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Feedback plc

Interim Results for the six months to 30 November 2020

Significant momentum in creating scalable platform for Bleepa

London, UK, 23 February 2021 - 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 2020.

The focus during the period was on advancing Bleepa's proposition by creating strong platforms for growth both via product enhancement and collaborations as well as receiving industry recognition within key markets and frameworks.

Operational highlights (including post period-end)

- As at 30 November 2020, 359 Bleepa users across 10 specialties at Royal Oldham Hospital, an increase of 274 users since completion of the pilot
- Wider range of potential revenue streams through broadening market scope
- Significant progression in developing Bleepa's offering, scalability and security:
 - Attainment of CE mark, confirming use of Bleepa as a Class 1 Medical Device
 - Appointment to NHSx Framework
 - Addition of 3D Imaging offering with Axial3D Partnership
 - Selection for WISH 2020 innovation awards, Digitalhealth.London 2020 Programme & DIT's virtual event to India
 - Significant barriers to entry overcome through certification of Cyber Essentials Plus and passing of ISO 27001 ISMS standard
- Strengthening of the Board through appointment of Philipp Prince as Non-executive director
- Recruitment of marketing specialists both in the UK and India to expediate commercial strategy
- Raised £5.27m before expenses in July 2020 to further broaden the Bleepa proposition and reach

Financial summary

- Loss after tax for the six-month period of £723k (H1 2019: loss £603k) due to development and deployment of the Company's flagship product, Bleepa including increased investment in software development of £672k (H1 2019: £301k) in line with focus on product enhancement linked to market opportunities
- Loss before interest, tax and amortisation for the six-month period of £920k (H1 2019: loss £698k)
- Cash at 30 November 2020 was £3.78m (30 November 2019: £1.53m).

Commenting on the results and prospects, Dr Tom Oakley, CEO of Feedback, said:

"Feedback has continued to make significant advancements in its transition into the mobile medical communications market - continuing to invest in further augmenting and expanding Bleepa's offering.

"As the restrictions imposed by the global pandemic subside, we are confident in our ability to build on the strong foundations we have now laid, and to deliver the next key milestones for the Company. Feedback is continuing commercial discussions, and while the pandemic slowed progression of Bleepa within the NHS, we are now seeing improvement in the pace of these talks, as well as a growing interest outside of the NHS and internationally.

"With Bleepa's unique flexibility, we have been able to make great strides in strengthening its proposition; through achieving the CE mark, adding new 3D imaging technology and gaining industry-standard cyber security certifications, the product now has a broadened and mature offering. Alongside its cloud-based installation scalability, Bleepa is well placed to build a strong presence in numerous markets internationally. Importantly, we have an exciting pipeline of opportunities which has grown significantly on the back of the progress made during the period. Commercialisation is clearly the key priority and we believe that we will make strong headway in this area in the coming months.

"Bleepa has the potential to fundamentally change the way in which clinicians communicate, not only making the lives of those who care for us easier day-to-day, but enabling a route to inclusive interaction within, between and spanning an entire medical provider's network to make patient information more easily accessible. We believe that Bleepa is the future of medical communications."

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Notes to editors

Feedback plc (AIM: FDBK) is a medical imaging technology business. Its core product, Bleepa, is a revolutionary medical imaging communications app, providing an easy-to-use, high quality tool to enable remote and secure communications between front-line clinicians and teams. Importantly, it is the only CE marked medical imaging communications platform on the NHSx clinical communications tools framework. Bleepa has unparalleled functionality for everyday practice and can be accessed from any internet-connected device, enabling control of patient cases when on the go.

Its highly scalable Software as a Service (“SaaS”) based revenue model will provide increasing levels of visibility as the Company grows its customer base. With a growing distribution base and technology in place, the focus is on leveraging key relationships in order to drive sales both in the UK and internationally to all forms of care facilitators. As a fully certified medical device, Bleepa aims to disrupt the medical imaging communications market and, importantly, increase the accuracy and speed of diagnosis.

Chairman and Chief Executive's Statement

Feedback has made strong progress during the period. The standout achievement was receipt of the CE mark - confirming use of Bleepa as a Class 1 Medical Device. This was key in providing further confidence in the imaging app and setting it apart from unregulated competitors whilst creating a strong barrier to entry. In addition to this, we further developed the technology platform, its security offering and routes to market and are encouraged by the response received to date.

The focus during the period was very much on establishing a platform for growth and increasing our marketing and development opportunities. To that end, we were delighted to raise £5.27m (before expenses) via a placing and open offer in July 2020, enabling the Company to focus investment on sales, product development and geographic expansion. Importantly, we strengthened our marketing team and hired an integration specialist in order to help increase the speed of roll out. Furthermore, investment into our infrastructure and operating platform has laid the foundations for product enhancements, making Bleepa more attractive to a wider audience.

Product enhancement focused on three areas; scalability - through the creation of a cloud infrastructure that will enable Bleepa to be deployed more cost effectively and ensure that performance is maintained during peak usage; security – through integration with hospital user administration systems that enable customers to manage user accounts (also reducing our administrative costs); and the addition of new key features following customer feedback and market opportunities.

These included improvements to the image viewer to enhance the user experience, further differentiating Bleepa from competitors and enhancing the CE marked features. Additionally, the development of photocapture enables clinical users to use Bleepa to acquire clinical photos of wounds and lesions in a unique zero footprint method. We also added document management functionality to enable Bleepa to store and present non imaging patient information such as laboratory reports. The photocapture module opens up wider clinical opportunities in the fields of dermatology and community wound management, with document management enhancing the value proposition of Bleepa in the multidisciplinary team (MDT) setting.

The NHS remains a key cornerstone of our growth market – with ongoing trials at The Royal Oldham Hospital, part of the Pennine Acute Hospitals NHS Trust based around Manchester, and the Royal Papworth Hospital NHS Foundation Trust in Cambridge continuing to progress following positive feedback and renewals. Active discussions continue with Pennine and a number of other NHS sites.

While COVID has been an unpredictable force in this last year, it has clearly shown the need for Bleepa within the clinical setting - with the app being actively used as a tool within the COVID response at The Royal Oldham Hospital. As at 30 November 2020, there were 359 Bleepa users across 10 specialties at Royal Oldham Hospital, an increase of 274 users since completion of the pilot. However, while we were able to demonstrate the benefits of Bleepa, COVID has understandably consumed the bandwidth of NHS providers across the UK, extending the timescales on new engagements being finalised.

It was hoped that the NHSx Clinical Communication Tool Framework would stimulate engagement with our much-needed technology. However, at the time of writing, the directors believe that there has been no award made from the framework to any NHS Trust - testament to the fact that, even when a payment mechanism exists, Trusts have not had the bandwidth to engage due to COVID pressures. Despite these pressures we have made good headway with NHS stakeholders and have built the value proposition in partnership with our existing deployments in anticipation of being ready to address the post COVID landscape and opportunities. As providers begin to recover from the acute COVID pressures we are confident that Bleepa is now well positioned to meet their requirements and we are already seeing increased engagement from a number of Trusts.

Growth within the NHS is currently focused on individual trusts. However, we are increasingly looking at supporting wider regional service delivery and we believe that there is significant opportunity to implement solutions within a broader structure, which drove our transition from on-premise to cloud-based installation capabilities. Additionally, given the product enhancements we implemented during the period, we are now positioned to address wider clinical audiences and market opportunities.

Anticipating potential COVID delays with NHS opportunities, we took steps early in the pandemic to explore adjacent opportunities for Bleepa in different segments and have made strong groundwork in appealing to a wider customer base outside of the NHS – providing the Company with a number of new potential routes to market. These activities culminated in the Company joining a successful trade mission to India with the Department of International Trade in December 2020. This trade mission generated many promising leads that the Company is now pursuing and has led to the engagement of two contractors on the ground in India to help convert these opportunities.

Operational review

Bleepa™

The Company made strong progress in developing the Bleepa proposition. Post receipt of the CE Mark, Bleepa was added to the NHSx National Clinical Communication Tool Framework ("the NCCT Framework") in July 2020. This was an important development as it provides a vehicle for NHS Trusts to buy Bleepa by drawing down from a £3 million centralised fund over a two-year period. It also gives Bleepa national coverage and provides an independent validation of the quality and suitability of Bleepa for frontline delivery, a stamp of approval that the Company can use to also drive sales in other markets. COVID has impacted the NHS's ability to focus outside of the immediate pandemic, but with positive ongoing discussions across multiple Trusts and potential easing of pressure on the NHS resources, we are confident in progressing these talks.

Additionally, we made further functionality enhancements by adding 3D imaging through our partnership with Axial3D. The collaboration enhances our cross-selling capabilities and is the first example of the Company's strategy to leverage its growing userbase to generate supplementary revenue, over and above the main user licence fee. We see this as an important development given our focus on broadening revenue streams from existing users and targeting a wide number of end users. We are currently working with Axial3D to identify an initial deployment site for the joint offering.

Bleepa's selections as a World Innovation Summit for Health (WISH) 2020 Innovation Booster and to participate in the Digitalhealth.London 2020 Accelerator Programme provided further welcome endorsements. Participation as an Innovation Booster at WISH 2020, an event to showcase our technology to the Middle Eastern market, provided an opportunity for the Company to exhibit Bleepa to some of the world's leading health experts, health ministers, decision-makers, and investors and we are now formulating a targeted approach into this market. Furthermore, it offers a support programme to launch into the Middle-Eastern market. Given the potential global scalability of the product, we were able to address a new potential market and to further develop the Company's international recognition.

The Digitalhealth.London 2020 Accelerator Programme aims to help 20 small and medium sized health technology companies implement its innovations into the NHS, particularly in London – and Bleepa's inclusion is recognition of the product's potential to disrupt the healthcare market and improve care delivery. There is myriad of complex care delivery challenges that occurs in London as a result of numerous teams speaking and connecting with each other, and Bleepa provides an optimised solution to these challenges. Participation in the programme will provide foundations for Bleepa to strengthen its potential reach across London. Bleepa also received High Commendation from the HTN awards for its rapid response to COVID, with our partners at Pennine Acute Hospitals NHS Trust taking the prize.

Broadening International Commercial Partnerships

Post period end, Bleepa was selected by Healthcare UK, part of the Department for International Trade ("DIT"), to join a virtual healthcare mission to India, providing further recognition of its functionality and potential market reach. India is key to our international expansion and following the successful event, we have now employed two specialists based in India to aid our entry into this large and untapped market.

We are focused on providing solutions to a range of territories, all of which have slightly different requirements and potential revenue models. The importance here is in ensuring that we are able to offer attractive solutions that can be implemented quickly and easily within existing entities.

Our ability to target a growing range of potential end users was significantly enhanced during the period as we focused on product development, and we believe that we now have the tools in place to unlock value and to become the medical communication app of choice.

Receipt of Cyber Essentials Plus and ISO 27001 certification highlights our commitment to providing clinicians with the right tools for the job and will give customers confidence about the security of data on the platform. This further reflects the importance of investment undertaken during the period - with additional security, product upgrades and new functionality paramount in helping to further cement credibility and growth opportunities.

Other Products

As previously reported, TexRAD sales have continued to decline in line with expectations, and in line with our strategy we have reduced the resourcing of this product to a minimum. Cadran continues to be employed in current contracts across a number of Trusts. Bleepa has evolved from the Cadran technology and works both with current PACs and cloud based systems. Therefore, we are confident that Bleepa offers a standalone solution for Trusts looking to advance their medical communications structures/practices.

Strengthening the Board

In July 2020, Philipp Prince joined the Company as an Independent Non-Executive Director, bringing strong capital markets and PLC experience to the Company. Given his background, he further strengthens the Board's ability to deliver a strong growth platform for Bleepa.

Financial review

In the six months to 30 November 2020, the loss after tax increased to £723k (H1 2019: loss £603k) due to a higher cost base following the recruitment programme to drive new opportunities and the development and deployment of the Company's flagship product, Bleepa. Loss before interest, tax and amortisation was £920k (H1 2019: loss £698k). During the period, Feedback invested £672k with Future Processing on software development of Bleepa (H1 2019: £301k). 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 2020 was £3.78m (30 November 2019: £1.53m) following the equity fundraise in July 2020, raising £5.27m before expenses.

In light of the pandemic, all staff are working remotely from home and the Company has renegotiated new rates at its physical locations to minimise spend. We have seen a further reduction in travel and associated business expenses as all customer engagements and product deployments are now fully remote. All spend is targeted at driving new business opportunities with tailored marketing to specific clinical audiences and management stakeholders as well as product development streams linked to qualified market opportunities. The Board considers the investments made to date and the current rate of spend to be necessary to position Bleepa to capitalise on the range of opportunities identified, especially in the post COVID period. All investments are kept under regular review to ensure maximum shareholder value is created.

Outlook

Feedback has continued to make significant developments in its transition to the mobile medical communications market - continuing to invest in further augmenting and expanding Bleepa's offering.

As the restrictions imposed by the global pandemic subside, we are confident in our ability to build on the strong foundations we have now laid, and to deliver the next key milestones for the Company. Feedback is continuing commercial discussions, and while the pandemic slowed progression of Bleepa within the NHS, we are now seeing improvement in the pace of these talks, as well as a growing interest outside of the NHS and internationally.

With Bleepa's considerable flexibility, we have been able to make great strides in strengthening its proposition through achieving the CE mark, adding new 3D imaging technology and gaining industry-standard cyber security certifications, the product now has a broadened and mature offering. Alongside its cloud-based installation scalability, Bleepa is well placed to build a strong presence in numerous markets internationally. Importantly, we have an exciting pipeline of opportunities which has grown significantly on the back of the progress made during the period. Commercialisation is clearly the key priority and we believe that we will make strong headway in this area in the coming months.

Dr T Oakley, CEO
Prof R Shaw, Chairman

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited Six months to 30 November 2020 £'000	Unaudited Six months to 30 November 2019 £'000	Audited Year to 31 May 2020 £'000
Revenue		165	269	450
Cost of sales		(1)	(4)	(2)
Gross profit		164	265	448
Other operating expenses		(1,082)	(956)	(1,863)
Operating loss		(918)	(691)	(1,415)
Net finance income		-	-	1
Loss on ordinary activities before taxation		(918)	(691)	(1,414)
Tax credit		195	88	327
Loss on ordinary activities after tax attributable to the equity shareholders of the Company		(723)	(603)	(1,087)
Total comprehensive loss for the period		(723)	(603)	(1,087)
LOSS PER SHARE (pence)				
Basic and diluted	2	(0.07)	(0.13)	(0.22)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Capital Reserve	Retained Earnings	Translation Reserve	Share Option Reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 June 2019	933	3,777	300	(4,115)	(210)	261	946
New Shares issued	417	1,583	-	-	-	-	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
Share option expense reserve	-	-	-	42	-	(42)	-
Total comprehensive expense for the period	-	-	-	(435)	-	-	(435)
At 31 May 2020	1,350	5,221	300	(5,111)	(210)	219	1,769
New Shares issued	1,317	3,952	-	-	-	-	5,269
Costs associated with the raising of funds	-	(313)	-	-	-	-	(313)
Total comprehensive expense for the period	-	-	-	(723)	-	-	(723)
At 30 November 2020	2,667	8,860	300	(5,834)	(210)	219	6,002

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 November 2020 £'000	Unaudited 30 November 2019 £'000	Audited 31 May 2020 £'000
	Notes			
ASSETS				
Non-current assets				
Property, plant and equipment		26	11	11
Intangible assets	3	1,979	753	1,297
		2,005	764	1,309
Current assets				
Trade receivables		-	144	100
Corporation tax		522	247	327
Other receivables		94	18	30
Cash and cash equivalents		3,776	1,526	732
		4,392	1,935	1,189
Total assets		6,397	2,699	2,498
EQUITY				
Capital and reserves attributable to the Company's equity shareholders				
Called up share capital		2,667	1,350	1,350
Share premium account		8,860	5,221	5,221
Capital reserve		300	300	300
Translation reserve		(210)	(210)	(210)
Share option expense reserve		219	261	219
Retained earnings		(5,834)	(4,718)	(5,111)
Total equity		6,002	2,204	1,769
Current liabilities				
Trade payables		180	143	119
Other payables		215	346	600
		395	489	719
Non-current Liabilities				
Other payables		-	6	10
Total liabilities		395	495	729
TOTAL EQUITY AND LIABILITIES		6,397	2,699	2,498

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30 November 2020 £'000	Unaudited Six months to 30 November 2019 £'000	Audited Year to 31 May 2020 £'000
Cash flows from operating activities			
Loss before tax	(918)	(691)	(1,414)
<i>Adjustments for:</i>			
Depreciation and amortisation	2	7	30
Share based payment expense	-	-	50
Net finance income	-	-	1
Decrease in trade receivables	100	58	103
(Increase)/Decrease in other receivables	(64)	13	11
Increase in trade payables	61	111	88
Increase/(Decrease) in other payables	(395)	(143)	95
Corporation tax received	-	91	249
	(296)	137	627
Net cash used in operating activities	(1,214)	(554)	(787)
Cash flows from investing activities			
Purchase of tangible fixed assets	(14)	(12)	(7)
Purchase of intangible assets	(684)	(310)	(876)
Net finance income received	-	-	1
Net cash used in investing activities	(698)	(322)	(882)
Cash flows from financing activities			
Net proceeds of share issue	4,956	1,861	1,861
Net cash generated from financing activities	4,956	1,861	1,861
Net increase in cash and cash equivalents	3,044	985	192
Cash and cash equivalents at beginning of period	732	541	541
Cash and cash equivalents at end of period	3,776	1,526	733

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 2020.

The information set out in this interim report for the six months ended 30 November 2020 does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The accounts for the year ended 31 May 2020 have been filed with the Registrar of Companies.

This interim report was approved by the directors on 22 February 2021.

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 2020 £'000	Unaudited Six months to 30 November 2019 £'000	Audited Year to 31 May 2020 £'000
Net loss attributable to ordinary equity holders	(723)	(603)	(1,087)
	Six months to 30 November 2020	Six months to 30 November 2019	Year to 31 May 2020
Weighted average number of ordinary shares for basic earnings per share	971,380,047	449,131,065	498,854,027
Effect of dilution:			
Share Options	-	-	-
Warrants	-	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	971,380,047	449,131,065	498,854,027
Loss per share (pence)			
Basic	(0.07)	(0.13)	(0.22)
Diluted	(0.07)	(0.13)	(0.22)

3. INTANGIBLE ASSETS

	Software £'000	Customer relationships £'000	Patents £'000	Goodwill £'000	Total £'000
Cost					
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
Additions	564	-	2	-	566
At 31 May 2020	1,903	100	165	272	2,440
Additions	672	-	12	-	684
At 30 November 2020	2,575	100	176	272	3,124
Amortisation					
At 31 May 2019	645	100	97	272	1,114

Charge for the period	-	-	7	-	7
As at 30 November 2019	645	100	104	272	1,121
Charge for the period	-	-	22	-	22
At 31 May 2020	645	100	126	272	1,143
Charge for the period	-	-	2	-	2
At 30 November 2020	645	100	128	272	1,145

Net book Value

At 30 November 2020	1,930	-	48	-	1,979
At 31 May 2020	1,258	-	39	-	1,297
At 30 November 2019	694	-	59	-	753

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.