

3 October 2023

Inspiration Healthcare Group plc
(“Inspiration Healthcare”, the “Company” or the “Group”)

Interim Results

Underlying growth from core neonatal and infusion businesses

Inspiration Healthcare Group plc (AIM: IHC), the global medical technology company, announces its unaudited interim results for the six months ended 31 July 2023.

Financial highlights

- Revenue £20.4 million (H1 2023: £20.5 million)
 - Neonatal product revenues grew 4% to £16.1 million driven by sales of the SLE6000 ventilator
 - Infusion product revenues were £4.3 million (H1 2023: £4.9 million) due to de-stocking (now ended) by a major customer. Excluding this customer, Infusion revenues grew 18% versus H1 2023
- Gross Margin improved to 48.6% (H1 2023: 45.1%), driven by increased higher margin ventilator sales
- Adjusted EBITDA¹ £1.8 million (H1 2023: £2.2 million)
- Operating Profit before non-recurring items £0.6 million (H1 2023: £1.0 million)
- Cash generated by operating activities of £3.5 million (H1 2023: cash outflow of £0.5 million)
- Net debt² reduced to £2.1 million (31 January 2023: £3.8 million)
- Interim dividend of 0.205p per share, unchanged from H1 2023

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

²Excluding IFRS16 lease liabilities

Operational highlights (including post period)

- Launched extension of SLE6000 range for non-invasive respiratory support
- Initiated Medical Device Single Audit Program to access Canadian market and reduce the need for individual country audits
- Streamlining property portfolio to realise operational efficiencies as well as cost savings
- Strengthened Board with appointments of Alan Olby as CFO and Marlou Janssen as Non-Executive Director
- Submitted SLE6000 510k application to FDA for US market – post period end
- Launched US version of LifeStart, our stabilisation platform for babies that have had a difficult birth – post period end
- Launched new website for improved customer experience

Investor presentation

The Company will provide a live presentation to investors via the Investor Meet Company platform on Friday, 6 October 2023 at 11am BST. The presentation will give an update on the Company and an overview of the Group’s interim results. To register for the presentation, please use this link:

<https://www.investormeetcompany.com/inspiration-healthcare-group-plc/register-investor>

Neil Campbell, Chief Executive Officer of Inspiration Healthcare Group plc, commented: *“During the first six months we have seen underlying growth in our core neonatal and infusion businesses, driven by continued customer demand for our products. We also delivered significant improvements in our gross margins and operating cash flow placing the Group in a stronger financial position. We have made significant progress with our US expansion strategy, filing for FDA approval of the SLE ventilators and launching a version of LifeStart that is aligned with US user requirements. The headwinds seen in H1 are dissipating and with a strong pipeline of opportunities we are*

confident of returning to growth in the second half. We would like to take this opportunity to thank our shareholders for their continued support and we look forward to the future with optimism.”

Enquiries:

Inspiration Healthcare Group plc

Neil Campbell, Chief Executive Officer
Alan Olby, Chief Financial Officer

Tel: 0330 175 0000

Tel: +44(0)20 3100 2000

Nominated Adviser & Broker

Liberum

Phil Walker
Richard Lindley
Will King

Walbrook PR Ltd (Media and Investor Relations)

Tel: +44(0)20 7933 8780 or
inspirationhealthcare@walbrookpr.com

Anna Dunphy
Stephanie Cuthbert
Louis Ashe-Jepson

Mob: +44(0) 7876 741 001

Mob: +44(0) 7796 794 663

Mob: +44(0) 7747 515 393

About Inspiration Healthcare

Inspiration Healthcare (AIM: IHC) designs, manufactures and markets pioneering medical technology. Based in the UK, the Company specialises in neonatal intensive care medical devices, which are addressing a critical need to help to save the lives and improve the outcomes of patients, starting with the very first breaths of life.

The Company has a broad portfolio of its own products and complementary distributed products, for use in neonatal intensive care designed to support even the most premature babies throughout their hospital stay. Its own branded products range from highly sophisticated capital equipment such as ventilators for life support through to single-use disposables.

The Company sells its products directly to hospitals and healthcare providers in the UK and Ireland, where it also distributes a range of advanced medical technologies for infusion therapy. In the rest of the world the Company has an established network of distribution partners around the world giving access to more than 75 countries.

The Company operates from its world-class Manufacturing and Technology Centre in Croydon, South London and from its facility in Hailsham, East Sussex.

Further information on Inspiration Healthcare can be found at www.inspirationhealthcaregroup.com

Chairman's Statement

The Group has seen encouraging growth in our core products during the first half, which has been a significant driver in improving margins towards historic levels. Operating cash flow also improved, reducing the level of our net debt and putting the business in a much stronger financial position.

Overall Group revenue for the period was flat at £20.4 million, with growth of our core products offset by significant regulatory delays to one of our partners' key products and de-stocking from one of our leading Infusion customers.

Our neonatal portfolio consists of our own branded products and complementary distributed products, enabling us to add value to our neonatal customers by supplying a broad range of specialist products. However, for distributed products we are reliant on our partners' supply chain and regulatory pathways. During 2022, one of our partners' products was discontinued. The next generation product was expected to gain European CE marking under the Medical Device Regulations early in 2023. However, due to ongoing regulatory delays and the lead times for delivery and production scheduling this product is now expected to be commercially available during the first half of next year. On a true like-for-like basis excluding the discontinued product, in the period neonatal revenues grew by 11% compared to H1 2023. Sales of our lead product range, the SLE6000 ventilator, grew strongly driven by strong demand in Ireland and Israel and a recovery in China.

Our Infusion business sells to a variety of customers including 'homecare providers', which look after NHS patients in the community freeing up hospital beds and improving the quality of life for patients. Unfortunately, one of our major customers over stocked during the previous 12 months and began a stock reduction exercise in H1. We have worked with the customer to get their stock levels back to more normalised levels and the de-stocking process is now complete and a standard run rate is expected in the second half. Excluding this customer, Infusion revenues grew by 18% compared to H1 2023 as we expanded use of the products into new therapy areas, demonstrating continued underlying growth in sales.

Our aim during the first half was to rebuild our margins and return to cash generation. During FY23, we had a cash outflow of approximately £13 million, mainly driven by the £6 million investment in the new Manufacturing and Technology Centre in Croydon and investment in working capital to ensure we had stock of components to maintain timely delivery of our products to customers. I am pleased that during the first half of FY24, we have been cash positive on an operating basis, our capital expenditure has returned to normal levels and our net borrowings have reduced from £3.8 million at 31 January 2023 to £2.1 million at 31 July 2023. We continue to have a Revolving Credit Facility of £5 million and Invoice Discounting facility of up to £5 million giving the Group headroom of almost £8 million to cover cash flow requirements.

We have been pleased to welcome two new Board members during the first half. I am delighted that Alan Olby has joined us as Chief Financial Officer, bringing a great deal of experience as CFO in a growing Life Science business in both the public and private markets. Alan has already started to put in new systems and processes to bring about a higher level of rigour to our forecasting and financial management.

I am also pleased that we have further strengthened our Board with the appointment of Marlou Janssen. Marlou brings a wealth of Med Tech expertise to the Board and her operational experience in Med Tech, especially in the USA, is second to none. I am sure she will play an important role in our strategic development over the coming years and has already proven insightful and helpful regarding our plans for international growth.

Operational Review

In March, we launched an extension to our leading range of specialist neonatal ventilators, which facilitate precise, controlled ventilation for critically ill infants. We now have three variants of the SLE6000, which have been specifically designed to meet the different, specialist healthcare needs of the smallest neonates across critical care, high dependency care and non-invasive respiratory support. They all offer new 'non-invasive modes', which allow babies who are less sick to be supported by the ventilator, therefore accessing a large part of the market that was previously closed to the product.

The USA has always been an important strategic market for the Company and we remain focused on expanding our USA presence. In August this year, we submitted a 510K application to the FDA for the SLE6000 ventilator. Although there is no guarantee of approval, we hope to launch two variants of the ventilator along with accessories and other complementary products in the second half of 2024. We believe this represents a significant potential commercial opportunity for the Company, given existing ventilators available in the US, size of the market, and the world wide acceptance of the SLE6000 as a specialist neonatal ventilator.

Also in the USA, we have recently launched a new version of our LifeStart™ product, which is more aligned with US user requirements by allowing US manufactured accessories to be added to the platform. LifeStart™ is a specialist unit that can be used as a stabilisation platform for babies that have experienced a difficult birth. The platform keeps the baby close to its mother/family whilst the clinician determines when to clamp and cut the umbilical cord. We are working with our distributor to build out marketing plans as feedback from the first customers grows.

We are continuing to develop products through our R&D team and are currently finalising a new respiratory device which provides non-invasive respiratory support for babies that do not need full intensive care support. The device has been developed alongside one of our partners, who will sell a similar device in the adult market. We expect to launch this product in the second half. Additionally, we are now determining the next phase for Project Wave, after the trial at Brighton and Sussex Universities Hospital NHS Trust showed user and patient acceptance of the product and we can start to look at wider market research to determine pricing and how our commercial launch could be initiated.

The Company has commenced the process to be certified under the Medical Device Single Audit Program (MDSAP). This allows a single MDSAP recognised auditing organisation to conduct a regulatory audit of a medical device manufacturer on behalf of all the regulatory authorities participating in the program. It combines various Quality Management requirements from several regulatory jurisdictions including the USA, Europe, Japan, Australia and Canada. As we start to roll out our North America strategy it is important to have the most efficient way of complying with local regulations for the greatest number of products. Our quality management systems have now been audited to these regulations and we look forward to gaining certification, allowing our products to be registered in Canada as well as reducing the need for individual country audits.

Our Infusion division made substantial progress during the period. We have invested in extra customer facing employees to build our customer base and expand the use of the products into new therapy areas, which has resulted in initial sales. This diversification is an important part of our future growth strategy and we will continue to launch new products from our partners in this area of our business over the next twelve months.

As we have brought the three operating companies together we have created a new website that gives a better user experience to be able to access more information on Group products on one site. This also has been built to allow future features to be added to give a better user experience for product training along with the potential for e-commerce.

In order to bring our teams together at our new Manufacturing and Technology Centre in Croydon, during the first half we took the decision to close our site in Earl Shilton, Leicestershire, where we had an operational base for 15 years. Inevitably this impacted some staff who could not relocate to our Croydon facility, and we are sad to see them leave us but thank them for their hard work and loyalty over the years and wish them well for the future. Our Crawley facility has also now closed, and all our Head Office functions have moved to Croydon, reducing overheads and improving operational efficiency. While these changes resulted in some one-off exceptional charges in the first half, we expect to realise annual cash savings of £0.2 million as a result.

Financial Review

Revenue for the six months to 31 July 2023 totalled £20.4 million (H1 2023: £20.5 million). Whilst broadly flat at a headline level, this masks an encouraging underlying performance. The neonatal portfolio was held back by the loss of revenue from a distributed product which contributed £1.0 million in H1 2023 as explained above. On a like-for-

like basis excluding this distributed product, the neonatal portfolio grew by 11% in the period, driven by sales of the SLE6000 ventilator.

Our infusion products delivered revenue of £4.3 million in the period (H1 2023: £4.9 million) a decline of 14% versus last year. However, adjusting for the customer de-stocking during the period, underlying sales grew by 18%, continuing the growth trend seen in FY23.

Gross margin improved to 48.6% in the period compared to 45.1% in the same period last year. This improvement has been down to product mix. As we commented in FY23, our margins were reduced due to product mix and we expected them to return to historic levels as the mix of products became more favourable, which has been the case. Although mix can vary during the second half, we expect margins to stabilise around their current level.

Operating expenses totalled £9.3 million in the period (H1 2023: £8.2 million) reflecting wage inflation increasing employment costs which are the largest category within our overheads, as well as increasing travel expenses with overseas markets re-opening, increased regulatory fees and the impact of exchange rate movements.

	Unaudited 6 months ended 31 July 2023 £'000	Unaudited 6 months ended 31 July 2022 £'000	Audited Year ended 31 January 2023 £'000
Operating profit	150	1,049	431
Non-recurring items	406	-	1,158
Adjusted operating profit	556	1,049	1,589
Depreciation	653	601	1,354
Amortisation	462	466	931
Share based payment	89	87	132
Adjusted EBITDA	1,760	2,203	4,006

Adjusted EBITDA¹ amounted to £1.8 million, a decrease of 20% over H1 2023 as the increased gross profit was offset by increased in operating expenses. Operating profit for the period was £0.2 million after the inclusion of non-recurring charges of £0.4 million largely resulting from the restructure of operations with the closure of the offices at Earl Shilton and Crawley, which is now complete.

Finance costs increased to £0.3 million in the period (H1 2023 £0.2 million) as a result of increases in interest rates and higher average net debt compared to the prior period.

Net Debt as at 31 July 2023 was £2.1 million, a net inflow of £1.7 million for the first half. Net Debt has been reduced as a result of EBITDA generation and a focus on reducing working capital. Headroom against the Group's bank facilities (£5 million RCF and £5 million invoice discounting facility) was £7.9 million at 31 July providing significant flexibility to manage working capital flows.

Dividend

We confirm that our interim dividend payment will remain at the same level as H2 2023 at 0.205p per share. This will be payable to shareholders on the register on 24 November 2023 and will be paid on 22 December 2023. The shares will go ex-dividend on 23 November 2023.

Outlook

The Company continues to execute its strategy to drive growth through maximising sale of existing products, geographic expansion and R&D investment to broaden its product portfolio and is well positioned to benefit from the growth of the neonatal and infusion markets.

With a strong pipeline of opportunities for both neonatal and infusion products, combined with the underlying growth seen in the first half, we are confident in returning to growth in the second half and expect to maintain the improvement in margins for the remainder of the year.

Mark Abrahams

Chairman

3 October 2023

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

Unaudited Consolidated Income Statement and Statement of Total Comprehensive Income

For the six months ended 31 July 2023

	Notes	Unaudited 6 months ended 31 July 2023 £'000	Unaudited 6 months ended 31 July 2022 £'000	Audited Year ended 31 January 2023 £'000
Revenue		20,370	20,523	41,233
Cost of sales		(10,472)	(11,261)	(23,140)
Gross profit		9,898	9,262	18,093
Operating expenses		(9,342)	(8,213)	(16,504)
Operating profit (before non-recurring costs)		556	1,049	1,589
Non-recurring costs	4	(406)	-	(1,158)
Operating profit (after non-recurring costs)		150	1,049	431
Finance income		30	18	40
Finance cost		(320)	(182)	(395)
(Loss) / Profit before tax		(140)	885	76
Income tax	5	84	(119)	196
(Loss) / Profit attributable to the owners of the parent company and total comprehensive (loss)/income for the period		(56)	766	272
Earnings per share, attributable to owners of the parent company				
Basic expressed in pence per share	7	(0.08p)	1.57p	0.40p
Diluted expressed in pence per share	7	(0.08p)	1.55p	0.39p

Unaudited Consolidated Statement of Financial Position

As at 31 July 2023

		Unaudited	Unaudited	Audited
		As at	As at	As at
		31 July	31 July	31 January
		2023	2022	2023
	Notes	£'000	Restated*	£'000
		£'000	£'000	£'000
Assets				
Non-current assets				
Intangible assets		17,251	16,357	17,004
Property, plant and equipment		7,235	5,692	7,497
Right of use assets		5,680	7,025	5,970
Deferred tax asset		373	136	324
		30,539	29,210	30,795
Current assets				
Inventories		10,493	8,739	9,935
Trade and other receivables	8	10,167	10,147	11,888
Cash and cash equivalents		1,948	3,033	2,276
		22,608	21,919	24,099
Total assets		53,147	51,129	54,894
Liabilities				
Current liabilities				
Trade and other payables	9	(6,849)	(7,446)	(5,812)
Lease liabilities		(770)	(760)	(822)
Borrowings		-	-	(2,079)
Contract liabilities		(449)	(319)	(531)
		(8,068)	(8,525)	(9,244)
Non-current liabilities				
Lease liabilities		(5,852)	(6,541)	(6,176)
Borrowings		(4,000)	-	(4,000)
		(9,852)	(6,541)	(10,176)
Total liabilities		(17,920)	(15,066)	(19,420)
Net assets		35,227	36,063	35,474
Shareholders' equity				
Called up share capital		6,823	6,812	6,813
Share premium account		18,905	18,838	18,842
Reverse acquisition reserve		(16,164)	(16,164)	(16,164)
Share based payment reserve		421	365	405
Retained earnings		25,242	26,212	25,578
Total equity		35,227	36,063	35,474

*A prior period adjustment was made in relation to deferred tax in the Audited Financial Statements for the year ended 31 January 2023 and consequently, adjustments to Goodwill and Deferred Tax have been made in the Consolidated Statement of Financial Position as at 31 July 2022. Please see note 10 for further detail.

Unaudited Consolidated Statement of Changes in Shareholders' Equity
For the six months ended 31 July 2023

	Called up Share Capital £'000	Share Premium £'000	Reverse acquisition reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 February 2022 (restated)	6,812	18,838	(16,164)	278	25,725	35,489
Profit for the period 1 February 2022 to 31 July 2022	-	-	-	-	766	766
Total comprehensive income for the period	-	-	-	-	766	766
Transactions with owners in their capacity of owners						
Dividends	-	-	-	-	(279)	(279)
Employee share scheme expense	-	-	-	87	-	87
Total transactions with owners	-	-	-	87	(279)	(192)
At 31 July 2022 (restated)	6,812	18,838	(16,164)	365	26,212	36,063
Loss for the period 1 August 2022 to 31 January 2023	-	-	-	-	(494)	(494)
Total comprehensive loss for the period	-	-	-	-	(494)	(494)
Transactions with owners in their capacity of owners						
Dividends	-	-	-	-	(140)	(140)
Issue of Ordinary Shares, net of transaction costs and tax	1	4	-	(5)	-	-
Employee share scheme expense	-	-	-	45	-	45
Total transactions with owners	1	4	-	40	(140)	(95)
At 31 January 2023	6,813	18,842	(16,164)	405	25,578	35,474
Loss for the period 1 February 2023 to 31 July 2023	-	-	-	-	(56)	(56)
Total comprehensive loss for the period	-	-	-	-	(56)	(56)
Transactions with owners in their capacity of owners						
Dividends	-	-	-	-	(280)	(280)
Issue of Ordinary Shares, net of transaction costs and tax	10	63	-	(73)	-	-
Employee share scheme expense	-	-	-	89	-	89
Total transactions with owners	10	63	-	16	(280)	(191)
At 31 July 2023	6,823	18,905	(16,164)	421	25,242	35,227

Unaudited Consolidated Statements of Cash flows

For the six months ended 31 July 2023

	Unaudited 6 months ended 31 July 2023 £'000	Unaudited 6 months Ended 31 July 2022 £'000	Audited Year ended 31 January 2023 £'000
Cash flows from operating activities			
(Loss)/Profit for the period/year	(56)	766	272
Adjustments for:			
Depreciation and amortisation	1,115	1,067	2,285
Employee share scheme expense	89	87	132
Loss/(profit) on disposal of tangible assets	125	3	(26)
Loss on disposal of intangible assets	-	-	6
Loss on disposal of right of use assets	4	-	-
Remeasurement of leases	36	-	(25)
Impairment of right of use assets	-	-	446
Finance income	(30)	(18)	(40)
Finance expense	320	182	395
Income tax (credit)/expense	(84)	119	(196)
	1,519	2,206	3,249
Increase in inventories	(558)	(2,290)	(3,486)
Decrease/(increase) in trade and other receivables	1,411	(1,125)	(2,501)
Increase/(decrease) in trade and other payables	1,037	908	(740)
(Decrease)/increase in contract liabilities	(82)	(206)	7
Cash flows generated from/(used in) operations	3,327	(507)	(3,471)
Taxation received	189	-	-
Net cash generated from/(used in) operating activities	3,516	(507)	(3,471)
Cash flows from investing activities			
Bank interest received	9	2	5
Interest on lease receivables	21	16	35
Purchase of property, plant and equipment	(206)	(4,067)	(6,226)
Purchase of intangible assets	(63)	(54)	(140)
Capitalised development costs	(646)	(944)	(1,976)
Net cash used in investing activities	(885)	(5,047)	(8,302)
Cash flows from financing activities			
Principal elements of lease payments	(435)	(315)	(697)
Principal elements of lease receipts	150	105	217
Interest on lease liabilities	(140)	(152)	(300)
Interest paid on loans and borrowings	(88)	(25)	(84)
Bank interest paid	(87)	-	-
Dividends paid to the holders of the parent	(280)	(279)	(419)
(Repayment of)/proceeds from loans and borrowings	(2,079)	-	6,079
Net cash (used in)/generated from financing activities	(2,959)	(666)	4,796
Net decrease in cash and cash equivalents	(328)	(6,220)	(6,977)
Cash and cash equivalents at the beginning of the period/year	2,276	9,253	9,253
Cash and cash equivalents at the end of the period/year	1,948	3,033	2,276

Notes to the Unaudited Interim Financial Statements

For the six months ended 31 July 2023

1. Basis of Preparation

This condensed consolidated interim financial information for the six months ended 31 July 2023 have been prepared in accordance with AIM rule 18 in relation to half year reports. This information should be read in conjunction with the annual financial statements for the year ended 31 January 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2. Going concern basis

The Group meets its day-to-day working capital requirements through its cash resources and borrowing facilities. At 31 July 2023 net debt of the Group was £2.1 million and available facilities of up to £10 million provided cash headroom of up to £7.9 million. Consequently, the Directors believe that the Group has sufficient liquidity to meet its obligations as they fall due and consider it appropriate to continue to adopt the going concern basis in preparing its consolidated interim financial statements.

3. Interim financial information

The interim financial information for the period ended 31 July 2023 is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim financial information for the period ended 31 July 2022 is also unaudited. The audited accounts for the year ended 31 January 2023 for Inspiration Healthcare Group plc were approved by its Board of Directors on 11 May 2023 and have been delivered to the Registrar of Companies with an unqualified audit report.

The Company's annual report and financial statements for the year ended 31 January 2023 were prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The standards used are those published by the International Accounting Standards Board (IASB) and endorsed by the EU at the time of preparing those statements.

4. Non-recurring items

Non-recurring items are items which, given their nature, management believes should be disclosed separately for the purposes of presenting the results of the Group and the earnings per share figures. During the six months ending 31 July 2023, the Group recognised the following non-recurring items:

	Unaudited 6 months Ended 31 July 2023 £'000	Unaudited 6 months Ended 31 July 2022 £'000	Audited Year Ended 31 January 2023 £'000
Impairments of leased properties	-	-	446
Restructuring costs	266	-	-
Aborted acquisition costs	-	-	467
Other	140	-	245
Total	406	-	1,158

Restructuring costs include asset impairments, severance and related costs following the Group's decision to close the Earl Shilton and Crawley offices to consolidate the property portfolio and centralise the business in Croydon.

Other includes project consultancy costs and legal fees relating to a contract dispute.

Notes to the Unaudited Interim Financial Statements (continued)
For the six months ended 31 July 2023

5. Taxation

	Unaudited 6 months Ended 31 July 2023 £'000	Unaudited 6 months Ended 31 July 2022 £'000	Audited Year Ended 31 January 2023 £'000
UK corporation tax (credit)/charge in the period	(35)	168	42
Deferred tax credit in the period	(49)	(49)	(238)
Tax on (loss)/profit on ordinary activities	(84)	119	(196)

6. Dividends

The final dividend for the year ended 31 January 2023 of 0.41 per share (2022: 0.41p per share) was paid to shareholders on 28 July 2023.

The Board has declared an interim dividend of 0.205p per share (H1 2023: 0.205p per share) to be paid on 22 December 2023.

7. Earnings per ordinary share

Basic earnings per share for the period is calculated by dividing the profit attributable to ordinary shareholders for the year after tax by the weighted average number of shares in issue.

Basic diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares.

	Unaudited 6 months Ended 31 July 2023 £'000	Unaudited 6 months Ended 31 July 2022 £'000	Audited Year Ended 31 January 2023 £'000
(Loss)/Profit attributable to equity holders of the Company	(56)	766	272
Add back non-recurring items	406	-	1,158
Add back amortisation of intangible assets acquired through business combinations	302	302	605
Numerator for underlying earnings per share calculation	652	1,068	2,035

Notes to the Unaudited Interim Financial Statements (continued)

For the six months ended 31 July 2023

The weighted average number of shares in issue and the diluted weighted average number of shares in issue were as follows:

	Unaudited 6 months Ended 31 July 2023	Unaudited 6 months Ended 31 July 2022	Audited Year Ended 31 January 2023
Number of Ordinary Shares in issue at the beginning of the period/year	68,130,606	68,121,447	68,121,447
Weighted average number of shares issued during the period/year	67,727	-	5,771
Weighted average number of ordinary shares in issue during the period/year for the purposes of basic earnings per share	68,198,333	68,121,447	68,127,218
Dilutive effect of potential Ordinary shares:			
Share options	1,121,012	866,052	691,392
Diluted weighted number of shares in issue for the purpose of diluted earnings per share	69,319,345	68,987,499	68,818,610

The basic and diluted earnings per share are as follows:

	Unaudited 6 months Ended 31 July 2023 pence	Unaudited 6 months Ended 31 July 2022 pence	Audited Year Ended 31 January 2023 pence
Basic earnings per share	(0.08)	1.57	0.40
Adjust for:			
Non-recurring items	0.60	-	1.70
Amortisation of intangible assets acquired through business combinations	0.44	0.44	0.89
Adjusted basic earnings per share	0.96	2.01	2.99
Diluted earnings per share	(0.08)	1.55	0.39
Adjusted for:			
Non-recurring items	0.59	-	1.68
Amortisation of intangible assets acquired through business combinations	0.44	0.44	0.88
Adjusted diluted earnings per share	0.95	1.99	2.95

Notes to the Unaudited Interim Financial Statements (continued)
For the six months ended 31 July 2023

8. Trade and Other Receivables

	Unaudited 31 July 2023 £'000	Unaudited 31 July 2022 £'000	Audited 31 January 2023 £'000
Trade receivables	8,802	9,019	10,393
Loss allowance	(321)	(230)	(266)
Net trade receivables	8,481	8,789	10,127
UK corporation tax receivable	-	-	143
Other taxes and social security	-	-	304
Net investment in leases	620	436	616
Other receivables	350	117	183
Prepayments and accrued income	716	805	515
Total	10,167	10,147	11,888

9. Trade and Other Payables

	Unaudited 31 July 2023 £'000	Unaudited 31 July 2022 £'000	Audited 31 January 2023 £'000
Trade payables	4,841	4,852	4,081
Other taxes and social security	686	212	257
Other payables	523	289	434
Accrued expenses	799	2,093	1,040
Total	6,849	7,446	5,812

10. Prior year adjustment

A Prior period adjustment has been made in respect of the Group's deferred tax. In FY2021, the Group recognised a deferred tax liability relating to taxable temporary differences that arose from the recognition of intangibles on the acquisition of SLE Limited in July 2020. At the time of the acquisition, a deferred tax asset was not recognised. However, accounting standards require a deferred tax asset to be recognised to the extent of the existing deferred tax liability and therefore a deferred tax asset should have been recognised in FY2021.

This was corrected by restating each of the affected financial statement line items for prior periods at the time of the audited financial statements for the year ended 31 January 2023 and as a result, the 31 July 2022 interim results presented herein have also been restated accordingly.

Further information on the financial impact of the prior period adjustment can be found in the Group's audited accounts for the year ended 31 January 2023.

11. Related party transactions

Lease of Leicestershire facility

The Leicestershire facility at Earl Shilton is rented on an arms length basis from a self-invested pension plan controlled by Neil Campbell and others. In April 2023, the Directors made the decision to close the Earl Shilton office, in order to further consolidate the Group's properties, reduce overheads and bring teams together at our

new Manufacturing and Technology Centre in Croydon. All affected employees have been notified of this decision and the office closed at the end of September 2023.

Employment of related parties

Several close family members of the Directors are employed by the Group, and they are remunerated at a fair market rate which is commensurate with their roles.