.

Share warrants

The consideration for the acquisition of IUL on 6 October 2017 included 837,795 share warrants with a fair value of £125,669 which were issued on completion. The terms of the warrant instrument agreement allow the holder to subscribe for a fixed number of shares in the Company at any time until 10 July 2021 for a fixed subscription price. In accordance with IAS 32 'Financial Instruments: Presentation', a contract that will be settled by the entity delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is an equity instrument.

One third of the consideration payable in respect of the acquisition of IUL in 2017 was deferred for 12 months from completion with the actual number of deferred shares and warrants to be issued dependent on any vendor warranty or indemnity breaches (as specified in the Sale and Purchase Agreement) arising during that 12 month period. The Company was not aware of any vendor warranty or indemnity breaches and so the 6,175,975 deferred consideration shares (with a fair value of £586,718 at 9.5 pence per share) were admitted to trading on 9 October 2018 and 418,897 deferred consideration warrants were issued at their fair value. These warrants remain as a financial liability and are measured at fair value through the income statement.

26. Share-based payments

Share options

The Company has issued options under the Intelligent Ultrasound Group plc EMI Approved Share Option Scheme and several individual unapproved share option schemes to subscribe for ordinary shares of 1 pence each in the Company. The purpose of the share option schemes is to retain and motivate eligible employees and Directors.

As at 31 December 2020 options under these schemes, including those held by Directors, were outstanding over:

	2020		2019	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
At 1 January	**14,071,944**	**15.56**	13,935,473	16.09
Granted	**10,645,039**	**14.78**	670,000	9.34
Forfeited/lapsed	**(1,017,660)**	**(15.51)**	(533,529)	(18.54)
At 31 December	**23,699,323**	**15.21**	14,071,944	15.68
Vested and exercisable at 31 December	**3,108,402**	**23.20**	2,805,625	24.29

No share options were exercised in the year.

No options expired during the periods covered by the above tables.

The exercise price and number of shares to which the options relate are as follows:

Option Exercise Price (pence)	Grant date	2019	Granted	Forfeited/ lapsed	2020	Expiry (years)	Risk free rate of return %	Expected Volatility %	Vested	Notes
Unapproved schemes										
16.51	15/08/14	168,000	—	—	**168,000**	10	3.690	40.0	168,000	Fully vested
19.00	15/08/14	296,000	—	—	**296,000**	10	1.790	35.0	296,000	Fully vested
42.50	30/06/14	350,000	—	—	**350,000**	10	2.815	35.0	350,000	Fully vested
16.22	06/10/17	268,920	—	—	**268,920**	10	1.410	35.0	268,920	Fully vested
12.75	06/10/17	500,000	—	—	**500,000**	10	1.410	35.0	500,000	Fully vested
12.50	19/01/18	600,000	—	—	**600,000**	10	1.409	37.0	—	(iv)
11.25	29/05/18	2,709,040	—	—	**2,709,040**	10	1.339	38.9	—	(vi)
7.75	20/12/18	150,000	—	—	**150,000**	10	1.285	58.0	—	(vi)
8.00	18/01/19	150,000	—	—	**150,000**	10	1.380	46.6	—	(vi)
11.00	09/08/19	150,000	—	—	**150,000**	10	0.540	61.9	—	(vi)
15.00	24/10/20	—	50,000	(50,000)	**—**	10	0.33	76.4	—	(vi)
15.00	21/12/20	—	3,054,292	—	**3,054,292**	10	0.24	75.3	—	(vii)
EMI schemes										
16.51	15/08/14	684,000	—	(40,000)	**644,000**	10	1.790	35.0	644,000	Fully vested
42.50	30/06/14	924,000	—	(20,000)	**904,000**	10	2.815	35.0	376,000	(i)
50.00	15/08/14	23,529	—	—	**23,529**	10	2.508	35.0	23,529	Fully vested
51.50	01/01/16	20,000	—	—	**20,000**	10	2.009	17.0	20,000	Fully vested
42.50	18/08/16	20,000	—	—	**20,000**	10	0.687	22.0	20,000	Fully vested
29.00	21/12/16	100,000	—	(20,000)	**80,000**	10	1.440	32.0	80,000	Fully vested
20.50	04/04/17	200,000	—	—	**200,000**	10	1.071	32.0	60,000	(ii)
16.22	06/10/17	855,495	—	(537,660)	**317,835**	10	1.410	35.0	301,953	(iii)
12.50	19/01/18	2,200,000	—	(250,000)	**1,950,000**	10	1.408	37.0	—	(iv)
11.25	29/05/18	3,332,960	—	—	**3,332,960**	10	1.339	38.9	—	(v)
8.00	18/01/19	220,000	—	—	**220,000**	10	1.380	46.6	—	(vi)
11.00	09/08/19	150,000	—	(100,000)	**50,000**	10	0.540	61.9	—	(vi)
12.00	24/04/20	—	1,450,000	—	**1,450,000**	10	0.30	75.7	—	(vi)
15.00	23/10/20	—	1,013,529	—	**1,013,539**	10	0.33	76.4	—	(vi)
15.25	21/12/20	—	5,077,218	—	**5,077,218**	10	0.24	75.3	—	(vii)
Total		**14,071,944**	**10,645,039**	**(1,017,660)**	**23,699,323**					

The fair value of the equity settled share options granted is estimated as at the date of grant using a binomial probability option pricing model taking into account the terms and conditions upon which the options were granted. The volatility has been estimated by reference to comparable listed companies and the dividend yield has been assumed to be 0% for all schemes.

The Group charged £0.15m to the Statement of Comprehensive Income in respect of share-based payments for the financial year ended 31 December 2020 (2019: £0.13m).

The weighted average remaining life of all share options outstanding at 31 December 2020 is 8 years 0 months (2019: 7 years 6 months).

Vesting conditions:

(i) 236,000 of these options will vest when the Group achieves breakeven EBITDA for a financial year, 312,000 of these options will vest on the earlier of the Group achieving EBITDA of £2m or £10m revenue for a financial year and the remainder have vested.

(ii) 60,000 of these options vest when the Group achieves breakeven EBITDA for a financial year, 80,000 of these options will vest on the earlier of the Group achieving EBITDA of £2m or £10m revenue for a financial year and the remainder vest, dependent on continued service, on 4 April 2020.

(iii) 301,593 of these options had vested on 31 December 2020 and the remainder vest in equal instalments until May 2021.

(iv) 266,742 of these options vest when the Company's share price reaches 25p; 1,094,964 vest when the share price reaches 37.5p and 1,347,334 vest when the share price hits 50p.

(v) 1,747,257 of these options vest when the Company's share price reaches 25p; 919,035 vest when the share price reaches 37.5p and 666,668 vest when the share price reaches 50p.

(vi) These options vest 3 years from grant date.

(vii) For 3,608,265 of these options, 1/36 vest 12 months from grant date. After the initial 12 months, 1/36 vest per month for the remaining 24 months. 4,523,245 of these options vest 3 years from grant date.

27. Related party transactions

i) Key management personnel compensation

Details of the remuneration and share transactions with the Directors, who are the key management personnel of the Group, are disclosed in the Directors' Report and in note 11.

ii) Transactions with related parties

MedaPhor Limited ("Limited"), Intelligent Ultrasound North America Inc. ("IUNA"), Inventive Medical Limited ("IML") and Intelligent Ultrasound Limited ("IUL") are related parties by virtue of being subsidiary companies of the Company. During the year working capital funding was provided by the Company to Limited and IUL. Such services are recharged based on the utilisation by the subsidiary undertaking. The gross amounts outstanding from subsidiary undertakings to the Company at 31 December 2020 totalled £17,874,159 (2019: £13,688,769).

The Company has recharged the share-based payment charge arising on share options granted by the Company to employees of Limited, IUNA and IUL.

IP Group plc ("IPG") is a related party by virtue of their significant shareholdings in the Company. David Baynes and Stuart Gall held an interest in IPG during the year. David Baynes is a director of IPG and Stuart Gall, until April 2020, undertook consultancy work on retainer for IPG. The value of the expenses (which exclude Directors' fees noted above) paid to IPG are disclosed below.

Professor Nazar Amso is a Director of the Company and also a Director and shareholder of Advanced Medical Simulation Online Limited ("AMSOL"). The value of the goods and services sold to AMSOL are disclosed below.

Company	2020 £'000	2019 £'000
Limited (working capital)	**3,300**	4,070
Limited (share-based payment charge)	**130**	95
Limited (recharges)	**(426)**	157
IUNA (working capital)	**15**	5
IUNA (share-based payment charge)	**12**	12
IUL (working capital)	**840**	688
IUL (share-based payment charge)	**7**	19
IPG (expenses)	**64**	20

Group	2020 £'000	2019 £'000
AMSOL (goods and services sold)	**(6)**	(2)
IPG (expenses)	**64**	20

iii) Outstanding balances arising from sales/purchases of goods and services

Net amounts after allowance for expected credit losses owed by each related party. See note 18 for detail on expected credit losses recognised.

Company	2020 £'000	2019 £'000
Limited	**10,280**	2,850
IUL	**2,246**	1,163
IUNA	**—**	—
Amounts owed by subsidiaries (after credit impairment losses)	**12,526**	4,013
IPG	**(16)**	(29)

Group	2020 £'000	2019 £'000
AMSOL	**4**	1
IPG	**(16)**	(29)

28. Financial instruments

i) Financial risk factors – Group

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including currency risk), credit risk and risk associated with cash held on deposit with financial institutions. Where appropriate, the Group seeks to mitigate potential adverse effects on its financial performance.

Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations and arises from trade and other payables. The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasts and actual cash flows.

Cash held on deposit with financial institutions

The Group's main objective in managing its surplus cash is to maximise returns from funds held on deposit balanced with the need to safeguard the assets of the business and ensure that the Group has access to sufficient funds to service its working capital requirements on a timely basis. The Group holds funds when required on a mixture of short and long-term deposit to fulfil this objective.

Credit risk

The Group's principal financial assets are bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables and the Group attaches considerable importance to the collection and management of trade receivables. The Group minimises its credit risk through the application of appropriate credit limits to customers based on an assessment of net worth and trading history with the Group. Standard credit terms are net 30 days from date of invoice. Overdue trade receivables are managed through a phased escalation culminating in legal action. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

ii) Financial risk factors – Company

Amounts owed by and investments in subsidiary undertakings

In addition to the financial risk factors facing the Group described above, the Company also provides working capital funding for its trading subsidiaries, MedaPhor Limited, Intelligent Ultrasound North America Inc. and Intelligent Ultrasound Limited. The funding provided is supported by annual budgets including monthly cash flows which are approved at the start

of each year by the Board. The recoverability of the amounts owed to the Company by its subsidiary undertakings and the Company's investments in its subsidiary undertakings are dependent on the ability of the subsidiary undertaking businesses to grow in line with the longer term forecasts of the Group. The Board monitors the performance of the Company's subsidiary undertakings by monthly reviews of management accounts including the sales order pipeline and cash flows compared to budget. The Company has determined that the amounts due from its subsidiary undertakings at 31 December 2020 totalling £5.3m (2019: £10.3m) were credit impaired. See note 18 for the movement in the expected credit loss in the year..

Capital risk management

The Company's objectives when managing capital, which comprises all components of equity, are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company reviews the recoverable amount of each trade debt on individual basis at the end of each reporting period to ensure that adequate loss allowance is made for irrecoverable amount.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

iii) Financial instruments by category – Group

Financial assets

	2020 £'000	2019 £'000
Financial assets measured at amortised cost		
Trade and other receivables excluding prepayments	**1,957**	2,418
Provision for impairment	**(112)**	(92)
	1,845	2,326
Cash and cash equivalents	**8,774**	1,790
Short-term deposits	**—**	5,500
	10,619	9,616

Financial liabilities

	2020 £'000	2019 £'000
Financial assets measured at amortised cost		
Trade and other payables excluding statutory liabilities	**1,736**	1,549
Financial liabilities measured at fair value through profit and loss		
Share warrants	**61**	40
	1,797	1,589

The contractual maturities of all financial liabilities are up to 1 month (2019: 1 month).

The carrying amount of short-term (less than 12 months) trade receivables and payables approximates their fair values.

iv) Financial instruments by category – Company

The financial assets and liabilities of the Company are shown in notes 18 and 21 respectively excluding VAT, prepayments and tax and social security.

Financial assets consist of amounts due from subsidiary undertakings as well as other receivables. None of the other receivables is overdue and the carrying amount of these short term receivables approximates to their fair values.

Financial liabilities consist of trade and other payables. The contractual maturity of these liabilities is up to 1 month (2019: 1 month) and their carrying value approximates their fair value.

v) Currency denomination – Group

Group financial assets and liabilities are denominated in the following currencies:

Financial assets

	2020 £'000	2019 £'000
Trade and other receivables excluding prepayments:		
Sterling	**951**	1,214
US Dollar	**753**	733
Canadian Dollar	**16**	140
Euro	**125**	239
	1,845	2,326

	2020 £'000	2019 £'000
Cash, cash equivalents and short-term deposits:		
Sterling	**6,726**	6,515
US Dollar	**1,554**	620
Canadian Dollar	**200**	36
Euro	**294**	39
Swiss Franc	**–**	81
	8,774	7,290
Total financial assets	**10,619**	9,616

Financial liabilities

	2020 £'000	2019 £'000
Trade and other payables excluding statutory liabilities:		
Sterling	**1,570**	1,144
US Dollar	**127**	317
Canadian Dollar	**–**	36
Euro	**39**	48
Swiss Franc	**–**	4
Share warrants – sterling	**61**	40
Total financial liabilities	**1,797**	1,589

vi) Currency denomination – Company

The financial assets and liabilities of the Company, shown in notes 18 and 21 respectively, are all denominated in Sterling.

v) Currency fluctuations

At the year end the Group was exposed to fluctuations in the US Dollar, Canadian Dollar, Swiss Franc and the Euro against Sterling. The following table details the Group's sensitivity to a 10% increase or decrease in Sterling against the relevant foreign currencies rounded to the nearest £'000. 10% represents management's assessment of a reasonable possible change in foreign currency exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% weakening in foreign currency rates. A negative number below indicates a decrease in profit where Sterling strengthens against the relevant currency. For a 10% weakening in Sterling against the foreign currency, there would be an equal and opposite impact on profit and loss.

Group	2020 £'000	2019 £'000
US Dollar	**263**	(55)
Canadian Dollar	**22**	14
Euro	**38**	23
Swiss Franc	**—**	8

29. Events after the reporting period

There are no events after the reporting period.

30. Ultimate parent and controlling party

There was no overall controlling party as at 31 December 2020 or 31 December 2019.

Corporate Directory

Board of Directors

Nazar Amso
Nicholas Avis
Andrew Barker
David Baynes
Stuart Gall
Helen Jones
Riccardo Pigliucci
Nicholas Sleep
Ian Whittaker
Ingeborg Øie

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