

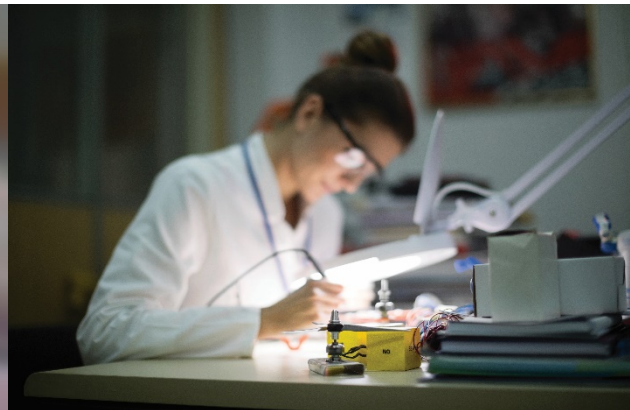


Inspiration Healthcare Group plc
Providing Advanced Medical Technology

Results Presentation –year ended 31 January 2021

Neil Campbell – CEO
Jon Ballard – CFO

www.inspirationhealthcaregroup.plc.uk



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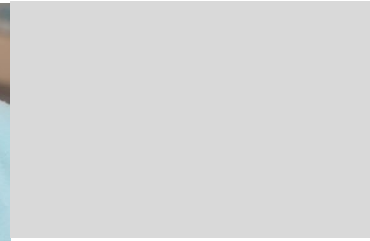
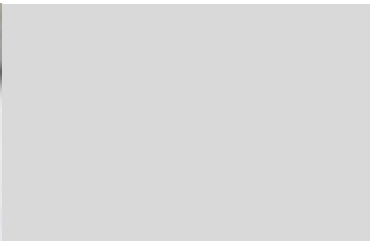
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About Us

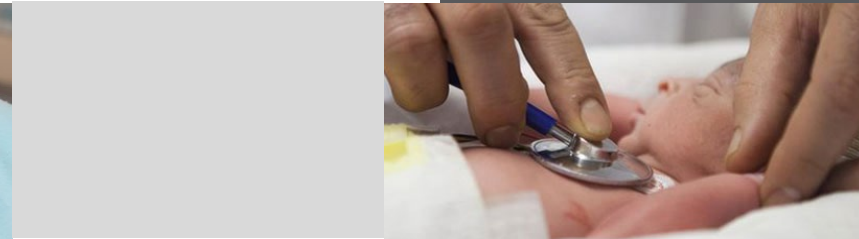
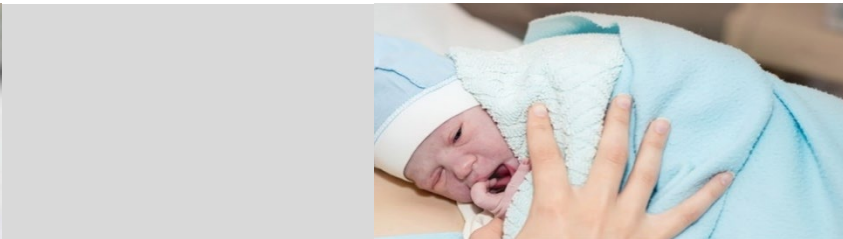


- A British based Medical Technology Company focused on Neonatal Intensive Care
- Profitable, growing, cash generative business
- 200+ staff across 5 UK sites
- Strong IP portfolio (in-house and licenced patents on 5 product groups)
- Strong brand recognition within sector
- Global reach with product sales in over 75 countries including: USA, China, Japan, Russia, India & across the EU



Strategic Highlights – 31 January 2021

- Acquisition of leading Neo-natal ventilator manufacturer, SLE Ltd, transforming scale, profitability and geographic reach of the Group
- Assisted NHS response to Covid-19 by sourcing ventilators, providing technical advice to the Ventilator UK Challenge consortium and providing a 24/7 support line
- Integration of Viomedex and SLE acquisitions including plans to relocate manufacturing to modern, purpose-designed factories, warehouse and R&D facility
- Strong investor support for share placing to finance acquisition
- Projects for investment in software systems to deliver growth across the Group commenced
- First dividend declared

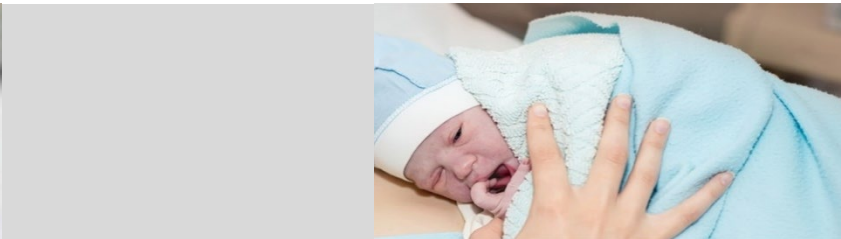


Operational Highlights – 31 January 2021

- Maintained and invested in core skills and staff throughout the pandemic
- Strengthened management team with appointment of new Chief Operating Officer, Vice President - Clinical, Innovation and Compliance, and stronger operational management
- Significant one-time revenues of £7.3m relating to Covid-19 response
- Agreed to establish a Charity focused on Neonatal Research
- Brexit import and export issues managed with limited business disruption
- Increased net cash position enabling further investments to drive growth
- Patents granted for FirstBreath nCPAP / Project Wave
- Project Wave trial approved – anticipated first patient from end of April 2021

Post year end 2021:

- New corporate website (www.inspirationhealthcaregroup.plc.uk)
- Re-branding of Group companies
- Approval in China and Japan for SLE6000 inc. OxyGenie



Impact of COVID-19

- No use of government furlough scheme / maintained skills and capability
- The Group delivered approx. £7.3m (over 500 “one time” adult ventilators) and services to the NHS
- Issues seen around limited change of practice reducing opportunities of some products
- Hospitals focused on current practice (reducing opportunity for changing supplier) and Covid-19 related research

VentilatorChallengeUK

- Inspiration Healthcare Ltd joined the award winning VentilatorChallengeUK consortium
- Inspiration advised on:
 - Bringing life support and ventilator experience from a UK market and user perspective
 - Helping provide some QA process support to aid maintain compliance of Quality Systems
- Inspiration’s remit developed further outside the VentilatorChallengeUK consortium:
 - Contracted through Cabinet Office for expansion of Inspiration’s 24/7 service)
 - For all challenge ventilators as well as Inspiration’s imported ventilators



Selected consortium members

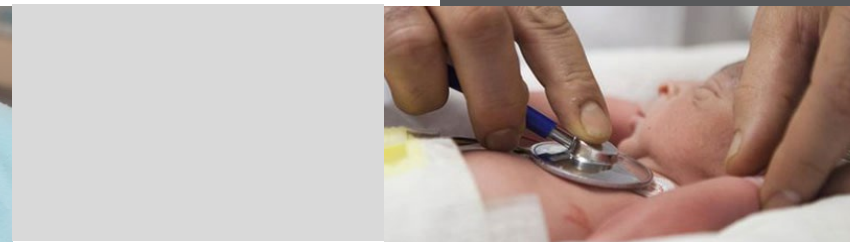
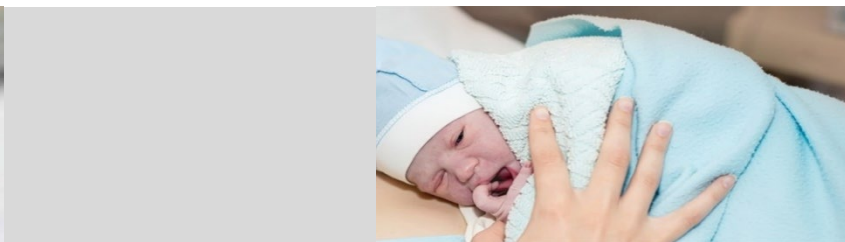


Financial Highlights – 31 January 2021

- Total Group Revenue up to £37.0M (FY2020: £17.8M) compared to same period last year of which
 - £7.3M related to “one off” Covid-19 revenue
 - £9.4M related to SLE acquired 7 July 2020
- Gross Margin up to 48.7% (FY2020: 48.2%)
- Adjusted EBITDA¹ growth of up to £5.6M (FY2020: £2.3M), margin increased to 15.2%
- Adjusted Operating Profit up to £4.3M (FY2020: £1.5M)
- Underlying Diluted EPS² increased 90% to 6.89 pence (2020: 3.62 pence)
- Cash generative, Net cash generated from operating activities £4.7m
- Year end net cash up to £10.7m (FY2020: £4.5M), undrawn £5m RCF available
- Proposed Final Dividend 0.4p

¹ Earnings before interest, tax, depreciation, amortisation, share based payments and non trading items

² Adjusted to exclude £1.0m of non trading items (2020: 0.5m)

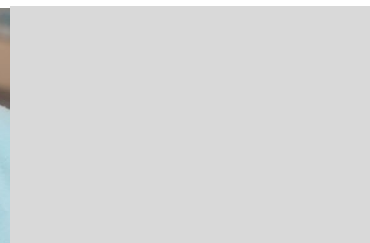
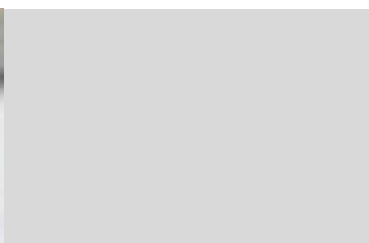


Consolidated Income Statement

	<i>FY 2021</i> <i>£'000</i>	<i>FY 2020</i> <i>£'000</i>	Comments
Revenue	36,980	17,775	<ul style="list-style-type: none"> Increased 108%. £7.3m relates to “one off” Covid-19 revenue and £9.4m relates to SLE revenue since acquisition on 7 July 2020
Gross Profit	18,022	8,572	<ul style="list-style-type: none"> Increased 110%
<i>gross profit margin</i>	48.7%	48.2%	
Adjusted operating profit	4,258	1,521	<ul style="list-style-type: none"> Growth of 180% benefiting from “one off” covid-19 and SLE revenue offset in part by increased expenses.
Non trading items	-1,014	-383	<ul style="list-style-type: none"> £0.4m relates final deferred consideration in relation to the acquisition of Viomedex & £0.6m relates to the acquisition of SLE
Operating profit	3,244	1,138	
Net finance expense	(111)	(12)	
Profit before tax	3,133	1,126	
Income tax	-318	-393	<ul style="list-style-type: none"> Effective tax rate 10.7% (2020: 34.9%) benefiting from R&D tax relief SLE
Profit after tax	2,815	733	
Adjusted EBITDA ¹	5,611	2,272	<ul style="list-style-type: none"> Growth of 147%
<i>Adjusted EBITDA margin</i>	1	15.2%	12.8%

Extracted from the audited financial statements for the year ended 31 January 2021

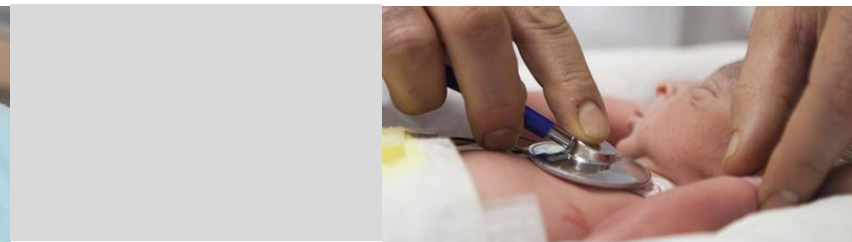
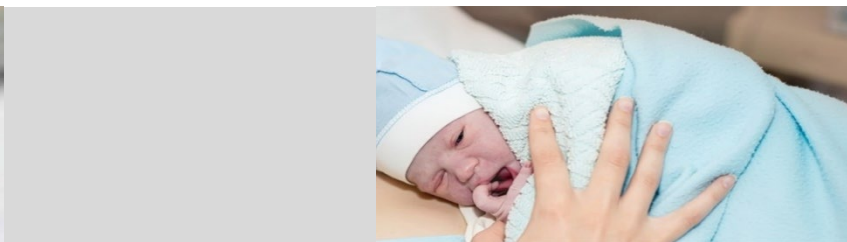
¹ Earnings Before interest, tax, depreciation, amortisation, share based payments and non trading items



Consolidated Balance Sheet

	31 January 2021 £'000	31 January 2020 £'000	Comments
Intangible assets	15,206	3,655	<ul style="list-style-type: none"> • Increase of £11.6m due to the addition of goodwill and intangible assets due to the acquisition of SLE and £0.6m development costs offset by amortisation • Increase due to the acquisition of SLE
PPE	919	496	
Right of use asset	3,102	553	
Total non-current assets	19,227	4,704	
Net Cash	10,653	4,480	<ul style="list-style-type: none"> • Increase due mainly to the acquisition SLE • Increase due mainly to the acquisition SLE. Includes £2.8m of IFRS 16 lease liabilities and £1.0m deferred tax liability in relation to the acquisition of SLE.
Other current assets	13,353	7,296	
Total liabilities excl. borrowings	-11,657	-5,931	
Net assets	31,576	10,549	

Extracted from the audited financial statements for the year ended 31 July 2021






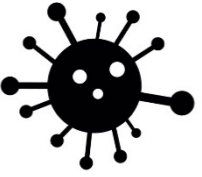

Consolidated Cash Flow

	<i>FY2021</i> <i>£'000</i>	<i>FY2020</i> <i>£'000</i>	Comments
Cash generated from operations	4,944	1,616	
Taxation received	-	104	
Taxation paid	-209	-235	
Net cash generated from operating activities	4,735	1,464	
Cash flows from investing activities:			
Payment for acquisition of subsidiary	-19,457	-3,000	← Acquisition of SLE Ltd, prior year Viomedex limited.
Cash acquired through business combinations	6,314	-	← Cash acquired on acquisition of SLE of which £4.5m distributed through finalisation of the completion account process
Interest received	3	9	
Capex – capitalised development costs	-614	-192	
Capex – PP&E and other intangibles	-306	-187	
Cash flows from financing activities:			
Proceeds from issue of shares	16,967	4,246	← Group second fund raise in relation to SLE Ltd which was oversubscribed
Share issue costs	-957	-250	
Principle elements of lease payments	-262	-149	
Interest paid	-114	-21	← IFRS interest paid on lease payments and RCF facility (undrawn as at 31 January 2021)
Dividends paid	-136	-	
Net increase in cash and cash equivalents	6,173	1,941	
Cash and cash equivalents at the year end	10,653	4,480	

Extracted from the audited financial statements for the year ended 31 January 2021



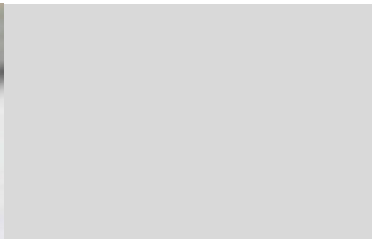
Revenue Breakdown – Sector

Market Sector	Acute Care	Service	Infusion	Covid-19	TOTAL
					
	56% : £20.7m	8% : £3.0m	16% : £6.0m	20% : £7.3m	100% : £37.0m
	72% : £8.3m	10% : £1.1m	0% : £nil	18% : £2.1m	100% : £11.5m
	49% : £12.4m	7% : £1.9m	24% : £6.0m	20% : £5.2m	100% : £25.5m

Figures Reported in GREY = Group Revenue

Figures reported in BLUE = SLE revenue from acquisition of 07 July 20

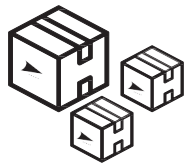
Figures reported in RED = Revenue excluding SLE



Revenue Breakdown – Ownership

Product Ownership

Branded Products

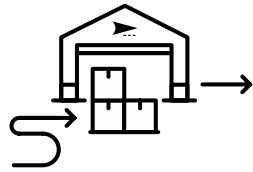


32% : £11.8m

59% : £6.8m

20% : £5.0m

Distributed Products

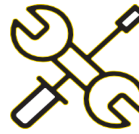


40% : £14.9m

13% : £1.5m

53% : £13.4m

Technology Support

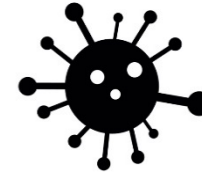


8% : £3.0m

10% : £1.1m

7% : £1.9m

Covid-19

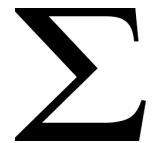


20% : £7.3m

18% : £2.1m

20% : £5.2m

TOTAL



100% : £37.0m

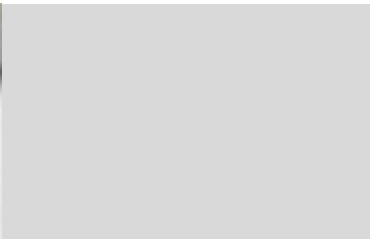
100% : £11.5m

100% : £25.5m

Figures Reported in GREY = Group Revenue

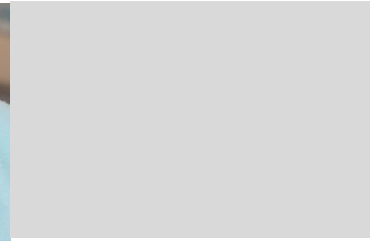
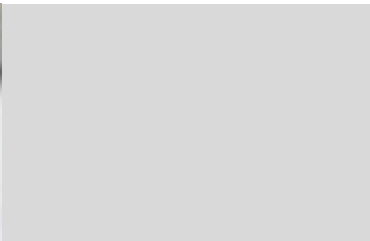
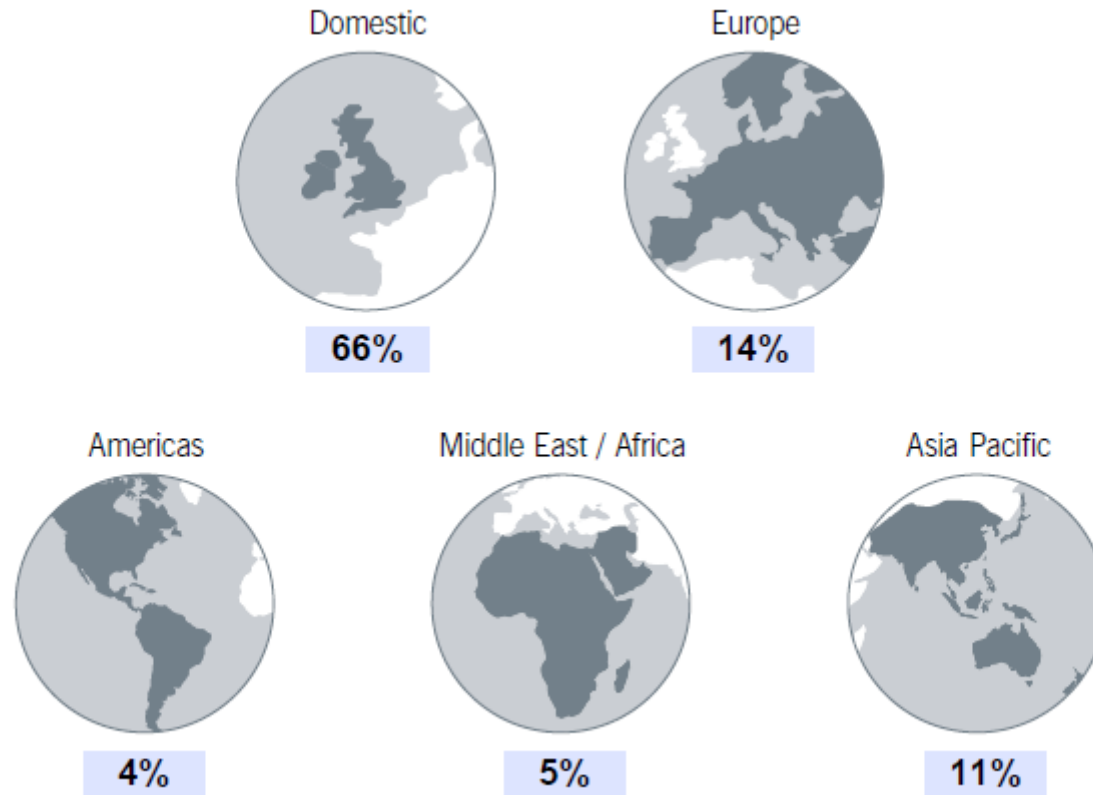
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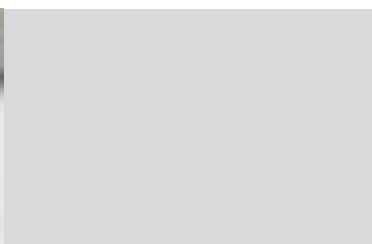
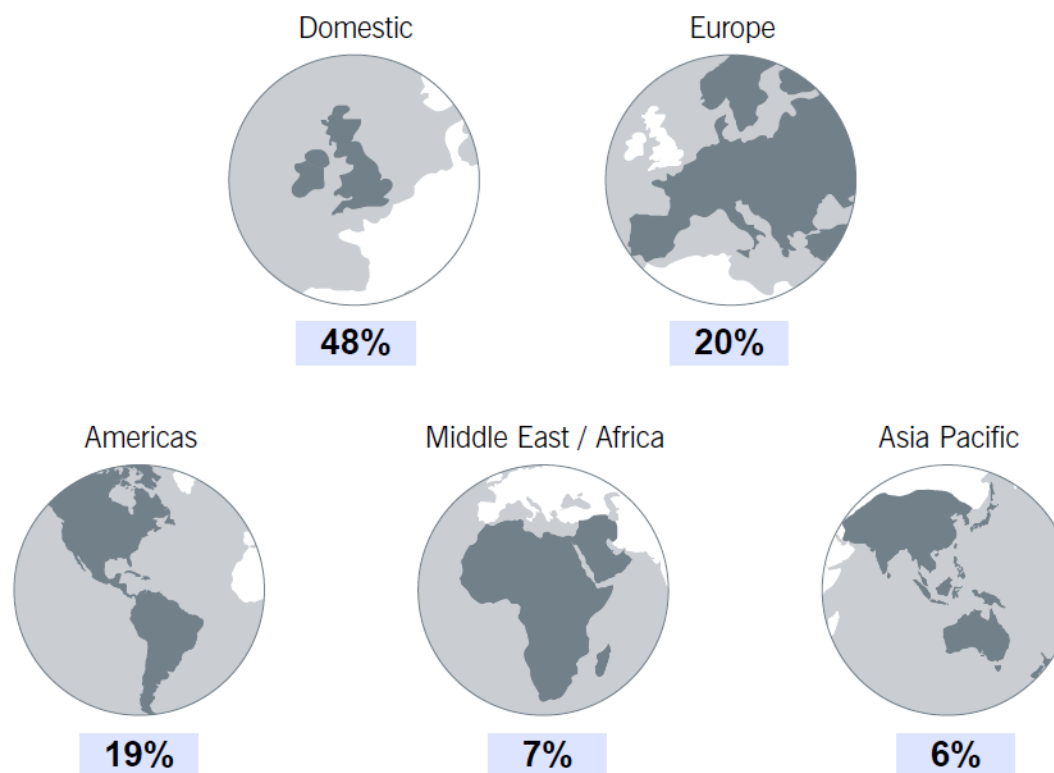
Revenue Breakdown – Geography

Percentage of Revenue by Market FY2021



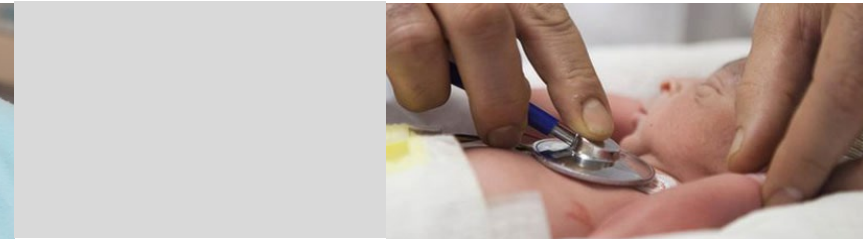
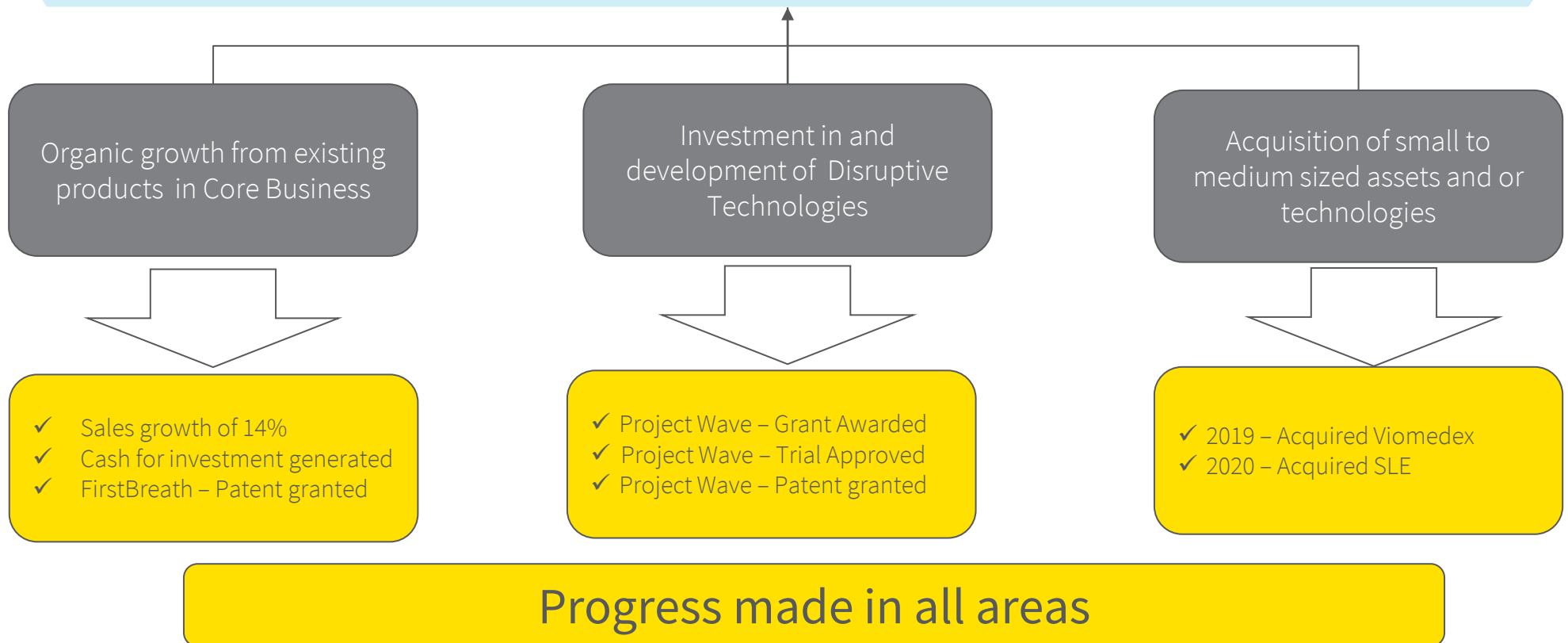
Revenue Breakdown – Geography

Percentage of Revenue by Market excl. Covid-19 (7 months July 20-Jan 21)

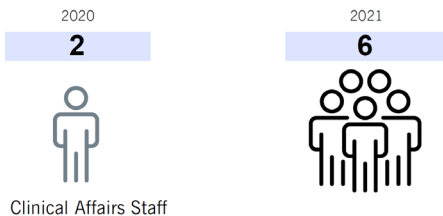
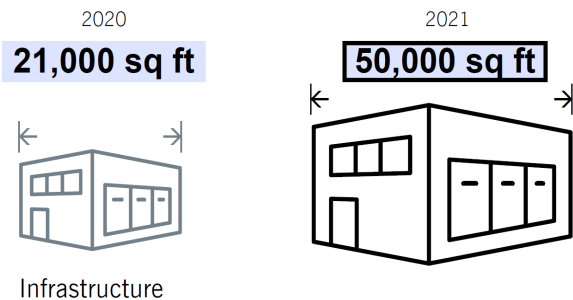
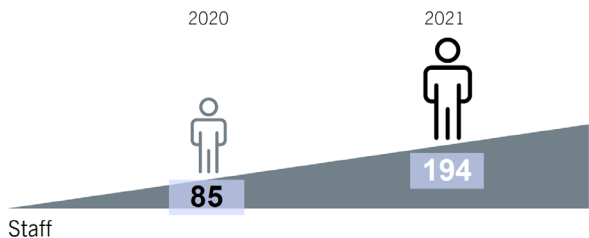
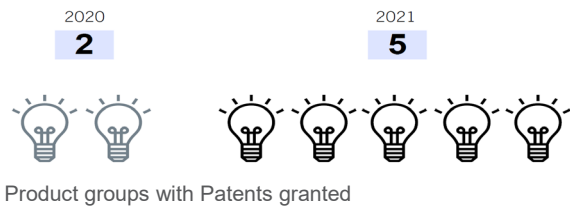


Our Ambition & Strategy

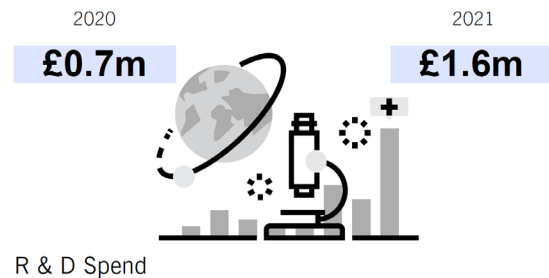
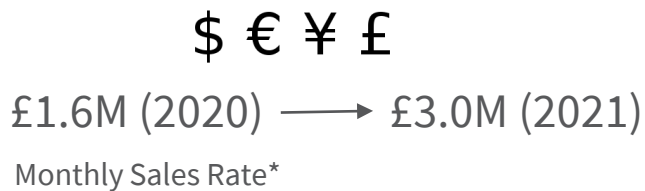
Become a global leader in neonatal intensive care equipment
Targeting £100m revenue & c.15% EBITDA margin in the medium term



Transforming - Our Business



POST-ACQUISITION STATUS



*ave. run rate for second half



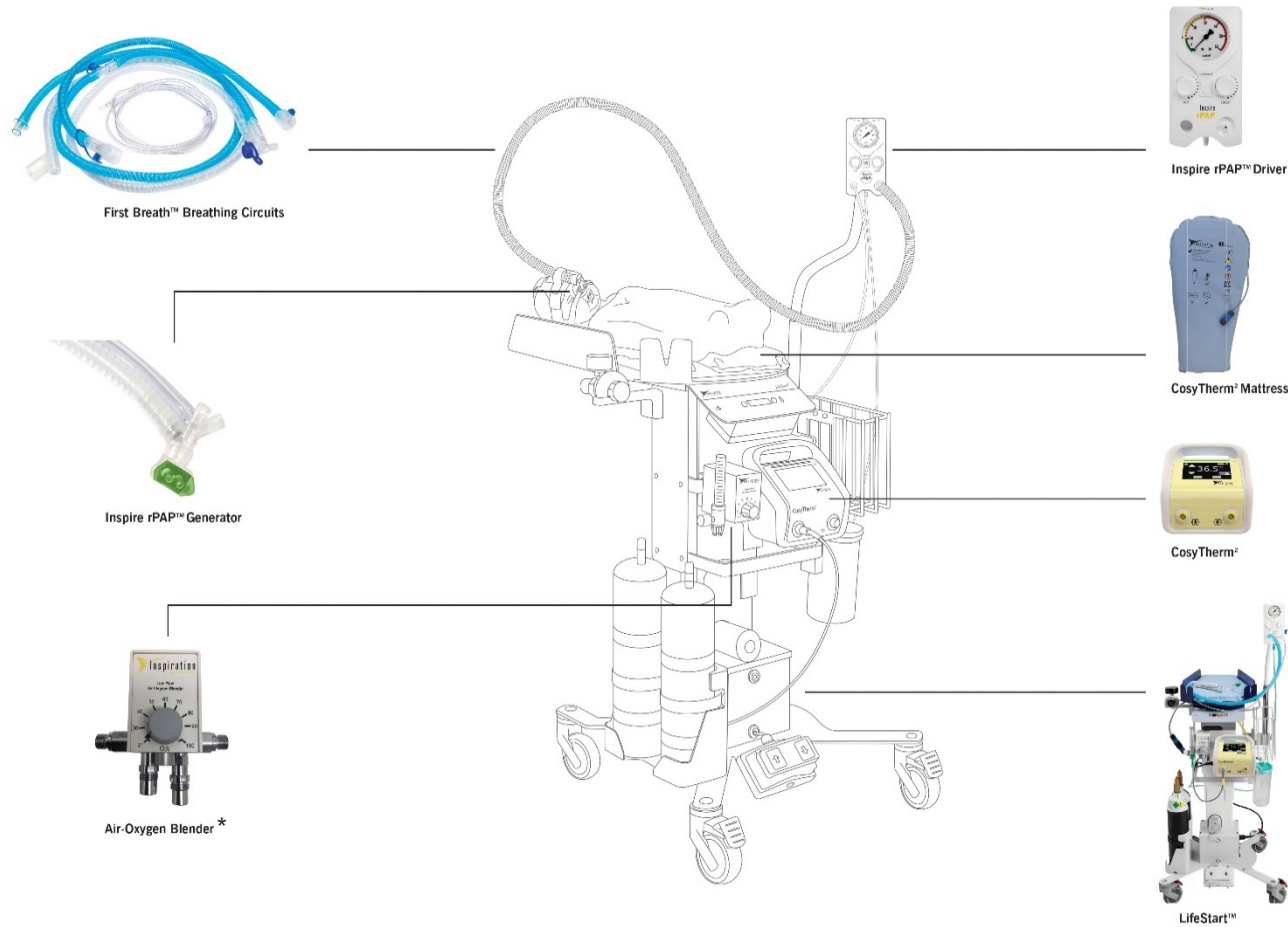
Transforming - Investment in People

- Strengthened Team – COO leading drive for operational efficiencies
- Extra Capability – VP Clinical, Innovation and Compliance leading new product development (Dr Peter Reynolds)
- Increased Management - Group responsibility to drive cross function integration (6 in total)

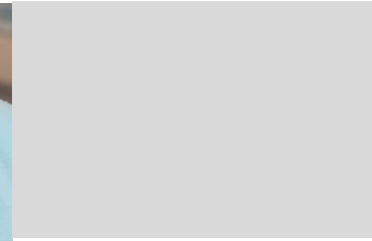
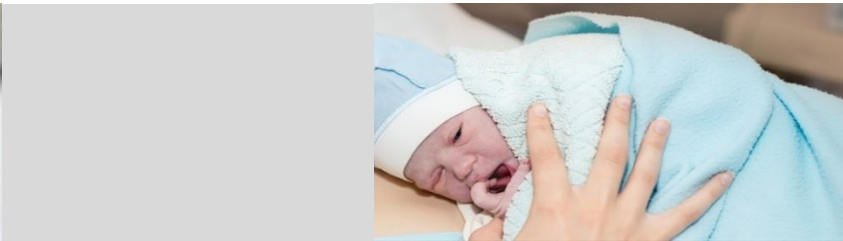
Drive New Products into New Markets for Future Growth



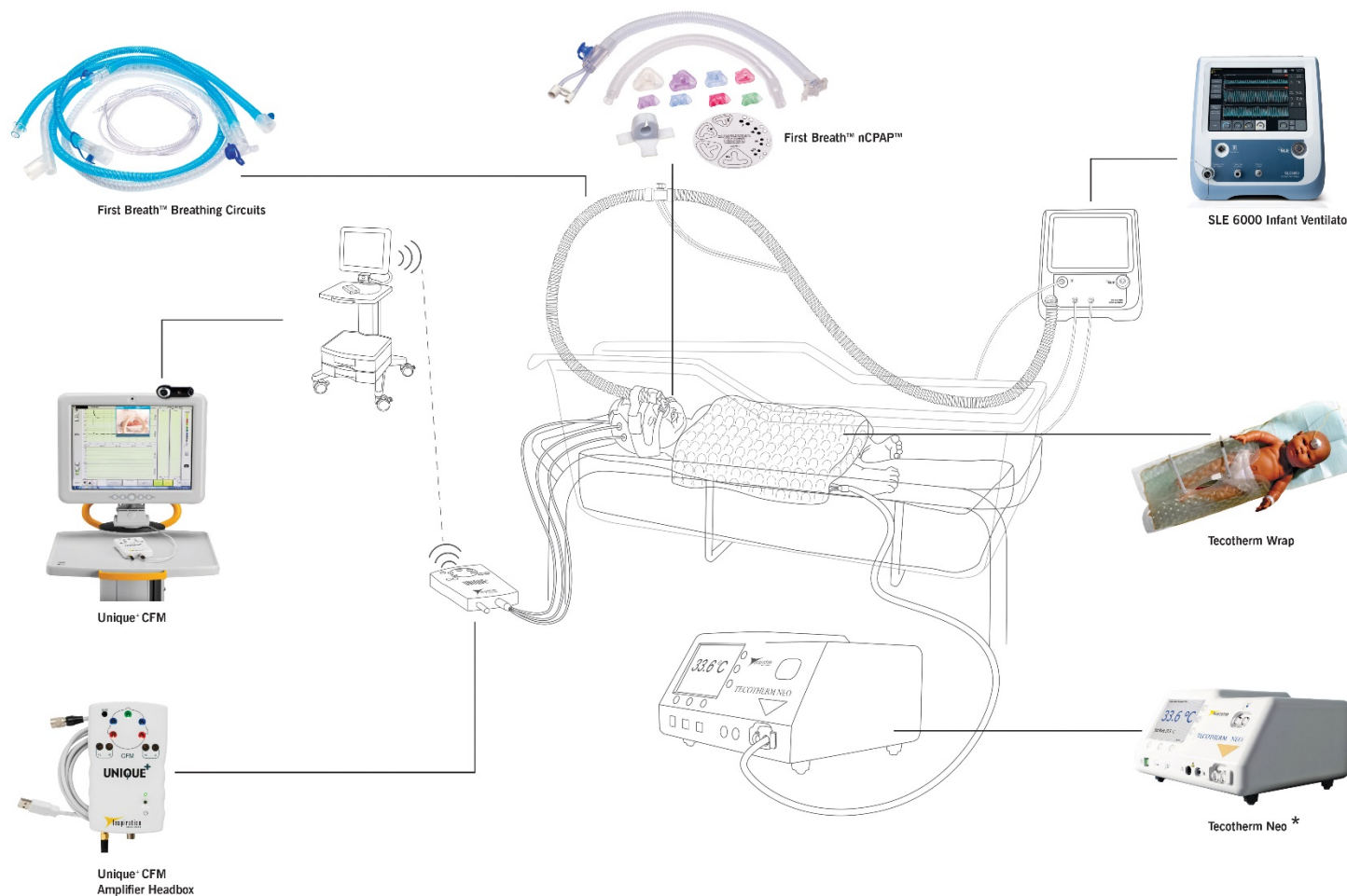
Our Branded Products – The First Minutes Of Life



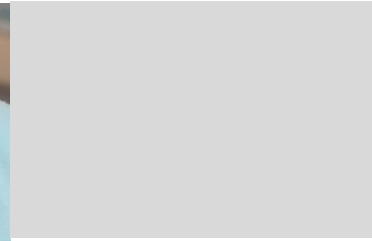
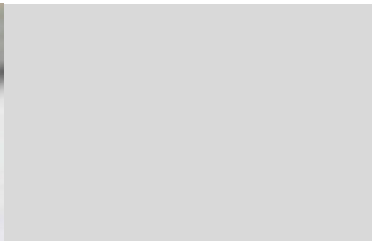
*sold worldwide through distribution contract



Our Branded Products – The First Hours Of Life

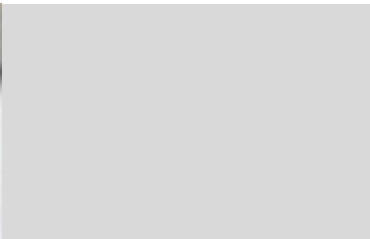
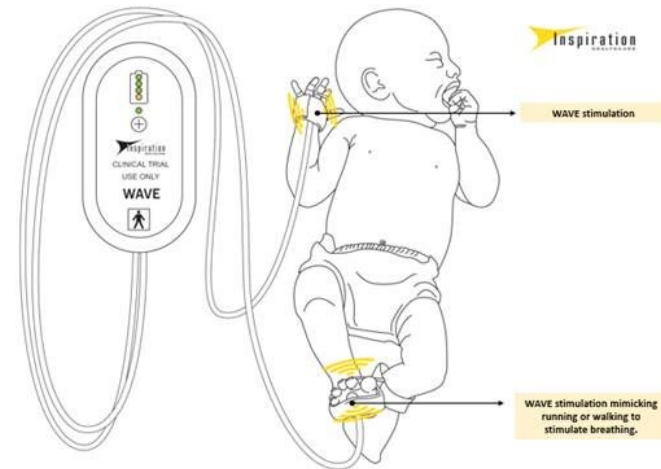


*sold worldwide through distribution contract



2020-21

- Patent Granted
- UK trial site agreed
- Grant funding for trial
- Trial approved – 1st patient from end of April 2021
- US studies being planned
- Health Economics being investigated
- Commercial launch plans to be prepared



Capital Projects for 2021/22

Investment c.£2m



CROYDON New Site

46,000 sqft of refurbished
office, factory, warehouse
space including R&D facilities



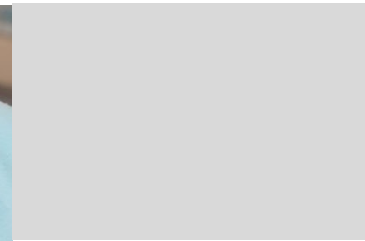
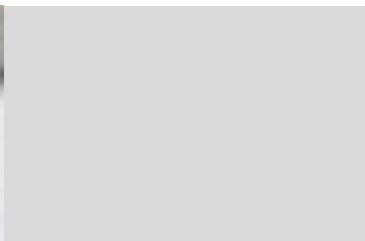
HAILSHAM New Site

12,500 sqft of new office,
cleanroom, and warehouse
space



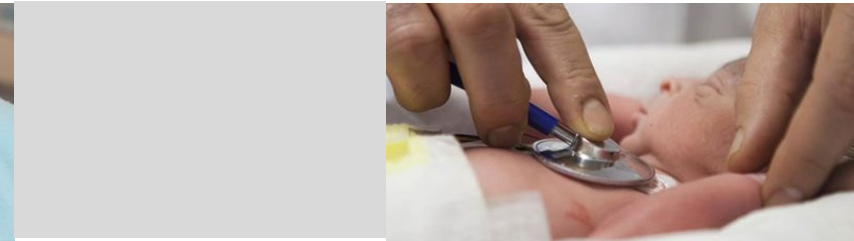
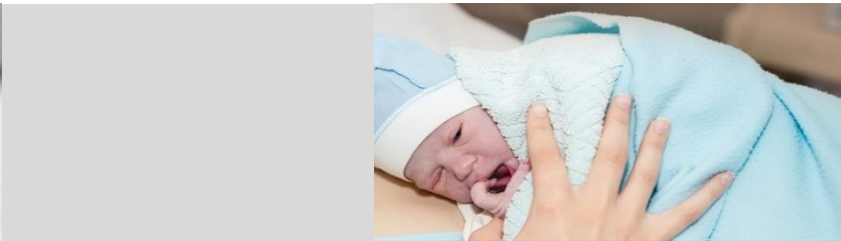
NEW eQMS for the Group – TrackWise Digital

Extending ERP across the
Group - Priority



Outlook

- More new Product development
- Further International sales growth through regulatory clearance and synergy
- New Year started well – in line with our expectations
- Expect to deliver significant long term growth



Summary

- Total Group Revenue up to £37.0m compared to same period last year
- Adjusted Operating Profit (before non trading items) up to £4.3m; Cash at £10.7m
- Helped supply the UK's NHS with ventilators through imports and work in VCUK
- Transformational acquisition of SLE Ltd with benefits identified – integration on track
- Investment for future in facilities and infrastructure agreed
- Further Patents granted – clinical trial application for Project WAVE approved
- Final dividend payment proposed
- Thank you to all our staff who worked so hard in difficult conditions to get life saving equipment to our customers



1 Appendix



Journey to becoming a world leader in neonatology



12 years private company

- Predominantly a distributor with small export
- Cash generative & profitable



Reverse Acquisition

- Moved onto AIM
- Increased products with IP
- Increased export potential



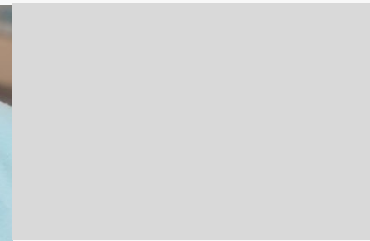
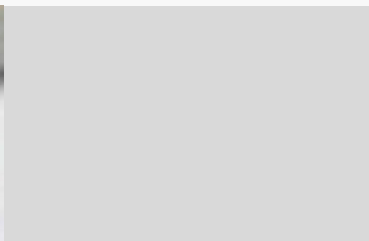
Neonatal Acquisitions

- Viomedex and SLE
- Raising total of >£21m via placings / open offer
- Increased product and IP portfolio
- Increased export opportunity
- 3rd party products only ~30%



World Leader in Neonatology

- Creating a world class portfolio of products through investment in product development, disruptive technology and further acquisitions



Acquisition of SLE Ltd



- SLE is a leader in the design and manufacture of ventilators and accessories for neonatal intensive care
- Y/e Jul '19: Revenue £16.1m, adjusted EBITDA¹ £2.4m, net income £1.5m and 110 Employees
- Y/e Jul '19 Exports ~90% of revenue; major export markets: China, Japan, India, Middle-East
- Approx. 30,000sqft office and manufacturing facility in Croydon

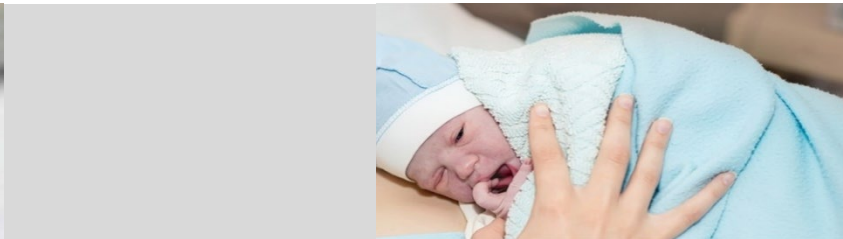
- Synergistic alignment with Inspiration neonatal range esp. respiratory disposables
- Cross selling opportunities through enhanced route to market
- R&D scale and Regulatory efficiencies to access new markets for Group products

- New Opportunities:
 - Drive efficiencies in procedures and systems
 - Integration on track

SLE6000 – Ventilate with Confidence



¹ Earnings Before interest, tax, depreciation, amortisation, share based payments and exceptional items and risk adjusted pro forma adjustments to SLE from conversion from FRS 102 to IFRS



Our Market Opportunity - Neonatal

Key Stats

- Every year, an estimated 15 million babies are born preterm¹ and this number is rising³
- Preterm birth complications are responsible for approximately 1m deaths in 2015 – the largest cause of mortality in infants under 5 (18%)³
- Across 184 countries, the rate of preterm birth ranges from 5% to 18% of babies born, of which 10% require resuscitation at birth³
- Typical preterm babies cost approximately £1,500 per day in NICU in developed world
- Global Market for Neonatal Medical Equipment: \$11.86bn by 2023²

Sources:

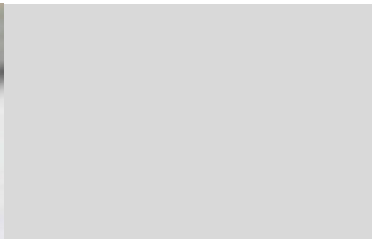
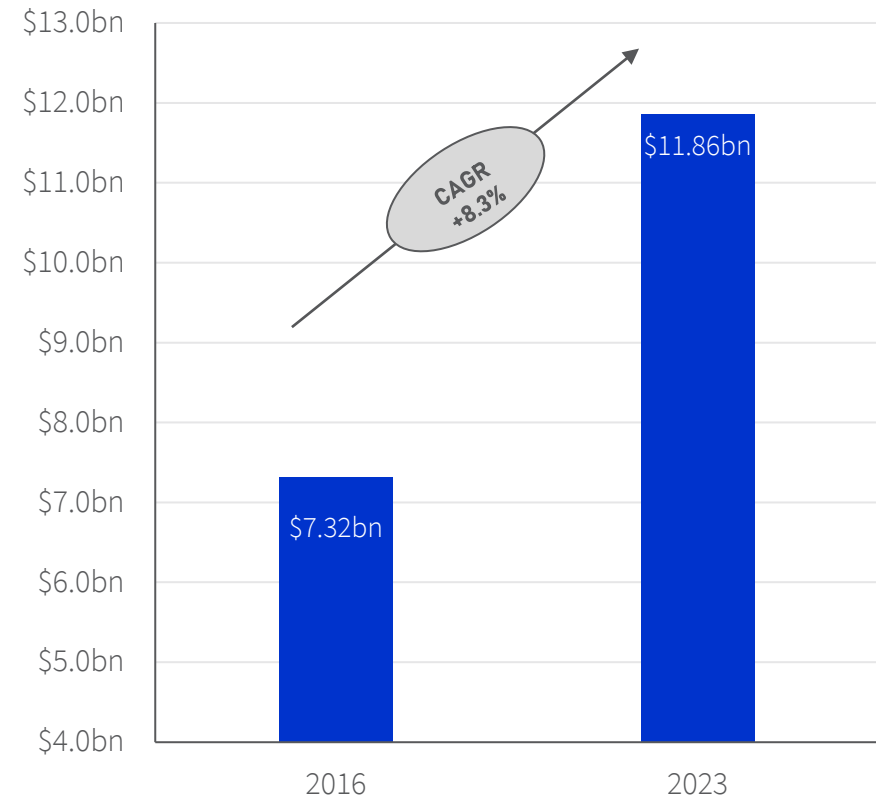
(1) Before 37 completed weeks of gestation

(2) Statistics MRC – March 2017

(3) Global, regional, and national causes of under-5 mortality in 2000-15 - Liu L et al 2016

(4) Global, Regional & National estimates of levels of preterm birth 2014 – Chawanpaiboon et al 2019

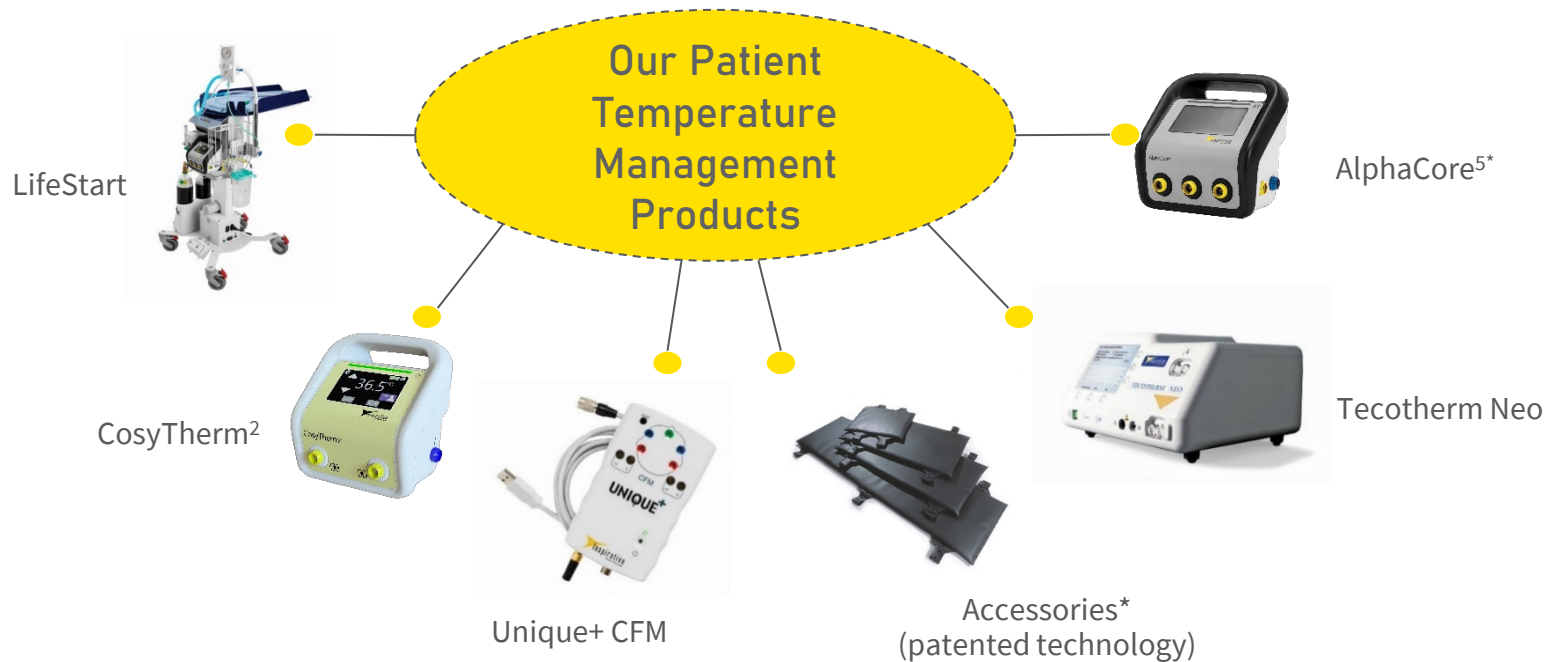
Global Fetal & Neonatal Care Equipment Market²



Market Opportunity – Temperature Management

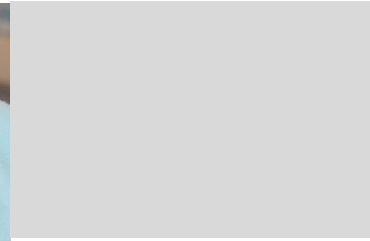
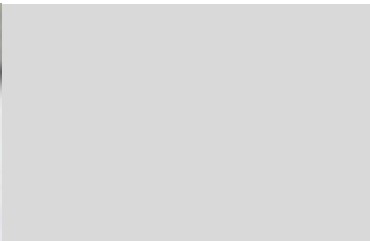
Patient Temperature Management Market:

US\$2.6bn → US\$4.7bn between 2019 and 2026**



**Neonatal & Adult Applications*

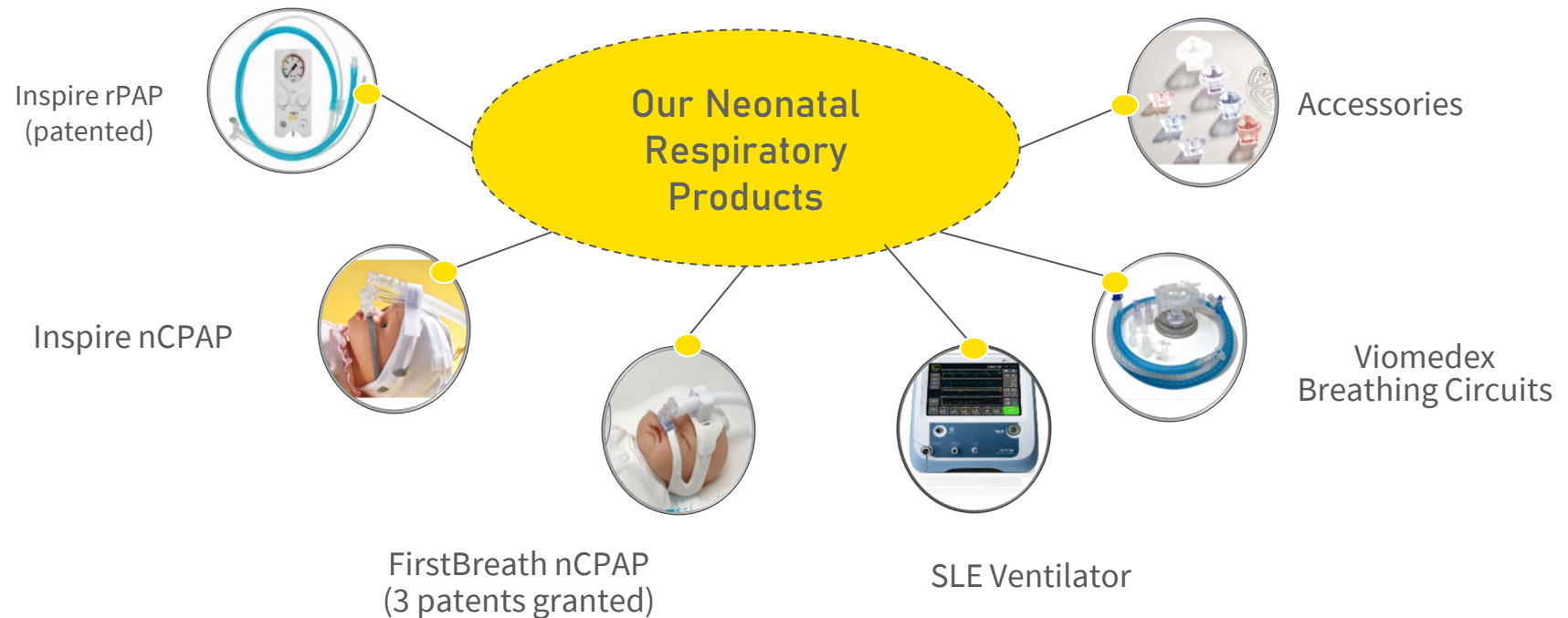
***Source: Grand View Research June 2019*



Market Opportunity – Neonatal Respiratory Devices



Neonatal Intensive Care Respiratory Devices Market:
US\$1.4bn → US\$2.1bn between 2019 and 2027*



Disruptive Technology Development: Project Wave

* Source: Credence Research June 2019

