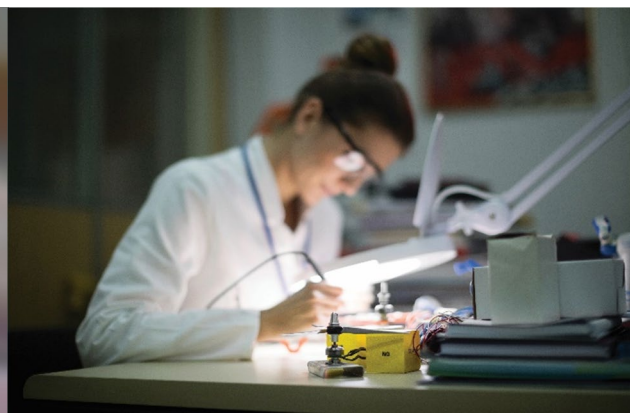




Inspiration Healthcare Group plc
Providing Advanced Medical Technology

Mello 2019

Neil Campbell
Chief Executive Officer



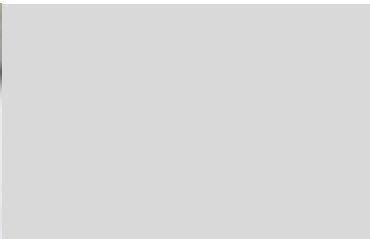
About Us



- Award Winning Medical Technology Company, founded in 2003, 4 founders are still with the business
- Cash generative profitable growth over 15 years
- Fiscal year ended Jan-19: Sales of £15.5m and EBITDA of £1.65m - 3 year EBITDA CAGR of 8.6%
- Transitioned from UK distributor to global provider of neonatal and patient warming products
- Strong IP portfolio
- Products sold to every NHS Neonatal Intensive Care Unit (NICU) approx. 200
- Actively selling products in over 50 countries through over 75 distributors



1 Earnings Before Interest, Tax, Depreciation, Amortisation, share based payments and exceptional items on a basis consistent with prior year before applying IFRS 16



Our Ambition & Strategy

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

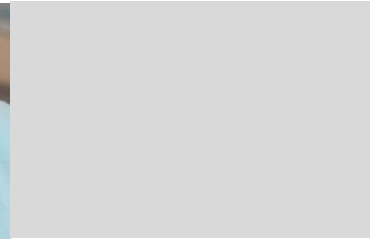
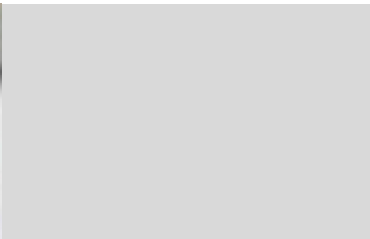
Continued organic
growth from existing
products in Core
Business

Further investment in
and development of
Disruptive
Technologies




Acquisition of small to
medium sized assets
and or technologies

Leverage
Key Internal Strengths

Strong knowledge of market within management
Track record of identifying and commercialising disruptive technologies
Understanding of the regulatory landscape
Relationships with Key Opinion Leaders
Experienced management team with Subject Matter Experts in Medical Devices



Neonatal – competitive landscape

								
Thermoregulatory / Phototherapy	✓	✓	✓	✓	✗	✓	✓	✗
Feeding tubes / bottles	★	✗	✗	✓	✓	✗	✗	✗
Respiratory Support Capital	★	✓	✓	✗	✗	✗	✗	✓
General Disposables	★	✗	✗	✓	✗	✓	✗	✗
Resuscitation / Resp Disposables	✓	✓	✓	✗	✓	✗	✓	✓
Monitoring & Diagnostics	✓	✓	✓	✓	✗	✓	✗	✗



= currently sell all / part



= currently not in range



= aspire to acquire / develop

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: \$9.09bn by 2024²

Sources:

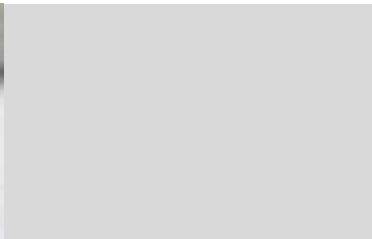
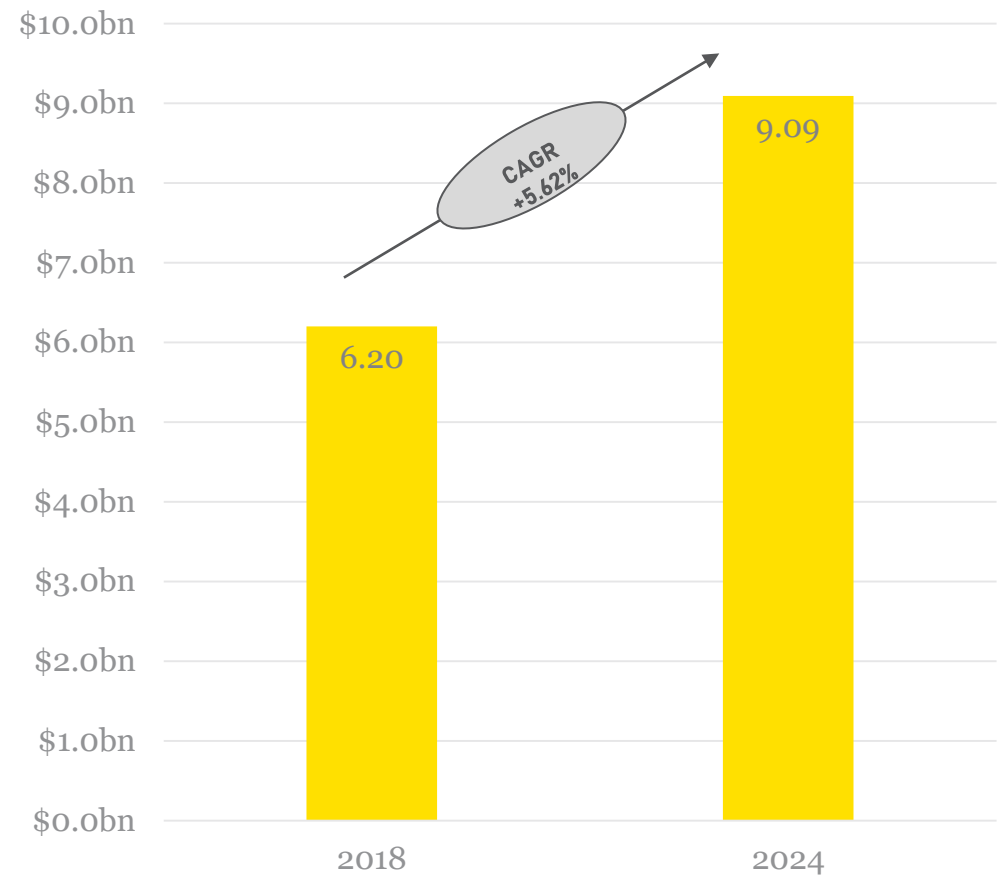
(1) Before 37 completed weeks of gestation

(2) Zion Market Research – August 2018

(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 Neonatal Intensive Care Equipment Market²



Neonatal Intensive Care Respiratory Devices Market:

US\$1.4bn —→

US\$2.15bn between 2019 and 2027*

Our current products include:

Inspire nCPAP
Inspire rPAP
Viomedex Breathing Circuits
First Breath nCPAP
Project Wave

Disruptive Technology Development:



Patient Temperature Management Market:

US\$2.6bn —→

US\$4.7bn between 2019 and 2026**

Our current products include:

LifeStart
CosyTherm²
TecoTherm
Unique+ CFM
AlphaCore⁵



Sources:

* Credence Research June 2019

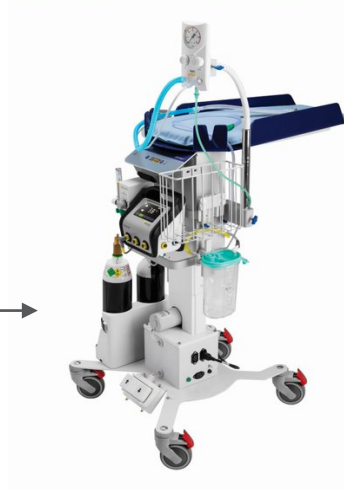
** Grand View Research June 2019

Our Products – the first 6 hours of life



AlphaCore5 Controller

Used in Operating Theatre / Delivery Room and NICU. Low power usage, low cost of ownership, flexible configuration of pads
Launched: Mid 2018



LifeStart

Used in the Delivery Room. Novel device allows assessment of the newborn before the umbilical cord is clamped and facilitates bedside stabilisation and resuscitation
Launched: Late 2017



Tecotherm Neo

Used in NICU. Small but powerful features, it has been used to show benefits of cooling to reduce brain injury
Launched: Mid 2012

Inspire rPAP System

Used in the Delivery Room or NICU. Highly efficient delivery of stabilisation and resuscitation breaths to premature and sick babies
Launched: Late 2017



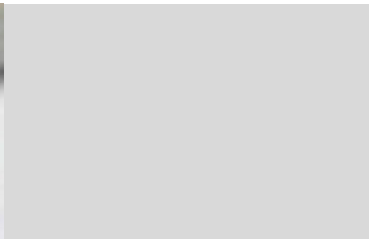
Inspire nCPAP

Used primarily in the NICU. Established therapy for longer term non-invasive respiratory support for premature and sick babies
Launched: Early 2010

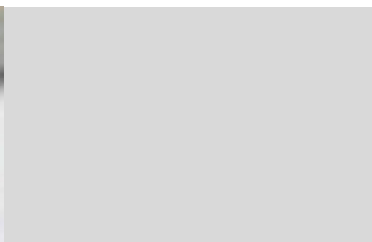
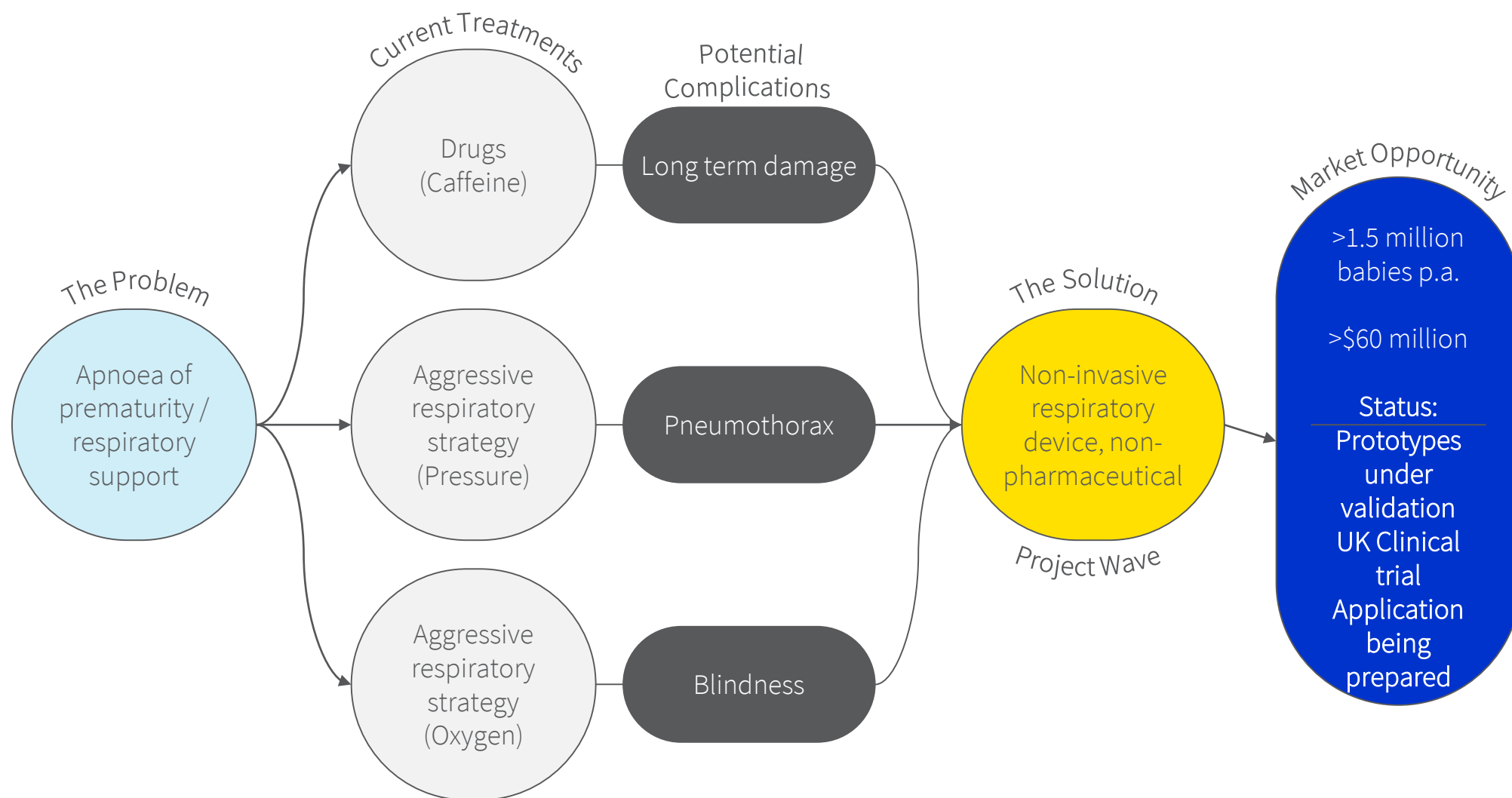


Unique+CFM

Used in NICU to assess the newborn brain. Small lightweight and software can be used on laptops for portability
Launched: Early 2018



Disruptive Technologies – Project Wave Update



Acquisition Profiles – Viomedex Fit

Ideal Target – Number identified

Transformational

- Greater than £10m revenue
- Established Technology / Brand
- Neonatal

Synergistic Products

- Additive to range
- Add to value proposition

Route to Market

- Broadens distribution network
- Direct Sales team

Other benefits

- Add core competency (i.e. manufacturing)
- Increase expertise

Considered & Opportunistic

Incremental – cash / debt

- Typically less than £5m ✓
- Novel Technology / Distribution ✓
- Neonatal / Operating Theatre ✓

Synergistic Products

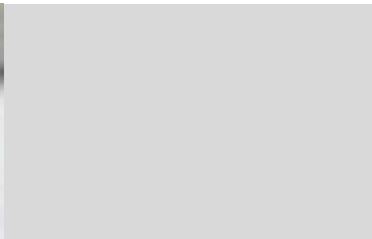
- Need development / investment ✓

Route to Market

- Direct Sales team in key market ✓
- Use existing channels ✓

Other benefits

- Securing IP ✓



First Acquisition:



Summary:

- Acquired Vio Holdings Ltd (Viomedex Ltd) on 24 September 2019, for a total consideration of £4m (£3m cash, £1m consideration shares)
- Successfully raised £4.25 million via a placing (offered £4.6m+)
- Viomedex is a contract manufacturer and OEM supplier of single use medical devices focusing on neonatal intensive care

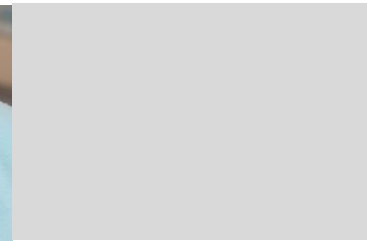
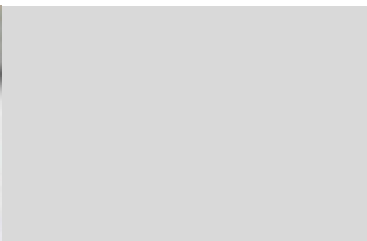
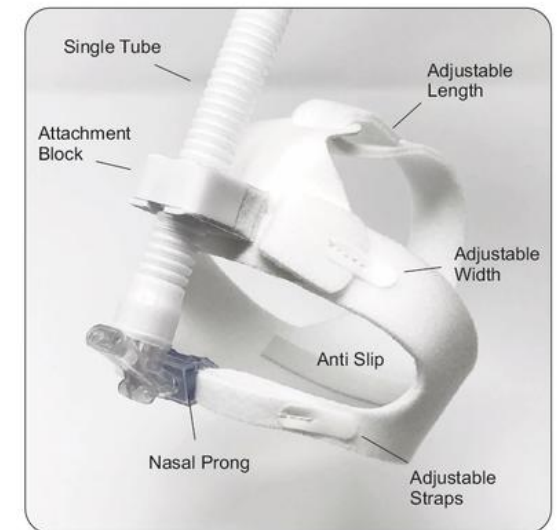
Strategic Rationale:

- Improved margins on Inspiration Healthcare products by retaining sub-contract manufacturers' margins
- Broaden Inspiration Healthcare's product portfolio in neonatal intensive care
- Acquire manufacturing capability to assemble single-use medical devices

Synergies:

- Grow revenue of Target products, gain efficiencies in back office, invest for further growth
- Capacity to increase revenue to £6m in the medium term

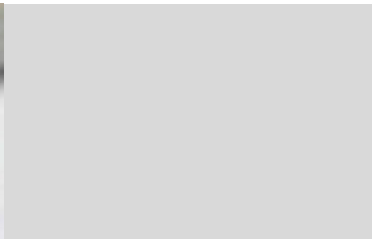
First Breath nCPAP



Highlights and KPIs – HY ending 31st July

- Group revenues :
 - Overall growth of 9% to £8.1m (Full year ending Jan 2019 - £15.5m)
 - Inspiration Branded Revenue: £3.6m, increased to 45.2% from 43.8% of revenue
 - International Sales Growth: £2.8m, 35% of total revenue (2019: 32%)
- Products developed in the previous 24 months contributed 17% of revenue
- Gross margin: 46.8% (2019: 45.0%)
- EBITDA¹ margin: 10.5% up from 9.4%, due to improved GP and tight control of cash-based overheads
- Shipped largest order for Patient Warming Systems
- Queen's Award for Enterprise – International Trade
- Launch of CosyTherm² Neonatal controller in October 2019

¹ Earnings before interest, tax, depreciation, amortisation, share based payments and exceptional items on a basis consistent with prior year before applying IFRS 16, Leases



Revenue Breakdown – Sector and Ownership*

Market Sector

Critical Care



67%

£5.4m

Operating Theatre



10%

£0.8m

Home Healthcare

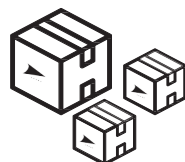


23%

£1.9m

Product Ownership

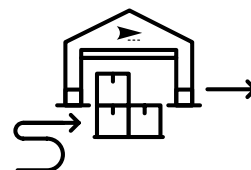
Branded Products



45%

£3.6m

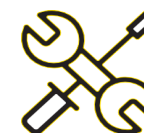
Distributed Products



41%

£3.3m

Technical Support



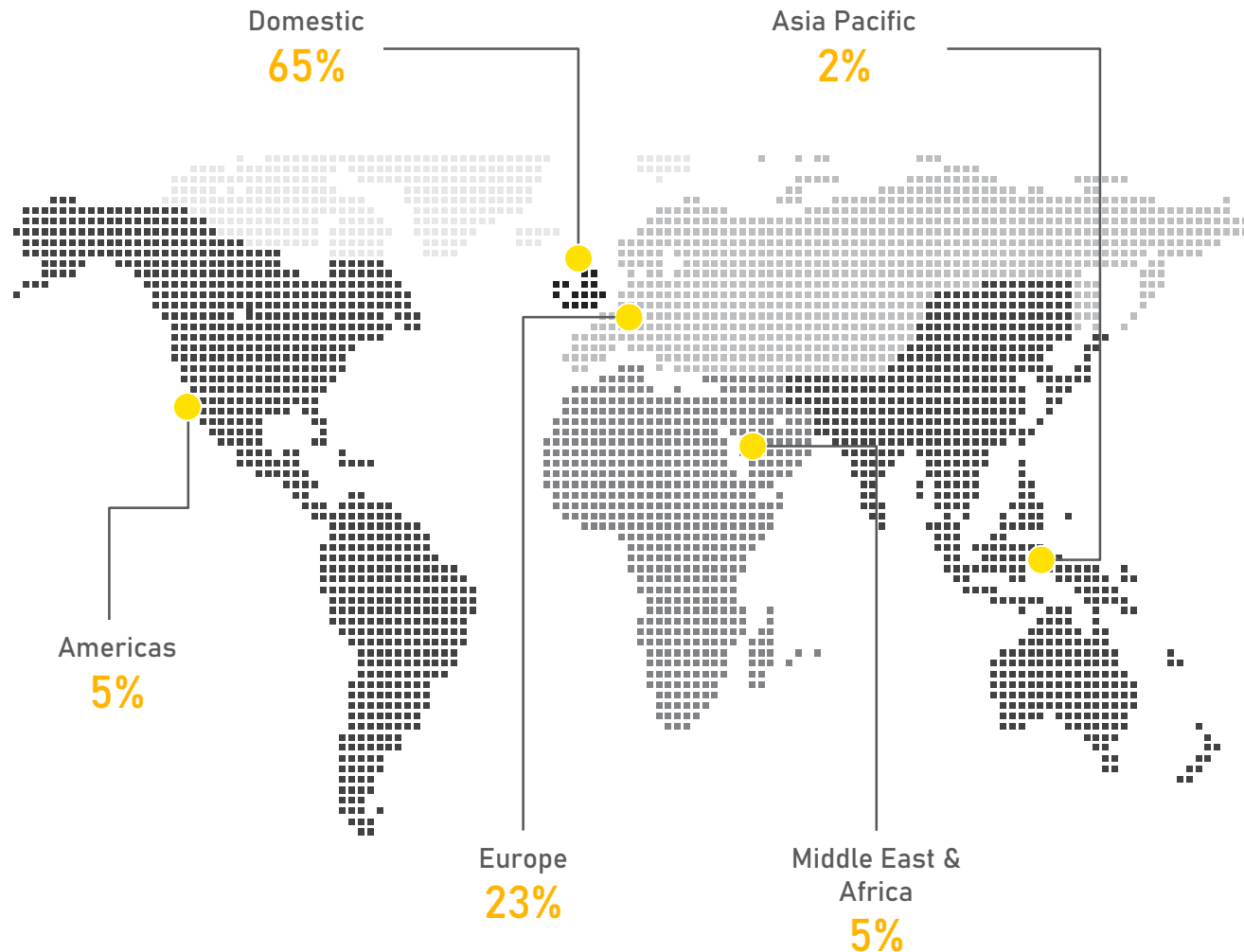
12%

£1.0m

*Half year ended 31 July 2019

Excludes freight revenue 2%, £0.2m (PY: 2%, £0.2m)

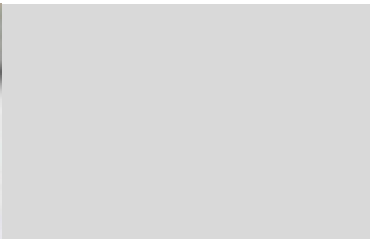
Revenue Breakdown – Geography*



*Half year ended 31 July 2019

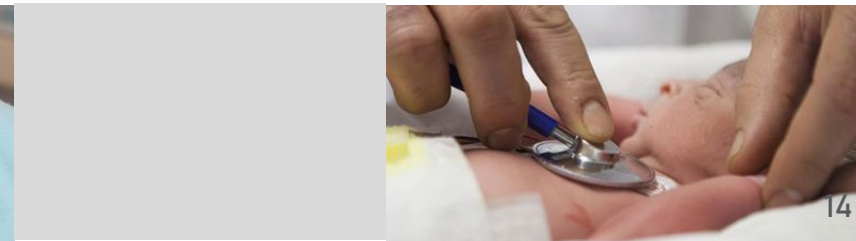
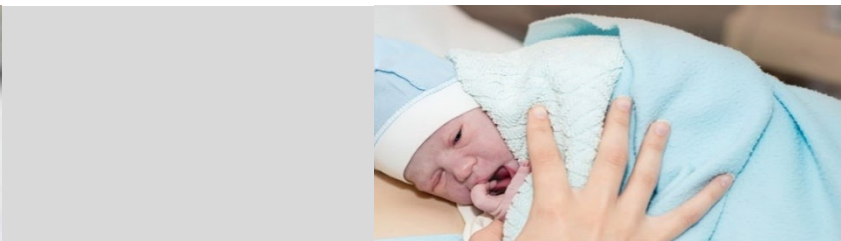
Distribution Partners

- Direct sales in UK and Ireland (“Domestic”)
 - NHS Trusts
 - Private healthcare providers
- Distribution network covering over 50 countries
- Strong growth in Europe PE 31 July 2019
- 13 distributors > £50k accounting for 70% of international revenue
- Top 50 distributors account for 97% of international revenue
- No one distributor accounts for more than 8% of total revenue



Summary

- Cash generative growing Medical Technology Company
- EBITDA growth of 21% to £0.8m (HY 2020)
- Investing in disruptive technology – development of Project Wave
- Strong cash position (£2.6m @ 31/07/19)
- Acquisition of Viomedex adding greater capability and increased products
- Targeting revenue of £100m and EBITDA margin of c.15% in the medium term (from a combination of organic growth and acquisitions)



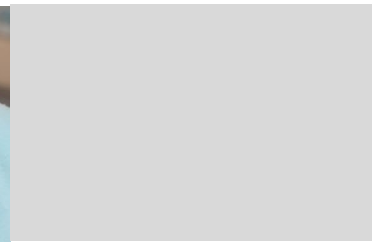
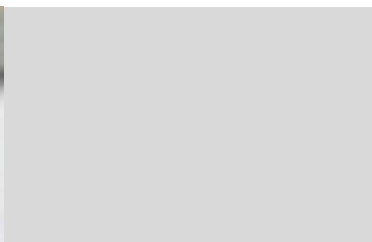
1 Appendix



Consolidated Income Statement

	PE 31 July 2019 £'000	PE 31 July 2018 £'000	FY 2019 £'000	Comments
Revenue	8,057	7,391	15,487	<ul style="list-style-type: none"> Increased 9%
Gross Profit	3,769	3,319	7,042	<ul style="list-style-type: none"> Increased 14%
<i>gross profit margin</i>	46.8%	45.0%	45.5%	
Operating profit pre exceptional items	563	502	1,213	<ul style="list-style-type: none"> In line with expectations, pre £75k exceptional items
Profit before tax	483	504	1,219	
Taxation	-79	-70	-116	<ul style="list-style-type: none"> Effective tax rate 16.4% (PE July 2018: 13.9%)
Profit after tax	404	434	1,103	<ul style="list-style-type: none"> Small decline due exceptional items and small increase in effective tax rate Growth of 21% on a like for like basis, pre IFRS 16 adjustment, 31% post IFRS 16 adjustment
EBITDA	843	696	1,648	
<i>EBITDA margin</i>	10.5%	9.4%	10.6%	

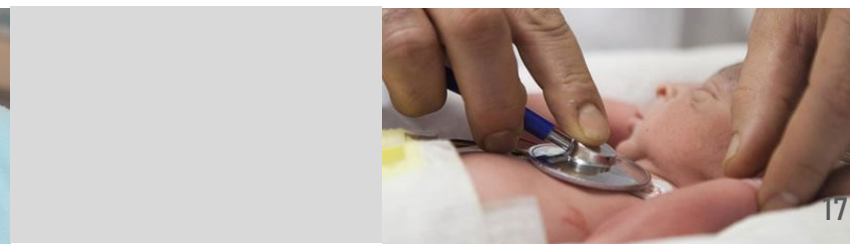
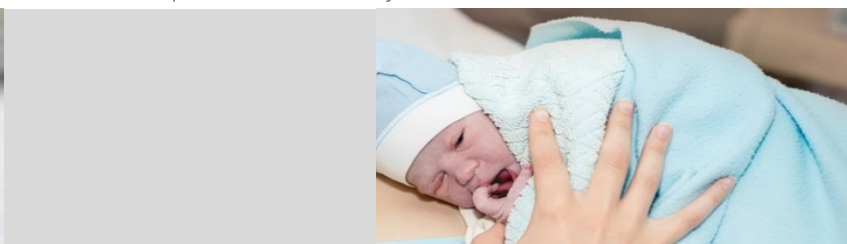
Extracted from the unaudited financial statements for the period ended 31 July 2019



Consolidated Cash Flow

	PE 31 July 2019 £'000	PE 31 July 2018 £'000	FY2019 £'000	Comments
Cash generated from operations	261	571	995	
Interest paid	-9	-	-	
Taxation received	105	-	-	← • Prior year recovery
Taxation paid	-75	-69	-147	← • Higher charge due to lower R&D tax credits
Net cash generated from operating activities	282	502	848	
Cash flows from investing activities:				
Interest received	4	2	6	
Capex – capitalised development costs	-33	-161	-276	← • Held back by prolonged negotiation for Project Wave
Capex – PP&E and other intangibles	-83	-40	-125	← • Prior year included new head office spend
Lease payments (IFRS 16)	-63	-	-	
Net increase/(decrease) in cash and cash equivalents	107	303	453	
Cash and cash equivalents at the year end	2,646	2,389	2,539	

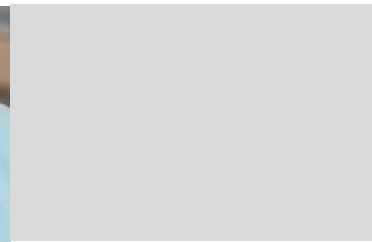
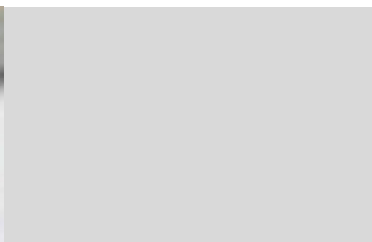
Extracted from the unaudited financial statements for the period ended 31 July 2019



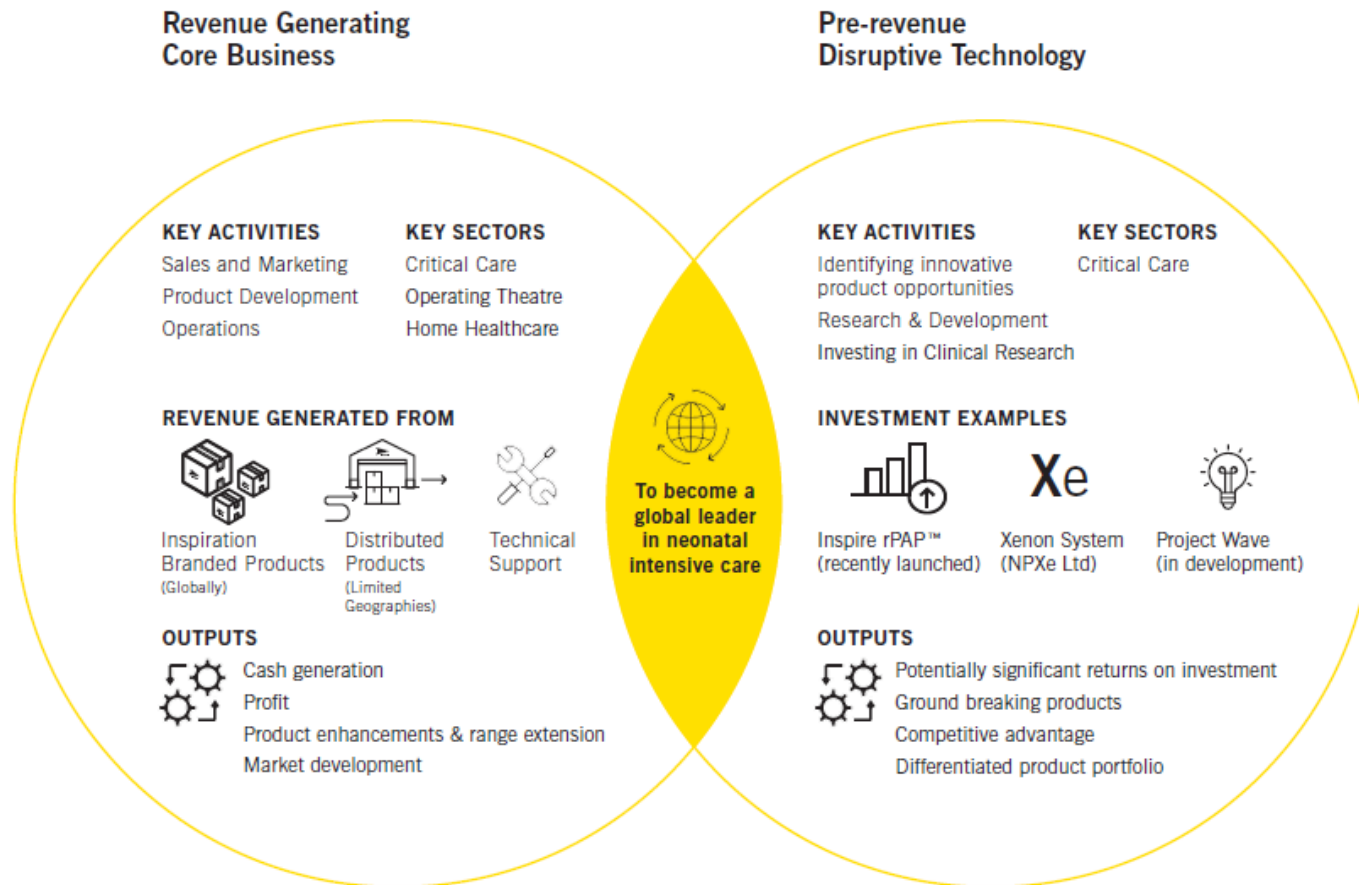
Consolidated Balance Sheet

	31 July 2019 £'000	31 July 2018 £'000	31 January 2019 £'000	Comments
Intangible assets	1,212	1,306	1,293	• £1.2m capitalised development NBV
PPE	397	407	408	• Spend largely offset by depreciation
Right of use asset	448	-	-	• IFRS 16, Leases adjustment
Investments	111	111	111	• Neuroprotexon Ltd
Total non-current assets	2,168	1,824	1,812	
Cash	2,646	2,389	2,539	• Strong cash position, no debt
Other Current Assets	4,336	3,930	3,825	• Increase in inventory due to Brexit planning
Total Liabilities	-3,122	-3,306	-2,643	
Net Assets	6,028	4,837	5,533	

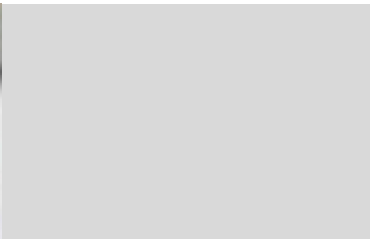
Extracted from the unaudited financial statements for the period ended 31 July 2019



Our Business Model for Sustainable Growth



Targeting two year investment payback



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