Results Presentation

Year Ended 31 January 2023
Inspiration Healthcare Group plc

CEO Neil Campbell & Interim CFO Paul Bergin
www.inspirationhealthcaregroup.com/investors

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Addressing a critical need

Every year, an estimated 15 million babies are born preterm[1,2] and this number is rising[3]

Preterm birth complications were responsible for approximately one million deaths in 2015 – the largest cause of mortality in infants under 5 (18%)[3]

Our neonatal intensive care portfolio is designed to support the most vulnerable patients from the first moments of life

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

INSPIRATION HEALTHCARE GROUP

Inspiration Healthcare

Creating a leading global provider of medical technology

The Beginning

- Private business
- UK distributor with small export
- Cash generative & profitable
- Grew to revenues c.£10m

2003-2015

The Growth

- Reversed onto AIM (2015)
- Invest in Regulatory Compliance and R&D
- Acquired SLE and Viomedex
- Re-engineered for driving growth

2015-2021

Today – Our Group

- Revenues: >£40m*
- Employees: >200
- Distribution: >75 countries
- Own Brand: >55% of revenues
- Exports: >55% of revenues
- Achievements: 2 x Queens Awards
- Intl. Property: 5 product groups with patents

2019-2021

World Leader in Neonatology

- Ground-breaking technologies
- World class support and education
- Leading UK distributor of medical technology

2022 and beyond

Investment case: Building on solid foundations

- Addressing a critical need
- Strong leadership with a proven commercial track record
- 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

Highlights

to 31 January 2023

- Significant growth in Domestic sales (13%) and in Branded Products (8%)
- Completed Transformational investment in Manufacturing and Technology Centre
    - Rationalisation of property portfolio underway
- Continued progress in our strategy to become carbon neutral
- R&D prioritised for MDR submissions for regulatory approval in EU – all major products submitted
- Invested in inventory to secure long term supply chain and meet customer demand
- Growth in the Infusion Therapies business
- Project Wave clinical trial recruitment finished, data being analysed
- Launched additional Distributed products for Acute Care

Post Year End

- Cash generative in Q1 (FY:2024)
- Extension to the SLE6000 ventilator range

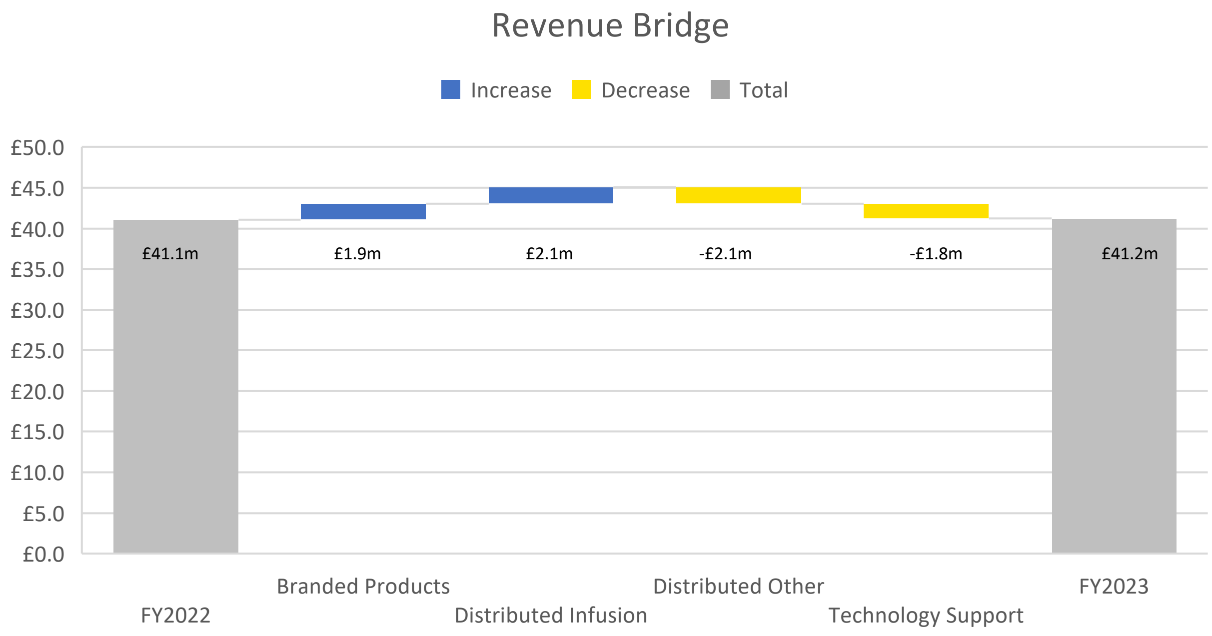
Financial Highlights

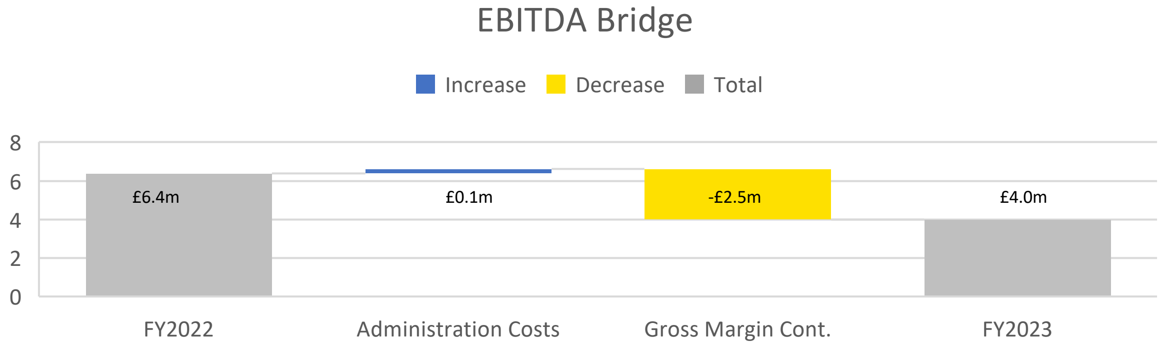
to 31 January 2023

- Group Revenue up 0.4% to £41.2m *(FY2022: £41.1m)* due to:
  - impact of global macro-economic uncertainty
- Gross Margin 44% *(FY2022: 50%)* due to:
  - product & geographic mix impacted by macro-economic environment
- Adjusted EBITDA[1] £4.0m *(FY2022: £6.4m)* due to:
  - lower gross margins with administrative expenses broadly flat
- Net Cash[2] £(3.8)m *(FY2022: £9.3m)*, £13.1m outflow due to:
  - investment in the new Manufacturing and Technology Centre
  - increased inventory levels to ensure supply chain continuity
  - strong Q4 revenues increased year on year debtors
  - non-recurring items (aborted acquisition costs)
- New invoicing discounting facility up to £5m
  - total borrowing available £10m
- Proposed Final Dividend 0.41p per share *(FY2022: 0.41p)*

[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*

Revenue & EBITDA Bridge





Comments

- 8% increase in Branded products.
- Increase in Infusion Therapies in Domestic market
- Decrease in other distributed products reflected the planned exit of third-party ventilator sales (to move into Branded Products)
- Decrease in Technology Support (inc. £0.1m freight) due to the planned exit of distributed ventilator products

- Decrease in Gross Margin due to differing mix of products sold

Cash Flow Analysis

Working capital	-6.7
Other operations flows	3.2
Capitalised Development costs	-2.0
Other fixed asset purchases	-6.3
Financing	-1.3
Net Outflow	**-13.1**
FY2022	**9.3**
Cash Flow	-13.1
FY2023	**-3.8**
Cash and Cash Equivalents	2.3
Revolving Credit Facility	-4.0
invoice discounting	-2.1
Net Cash	**-3.8**

Comments

- Increased working capital is primarily £3.4m inventory to satisfy customer demand and £2.5m debtors driven by strong Q4 revenues
- Other operational flow reflects EBITDA and non-recurring items
- Other fixed asset purchases mainly relates to the investment in the new Manufacturing and Technology Centre in Croydon
- Financing costs includes lease and interest payments

- The Group has a £5m Revolving Credit Facility
- New £5m invoice discounting facility

Consolidated Balance Sheet

	FY 2023 £'000	FY 2022 £'000
Intangible assets	17,004	15,825
PPE	7,497	1,798
Right of use asset	5,970	7,383
Deferred tax asset	324	87
Total non-current assets	**30,795**	**25,093**
Net Cash	(3,803)	9,253
Other current assets	**21,823**	**15,762**
Total liabilities	**(13,341)**	**(14,619)**
Net assets	**35,474**	**35,489**

Comments

- Development cost spend
- Primarily investment in the new Manufacturing and Technology Centre in Croydon
- YOY Movement is amortisation
- Net cash movement analysed in slide 9

Extracted from the audited financial statements for the period ended 31 January 2023

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Revenue Split

Figures reported in GREY = YE 31 January 2023 Group Revenue
Figures reported in BLUE = YE 31 January 2022 Group Revenue
* includes carriage c.1%

Product Ownership

Branded Products

59% : £24.4m
55% : £22.5m

Distributed Products

33% : £13.6m
33% : £13.6m

Technology Support

7% : £2.9m
11% : £4.6m

TOTAL*

Σ

100% : £41.2m
100% : £41.1m

Market Sector

Acute Care

71% : £29.2m
72% : £29.5m

Infusion Therapies

22% : £9.1m
17% : £7.0m

Service

6% : £2.6m
10% : £4.2m

TOTAL*

Σ

100% : £41.2m
100% : £41.1m

Revenue Split – Geography

Percentage of Revenue by Market

Domestic **48%**
FY2022: 43%

Asia Pacific **23%**
FY2022: 25%

Europe **13%**
FY2022: 15%

Middle East and Africa **13%**
FY2022: 13%

Americas **3%**
FY2022: 4%

Our Business Model

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)

Viomedex Breathing Circuits

SLE Ventilators

Unique+ CFM

LifeStart™

Disruptive Technology Development: Project Wave

Focused on accelerating growth

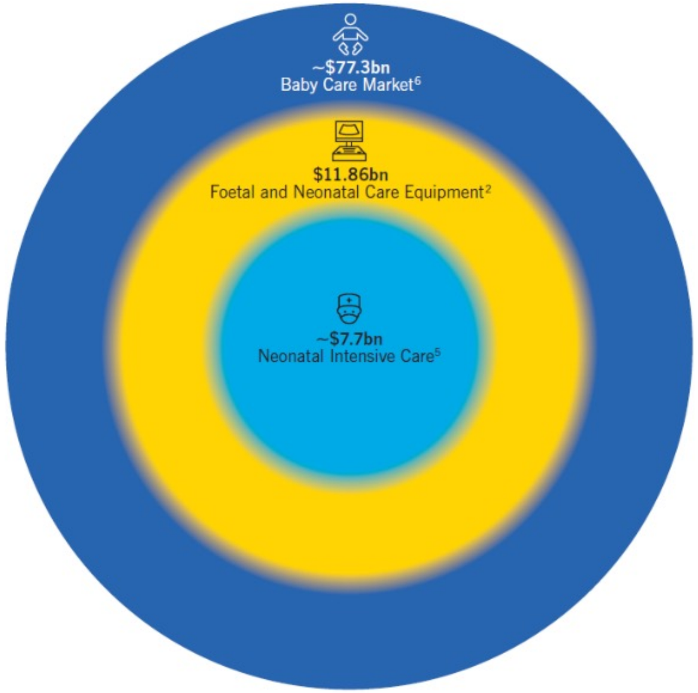
- Significant Market Growth
  - Neonatal World Market CAGR 6.5%
  - 2023 ~$7.7bn market valuation
- Maximise revenues from existing products and markets
  - Optimise opportunity for all products where regulatory clearance exist (i.e. EU)
  - Leverage route to market working with distribution partners
- Geographic Expansion
  - Expanding opportunity for existing products through regulatory clearance into new markets (i.e. USA)
- Product Development
  - Developing new products for existing markets through investment in R&D
- Strategic Acquisitions
  - IP through corporate transaction / strategic alliance

Targeting a large and growing market opportunity

Worldwide Neonatal Intensive Care Unit Industry is expected to grow with a CAGR of 6.46% from 2021 to 2027[5]

Every year, an estimated 15 million babies are born preterm[1,4] and this number is rising[3]

Global neonatal market opportunity overview 2023



~£1500 cost per baby per day in neonatal intensive care

A market which supports our growth drivers

Sources:
(1) Before 37 completed weeks of gestation
(2) Stratistics 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
(5) Berkshire Hathaway 2022. Worldwide Neonatal Intensive Care Unit Industry is expected to grow with a CAGR of 6.46% from 2021 to 2027
(6) Global baby care products market value worldwide 2020-2026, Statista 2022

Manufacturing and Technology Centre

New 4,200m^2 State of the Art New Facility

Design considerations:
- Low carbon footprint
- Staff well-being
- Optimising efficiency
- Improved customer education facilities

Space:
- 2,000m^2 Manufacturing and Warehousing
- 1,100m^2 Office & Education Centre
- 600m^2 Research & Development Facility
- 500m^2 Technology Support Centre

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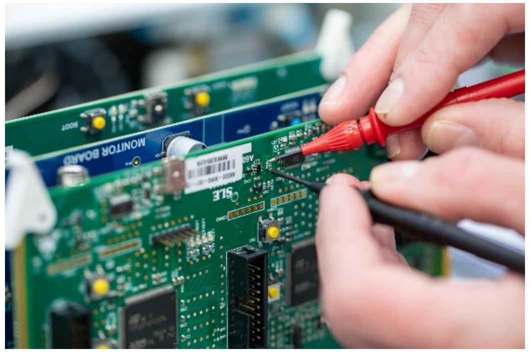
Manufacturing and Technology Centre

continued








R&D and Regulatory Progress

Regulatory

- Medical Device Regulation (EU) – Technical Files submitted
- USA – Engagement with FDA gives pathway for submissions

R&D

- Continued progress on portfolio improvement and expansion
- Wave - Recruitment complete, analysis underway

Post Year-End

- Launched Extension SLE6000 range (non-invasive)

Environmental and Social Strategy

- Running Ahead of NHS net zero requirements for suppliers
- New Manufacturing and Technology Centre
  - Using renewable energy only to obtain 'A' rating
  - Solar Thermal systems / Natural Ventilation
  - Internal Green Space
- Carbon Emissions: Scope 1,2 and 3* measurement in place
- Car Fleet: 66% fully electric: 34% hybrid
- Recycling/Reuse scheme for supply chain packaging in place
- Investing in 'sit / stand' for staff comfort

* Tier 1 suppliers only at present

Summary

- Resilient Financial Performance in Unprecedented Year of Challenges
  - Revenue £41.2m (FY2022: £41.1m)
  - Adjusted EBITDA £4.0m (FY2022: £6.4m)
  - Net cash at £(3.8)m (FY2022: £9.3m): Cash Headroom £6.2m
- Manufacturing and Technology Centre delivering efficiencies
- Products submitted for MDR to ensure long-term revenues and competitive advantage
- Growth in UK through our Infusion Therapies business; growth in Branded Products
- Investment in inventory levels to secure supply-chain
- Carbon Neutral journey further progressed
- Cash generative in Q1 FY2024; Q1 FY2024 sales in line with management plans
- Continue to explore strategic opportunities

“Following a strong Q4 FY2023, the year has commenced in line with our plans. While uncertainties remain, we are cautiously optimistic that we will return to our usual growth patterns.”

Thank you

APPENDIX

Consolidated Income Statement

	FY 2023 £'000	FY 2022 £'000
Revenue	**41,233**	**41,050**
Gross Profit	**18,093**	**20,592**
Gross profit margin	43.9%	50.2%
Admin. expenses pre non-recurring items	(16,504)	(16,337)
Adjusted operating profit	**1,589**	**4,255**
Non-recurring items	(1,158)	-
Operating profit	**431**	**4,255**
Net finance expense	(355)	(292)
Profit before tax	76	3,963
Income tax	196	271
Profit after tax	**272**	**4,234**
Adjusted EBITDA[1]	**4,006**	**6,422**
Adjusted EBITDA margin	*9.7%*	*15.6%*

Comments

- Up 0.4% despite macro-economic uncertainty and geopolitical consequences of Ukraine conflict
- Margin reduction, all mix, with increased infusion therapies revenues offsetting higher margin revenues including Technology Support
- Includes leased property impairment, aborted acquisition costs, project consultancy and legal fees

Extracted from the unaudited financial statements for the year ended 31 January 2023

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

Consolidated Cash Flow

	FY 2023 £'000	FY 2022 £'000
Cash generated from operations	**(3,471)**	**4,130**
Taxation paid	-	(554)
Net cash generated from operating activities	**(3,471)**	**3,576**
Cash flows from investing activities:		
Capitalised development costs	(1,976)	(2,208)
Purchase of PPE and other intangibles	(6,366)	(1,763)
Interest received	40	9
Net cash used in investing activities	**(8,302)**	**(3,962)**
Cash flows from financing activities:		
Net lease payments	(480)	(308)
Interest Paid	(384)	(294)
Dividends Paid	(419)	(412)
Proceeds from Loans and borrowings	6,079	-
Net cash used in financing activities	**4,796**	**(1,014)**
Cash and cash equivalents at beginning of year	9,253	10,653
Net decrease in cash and cash equivalents	**(6,977)**	**(1,400)**
Cash and cash equivalents at the year end	**2,276**	**9,253**

Comments

- Outflow reflects working capital increase (debtors & inventory) and non-recurring costs less EBITDA
- Investment in the new Manufacturing and Technology Centre in Croydon
- £4.0m on the RCF and £2.1m on invoice discounting facility

Extracted from the unaudited financial statements for the period ended 31 January 2023