

# Feedback plc

## Interim Results for the six months to 30 November 2019

### Forging a leading position in the mobile medical communications market

**London, UK, 18 February 2020** - Feedback plc (AIM: FDBK, "Feedback" or the "Company"), the specialist medical imaging technology company, announces its unaudited results for the six months to 30 November 2019.

#### Operational highlights (including post period-end)

- Completion of Strategic Review drives focus on Cadran portfolio
- Development and launch of new flagship product, Bleepa™
- Revolutionary new app enables clinicians to review medical grade images on devices
  - Allows clinician-to-clinician communications to enable better and faster treatment for patients
  - Launched at NHS Expo in September 2019 to strong interest from clinicians and healthcare professionals
  - First pilot study underway with Pennine Acute Hospitals NHS Trust with positive early indications that average time to inpatient referral has more than halved due to Bleepa™
  - Secure and GDPR compliant for patient data
- TexRAD continues to be sold within the research setting through third party distributors
- Post-period: Cadran licence agreement with Imaging Engineering to support installation and refitting of modernised fluoroscopy equipment across US
- Strengthened Board
  - Prof. Rory Shaw became Chairman when Alistair Riddell stepped down
  - Post-period: Appointment of Adam Denning, Former Assistant Technical Advisor to Bill Gates, as Non-Executive Director

#### Financial summary

- Recognised revenue for the six-month period up 14% to £269k (H1 2018: £236k)
- Loss after tax for the six-month period of £603k (H1 2018: loss £369k) due to recruitment to service new opportunities and launch the Company's flagship product, Bleepa™
- Increased investment in software development to £301k (H1 2018: £106k)
- Loss before interest, tax and amortisation for the six-month period of £684k (H1 2018: loss £400k)
- Cash at 30 November 2019 was £1.53m (30 November 2018: £1.37m) following the equity fundraise in August 2019, raising £2m before expenses

**Dr Tom Oakley**, CEO of Feedback, commented:

"We have deliberately changed the Company's strategy to focus on the Cadran portfolio and transition into the emerging mobile medical market; this strategy is already bearing fruit.

"During the past six months, we completed the development of our new flagship product, Bleepa™. Following its launch in September at the NHS Expo, we have received significant interest and entered our first Pilot study within an NHS setting, from which early indications show great promise. We believe that Bleepa™ has the potential to revolutionise the way clinicians are able to communicate with each other and advance treatment of their patients, quickly.

"Further evidence of the new strategy gaining traction is our first commercial contract of the Cadran platform outside of the NHS. With growing momentum and the strengthening of our Board with the appointment of Adam Denning, 2020 is looking to be a promising year for Feedback."

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## **About Feedback plc - [www.fbk.com](http://www.fbk.com)**

Feedback plc (AIM: FDBK) is a specialist medical imaging technology company providing innovative software and systems, through its fully-owned trading subsidiary, Feedback Medical Limited. Its products advance the work of radiologists, clinicians and medical researchers by improving workflows and giving unique insights into diseases, particularly cancer.

Feedback has launched Bleepa™, a new secure, encrypted medical communication app for clinicians accessible through smartphones, tablets and desktops that facilitates rapid clinical messaging and review of medical grade imaging for all members of a clinical team, directly from a hospital Picture Archiving and Communications System (PACS). For more information on Bleepa™, see [www.bleepa.com](http://www.bleepa.com).

## **Chairman and Chief Executive's Statement**

The first six months of the financial year has seen great change within Feedback. Following the appointment of Dr Tom Oakley as CEO in February 2019, the Company took the opportunity to complete a strategic review to assess its assets and determine the best of use of Company funds to create value for shareholders.

The outcome of the strategic review has prioritised the Cadran portfolio where the Company sees the greatest opportunity for growth. Cadran is Feedback's established Picture Archiving and Communications System (PACS) which facilitates the review of medical imaging studies by clinicians. It is a progressive and rigorously tested Class 1 medical device with a longstanding legacy of service at NHS institutions.

Prior to the introduction of Bleepa™, it was only possible to view medical grade images on desktop computers and discuss them by telephone. According to BMJ Innovations, 97% of hospital doctors routinely use WhatsApp to communicate about patients<sup>1</sup>. This increasing trend for clinicians to use personal devices to discuss patient care and make clinical decisions is more convenient and efficient than traditional methods of clinical communication. This has raised concerns that images shared over these modalities are not of sufficient quality to make clinical decisions and sharing data in this way breaches data protection legislation, leaving hospitals and individual staff open to the risk of litigation.

Feedback has added a dedicated, encrypted messaging function to its existing Cadran technology to create Bleepa™, the leading mobile communication application on the market capable of sharing clinical grade medical imaging directly from a hospital PACS to mobile devices.

### ***Bleepa™***

In July 2019, Feedback announced the launch of its new flagship product, Bleepa™, a revolutionary clinical messaging app, as the Company's first step to establish a leading role in the mobile medical communication market.

Bleepa™ is an innovative new app which allows medical staff to securely view and discuss high quality medical grade images on mobile devices directly from the hospital's PACS. Bleepa™ can display any type of image including X-rays, CTs, MRIs and ultrasound studies allowing users to easily scroll through image slices and annotate areas of interest. Questions can be asked alongside annotations and submitted into the chat where they can be securely reviewed by colleagues at the swipe of a finger, with instant access to the original image.

The Directors believe Bleepa™ has the potential to be the leading medical communication tool on the market and are confident it will become a CE marked medical device.

In September 2019, Feedback unveiled Bleepa™ for the first time to over 6,000 conference delegates at NHS Expo in Manchester, where it received strong interest from clinicians and professionals across both public and private hospitals, within the UK and internationally.

In November 2019, Feedback initiated its first pilot study for Bleepa™ with Pennine Acute Hospitals NHS Trust in Manchester. The study, which is now underway, is being carried out initially by Dr Georges Ng Man Kwong's team who receive respiratory requests for specialist review of inpatients from other clinical teams. The study, which went live during December will last for approximately three months and will assess how Bleepa™ supports the workflow of cross team referrals. It is anticipated that a number of additional clinicians from various specialities will be involved in the study and key endpoints will examine the system benefits of Bleepa™ deployment. The quality of data, user experience and impact on patient care are the focus of the study with pre and post benchmarks executed and scheduled.

Early indications from a small cohort in this study show great promise. Initial findings demonstrate Bleepa™ has more than halved the average referral time and enabled 60% of cases to be dealt with entirely through Bleepa™ without the need for the clinical team to take any action other than to discuss each case through Bleepa™. If this trend continues, this study will clearly demonstrate Bleepa™ capabilities to enable faster clinical decision making between team members wherever they are, accelerate and improve patient care, whilst reducing the burden on already overlaid clinical staff.

## **TexRAD®**

As announced at the AGM in November 2019, the strategic review of the TexRAD medical image analysis technology reached the conclusion that although TexRAD remains a leading tool in the field of Radiomics further clinical data is required to support a US FDA submission and move TexRAD into frontline clinical delivery where the true opportunity for the technology lies. This additional data is provided by independent studies at academic institutions and therefore the timing of data supplied is outside the Company's control. Further investment in the product has been put on hold until a supporting evidence base materialises.

Included in Feedback overheads for the six-month period ended 30 November 2019 were costs totalling £53k (2018: £nil) relating to TexRAD product enhancements and in developing the Indian market. However, TexRAD invoiced sales for the period totalled £128k (2018: £209k) and so these development costs together with direct selling and customer support costs meant that TexRAD was a loss-making division for the period. In response to this position, the Board took the decision to continue selling TexRAD to academic customers solely through third party distributors on a commission only basis and to reduce the internal cost base associated with TexRAD sales. This led to the redundancy of the Global Business Development Director role and the exit of Dr Balaji Ganeshan from the company. Dr Ganeshan ceased to be a director of Feedback Medical Limited on 18 February 2020.

The Company will continue to sell TexRAD within the research community through third party distributors and assess any future opportunities that may arise for the TexRAD platform.

### ***Building commercial partnerships***

The Company's focus on the Cadran platform extends beyond its flagship product, Bleepa™, with the potential to utilise the software capabilities of the Cadran system to enable potential partners to upgrade and manage their existing imaging systems.

Post-period, in January 2020, Feedback announced a commercial partnership with Imaging Engineering LLC, a US-based specialist technology provider, to support the installation and refitting of modernised fluoroscopy equipment across the US. Fluoroscopy is a form of dynamic X-ray capture which enables real time, moving patient imaging and is commonly used for a number of imaging investigations within gastroenterology, orthopaedics and interventional radiology.

Utilising the Cadran platform, Feedback will provide the core software to manage the entire system for the "Insight Essentials" product, from image capture through data management to DICOM (Digital Imaging and Communications in Medicine) networking. Feedback's software will enable a wide-ranging Imaging Engineering initiative to update fluoroscopy equipment across the United States, with an initial focus on 200 provider sites. Under the terms of the agreement, Feedback Medical, Feedback's plc's wholly owned subsidiary, will receive a licence fee for each installation performed by Imaging Engineering and has no commitment beyond providing and maintaining the software under this licence.

The Company believes there are similar opportunities to help companies modernise their existing equipment that require minimal labour resource from Feedback. These opportunities have the potential to bring additional revenue streams without distraction from the core focus of the business.

### ***Strengthening the Board***

The appointment of Tom Oakley as CEO earlier in the year has set Feedback on a new and exciting course at the forefront of the digital revolution in medical communication.

Following the news of Alastair Riddell's wish to retire in August 2019, Rory Shaw became Chairman in November 2019, following his role as Medical Director of Feedback Medical Limited. During his tenure, Alastair guided Feedback to realise the potential of its proprietary technology and has left the Company with a bright and promising future.

Post-period, in February 2020, Adam Denning joined the Company as non-executive director. As former assistant technical adviser to Bill Gates with 25 years of experience at Microsoft, he brings extensive software delivery skills to Feedback.

## **Financial review**

In the six months to 30 November 2019, recognised revenue in the period increased 14% to £269k (H1 2018: £236k). Loss after tax increased to £603k (H1 2018: loss £369k) due to higher cost base following the recruitment programme to service new opportunities and the launch of the Company's flagship product, Bleepa™. Loss before interest, tax and amortisation was £684k (H1 2018: loss £400k). During the period, Feedback invested £301k with Future Processing on software development of Bleepa™ (H1 2018: £106k). This intangible asset will be amortised against future income streams stemming from this investment. The tax credit reflects the research and development tax credit available to Feedback Medical.

Feedback continues to focus on rigorous cost control, with existing overheads kept well monitored. Cash at 30 November 2019 was £1.53m (30 November 2018: £1.37m) following the equity fundraise in August 2019, raising £2m before expenses.

## **Current trading and outlook**

The repositioning of Cadran marks a shift away from a traditional software sales model towards a SaaS (software as a service) model which is anticipated to generate higher recurring revenues for the Company and position it to capture the emerging mobile medical communications market.

We believe the new strategy and subsequent development of Bleepa™ has transformed the Company. With our first pilot study underway, momentum for Bleepa continues to build. In the coming months we will receive the results of the pilot study and anticipate others to follow, which we aim to convert into meaningful contracts. Cadran also offers the opportunity to develop software management partnerships that will provide a supporting revenue stream to enable further development of the platform. Our new focus will enable the Company to drive forward and secure a position as a leader in mobile medical communications.

**Dr T Oakley, CEO**  
**Prof R Shaw, Chairman**

<sup>1</sup> O'Sullivan DM, O'Sullivan E, O'Connor M, *et al* WhatsApp Doc? *BMJ Innovations* 2017;**3**:238-239.

## UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Notes	unaudited Six months to 30 November 2019 £'000	unaudited Six months to 30 November 2018 £'000	audited Year to 31 May 2019 £'000
Revenue		269	236	563
Cost of sales		(4)	(1)	(5)
<b>Gross profit</b>		<b>265</b>	<b>235</b>	<b>558</b>
Other operating expenses		(956)	(642)	(1,690)
<b>Operating loss</b>		<b>(691)</b>	<b>(407)</b>	<b>(1,132)</b>
Net finance income		-	-	1
<b>Loss on ordinary activities before taxation</b>		<b>(691)</b>	<b>(407)</b>	<b>(1,131)</b>
Tax credit		88	38	159
<b>Loss on ordinary activities after tax attributable to the equity shareholders of the Company</b>		<b>(603)</b>	<b>(369)</b>	<b>(972)</b>
<b>Total comprehensive loss for the period</b>		<b>(603)</b>	<b>(369)</b>	<b>(972)</b>
<b>LOSS PER SHARE (pence)</b>				
Basic and diluted	2	(0.13)	(0.13)	(0.29)

**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Share Capital</b>	<b>Share Premium</b>	<b>Capital Reserve</b>	<b>Retained Earnings</b>	<b>Translation Reserve</b>	<b>Share Option Reserve</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 June 2018	704	2,714	300	(3,143)	(210)	-	365
New Shares issued	229	1,146	-	-	-	-	1,375
Costs associated with the raising of funds	-	(83)	-	-	-	-	(83)
Total comprehensive expense for the period	-	-	-	(369)	-	-	(369)
At 30 November 2018	933	3,777	300	(3,512)	(210)	-	1288
Share option expense reserve	-	-	-	(261)	-	261	-
Total comprehensive expense for the period	-	-	-	(342)	-	-	(342)
At 31 May 2019	933	3,777	300	(4,115)	(210)	261	946
New Shares issued	417	1583	-	-	-	-	2,000
Costs associated with the raising of funds	-	(139)	-	-	-	-	(139)
Total comprehensive expense for the period	-	-	-	(603)	-	-	(603)
At 30 November 2019	1,350	5,221	300	(4,718)	(210)	261	2,204

## UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		unaudited 30 November 2019 £'000	unaudited 30 November 2018 £'000	audited 31 May 2019 £'000
	Notes			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		11	6	6
Intangible assets	3	753	276	450
		<b>764</b>	<b>282</b>	<b>456</b>
<b>Current assets</b>				
Trade receivables		144	190	203
Other receivables		18	13	41
Corporation tax receivable		247	129	249
Cash and cash equivalents		1,526	1,367	541
		<b>1,935</b>	<b>1,699</b>	<b>1,034</b>
<b>Total assets</b>		<b>2,699</b>	<b>1,981</b>	<b>1,490</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity shareholders</b>				
Called up share capital		1,350	933	933
Share premium account		5,221	3,777	3,777
Capital reserve		300	300	300
Translation reserve		(210)	(210)	(210)
Share option expense reserve		261	-	261
Retained earnings		(4,718)	(3,512)	(4,115)
<b>Total equity</b>		<b>2,204</b>	<b>1,288</b>	<b>946</b>
<b>Current liabilities</b>				
Trade payables		143	106	31
Other payables		346	390	467
		489	496	498
<b>Non-current liabilities</b>				
Other payables		6	197	46
<b>Total liabilities</b>		<b>495</b>	<b>693</b>	<b>544</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,699</b>	<b>1,981</b>	<b>1,490</b>



## UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	unaudited Six months to 30 November 2019 £'000	unaudited Six months to 30 November 2018 £'000	audited Year to 31 May 2019 £'000
<b>Cash flows from operating activities</b>			
Loss before tax	(691)	(407)	(1,131)
<i>Adjustments for:</i>			
Depreciation and amortisation	7	7	107
Net finance income	-	-	(1)
Share-based payment expense	-	-	261
Decrease/(Increase) in trade receivables	58	(102)	(115)
Decrease in other receivables	13	32	2
Increase in trade payables	111	49	9
Decrease in other payables	(143)	(46)	(153)
Corporation tax received	91	38	38
	137	(22)	148
Net cash used in operating activities	(554)	(429)	(983)
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	(12)	-	(3)
Purchase of intangible assets	(310)	(128)	(398)
Net finance income received	-	-	1
Net cash used in investing activities	(322)	(128)	(400)
<b>Cash flows from financing activities</b>			
Net proceeds of share issue	1,861	1,292	1,292
Net cash generated from financing activities	1,861	1,292	1,292
Net increase/(decrease) in cash and cash equivalents	985	735	(91)
Cash and cash equivalents at beginning of period	541	632	632
<b>Cash and cash equivalents at end of period</b>	<b>1,526</b>	<b>1,367</b>	<b>541</b>

## NOTES TO THE UNAUDITED INTERIM REPORT

### 1. BASIS OF PREPARATION

The accounting policies are unchanged from the financial statements for the year ended 31 May 2019.

The information set out in this interim report for the six months ended 30 November 2019 does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The accounts for the year ended 31 May 2019 have been filed with the Registrar of Companies.

This interim report was approved by the directors on 17 February 2020.

### 2. LOSS PER SHARE

Basic earnings per share are calculated by reference to the loss on ordinary activities after and on the weighted average number of shares in issue.

	unaudited Six months to 30 November 2019 £'000	unaudited Six months to 30 November 2018 £'000	audited Year to 31 May 2019 £'000
<b>Net loss attributable to ordinary equity holders</b>	<b>(603)</b>	<b>(369)</b>	<b>(973)</b>
	<b>Six months to 30 November 2019</b>	<b>Six months to 30 November 2018</b>	<b>Year to 31 May 2019</b>
Weighted average number of ordinary shares for basic earnings per share	449,131,065	281,616,584	333,151,019
Effect of dilution:			
Share Options	-	-	-
Warrants	-	-	-
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>449,131,065</b>	<b>281,616,584</b>	<b>333,151,019</b>
Loss per share (pence)			
Basic	(0.13)	(0.13)	(0.29)
Diluted	(0.13)	(0.13)	(0.29)

### 3. INTANGIBLE ASSETS

	Software £'000	Customer relationships £'000	Patents £'000	Goodwill £'000	Total £'000
<b>Cost</b>					
At 31 May 2018	652	100	142	272	1,166
Additions	106	-	22	-	128
At 30 November 2018	758	100	164	272	1,294
Additions/(Disposals)	280	-	(10)	-	270
At 31 May 2019	1,038	100	154	272	1,564
Additions	301	-	9	-	310
At 30 November 2019	1,339	100	163	272	1,874
<b>Amortisation</b>					

At 31 May 2018	563	100	77	272	1,012
Charge for the period	-	-	6	-	6
As at 30 November 2018	563	100	83	272	1,018
Charge for the period	82	-	14	-	96
At 31 May 2019	645	100	97	272	1,114
Charge for the period	-	-	7	-	7
At 30 November 2019	645	100	104	272	1,121

**Net book Value**

At 30 November 2019	694	-	59	-	753
At 31 May 2019	393	-	57	-	450
At 30 November 2018	195	-	81	-	276

**4. AVAILABILITY OF THE INTERIM REPORT**

Copies of the report will be available from the Company's registered office at Health Foundry, Canterbury House 1 Royal Street, London SE1 7LL and also from the Company's website [www.fbk.com](http://www.fbk.com).