



UK Individual Shareholders' Society Presentation

October 2023

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CEO

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About the Group

Inspiration Healthcare designs, manufactures and markets pioneering medical technology that saves lives and improves the outcomes of patients starting with the very first breath of life



Outcome Changing



Research Driven



Pioneering



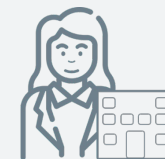
Patient Focused



Distribution in 75+ Countries



British Based Manufacturing



200+ Employees

Manufacturing and Technology Centre – Croydon

4,200m² State of the Art New Facility



2,000m² Manufacturing & Warehousing



1,100m² Office & Education Centre



600m² Research & Development Facility



500m² Technology Support Centre



Optimising efficiency



Improved customer education facilities



Staff well-being



Low carbon footprint

H1 FY24 Highlights

Underlying growth from core Neonatal and Infusion businesses

Neonatal



Neonatal revenues grew 4% to £16.1m (like for like up 11%)

Product range expansion



SLE6000 Non-invasive ventilators

Infusion Therapies



Infusion Therapies revenues of £4.3m due to customer de-stocking (like for like up 18%)

Property portfolio streamlined



Closed Leicestershire (from Sept '23); Crawley (from Feb '23)

Regulatory Initiatives



Medical Device Single Audit Program commenced

Strengthened Board



Alan Olby CFO
Marlou Janssen NED

Post Period End



FDA Submission: SLE6000 Ventilator
LifeStart USA model launched

H1 FY24 Financial Highlights

Cash generation and increased margins

Revenue



£20.4m

(H1 FY2023: £20.5m)

Gross
Margin



48.6%

(H1 FY2023: 45.1%)

Adjusted
EBITDA¹



£1.8m

(H1 FY2023: £2.2m)

Adjusted
Operating
Profit³



£0.6m

(H1 FY23 £1.0m)

Operating
Cash Flow



£3.5m

(H1 FY23 £(0.5)m)

Net
Debt²



£(2.1)m at 31 July 2023

£(3.8)m at 31 January 2023

Interim
Dividend



0.205p per share

(FY2022: 0.205p)

¹ Earnings before interest, tax, depreciation, amortisation, impairment, share based payments and non-recurring items

² Cash and cash equivalents less revolving credit facility and invoice financing borrowings

³ Adjusted for non-recurring items

Neonatal Intensive Care: A large & growing market

Neonatal Global Growth Drivers

- Increase in healthcare infrastructure
- Increase in premature birth
- Technology advancements
- Increase in affordability



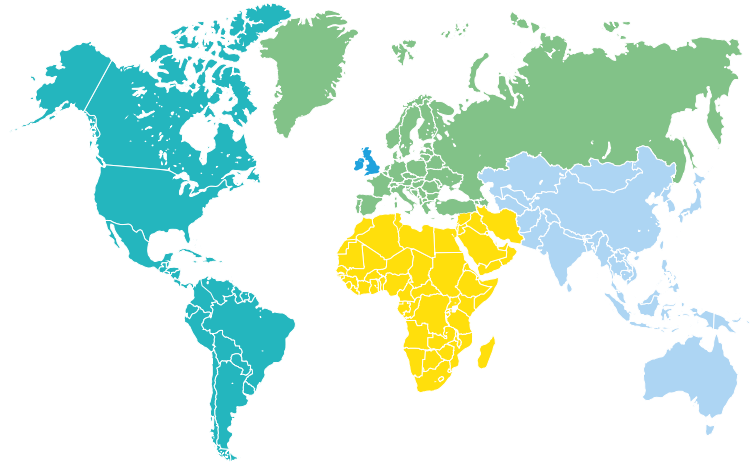
Every year, an estimated 15 million babies are born preterm^{1,2} and this number is rising³



Neonatal Intensive Care⁴
\$7.7bn



~£1,500 cost per baby per day in neonatal intensive care



Neonatal Market CAGR by Region

United Kingdom
7.8%

Europe
7.7%

Americas
8.2%

Asia Pacific
7.0%

Middle East / Africa
8.2%

Source: GVR (Grand View Research)
Market Insight Data Report

Sources:

- (1) Before 37 completed weeks of gestation
- (2) Global, Regional & National estimates of levels of preterm birth 2014 – Chawanpaiboon et al 2019
- (3) Global, regional, and national causes of under-5 mortality in 2000–15 – Liu L et al 2016
- (4) Berkshire Hathaway 2022. Worldwide Neonatal Intensive Care Unit Industry is expected to grow with a CAGR of 6.46% from 2021 to 2027

Broad portfolio of innovative, best-in-class specialist neonatal products

Neonatal Intensive Care Devices – Capital and Disposables Revenue Streams

Approx Two Thirds Capital vs One Third Recurring

Our Neonatal Products



Inspire rPAP
(Patented)



Inspire nCPAP



FirstBreath™ nCPAP
(3 patents granted)



Breathing
Circuits



Ventilators



Unique+ CFM



LifeStart™

Strong Strategic Progress and Future Plans

Growth Driver	Details	Recent Progress	Future Milestones
Maximise revenues from existing products & markets	Optimising opportunity for all products where regulatory clearance exist	Neonatal Revenues Grew by 4% New therapy areas for infusion launched Launched new website	Further develop website Improve distributor management
Geographic Expansion	Expanding opportunity for existing products through regulatory clearance into new markets	Initiated Medical Device Single Audit Program across Group FDA submission filed for SLE6000 ventilators	Finalise audits to get MDSAP certificate Gain FDA Clearance for SLE6000 Register products in Canada
Product Development	Expanding product portfolio through in-house Research and Development	SLE6000 range extended LifeStart – US Model Launched Completed Trial for Project Wave	Launch new respiratory capital device Finalise Project Wave commercial plan

Infusion Therapies – What we do



Distributor of Infusion Devices including capital, consumables, various accessories and tech support



Customers include: Homecare providers, Acute NHS Trusts, Air Ambulance Services



Therapy areas include: Parenteral Nutrition, Pain, Palliative Care, Oncology, Immunoglobulin



Dedicated trainers: End users & clinicians (in hospital and home)

Infusion Therapies: H1 Overview & Future Growth Opportunities

Revenue



Revenues of £4.3m reduced by £0.6m (12%)
De-stocking over (customer ordering again)
18% growth from other customers

Business Initiatives



Expanding therapy areas (post-op pain, regional anaesthesia, epidural)
Exploit gap in the market caused by competitor technical / regulatory challenges

NHS opportunity



NHS strategy to discharge patients home for continued care

- creates opportunity for ambulatory products with remote monitoring

Future Plans



Launch of the new range of distributed devices:

- New features include RFID, WIFI enabled and remote monitoring
- New products will support the NHS through digital transformation

Investment case: Building on solid foundations



Revenue generating, cash generative, profitable, dividend paying – whilst addressing a critical need



Strong leadership track record with ability to build successful product pipeline to enable regional expansion



World class expertise and portfolio of best-in-class, innovative products



Deep, long-term relationships with customers and partners



Well positioned for future growth, with an established commercial footprint and clear and focused commercial strategy



Proven M&A and organic growth

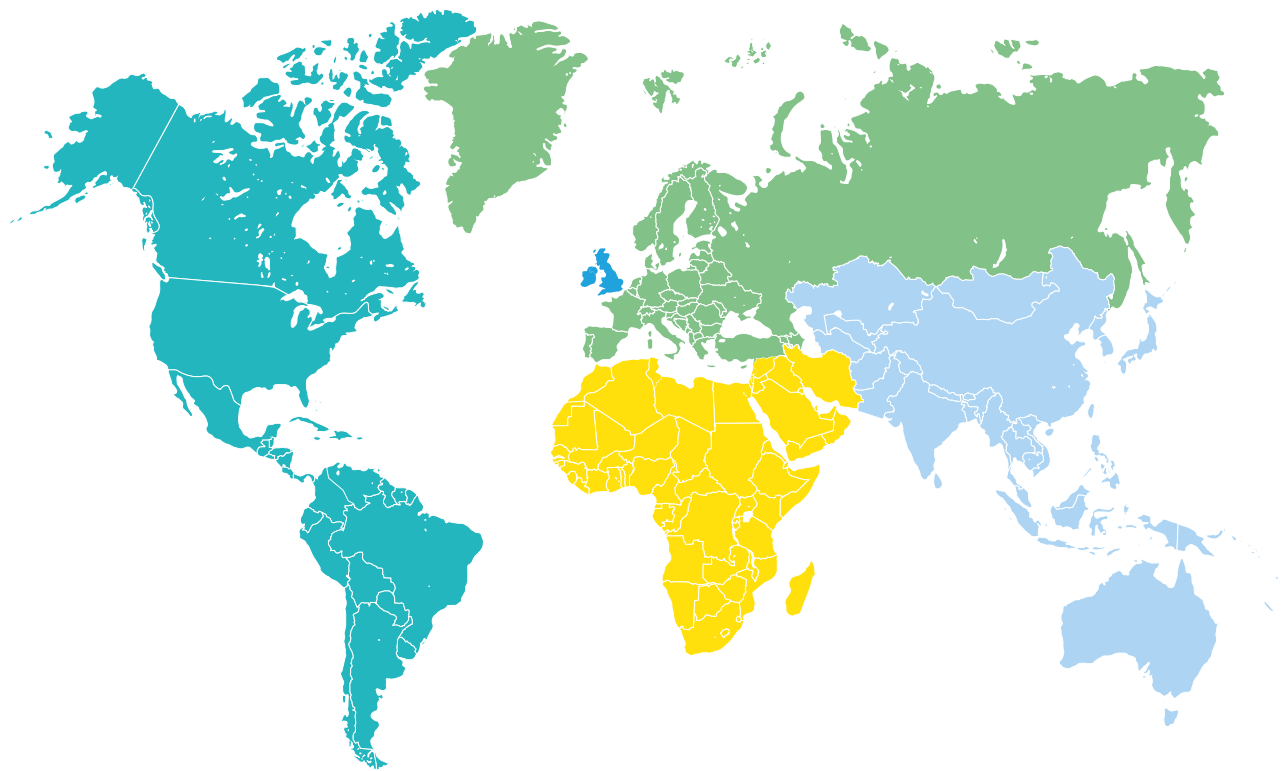
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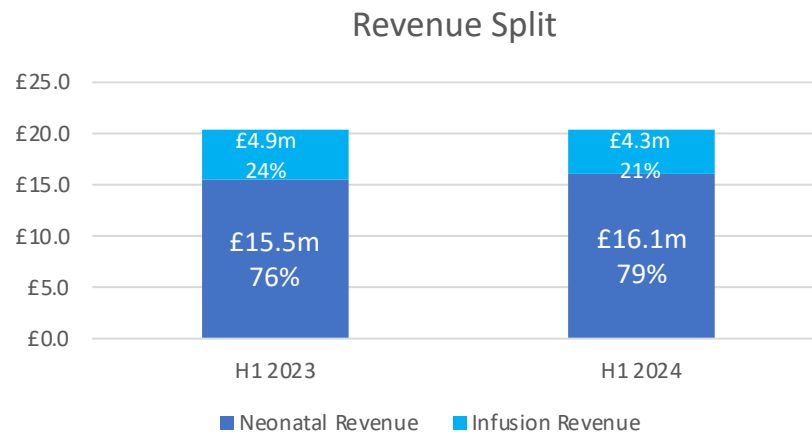
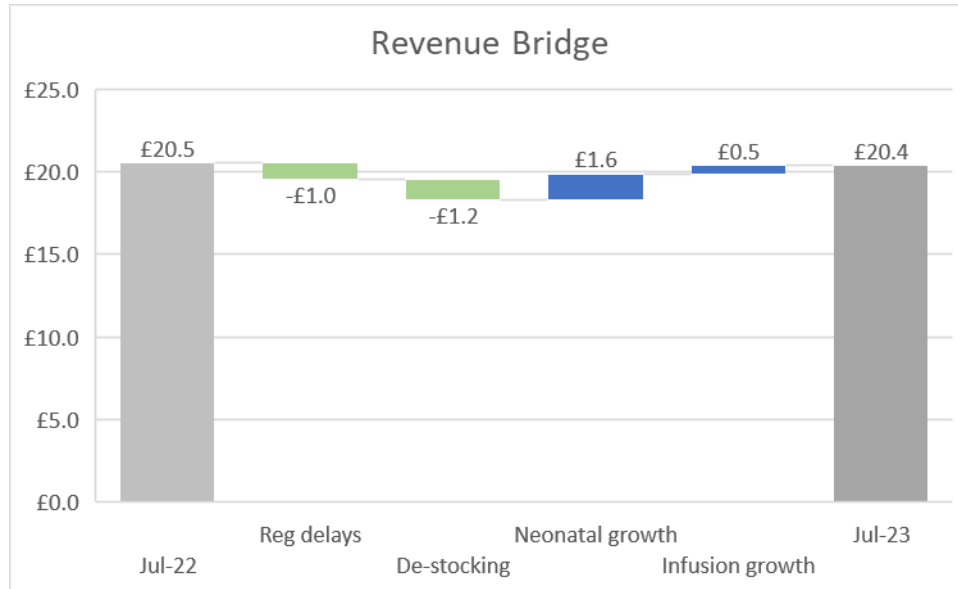
APPENDIX

Revenue by geography



Domestic	£9.7m	H1 2024: 48%	H1 2023: 54%
Europe	£3.2m	H1 2024: 15%	H1 2023: 8%
Americas	£1.1m	H1 2024: 6%	H1 2023: 3%
Asia Pacific	£3.1m	H1 2024: 15%	H1 2023: 23%
Mid East & Africa	£3.3m	H1 2024: 16%	H1 2023: 12%

H1 Revenue



- Neonatal revenues grew 4% overall
- Loss of £1.0m revenue from regulatory delays to products distributed by the Group
- Core neonatal revenues grew by 11% like-for-like driven by SLE6000 ventilator
- Infusion products £4.3m impacted by de-stocking by leading customer
- Like-for-like infusion product revenues grew 18%

Margin and EBITDA

Gross
Margin



H1 FY2023 45.1%



H1 FY2024 48.6%

Adjusted
EBITDA¹



H1 FY2023 £2.2m

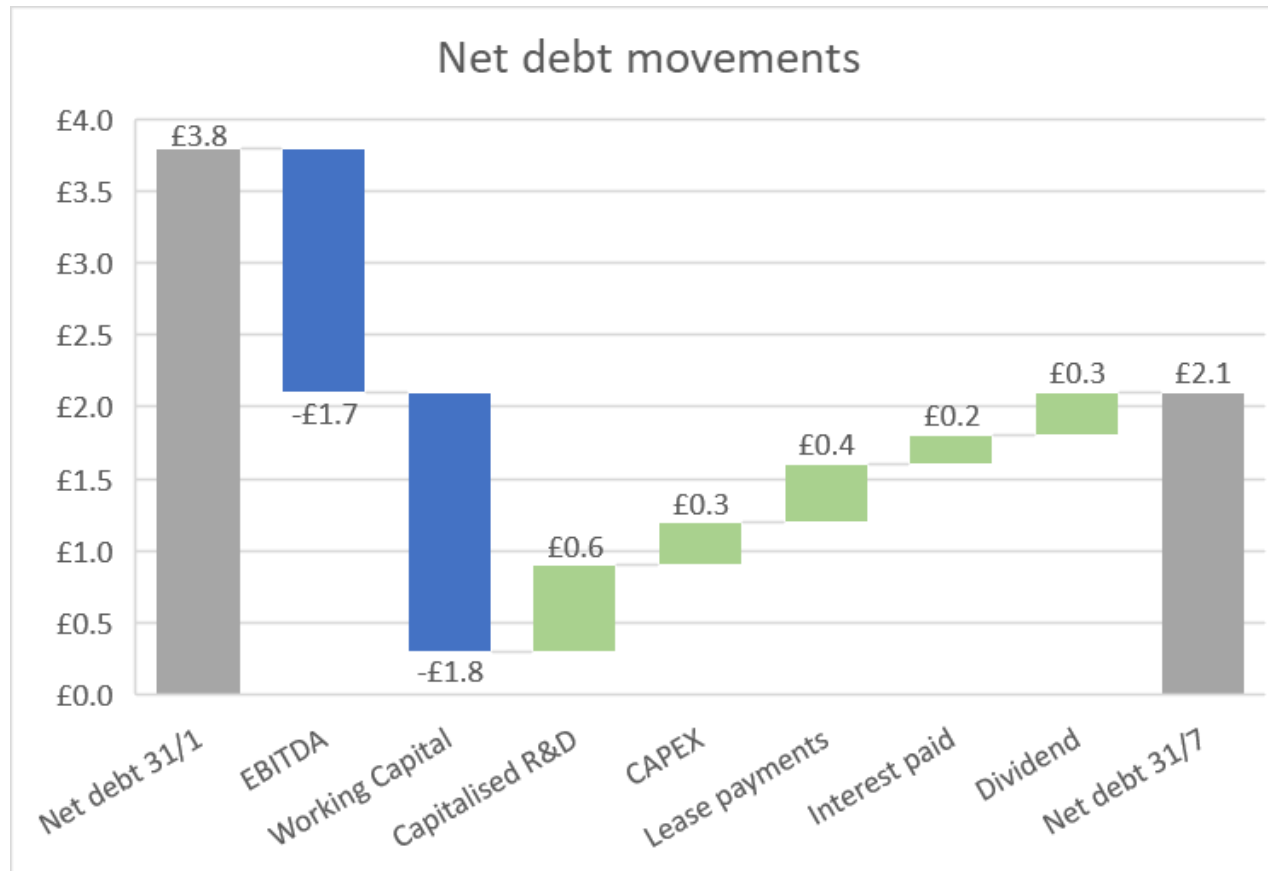


H1 FY2024 £1.8m



- Favourable product mix increased margins driven by sales of core neonatal revenues
- Overheads increased primarily due to wage inflation, travel and regulatory costs

H1 Cash flow – improvement in net debt



- Strong operating cash generation of £3.5m
- Working capital reduction of £1.8m driven by reduction in receivables
- Inventory remains high due to ongoing supply constraints and need to meet customer demand
- New manufacturing and technology centre in Croydon completed in FY2023
- The Group retains its £5m revolving credit facility and up to £5m invoice discounting facility
- Headroom of almost £8m at 31 July

Income Statement

	<i>H1 FY 2024</i> <i>£'000</i>	<i>H1 FY 2023</i> <i>£'000</i>
Revenue	20,370	20,523
Gross Profit	9,898	9,262
<i>Gross margin</i>	48.6%	45.1%
Admin. expenses pre non-recurring items	(9,342)	(8,213)
Adjusted operating profit	556	1,049
Non-recurring items	(406)	-
Operating profit	150	1,049
Net finance expense	(290)	(164)
(Loss)/Profit before tax	(140)	885
Income tax	84	(119)
(Loss)/Profit after tax	(56)	766
Adjusted EBITDA¹	1,760	2,203
<i>Adjusted EBITDA margin</i>	8.6%	10.7%

- Margin improvement due to better product mix
- Operating expenses increased due to wage inflation, regulatory fees, increased travel and FX impact
- Includes restructuring costs arising from office relocations

¹ Earnings Before interest, tax, depreciation, amortisation, impairment, share based payments and non-recurring items.

Cashflow Statement

	H1 FY 2024 £'000	H1 FY 2023 £'000
Cash generated from operations	3,327	(507)
Taxation paid	189	-
Net cash generated from operating activities	3,516	(507)
Cash flows from investing activities:		
Capitalised development costs	(646)	(944)
Purchase of PPE and other intangibles	(269)	(4,121)
Interest received	30	18
Net cash used in investing activities	(885)	(5,047)
Cash flows from financing activities:		
Net lease payments	(285)	(210)
Interest Paid	(228)	(177)
Dividends Paid	(280)	(279)
Proceeds from Loans and borrowings	(2,079)	-
Net cash used in financing activities	(2,959)	(666)
Cash and cash equivalents at beginning of year	2,276	9,253
Net decrease in cash and cash equivalents	(328)	(6,220)
Cash and cash equivalents at the year end	1,948	3,033

- Strong improvement in cash generation compared to prior period with reduction in receivables and lower increase in inventory
- Investment in the new Manufacturing and Technology Centre in prior year, now complete
- Reduced drawing on invoice financing facility due to operating cash generation in the period

Balance Sheet

	31 Jul 23 £'000	31 Jan 23 £'000
Non-current assets	30,539	30,795
Inventories	10,493	9,935
Trade and other receivables	10,167	11,888
Net debt	(2,052)	(3,803)
Current liabilities	(8,068)	(7,165)
Net current assets	10,540	10,855
Non-current lease liabilities	(5,852)	(6,176)
Net assets	35,227	35,474

- No further investment in new manufacturing and technology centre
- Inventory increased by £0.6m as supply chain lead times remain extended
- Receivables reduced
- Net debt reduced