INNOVATE CREATE INSPIRE

Annual Report and

Financial Statements **2025**

INSPIRATION
HEALTHCARE GROUP

Contents

About the Group

Inspiration Healthcare Group PLC ("the Group") (AIM: IHC) designs, manufactures and markets pioneering medical technology. Based in the UK, the Group 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 Group 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 Group 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 Group has an established network of distribution partners around the world giving access to more than 75 countries.

The Group operates in the UK from its Manufacturing and Technology Centre in Croydon, South London, and in the USA from its facility in Melbourne, Florida.

Find out more:
inspirationhealthcaregroup.com

Our Business

Our Markets

The Group operates within a single business segment, providing essential medical technology. Within this segment, the Group sells products and services into three main market areas: ‘Neonatal’, ‘Infusion Therapies’ and ‘Speciality Ventilation’.

Neonatal Intensive Care

Neonatal intensive care is our primary area of concentration where the focus is on saving the youngest and most vulnerable patients. Worldwide, more than 1 in 10 babies are born prematurely. In 2020 there were an estimated 13.4 million preterm births globally while in 2019 900,000 deaths were attributed to preterm birth complications. (Source: World Health Organization 2023).

Premature births are the single biggest cause of death of children under the age of five and remain a consistent challenge to healthcare professionals. There is increasing demand for technologies that can deliver the best possible outcomes and prevent serious complications.

Our products have been developed to improve patient outcomes, starting with the first breaths of life.

We have a range of products, both capital equipment and consumables, that we have developed and own outright or through licence arrangements of Intellectual Property which we can sell globally where regulatory approvals allow. We supplement our own products with commercial arrangements which allow us to distribute third party products. This adds value to our customers and distribution partners as they are able to acquire products they need from a single source.

As well as our broad portfolio of products, we supplement this with technical support directly in the UK and the USA and through distributors elsewhere for the capital equipment that we sell. We train our distributors and hospital biomedical engineers and provide spare parts to those who have been appropriately trained to service our products.

Infusion Therapies

We manage a range of advanced medical technologies for infusion therapy for which we are the exclusive distributor in the UK. Total Parenteral Nutrition (“TPN”) is currently the Group’s largest market in Infusion therapy and there are also significant opportunities in chemotherapy and pain management that are suitable for hospital and homecare settings. Expansion into these areas is a strategic focus.

As with our Neonatal Intensive Care range, for Infusion, we offer technical support for our customers through training programmes or directly at our Manufacturing and Technology Centre in Croydon.

Speciality Ventilation

Speciality Ventilation represents the Airon business acquired in January 2024 which manufactures and sells pneumatic ventilators in the USA and internationally from its base in Melbourne, Florida.

Global Reach

Our global reach means our medical technology is available in more than 75 countries. We sell directly into the UK and Ireland (“Domestic”) and partner with established independent distributors in the rest of the world. In the USA we support our distributors with our own sales team. This model provides us with significant global coverage and opportunity including access to international Key Opinion Leaders (“KOLs”) with whom we develop relationships to drive our product development and education offerings.

Our Business

Inspiration Healthcare Group is an ethical Company with high principles in business. We take our responsibilities towards Environmental, Social and Governance (“ESG”) seriously and are always looking at ways to improve the way we operate our business, especially around issues that affect society.

Environmental

We are committed to reducing our impact on the planet wherever possible and undertake regular reviews of our practices to do so. Our environmental and sustainability efforts are an important part of our operational strategy. The environment and sustainability are important to our customers. In our biggest market, the UK, the government has mandated the NHS to be carbon neutral by 2040, our aim is to use this to drive the Group to be ahead of this date which will stand us in good stead around the world.

Our Business continued

Social

As a medical technology company, we are deeply embedded in society to improve the outcomes for the patients we serve. We are committed to using technology to improve outcomes for patients and want to do this in a way that has maximum benefit for society. Our charitable giving initiative offers us the opportunity to support charities that align with our core values.

We are an ethical employer and create a positive working environment for our employees. We aim to have roles that challenge, engage and develop our teams to their fullest potential, including prioritising internal promotion opportunities before reviewing external candidates, where appropriate. We are an organisation committed to the ongoing professional growth of every team member. Regardless of position, we provide the opportunity to excel and enhance their skills.

We have considered our employees' overall well-being. Through our Group's People team, we offer a range of benefits:

- 'Blended Working Policy' allowing employees to work from home for up to 40% of their time.
- Improved parental pay for all new parents, including adoptions, and additional paid time off for those parents who have a premature baby.
- Mental Health and well-being App providing employees with access to support if and when needed.

In addition to the above, we actively monitor gender pay and acknowledge the benefits of a diverse workforce. Diversity fosters varied perspectives and ways of thinking, which in turn will improve the Group's performance.

We are also aware of our responsibilities to the local environment where many of our employees live. We have started an initiative with a local college to give training to T-Level students, aged between 16-18 years old, who are interested in pursuing a career in manufacturing and engineering.

We are committed to ethical business practices and ensure all our employees understand their obligations to make sure that our business is conducted in a fair and transparent manner. We have codes of conduct for how employees should expect to be treated and treat others. As a global supplier, we respect cultures around the world. However, we never compromise on certain areas of our business, and we have policies around issues such as modern slavery, bribery and corruption and money laundering to ensure we are adopting best practice in these areas.

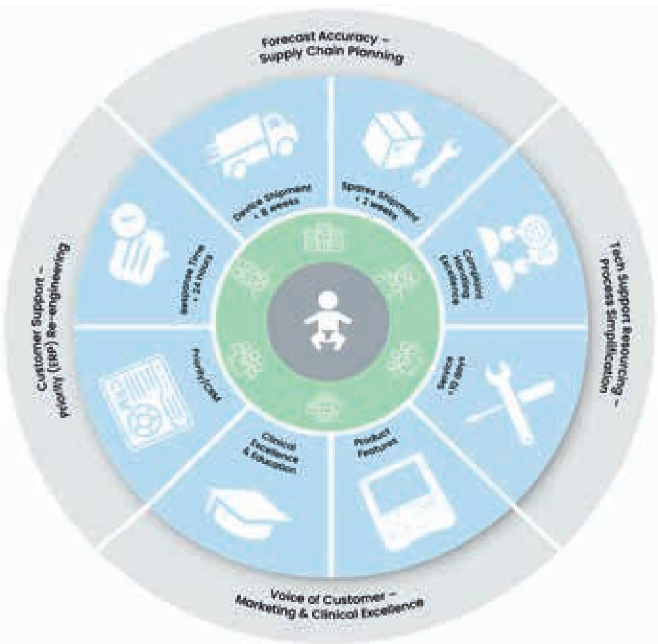
Governance

As a company listed on the Alternative Investment Market ("AIM") of the London Stock Exchange and as a member of the Quoted Companies Alliance ("QCA"), the Board follows their best practice on Governance aiming to ensure everything we do is with the highest level of governance and transparency.

Chair & Chief Executive Officer's Report

Welcome to my annual review as Chair and Interim CEO of Inspiration Healthcare Group plc. The past year has been challenging for the business with a significant amount of change being implemented including a 'Back to Basics' strategy to address the challenges and poor performance in the business over the past couple of years.

'Back to Basics' is aimed at putting our patients and customers at the very centre of everything we do by ensuring we are engaging with our end customers and sales channel distributors to provide excellence in the products we offer and service we deliver. As part of this approach, we are focussing the business and simplifying our processes, systems & organisation. Ultimately, this will help us increase sales and profitability, reduce costs, and improve cash generation.



As part of our future strategy, we are also looking to increase sales of consumable products and service revenues to improve the quality of earnings and reduce our reliance on lumpier capital sales business. Once we have re-focused the business and returned to growth in terms of sales, profits, and cash generation we will then be in a position to move forward with our vision to ensure leadership in the neonatal market.

I am pleased to say we are starting to see the benefits of this strategy and the business is now moving in the right direction.

Overview

Overall progress in the year was positive. Following a year-on-year decline in first half sales the business had a strong second half and full year revenues increased 2% to £38.3m (FY24: £37.6m), including a full year contribution of Airon revenue of £2.4m (FY24: £0.2m). Having experienced a loss making first half the strong sales in the second half meant that the business was able to deliver a full year adjusted EBITDA of £0.2m (FY24: £2.0m).

At 31 January 2025, the Group's net debt (excluding IFRS16 lease liabilities)* was £8.3 million (31 January 2024: £6.0 million). We anticipate strong operating cash flow in the first half of the new financial year as our inventory continues to reduce and our strong sales from the end of last year convert to cash.

The Group operates within a single business segment, providing essential medical technology. Within this segment, the Group sells products and services into three main market areas: 'Neonatal', 'Infusion Therapies' and 'Speciality Ventilation'.

Neonatal focuses on intensive care equipment for premature and sick babies. We design, manufacture and sell our equipment around the world to over 75 countries and we also distribute complementary products in the UK and Ireland.

Infusion Therapies focuses on infusion pumps and associated consumables in the UK where we are an active distributor of these technologies into various therapy areas.

Speciality Ventilation represents the Airon business acquired in January 2024 which manufactures and sells pneumatic ventilators in the USA and internationally.

*Cash and cash equivalents plus short-term investments, less revolving credit facility and invoice finance borrowings

Chair & Chief Executive Officer's Report continued

Revenue	2025 £'000	2024 £'000	
Neonatal products	**24,652**	28,916	-15%
Infusion Therapy products	**11,201**	8,533	+31%
Speciality Ventilation products (Airon)	**2,398**	181	+81%*
Total	**38,251**	37,630	+2%
Neonatal products:			
Capital	**16,005**	19,384	-17%
Consumables and service	**8,647**	9,531	-9%
	24,652	28,915	-15%
Neonatal products by Geography:			
UK/Ireland	**9,085**	10,148	-10%
International	**15,567**	18,767	-17%
	24,652	28,915	-15%
Neonatal Key Brands:			
SLE6000	**9,976**	9,534	+5%
SLE1000&5000 (end of life)	**1,958**	3,581	-45%
Other	**12,718**	15,800	-20%
	24,652	28,915	-15%

* Pro forma full year growth (unaudited)

Neonatal

Overall, Neonatal revenues were 15% lower than last year at £24.7m (FY24: £28.9m). While the first half of the year was challenging from a sales perspective delivering revenues of £10.8m (excludes Airon) the focus on our 'Back to Basics' strategy and increased sales activity in the second half resulted in a strong performance with sales of £13.9m, +29% vs H1. This was despite the continued delay in shipping the large Middle East order previously announced. However, I am pleased to report that the first half of this order was shipped within the year although it was unable to be recognised as revenue due to delays in clearing customs in country. Post year end the order cleared customs and has been recognised as revenue and we expect to ship the remainder of the order in the first half of FY26 post receipt of the letter of credit.

Historically, capital items have been the main driver of neonatal product sales, accounting for 67% of neonatal revenues in FY24. We have seen a 17% decline in capital sales to £16.0m in FY25, partly caused by the lower sales activity particularly in our international business already described; delays in the timing of customer orders and also due to the discontinuation of our older ventilator products.

Sales from neonatal products in the UK/Ireland were £9.1m (FY24: £10.1m) down 10% on the prior year. This decline was driven by fewer sales opportunities being identified and converted in the period as purchasing decisions were pushed out due to budget constraints. We restructured the UK sales team during the first quarter of the year and have subsequently seen increased activity levels and improved customer engagement. During the year we also launched some complementary distributed products (e.g. Monsoon high-frequency jet ventilator) with the aim of increasing our sales coverage. The business is now performing as expected and we have built a solid pipeline of opportunities for the coming year.

International sales were £15.6m in the year, down 17% from £18.8m in FY24, following the discontinuation of older ventilators (SLE1000 and SLE5000) and generally poor sales. Increasing international sales activity and improving our distributor customer service is a key focus for the commercial team. We are working hard to ensure we meet the needs of our end customers and proactively manage our distributor partners to help drive demand. This approach has helped increase the international sales pipeline. Encouragingly, prior to the year-end we secured our largest ever single contract to date, at $6 million for SLE6000 and SLE1500 ventilators plus associated accessories and consumables, with a trusted global humanitarian aid organisation focusing on child and infant welfare. Delivery of this contract is during the first half of the new financial year. The combination of the previously announced Middle East contract and this new order underpins our 2026 sales and gives us optimism for the future outlook for the business.

Revenues from end-of-life products (SLE5000 and SLE1000) were £2.0m in the period (FY24: £3.6m). These products were discontinued due to key components becoming unavailable and the prohibitive cost associated with re-engineering to meet the requirements of the EU's new Medical Device Regulations. Sales of new variants of the SLE6000 and SLE1500 are expected to compensate for the loss of revenue from these products in due course.

Revenues from consumables and service of neonatal products were £8.6m in FY25 a decrease of 9% versus prior year (FY24: £9.5m). Increasing recurring revenues from consumables and service is a strategic priority for the Group. Given the lumpy nature of capital sales, especially in times of budget constraint a move to the recurring revenue stream offered by consumable and service revenues will help the business improve its quality of earnings and reduce its reliance on large tenders. We are working on a new consumables range which are expected to be launched later in 2025. We have also recruited a new Group Head of Technical Support to help drive service performance and revenues.

Infusion Therapies

Infusion Therapies delivered strong revenue growth of 31% to £11.2m in the year (FY 2024: £8.5m). We are market leaders in the UK homecare market for ambulatory infusion pumps. Our continued investment in sales, marketing, and clinical support in this area of our business are starting to deliver and as a result we had a strong year distributing Micrel products. During the year we introduced the new Rhythmic and Serena pumps into the homecare market. With the UK NHS increasingly looking to treat patients out of hospital, it is important that new devices have the capability of being able to be monitored remotely. The new pumps from our partner Micrel will allow for this making it an attractive option for our existing customer base and allowing for future growth. These products have been well received in the market and previously hard to reach accounts are now engaging and referring patients to us for product trials which is positive for our sales pipeline. In 2024 we sold the highest number of pumps to the homecare providers in the last five years with devices now being used by all homecare providers in the country.

During the year we also launched the Ultima pump into the hospital setting aimed at oncology therapy and pain management. Positively we have won new PCA, Epidural and Regional Anaesthesia business and trained over 1000 clinicians across three NHS Trusts, cementing our commitment to provide exceptional after sales support.

Our opportunity for Infusion Therapies in the UK remains strong and we are excited to continue our partnership with Micrel as we move forward.

Airon & North America strategy

Airon is a leading manufacturer of pneumatic ventilators, which can be used in transport and MRI for babies through to adults. It has an established sales channel through a national distributor. Airon was acquired in January 2024 and provides a platform to launch Inspiration Healthcare's products into the USA in the future. It also offers the potential opportunity to expand sales of Airon products internationally.

Airon has performed well during the year and revenues grew 81% on a pro forma basis (unaudited) to £2.4m (FY24: £1.3m of which only £0.2m was under our ownership). As part of the consideration for the acquisition of Airon a deferred consideration payment of up to $1.0m is due based on meeting sales targets for the year to April 2025. These targets have now been exceeded and the full deferred consideration is payable.

North America is an important market and accounts for approximately 50% of the world demand for neonatal intensive care products and is a significant strategic market for our longer-term growth. The Company is looking to develop its product portfolio in the US through the regulatory approval of our core neonatal ventilation products.

In 2023 the Group submitted an initial application to the FDA for approval of the SLE6000 ventilator. Subsequently this application was withdrawn pending a more detailed review involving feedback from the FDA and input from external consultants to ensure the best chance of success. We now have a detailed plan aimed at developing a product suitable for the US market which will be submitted for FDA approval in due course. Given the extensive work required including biocompatibility, human factors and cyber security and the FDA approval timelines we now believe a realistic timeline for product approval is H1 2027.

While we now have to wait for approval of the SLE6000 we will look for other synergistic opportunities to leverage the Airon acquisition to build our presence in the USA.

Chair & Chief Executive Officer's Report continued

Operations

Croydon is our main manufacturing and distribution centre for our Neonatal and Infusion Therapies products. During the year as part of our efforts to consolidate operations to Croydon we transferred our Viomedex consumable manufacturing from our Hailsham location to a third-party manufacturer in Asia. As a result, we closed our Hailsham site in July 2024 with an annualised saving of £500,000.

Supply chain challenges over the past couple of years have resulted in higher than desired inventory levels. Following the strong second half sales and careful management inventory levels at 31 January 2025 were £13.1m, down from £13.7m at the start of the year. This remains a key area of focus for the business, and we are targeting further reductions going forward to improve our working capital.

Having achieved Medical Device Single Audit Program ("MDSAP") certification in January 2024 for Inspiration Healthcare products we also received MDSAP approval for Airon's products during the year. MDSAP approval confirms our Quality Management System processes comply with the requirements of the EU, USA, Japan, Australia, and Canada and simplify future audits and approvals. MDSAP is compulsory for Canada and during the year we applied for and now have Health Canada approval for our LifeStart, SLE1000 nCPAP, Inspire nCPAP and Inspire rPAP products, with SLE6000 approval anticipated in FY26.

Our R&D team have continued to be focused on current product supply issues, solving product quality issues as well as working on developing key features for the SLE6000 and SLE1500 ventilators for the future, and progressing the FDA registration project.

In the second half of the year, we also implemented an overhead cost reduction programme to reduce headcount which will deliver annualised savings of £1.25m.

Fund Raise and Strengthening the Balance Sheet

In June 2024 as part of our efforts to strengthen our balance sheet the Group announced a Placing, Subscription and Retail Offer which raised £3.0 million gross to reduce net debt and provide additional headroom against the Group's borrowing facilities. The Capital Raising which was oversubscribed and completed on 22 July 2024 realised net proceeds of £2.7 million. We are very grateful to shareholders for their continued support for the business.

Board Structure and Stakeholders

As part of its ongoing governance of the business the Board continues to evaluate the focus and strategy of the business, including the market and products along with the resources and structure of the organisation.

FY24 saw significant changes to the Board and the leadership of the business:

- Mark Abrahams retired as Chairman in March 2024
- Neil Campbell stepped down as CEO in May 2024 and became a Non-executive Director of the Group.
- Following Neil stepping down as CEO, I became Interim CEO while a search for a new CEO was undertaken. With Raffi Stepanian's appointment in January 2025 I then returned to my role as Non-Executive Chair.
- Bob Beveridge, Chair of the Audit Committee and Senior Independent Director stepped down as a Non-Executive Director in January 2025, following nine years of service to the business.
- Brook Nolson, Chief Operating Officer also stepped down from the Board and exited the business in November 2024.
- Raffi Stepanian joined the business as Chief Executive Officer in January 2025. Raffi brings extensive international experience in the ventilation sector having worked with Braes Medical and GE Healthcare in leadership roles.
- Richard Jones joined the Board in January 2025 as a Non-Executive Director and Chair of Audit and brings a wealth of experience in finance and public markets.

I would like to take this opportunity of thanking Mark, Bob and Brook for their commitment and service to the business during their tenure and to welcome Raffi and Richard to the Board. I look forward to working with them going forward.

We are fortunate to work in a business that helps saves lives from their very first breath in this world. It is a privilege to work with our customers – the doctors and nurses around the world – to help make a difference every day. I would like to thank all of our customers for their continued use of our products and the trust they place in us to support the life saving work they do.

I would like to thank our employees and partners around the world for all of their hard work. It is their dedication that makes Inspiration Healthcare the Company that it is and seeing it first hand as the Interim CEO I am proud of their efforts in rising to the daily challenges we face as a business in such a positive way.

Chair & Chief Executive Officer's Report continued

Finally, I would like to thank our shareholders for their continuing support for the business particularly after such a challenging period. I believe we are now moving in the right direction and will be able to deliver on the potential the business has.

Outlook

FY25 was a pivotal year for the business. We have made changes in our business with our 'Back to Basics' approach and following a challenging first half have seen a significant improvement in the second half. The shipments of the Middle East and new humanitarian aid organisation contracts underpin a strong start to FY26 and provide us with confidence going forward. After a period of poor performance, we are now heading in the right direction and I am excited to be able to work with our new CEO, Raffi Stepanian, to take the business forward and deliver on the potential it holds.

I would like to summarise by re-iterating my continued belief and confidence in the Group's ability to capitalise on the opportunities ahead. I believe the business has a solid portfolio of best-in-class, life-saving neonatal technologies and infusion products that are addressing a critical need and that under the leadership of our new CEO and our dedicated team is well placed to deliver significant long-term sustainable growth.

Roy Davis
Chair

5 June 2025

Our Business Strategy

We design, manufacture and market medical technology globally. Our design and manufacturing expertise, combined with our deep understanding of patient needs enables us to provide a broad portfolio of own branded innovative medical products, supplemented by complementary distributed products, for use in neonatal intensive care.

The Group has an established global footprint, selling its products directly in the UK and Ireland and via its network of worldwide distribution partners.

Our commercial strategy is focused on accelerating growth through maximising in-market sales, geographic and portfolio expansion and strategic M&A, with a long-term ambition to become a world leading provider of innovative medical devices.

- Maximise revenue from existing products and markets.
- Developing new features for existing products, for example we release regular software updates for our neonatal ventilators incorporating improved functionality.
- Increase education and support for end users and distributors, we have recently launched a new online learning management system for products.
- Add value through services, including education and technical support, such as webinars to support education.
- Focus on increasing recurring revenues from disposable products having undertaken a fundamental review of our range and working with our current supply partners.
- Expand product portfolio through investment in R&D to invigorate the Company's pipeline of branded products, technology agreements such as targeted in-licensing or IP acquisitions and the addition of new distributed products.
- Entry into new geographical markets through regulatory approvals, with a particular focus on North America.
- Opportunity to expand distribution network and products in Canada now that we have achieved MDSAP registration for the Group.
- Reviewing all products to plan FDA approval in the USA starting with our ventilator range.
- M&A and IP licensing opportunities to add complementary new products/IP and capabilities and expand global footprint to add scale and accelerate growth.
- Strategic acquisition of Airon Corporation in January 2024, added scale, complementary technologies and sales reach to expand the Group's footprint and accelerate growth.

Infusion Therapies

As Micrel's exclusive distributor in the UK and Ireland, we have been focusing on penetration into new therapy areas with the range of products we have in our portfolio. This has proved successful and we were excited to launch a new range of capital products in FY25 from our partner Micrel.

Operational and Financial Review

Revenue

Group revenue increased 1.7% to £38.3m (FY24: £37.6m) for the year and as discussed in more detail in the Chair and Chief Executive Officer's report.

Gross profit

Gross profit of £16.4m was 8.4% lower than the prior year (FY24: £17.9m) and represents a gross margin of 42.8% for the year, reduced from the 47.5% achieved in FY24. The margin was negatively impacted by sales mix, in particular from growth in the lower margin Infusion products as well as the impact from reduced sales of capital items and inventory provisions linked to end-of-life products.

Operating loss

The Group reported an Operating loss of £14.7m for the year (FY24: loss of £4.9m). This included non-recurring items of £12.8m (FY24: £4.5m) and an underlying Adjusted Operating Loss of £1.9m (FY24: loss of £0.4m).

Administrative expenses excluding non-recurring items, were unchanged in the year at £18.3m reflecting strong cost control and the initial benefit from the cost reduction programme initiated in the second half of the year.

Non-recurring items were £12.8m for the year (FY24: £4.5m). This includes a non-cash impairment charge of £10.3m recorded against goodwill, intangible and other non-current assets arising from updated forecasts. Non-recurring items also includes £1.6m of restructuring costs resulting from the closure of the Hailsham facility, the CEO and COO departures, redundancies within both the commercial and operational teams, and provisions for dilapidations at leasehold properties that are being vacated. Non-recurring items also included an accrual of £0.8m for the contingent consideration due to the acquisition of Airon Corporation as Airon's performance in the year has exceeded forecasts prepared at the time of the acquisition. See note 5 for further detail on non-recurring items.

Adjusted EBITDA reduced to £0.2m (FY24: £2.0m) because of the lower gross profit. A reconciliation of operating loss to adjusted EBITDA is set out below:

	2025 £'000	2024 £'000
Operating loss	**(14,686)**	(4,927)
Non-recurring items	**12,802**	4,527
Adjusted Operating loss	**(1,884)**	(400)
Depreciation	**1,315**	1,293
Amortisation of intangible assets	**894**	1,144
Share based payments	**(115)**	(52)
Adjusted EBITDA	**210**	1,985

Finance expenses increased to £1.1m (FY24: £0.8m) reflecting the increased level of net debt carried through the course of the year, combined with the increase in effective interest rate compared with FY24.

The Group recorded a tax credit of £0.8m for the year (FY24: charge of £0.4m) arising from the recognition of R&D tax credits which the Group has chosen to exchange for cash refunds.

Loss per share ("LPS")

Basic LPS was 18.8p per share for the year as a result of the loss for the year (FY24: 8.9p).

Cash flow

Net debt (excluding IFRS16 lease liabilities) increased to £8.3m at 31 January 2025, compared with £6.0m last year, an increase of £2.3m.

Net cash outflow from operations was £1.5m for the year, compared with a £2.0m inflow in the prior year. This was largely arising from non-recurring restructuring expenses offset by £0.2m adjusted EBITDA profit and a £0.2m reduction in working capital.

Cash outflow on investing activities reduced to £1.7m compared with £2.7m in FY24, with the prior year including £1.1m outflow relating to the acquisition of Airon. Capitalised development costs were £1.4m in the year (FY24: £1.1m) and capital expenditure £0.5m (FY24: £0.4m)

On 26 June 2024, the Group announced a Placing, Subscription and Retail Offer ("Capital Raising") to raise £3.0 million gross to be utilised to reduce net debt and provide additional headroom against the Group's borrowing facilities. The Capital Raising which was oversubscribed and completed on 22 July 2024 realised net proceeds of £2.7 million.

Operational and Financial Review continued

In February 2024, the Group renewed and increased its Revolving Credit Facility ('RCF') with a £10.0m RCF now in place, expiring in February 2027, with an option to extend for a further year. The Group also continues to have access to an invoice discounting facility of up to £5.0m. As at 31 January 2025, £7.0m of the RCF and £2.1m of the invoice discounting facility were being utilised.

In November 2024, the Group's lender agreed to a covenant waiver in relation to the 31 October 2024 test and a reset of the EBITDA covenant for 31 January 2025 as well as a reset for the interest cover and leverage covenants for the period through to 31 January 2026 as a result of the continued delay to the Middle East contract and the trading results achieved through the course of the year. Additionally, the Group's lender capped drawings on the RCF at £7.8m, until such time as net leverage is reduced below 3.0x. The Group continues to be able to draw on the £5.0m invoice discounting facility to cover day to day working capital requirements. The EBITDA covenant was met at 31 January 2025 and the Directors believe that the current facilities provide sufficient liquidity headroom for the Group going forwards given the positive outlook and expected operating cash generation in FY26 which is also expected to provide adequate headroom in relation to the interest cover and leverage covenants.

Net assets

The value of non-current assets as at 31 January 2025 totalled £15.9m, a decrease of £10.1m over the year because of the impairment loss on goodwill and other non-current assets. Additions to capitalised research and development costs and property, plant and equipment were offset by depreciation and amortisation charges for the year.

Inventory reduced by £0.6m in the year to £13.1m (FY24: £13.7m) and is expected to fall more significantly in the coming year as the delayed Middle East contract is fulfilled and as excess long-term supply commitments entered into during the COVID pandemic come to an end. Trade and other receivables increased by £2.6m to £11.3m (FY24 £8.7m) due to the timing effect of increased revenues in the final quarter compared with the prior year. Trade and other payables increased by £1.6m to £8.2m at 31 January 2025 (FY24: £6.6m) including the deferred consideration of £0.8m due to the shareholders of Airon and an increase in trade payables due at year end.

Overall net assets at 31 January 2025 were £16.6m (FY24: £29.0m).

Dividends

As a result of the performance of the business in the year, the Board is again not recommending payment of a final dividend (FY24: nil) making a total dividend for the year of nil per share (FY24: 0.205p). Going forward, the Board has decided to maintain the suspension of payments of dividends until further notice and will keep the dividend policy under review.

Alan Olby
Chief Financial Officer

5 June 2025

Principal Risks and Uncertainties

The Board, with the support of the Audit Committee, reviews the principal risks and uncertainties facing the Group and the business continually focusses on those which could threaten the Group's business model and future performance expectations. The consideration of risks is inherent within strategic planning and decision making and throughout the year Board members have challenged management on the key risks and uncertainties faced by the business. With the appointment of our new Audit Chair and as outlined in the Audit Committee's report, we are currently reviewing and updating our approach to management and oversight of risk to ensure appropriate ownership of risks and risk mitigation actions at both Board and Executive level and this will be implemented during FY26.

The risks identified below are not intended to be an exhaustive list of risks faced by the Group, but are the principal risks and uncertainties which the Directors believe include all known material risks in relation to the Group and the markets and industry that we operate in. The environment in which we operate is constantly evolving and can be affected by events outside of our control which may impact us both operationally and financially. New risks may emerge and the potential impact of known risks and our assessment of these risks may change.

The Group's principal risks, potential impacts and our actions to mitigate those risks, a directional indication of whether the risks have increased, decreased, or remained about the same, are set out in the following tables.

Strategic Risks

	Description of Risk	Current Mitigation
1. Revenue Growth	We are targeting double-digit revenue growth. Macro-economic and geo-political conditions may have an impact on our markets. For example conflicts, trade wars, Brexit and economic recession could lead to the NHS and overseas healthcare authorities reducing spending on our products.	Macro-economic events such as the pandemic, Brexit and major conflicts have to be managed well, using cross-company skills. It is impossible to plan for every eventuality, but early visibility and quick action to create a management group that can manage the situation has been shown to be an effective way of minimising the risk to the Group.
2. New Product Development	New product development inherently carries risk around cost and timescales for delivery. Due to the nature of the work, there are usually significant unknowns which may take longer and cost more to resolve. It could also be that intellectual property owned by a third party could be breached. Additionally, competitors could bring out better products more quickly, meaning the investment justification for the project is outdated.	Projects are reviewed regularly by the Board. During the year various projects were undertaken to improve existing products and add value to maintain competitive advantage each with appropriate oversight of the risks involved. Major projects are reviewed prior to commencement for commercial justification and market need and then given a priority based on potential revenue generation and strategic need. Resources are allocated and timetables agreed. Risks associated with each project are also taken into account at the planning stage. They are managed through a staged process with Board approval at project inception and at post evaluation, final business case phase, at which point development costs are capitalised. The Executive team are charged with keeping projects on target and in budget, although with the changing and challenging regulatory regime (especially in Europe) there is an accepted risk around bringing new technologies to market on time.

Principal Risks and Uncertainties continued

Strategic Risks continued

	Description of Risk	Current Mitigation
3. Patient safety	We operate in a highly regulated market with our products used to treat neonatal and other patients and therefore operate in an inherently high risk environment	We have a comprehensive quality management system in place which is regularly audited by our regulatory bodies. All of our products maintain appropriate regulatory compliance and we have a complaint management process that quickly identifies and addresses patient related issues. The Group also maintains product liability insurance to protect against any claims that may be brought against us.

Operational Risks

	Description of Risk	Current Mitigation
1. Dependence on Third Party Suppliers and supply chain interruption	The Group's business depends on critical products and components provided by third parties. If there is any interruption to the supply as a result of geopolitical events, pandemics, logistical failures or reliance on a single source of supply, the Group's business will be adversely affected.	We are focussed on building close relationships with our key suppliers and maintaining regular communication to ensure we have early visibility of potential issues. We also maintain adequate inventories of critical components and materials to cushion the impact of supply chain disruptions. Where possible and cost effective, we aim to maintain a dual source of supply for key products.
2. IT Systems and Cyber Security	Our systems may be vulnerable to a cyber attack, theft of intellectual property, malicious intrusion, data privacy breaches or other significant disruption. We have a layered security approach in place to prevent, detect and respond, to minimise the risk and disruption of any intrusions, and to monitor our systems on an ongoing basis for current or potential threats. In-house IT Support is supplemented by external IT experts, as and when required. Greater dependency on cloud-based systems and therefore broadband for connectivity could leave the business vulnerable if connectivity was lost.	The Group uses data encryption, two-factor authentication (2FA) and cybersecurity services from leading technology suppliers and all software is updated regularly. The Group currently complies with Cyber Essentials (a standard for cyber security) and will be applying for Cyber Essentials Plus and have third party Security Management from a large and reputable supplier; staff training is also undertaken through a third party) to provide greater assurance to customers. We have implemented dual access and backup support systems, using fibre connections from 2 separate sources and 4G cell technology, to minimise any impact. We are also able to deploy key areas of the business to work using mobile technology in unaffected locations.

Principal Risks and Uncertainties continued

Financial and Compliance Risks

	Description of Risk	Current Mitigation
1. Going concern	The Group currently has significant reliance from large one-off contracts that create uncertainty in the timing of revenue and cashflow and creates working capital challenges in respect of debtors and inventory. During FY25 this created challenges for the management of cash and liquidity in the short-term.	Having identified liquidity issues during the year action was taken to strengthen the balance sheet via a placing and subscription which raised £2.7m net. In addition, additional liquidity headroom was created through a relaxation of banking covenants for FY26 and FY27. The Company continues to utilise both its RCF facility of £10m of which £7.0m was drawn at 31 Jan 2025 and its invoice discount facility. The Group is carefully managing its working capital position with material improvement expected in FY26 as cash is received from material FY25 orders and inventory levels continue to be managed down.
2. Cost of Capital	The Group's cost of capital remains relatively high given both the wider market environment and company specific factors including our relatively small size and cost of borrowing.	Increased cost of capital, either debt or equity, will make it harder to justify acquisitions and large strategic investments which could hamper growth. The Board continues to carefully review the overall capital allocation strategy and management of working capital remains a priority focus for FY26.
3. Financial and operational systems	We are reliant on a number of financial and management systems to provide timely and accurate information to manage our activities. Whilst our systems are adequate, we recognise material improvements will provide significant benefits in terms of operational efficiency and greater ability to take more effective management decisions quickly.	In FY25 we commenced an operational improvement programme that included a review of our various ERP and other financial systems. During FY26 we expect to deliver improvements in processes and reporting to support our operations and business decisions and to help us to manage working capital more effectively.
4. Changes in Legislation and Regulation	Global regulatory bodies continue to increase their expectations of manufacturers and distributors of medical devices to ensure products are safe and effective. All markets in which the Group operates are highly regulated and legislation can change from time to time, which may impact the ability of the Group to sell products in a particular country. Some amendments to legislations are difficult to get access to as there are released in foreign languages, such as China and Japan. Therefore adding more risk to compliance issues.	The Group has stringent procedures and controls in order to comply with the relevant legal and regulatory conditions in the UK and in its export markets. The Group also has a Quality Assurance and Regulatory Affairs ("QARA") department dedicated to liaising with the regulatory authorities to monitor any changes in conditions and ensure continuing compliance with the existing and new conditions. The QARA team are tasked with horizon scanning for legislation changes and, coupled with R&D, will keep documentation up-to-date to ensure compliance is maintained.

Companies Act Section 172 Statement

Our Employees

Our employees are key to the Group's success, and we rely on a committed workforce to help us achieve our business objectives.

Key decisions in the year	How we engage with our stakeholders
Learning and Development We have partnered with an external leadership and performance consultancy, *Will It Make The Boat Go Faster?*, to provide an 18-month developmental training programme to our managers to better equip them with tools and techniques to enhance their own and their team's performance. The programme is now being rolled out to a second cohort of employees, while we continue to encourage learning and development opportunities to all of our employees.	We continue to engage with our employees through our engagement platform, on which weekly newsletters and ad hoc news items and announcements are posted. Our platform also allows our employees the opportunity to react through the use of emojis or comment on the posts, further encouraging engagement in the conversation. We survey employees to gather feedback, and have a tool on our engagement platform that allows our employees to 'speak up' anonymously or otherwise. Our performance review process and regular employee one-to-one meetings also provide an opportunity for messaging and feedback to pass up and down our organisational structure.
Employee Wellbeing We continue to promote wellbeing initiatives to our employees, predominantly through our wellbeing partner, *Everymind at Work*. Through this Company, and its focus on wellbeing and mental health, we deliver monthly communications, quarterly webinars, and financial wellbeing sessions for interested employees with FCA authorised financial advisers.	

Companies Act Section 172 Statement continued

Our Customers

Successful engagement with our customers is paramount to meeting our strategic objectives and growing our business.

Key decisions in the year	How we engage with our stakeholders
Increased in-person customer visits to our new facilities During the year, we have hosted several international customer visits, as well as NHS Trusts, at our new facilities, which have given us the opportunity to demonstrate the full suite of our products and services and helped us to strengthen customer relationships.	Our sales teams and senior management engage with our customers through regular meetings and through participation in local events and exhibitions. Throughout the year we held online and in-person conferences and have hosted several visits to our new Manufacturing and Technology Centre in Croydon. We also continue to engage with our customers through a variety of channels, including our websites, social media platforms, virtual sales and training meetings and through email engagement such as customer feedback surveys. As part of our continued commitment to our customers and aim to provide best in class customer experience. Customers have a single point of contact for sales and technical service support. Driving improved communication and efficiencies for our customers.

Our Suppliers

Managing our supply chain and engaging effectively with our suppliers is critical to the smooth running of our operations. Through continued engagement with our suppliers, we have built positive, long-lasting partnerships.

As part of our continued commitment to our supplier relationships, the Group holds monthly meetings with critical supply chain partners. These meetings are supported by the quality and regulatory team, enabling us to develop stronger cross-functional relationships with our key suppliers whilst ensuring our procurement processes are operating in the most efficient manner possible.

Internally, weekly cross-functional reviews between supply chain, production and customer experience teams are held to review customer orders and requirements and to collectively act to mitigate risks to on time delivery.

Board of Directors

Roy Davis

Chair

Roy is the Company's Executive Chair (having joined the Board in January 2024). He is also Chair of LungLifeAi plc, a lung cancer diagnostic company and Foster & Freeman Ltd, a leading forensic imaging manufacturer, and a Non-executive Director of Futura Medical plc, a UK pharmaceutical company focused on the sexual health market. Roy was previously Chairman of Medica Group plc until its sale to IK Partners in 2023 and Chairman of Edinburgh Molecular Imaging Ltd. Prior to these roles Roy served as the Chief Executive Officer of Optos plc, a leading ophthalmology medical device business, from 2008 until June 2016 when he stepped down following the company's acquisition by Nikon Corporation. Before joining Optos, he served from 2007 as Chief Executive Officer of Gyrus Group plc, a leading medical device company, prior to its acquisition by the Olympus Corporation of Japan in 2008, having previously served as Chief Operating Officer of Gyrus from 2003 and a Non-executive Director since flotation in 1997. Prior to this, Roy was CEO of NTERA, a nanotechnology company, and before that spent almost ten years with Arthur D Little, the global management consulting company, where he was vice president and global head of its operations management business. His early career included experience in the connector, oil, and automotive sectors. Roy holds a mechanical engineering degree from the University of Southampton and an MBA from the London Business School.

Raffi Stepanian

Chief Executive Officer

Raffi joined the Board as Chief Executive Officer in January 2025. Raffi is an experienced and commercially focused healthcare industry professional, with extensive operational experience within fast-growing international medical device companies. His areas of expertise include respiratory, anaesthesia and monitoring and he has a reputation for a hands-on approach to management and delivery of results. Raffi has held a number of senior management roles over the last 20 years and has significant international experience in the ventilator market.

Most recently Raffi was CEO of Breas Medical, a Swedish based global medical device company designing, manufacturing, and marketing ventilation devices for home and hospital use. During his four-year tenure he was responsible for transformational change improving turnover and profitability while successfully launching new products in the US with experience in navigating the FDA regulatory processes. Prior to this, he held a leadership position at GE Healthcare where he was responsible for setting the product growth strategy, value proposition and marketing activities in the anaesthesia and ventilation segments.

Alan Olby

Chief Financial Officer

Alan Olby joined the Board as Chief Financial Officer in June 2023. Alan is a chartered accountant with over 20 years' experience in finance leadership roles in life science companies. Alan previously spent 16 years at Sinclair Pharma plc, 12 as Chief Financial Officer, playing a key role in transforming the business into a fast growth global aesthetics business, initially as an AIM listed group and subsequently under private ownership following the sale to Huadong Medicine Co Ltd (China) in 2018. Alan has overseen a number of strategically important M&A transactions and capital raisings, while also managing the operational financial challenges of a growing international business.

Professor Liz Shanahan

Non-executive Director

Liz Shanahan joined the Board as a Non-executive Director in October 2020. She is Chair of the Remuneration Committee and a member of the Audit Committee. Until 2014, she was Global Head of Healthcare & Life Sciences at the NYSE-listed management consultancy, FTI Consulting Inc., who had, in 2007, acquired the communications business, Santé Communications, which she had founded in 1995. Previously, Liz was Chair of Advanced Medical Solutions PLC and UDG PLC. She is a Director and Trustee of CWPlus, the charitable arm of Chelsea & Westminster Foundation Trust Hospital in London, where she was a Non-executive Director for more than five years. She is also a member of the organisation's Innovations Advisory Board. Liz has a degree in Computer Programming and Maths from University College Cork, where she is an Adjunct Professor and Entrepreneur in Residence and she is an alumnus of the University of Virginia, Darden School of Business.

Board of Directors continued

Marlou Janssen-Counotte

Non-executive Director

Marlou Janssen-Counotte is a senior MedTech Executive with 25+ years of experience as Vice President, President, General Manager, driving business development and comprehensive marketing & clinical operations through effective strategy execution, solutions planning and delivery, and transformational leadership. Accomplished General Manager adept at overseeing all-round business management in introducing growth-oriented strategies, successfully executing sales and marketing plans, and directly managing high-performing cross-functional teams within large and medium-sized organizations such as Medtronic, St. Jude Medical, Biotronik, Philips.

Marlou currently holds a Non-executive position at Acarix AB/SA, Field Medical Inc, EBAMed SA and Sonion A/S.

Neil Campbell

Non-executive Director

In 2024, Neil became Non-executive Director, having been CEO and a founding partner of Inspiration Healthcare Limited since 2003, leading the company through the reverse acquisition of Inditherm plc and onto AIM in June 2015. Neil has spent more than 30 years in the Medical Technology industry for both blue chips and small companies. Neil has had an extensive commercial career in medical devices in international sales and marketing in neonatal intensive care and operating theatre products, as well as having direct sales experience in the UK and Australia. Neil has previously also been a Director of a drug/device development company and an advisor to the Infant Centre (the Irish perinatal research centre) in Cork. Neil has a degree in Engineering Technology and a Diploma in International Trade.

Richard Jones

Non-executive Director

Richard is an experienced PLC Board Director with significant experience in the healthcare sector.

In mid-2020, he was appointed Chief Financial Officer at UK based and then main market listed Medica Group and managed the sale process in mid-2023 which resulted in the company being acquired by IK partners in a £270m deal in July 2023. During his time at Medica, Richard built an international finance and legal team at this fast growing highly profitable business that is UK market leader and a key provider to the NHS in the UK, the HSE in Ireland and to US based pharma clients.

Since mid-2024 Richard has been interim CFO at HSS Hire PLC, a UK based business services company helping the group in a period of business transformation.

Richard was until May 2025 on the Board of international consumer healthcare company Alliance Pharma Ltd (formerly PLC) which de-listed from Aim in May 2025 following its acquisition. He joined in 2019 and became SID in early 2023. In mid-2024, he was also appointed NED at C4X Discovery, a private drug discovery business with material licensing agreements with major pharma and a pipeline of development candidates from its proprietary discovery technology. C4X was de-listed from AIM in 2024.

Before this, Richard gained extensive experience in the healthcare sector in his roles as CFO at UK AIM Listed companies Mereo BioPharma Group PLC and Shield Therapeutics PLC. At Mereo, he had a leading role in the merger with US listed OncoMed Pharmaceuticals, Inc and Mereo's dual listing on Nasdaq in 2019. At Shield, he established the finance operations and guided the company through several private financing rounds and its 2016 IPO.

His prior career in investment banking included senior positions at Investec and Brewin Dolphin Securities, where he advised mostly healthcare clients on a wide range of transactions and fundraisings, including IPOs, M&A and fundraisings. Richard qualified as a Chartered Accountant with PwC in 1991.

Statement of Corporate Governance

On behalf of the Board, I am pleased to present our corporate governance report for the financial year ending 31 January 2025.

The Board's focus and priority has been on key strategic initiatives with a back-to-basics approach centred around delivering growth in sales, profit and cash. This was to ensure the Group is in the strongest possible position to deliver growth following significant challenges throughout the year. Measures were also implemented to reduce costs and inventory.

The Board's role has been to guide the Group through this difficult period. It has aimed at ensuring employees remain motivated and engaged to deliver long term growth and value to stakeholders.

Inspiration Healthcare Group plc bases its Corporate Governance around the Quoted Companies Alliance Corporate Governance Code ("The Code"). The Board believes that the code provides the most appropriate framework of governance for a public listed company of the Group's size.

The Code is constructed around 10 broad principles together with a set of disclosures which are required to be made respectively through either a company's website, annual report and accounts or both.

As mentioned in last year's corporate governance report, the Company is transitioning to the newly published Code. We remain confident that we are well placed to comply throughout this financial year with the terms laid out in the updated Code. The updated code places greater emphasis on corporate purpose, environmental and social impacts, risk management, the function and make up of the Board and corporate communications whilst maintaining it's broad principles based structure.

Companies need to deliver growth and long-term shareholder value. This requires an efficient, effective and dynamic management framework which should be accompanied by good communication aimed at promoting confidence and trust. I believe we have worked hard in the last year to deliver to these requirements.

Other than as mentioned below, the Board considers that the Group has complied with the Code in all respects during the period to which this report relates.

Appointments

I was asked by the Nominations Committee to temporarily stand as Executive Chair and interim Chief Executive Officer, following the resignation of Neil Campbell as CEO, until a replacement was found. Whilst the Company acknowledged that this was not in strict compliance with the Code, the Board believed it necessary for the stability and continued performance of the Group. Key stakeholders were engaged with, and the temporary nature of the appointment was supported. I have subsequently returned to the Non-executive position of Chair following the appointment of Raffi Stepanian as Chief Executive Officer.

In January 2025, we were joined by Raffi Stepanian as Chief Executive Officer. Raffi's strong background in growing healthcare and medical devices companies is exemplary. Further, his experience in the ventilator market and growing international sales make him an ideal appointment for the Company. His experience and approach will be of huge value to the Board and all stakeholders of the Company at a crucial time.

After 9 years service as a Non-executive Director Bob Beveridge resigned as being considered 'time served', and the Company has appointed Richard Jones as an independent Non-executive Director. Richard will take on Bob's role as Chair of Audit Committee and will also sit on the Nominations Committee and Remuneration Committee. I would like to thank Bob for his significant input and support during my time with the Company and long before. Richard's appointment ensures the Board retains a strong and experienced Chair of Audit Committee

The Company's approach to the 10 principles of the Code is set out below.

Deliver Growth

Establish a strategy and business model, which promotes long term value for shareholders

The Group's core purpose is to improve neonatal outcomes by pioneering first breaths of life support to infants. The Group has a market leading position in the UK and a worldwide international sales network. The strategy is set out in this report and our model is clearly set out in our website. As already mentioned in this report, key to the strategy this year has been simple focus. The Chair's review provides more detail in respect of this as well as the means by which the Group navigated challenges in the year.

Seek to understand and meet shareholder needs and expectations

The Group has faced a number of significant challenges this year and has sought to engage at every stage with its stakeholders through dialogue, reporting, investor relations presentations and an EGM. There are regular presentations to institutional investors and analysts. Regular communication with the Group's shareholders is achieved through the Group's annual report and

Statement of Corporate Governance continued

interim results announcements, aimed at ensuring they are kept up to date with the Company's progress. These publications are all presented and retained on the Group's website.

Feedback from the Group's Nominated Adviser (NOMAD) is provided to all Directors in Board papers pertaining to any recent presentations. The Directors maintain a dialogue with the NOMAD to ensure they meet their obligations and publicity in respect of key events is provided in a timely manner.

The Board recognises the importance of the Annual General Meeting as a further opportunity to engage with shareholders and the EGM in the year was a further opportunity for Shareholder voices to be heard.

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises the importance of maintaining strong relationships with its stakeholders in order to create sustainable long-term value, and it encourages active dialogue and transparency with all stakeholder groups.

The Group remains proud of its record on employee engagement. We remain a living wage employer with a strong record in ensuring equality of opportunity for all. Health and Safety remains a key tenet of our culture ensuring employees receive the training and support they need ensuring they work in a safe environment. Employee engagement is under continuous review within the Group and is monitored by the People function.

Our customers rely on our market leading product support, both through clinical research and at conferences where we demonstrate best practice. Our work with key opinion leaders in the healthcare system ensures our products remain relevant and deliver to the industry's exacting standards.

We continuously monitor our suppliers and work with them to safeguard our supply chain, keeping it as efficient as possible whilst ensuring compliance with modern slavery and anti corruption laws, to maintain the quality of our end product.

Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for the Group's systems of internal control and risk management. These systems are reviewed regularly as part of the Board packs delivered prior to every formal Board meeting. Concerns raised by Directors are dealt with through actions which are reviewed for completion at the beginning of every Board meeting. Risk is about managing risk rather than eliminating it in its entirety, to ensure the business achieves its objectives as set out in its strategy.

The Board uses internal frameworks within the Group to identify, evaluate and manage significant risks faced by the Group. The Board ensures that major risks faced by the Group are assessed, reviewed and have appropriate controls in place by which to manage them. They are continually reviewed as well as the systems in place to mitigate risk and ensure appropriate management thereof. More detail of the principal risks faced by the business is set out in the Prinicpal Risks section of this report.

The Board considers that the internal controls in place within the Group to be appropriate for the size, complexity and risks of the Group.

Maintain a dynamic management framework

Maintain the Board as a well-functioning, balanced team led by the Chair

The Board currently comprises of two Executive Directors and four Non-executive Directors (of which all are independent except Neil Campbell, who was previously CEO). I am Non-executive Chair, although there was a period during the year when I acted in an Executive capacity as detailed above. The Board remains of the view that this temporary role has not impacted my position as independent Chair.

The Board as a whole is collectively responsible for the success of the Group and provides entrepreneurial leadership which enables risk to be assessed and managed to effect delivery. It sets out the Group's values and standards and ensures that its obligations to shareholders and other stakeholders are understood and met.

The Board receives detailed papers prior to all meetings and also monthly updates during months in which a meeting is not held. This ensures the Directors have enough information to be properly briefed. Where issues are raised in Board meetings the Chair is responsible for ensuring that all Directors remain briefed and, where necessary, are consulted for approval.

The Board meets formally 6 times in the year and on an ad hoc basis as and when required. The Audit Committee meets at least three times in the year as does the Remuneration Committee, although in practice more meetings are called to ensure the smooth and efficient running of the Group as and when required. The Nominations Committee meets on an ad hoc basis.

Statement of Corporate Governance continued

The Board is agile and able to meet on short notice to ensure the needs of the Group are met, as has been demonstrated throughout the last year.

Board Members	Number of Meetings Attended			
	Board	AC	RC	NC
Mark Abrahams	1/1	-	-	-
Neil Campbell	5/6	-	-	-
Bob Beveridge	6/6	4/4	3/3	5/5
Brook Nolson	4/4	-	-	-
Liz Shanahan	6/6	4/4	3/3	5/5
Marlou Janssen-Counette	6/6	1/4	3/3	5/5
Alan Olby	6/6	-	-	-
Roy Davis	6/6	-	-	5/5

Non-members are invited to attend committees as appropriate.

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Director's biographies are set out on the Group's website. Each Director brings a blend of different experience which together provides the necessary knowledge to both support and challenge where the need arises. All Non-executive Directors, other than Neil Campbell, were considered to be independent prior to appointment in line with the guidelines set out in the Code. The Board has access to the Company Secretary who is also independent as well as independent legal advice should that be required. The Remuneration Committee seeks independent advice on remuneration matters.

The Board is kept informed on an ongoing basis by the Company Secretary about their duties and any update in relation to legal and governance requirements for the Group. Training is provided to the Directors each year regarding their duties by the Group's NOMAD, with ongoing training provided by the Company Secretary on legal and governance matters pertinent to the Group.

All Directors stand for re-election by the shareholders every year at the AGM.

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Company Secretary led the most recent evaluation of the Board in December 2024. The evaluation confirmed that the Board continued to operate effectively. The evaluation was structured around a series of critical questions relating to particular aspects of the functioning of the Board. The Board is in the process of reviewing the output and will look to implement any recommendations. It is intended to undertake another review in the year to assess progress, with further updates to be provided in future reports.

The Nominations Committee is responsible for succession planning, to ensure that the Board is comprised of appropriately skilled and capable individuals.

Promote a corporate culture that is based on ethical values and behaviours

The Board is guided by the Group's core values of being patient focussed, outcome changing, pioneering and research driven. The Group is proud of its inclusive culture and diverse colleague base. Following significant changes in the Group's leadership in the last year, this aspect of the Group's performance will remain under review in the coming year. The Group has ongoing engagement surveys by which to monitor colleague engagement and the Board is appraised of the results.

All formal Board meetings take place at the Group's research and technology centre and this affords the Directors the opportunity to meet colleagues in both formal and informal situations to build trust and ensure effective working practices throughout the organisation. This gives colleagues the opportunity to discuss issues directly with the Directors should they wish.

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board has a formal schedule of matters reserved for its decision including the approval of strategic plans and annual operating budgets. All Directors take decisions objectively in the interests of the Group. The Group continues to review how best to improve its corporate governance and is constantly looking at ways to strengthen itself, while ensuring that the business is led by people with the right experience, passion and enthusiasm. During the year, the Board appointed a Richard Jones as a Non-executive Director tasked with chairing the Audit Committee following Bob Beveridge's retirement from the role due to his reaching nine years' service. Richard brings a wealth of experience to the role.

The current structure of the Board enables the retention of key skill sets within the Group whilst facilitating the right level of challenge and support to the Executive Directors appropriate for a Group of this size, in line with the Code's key principles.

All terms of reference for the Board and its sub-committees are published on the Group's website and the Board's ability to remain flexible in terms of meeting and decision making has been crucial in the last year.

Statement of Corporate Governance continued

Build trust

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The AGM is an important opportunity for communication with both institutional and private shareholders and involves a short statement on the Group's latest trading position. Shareholders may ask questions of the full Board including the chairs of the Audit, Remuneration and Nomination Committees. The result of the proxy votes submitted by shareholders in respect of each resolution will be available on the Company's website or on request to the Company Secretary. As outlined above, the Group maintains an active dialogue with its shareholders through a programme of investor relations presentations.

Audit Committee

After Bob Beveridge's resignation having served 9 years as a Non-executive Director, we are pleased that Richard Jones joined the Board and became Chair of the Audit Committee, which has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on and reviewing reports from the Group's auditors relating to accounting and internal controls, in all cases having due regard to the interests of shareholders. The Audit Committee meets at least twice a year.

Matters considered at these meetings include:

- reviewing and approving the annual report and financial statements for the year and half year-end;
- discussion with the external auditors to confirm their independence and scope for audit work;
- considering the reports from the external auditors identifying any accounting or judgemental issues requiring the Board's attention and the auditor's assessment of internal controls;
- reviewing and approving the Group's tax strategy; and
- considering the adequacy of the whistle-blowing procedures, the anti-bribery training and monitoring and data protection policy and procedures.

The Audit Committee chair maintains dialogue with the auditors outside of the scheduled meetings and meets with the auditors without the presence of Executive Directors and members of the finance team. The Audit Committee reports to the Board on the effectiveness, value and independence of the auditors on an annual basis. The Board is satisfied with the independence and objectivity of BDO LLP.

Remuneration Committee

The Chair of the Remuneration Committee is Liz Shannahan. This Committee reviews the performance of the Executive Directors and determines their terms and conditions of service, including their remuneration and the grant of share awards, having due regard to the interests of shareholders. The Remuneration committee meets at least twice a year, although in reality meets more frequently that this for informal updates and reviews. Marlou Janssen-Counotte and Richard Jones are the other members of the Committee with Richard Jones having joined the committee following the departure of Bob Beveridge on 31 January 2025. The responsibilities and activities of the Remuneration Committee are set out in more detail in the Directors Remuneration report.

Nominations Committee

Roy Davis is the Chair of the Nomination Committee, which identifies and nominates, for the approval of the Board, candidates to fill vacancies as and when they arise. The Committee also considers matters of succession planning. The Nomination Committee meets at least once a year and otherwise as required. Liz Shannahan, Marlou Janssen-Counotte and Richard Jones following the departure of Bob Beveridge on 31 January 2025 are the other members of the Nomination Committee.

Roy Davis
Chair

5 June 2025

Audit Committee Report

The Audit Committee comprises three members: Bob Beveridge, a chartered accountant with recent and relevant financial experience, was Chair until 31 January 2025 when he was replaced by Richard Jones. The other members are Liz Shanahan and Marlou Janssen-Counotte.

The Committee met four times during the year. The Chief Financial Officer attended all meetings at the invitation of the Committee Chair and the external auditors also attended all four meetings. The Committee also met with the external auditors without the presence of Executive Directors or management.

Role

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and reviewed. Its role includes monitoring the integrity of the Financial Statements (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.

Main Activities

The main items of business carried out by the Committee in the year included:

- Consideration of matters of judgement and other key audit matters.
- Review of interim and full year Financial Statements and Annual Report.
- Consideration of the external auditor's report.
- Going concern review.
- Review of internal control procedures.
- Review of effectiveness of the external auditor, and approval of the FY25 audit plan and fee.

Financial Reporting

The Committee has recently concluded that the Annual Report and Financial Statements for the year ended 31 January 2025, taken as whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's business model, strategy and performance. In respect of this year's accounts, the Committee considered in particular the following key matters of judgement:

- Valuation of goodwill and intangible assets, and any possible impairment indicators.
- Revenue accounting for a major new international contract.
- Going Concern.
- Inventory valuation.
- Restructuring provisions and other significant non-recurring items.
- Accounting for the earn-out provisions at Airon.

External Audit

A detailed review of the prior year's audit effectiveness took place in September and improvements agreed including earlier testing; the 2025 audit plan was agreed in December. The Committee considered a number of factors to assess the auditor's objectivity and independence, including their internal procedures, the degree and nature of challenges and scepticism shown by the partner. The Committee is satisfied with the independence, objectivity and expertise of BDO (the Group's external auditors) and approved the FY25 audit plan. The fees for this year were £253,000 (FY24: £300,000) for audit services, and £4,000 (FY24: £4,000) for non-audit services. No services were provided pursuant to contingent fee arrangements.

Risk Management and Internal Controls

Whilst the Committee effectively regularly reviewed risks in FY25 and ensured a greater focus on key operational risks, as incoming Audit Chair my focus this year will be to review our approach to risk management and oversight by the Committee and the wider Board with a view to implementing changes during FY26 to ensure both stronger oversight and proper consideration at Board level of key risks and also to ensure appropriate risk mitigation plans are in place and effective at managing risks by appropriate executive risk owners.

The principal risks and uncertainties to which the Group is exposed are set out in the Strategic Report on pages 14 to 16.

During the year the Committee received an update on the internal control environment. Key control procedures continue as follows:

- **Management responsibility and authorisation controls**

  The Group has an authorisation matrix and delegation of authorities are built into the ERP system. Key balance sheet reconciliations are carried out and reviewed by the CFO. The committee received two updates

Audit Committee Report continued

on internal control procedures which have been strengthened during the year.

- **Corporate planning process**

  Following approval of the annual budget by the Board, financial performance and variances against budget are analysed and reported monthly and challenged centrally.

- **Strong cash management**

  The Group maintains tight cash management control through, for example, delegated authorities and dual signatories on all bank accounts.

Deep Dives

The Committee received an updated presentation on key Cyber and IT risks. An external assessment of IT security identified the remaining issues to be resolved in order to achieve Cyber Essentials Plus status during FY26.

The Committee received regular updates on Going Concern, and compliance with bank covenants.

Policies

The Committee agreed an update to the Policy on non-audit services.

Conclusion

The Committee considers it has acted in accordance with its responsibilities. The Chair of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Richard Jones
Chair, Audit Committee

5 June 2025

Directors' Remuneration Report

I am pleased to be able to present my Directors' Remuneration Report as Chair of the Remuneration Committee, on behalf of the Board, for the financial year ended 31 January 2025 ("FY25").

Overview of year

FY25 was a challenging year but we have put in place the foundations for the business to return to growth going forward. Acting as interim CEO and Executive Chair, Roy Davis has focussed unrelentingly on getting a strong grip on the business and channelling growth. We had a number of other Board changes through the year and we welcomed a new CEO at the very end of the year. These further changes have continued to strengthen the Board.

Financially, again, this has been a tough year. Despite the challenges, the Executive focused unrelentingly on the success of the business and tackle every challenge head on. Unfortunately, once again, Group revenues and profitability fell well short of the threshold for performance related remuneration for FY25.

Membership

The Remuneration Committee welcomed Richard Jones as a member following Bob Beveridge's retirement, and Marlou Janssen-Counotte and myself, Liz Shanahan continue as members.

The Committee has met formally three times but regularly had informal discussions during the year. The Committee's responsibilities include: setting, reviewing and recommending to the Board the remuneration policy for Executive Directors, certain aspects of other senior managers' remuneration and reviewing and approving the rules of share incentive plans.

Remuneration policy

The Committee has followed the Quoted Companies Alliance ("QCA") guidance and is also appraised of the FRC UK Corporate Governance Code 2018, including the updated code. The Committee wants to ensure that we have packages that are fair, attract and appropriately incentivise the right calibre senior executives to the organisation, and retain those individuals. We also want a remuneration policy that is challenging, appropriate and reflective of the Company's culture.

The remuneration agreements, as part of their contract of employment, for this level of executive are a mix of fixed remuneration and a performance-based remuneration, designed to incentivise them but not to detract from the goals of corporate governance.

The Non-executive Directors, including the Chair, each have a letter of appointment for a three-year term. Under the terms of the letters, either party can serve three months' written notice to terminate the arrangement, their terms are also subject to reappointment by the members.

The Executive Directors' fixed packages consist of basic salary, pension contributions of 5% of basic salary on a matched contribution basis, a company vehicle (which must be electric), private healthcare insurance and a death in service insurance scheme. Either party can serve six months' written notice to terminate their employment.

The performance-related aspects, as communicated last year, are a blend of Bonus and LTIP as an integrated incentive. The maximum achievable is 130% of salary, with 77% being eligible as cash and 23% in deferred shares, based on primary financial targets.

No Director participates in decisions about their own remuneration package.

Workforce engagement and workforce remuneration

We have a number of well received employee benefits and our SAYE scheme, which is designed to encourage our workforce to engage in the long-term future of the business and to reward them for their commitment, remains well subscribed. As of 31 January 2025, 52 employees are participating with 354,868 shares committed.

Executive remuneration for year ending 31 January 2025

Fixed Aspects

The CFO received a 5% salary increase for FY25. In stepping up to acting CEO and Executive Chair, the Commitee agreed to increase Roy Davis's salary to reflect the increased role. Given the Executive changes, there have been a number of payments for loss of office and a number of small discretionary bonus payments for achievement of specific targets. Our Executives benefits, which comprise the provision of a vehicle allowance or company car, private healthcare insurance and a death in service insurance scheme, remained unchanged in FY25. Full details are set out in the table shown.

Performance-related Aspects

The performance-related aspects, which is a blend of Bonus and LTIP as an integrated incentive, is a maximum achievable of 130% of salary. 77% is paid as cash and 23% in deferred shares. The underachievement of the

Directors' Remuneration Report continued

financial performance was such that no performance related remuneration was awarded this year.

However, at its discretion, the Commitee have awarded LTIP's to the CFO and a sign on LTIP to the new CEO. The CFO's are based on time in office whilst the CEO's have specific targets associated with them. The CFO's shares vest over a two year period and the CEO's over a three year period.

Executive Long-term options

LTIP options were granted as part of the integrated incentive scheme in FY25 to the Executive Directors for assessment and vesting at FY27, subject to the performance measures being achieved. The performance criteria for the FY23 LTIP's which were due to vest in May 2025 have not been achieved and thus have lapsed.

Priorities and Executive remuneration for year ending 31 January 2026

The Committee has agreed to continue the integrated incentive which blends Bonus and LTIP in FY26. The maximum achievable remains 130% of salary, with 77% being eligible as cash and 23% in deferred shares, based on primary financial targets.

Salary

No salary increases have been awarded to the Executive for the financial year ending 31 January 2026.

Integrated Incentive

For our Executive Directors in FY26, 80% of the integrated incentive KPI's are financial and 20% are now personal.

Directors' Total Remuneration

Directors' total remuneration for the year ended 31 January 2025 was as follows:

	Salary		Payments for loss of office		Annual Bonus		Pensions		Benefits		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
£'000												
Executives												
Raffi Stepanian [1]	**19**	–	**–**	–	**–**	–	**–**	–	**1**	–	**20**	–
Alan Olby [2]	**210**	132	**–**	–	**10**	–	**10**	4	**6**	14	**236**	150
Neil Campbell	**92**	221	**122**	–	**–**	–	**6**	11	**6**	16	**226**	248
Brook Nolson [3]	**155**	177	**237**	–	**–**	–	**6**	9	**4**	13	**402**	199
Non-executive Directors												
Mark Abrahams [4]	**14**	45	**–**	–	**–**	–	**–**	–	**–**	–	**14**	45
Neil Campbell	**18**	–	**–**	–	**–**	–	**–**	–	**–**	–	**18**	–
Bob Beveridge [5]	**30**	30	**–**	–	**–**	–	**–**	–	**–**	–	**30**	30
Liz Shanahan	**30**	30	**–**	–	**–**	–	**–**	–	**–**	–	**30**	30
Roy Davis [6]	**151**	1	**–**	–	**50**	–	**–**	–	**3**	–	**204**	1
Louise Marie Janssen-Counotte [7]	**30**	18	**–**	–	**–**	–	**–**	–	**–**	–	**30**	18
Richard Jones [8]	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
	749	654	**359**	–	**60**	–	**22**	24	**20**	43	**1,210**	721

* Neil Campbell also entered into a consulting agreement with the Company in July 2024, following him stepping down as CEO, as a Global Advocate to support key relationships and support business development opportunities. Under the terms of this agreement the Company was invoiced £36,580 in the period to 31 January 2025 by Enojize Limited, a company controlled by Neil Campbell.

1 Raffi Stepanian appointed on 8 January 2025

2 Alan Olby appointed on 12 June 2023

3 Brook Nolson resigned on 14 November 2024

4 Mark Abrahams resigned on 20 March 2024

5 Bob Beveridge resigned on 31 January 2025

6 Roy Davis appointed on 25 January 2024

7 Louise Marie Janssen-Counotte appointed on 22 June 2023

8 Richard Jones appointed on 31 January 2025

Directors' Remuneration Report continued

Directors' Interests in Share Awards

Directors' interests in share awards in the Company as at 31 January 2025 are as follows:

The exercise price of all share awards is £nil.

	Number of Shares Under Award								
	On 01 February 2024	Granted during the year	Exercised during the year	Lapsed during the year	At 31 January 2025	Date of Award	Performance Period	Exercising Date	Expiry Date
Neil Campbell									
	115,000	–	–	(115,000)	–	31-Mar-23	01-Feb-2022 31-Jan-2025	01-May-25	30-Apr-27
	155,043	–	–	(82,123)	72,920	08-Jun-23	01-Feb-2023 31-Jan-2026	01-May-26	30-Apr-28
	270,043	**–**	**–**	**(197,123)**	**72,920**				
Alan Olby									
	222,222	–	–	–	222,222	12-Jun-23	05-Jun-2023 04-Jun-2026	05-Jun-26	04-Jun-28
	–	356,537	–	–	356,537	03-Jul-24	03-Jul-2024 02 Jul-2026	03-Jul-26	02-Jul-28
	222,222	**356,537**	**–**	**–**	**578,759**				
Brook Nolson									
	92,000	–	–	(92,000)	–	31-Mar-23	01-Feb-2022 31-Jan-2025	01-May-25	30-Apr-27
	124,034	–	–	(48,368)	75,666	08-Jun-23	01-Feb-2023 31-Jan-2026	01-May-26	30-Apr-28
	–	315,878	–	(250,883)	64,995	03-Jul-24	03-Jul-2024 02 Jul-2026	03-Jul-26	02-Jul-28
	216,034	**315,878**	**–**	**(391,251)**	**140,661**				

Directors' Interests in Shares

The Directors interests in Ordinary shares in the Company as at 31 January 2025 and at the date of this report were as follows:

Directors' Interests	**31 January 2025**	31 January 2024
Roy Davis	**178,571**	–
Neil Campbell	**4,416,646**	4,416,646
Liz Shanahan	**177,857**	35,000
Marlou Janssen-Counotte	**–**	–
Raffi Stepanian	**–**	–
Alan Olby	**43,211**	43,211
Richard Jones	**–**	–

On 20 February 2025, Richard Jones acquired 100,000 ordinary shares in the Company.

On 21 February 2025 Neil Campbell sold 200,000 ordinary shares and on 12 March 2025 sold 2,000,000 ordinary shares taking his shareholding to 2,216,646 at the date of this report.

Directors' Remuneration Report continued

Conclusion

The year ended 31 January 2025 has been challenging but we finished it with the appointment of our new CEO and with some very strong foundations now in place for growth. Once again, our entire workforce have shown great resilience, making sure we focused on seamless production and delivery of products to our customers, helping to save the lives and improve outcomes, around the globe, for one of society's most vulnerable groups, premature and sick babies.

Liz Shanahan
Chair, Remuneration Committee

5 June 2025

1 No option may be granted under the Share Option Scheme if, as a result, the aggregate nominal value of Ordinary Shares in the capital of the Company issued or issuable pursuant to options granted during the previous 10 years under the Share Option Scheme, or any other discretionary employees' share scheme adopted by the Company, would exceed 5% of the Ordinary Share capital of the Company in issue on that date. The Remuneration Committee has the discretion to exceed this 5% in certain circumstances.

After an initial three-year qualification period, options are exercisable at any time up to the tenth anniversary of the date of grant subject to performance criteria (unless otherwise noted). There are also provisions, which may allow exercise of the Options in the event of a change of control, subject to the agreement of the Remuneration Committee.

Directors' Report

The Directors present their report on the Group and Company, together with the audited Consolidated Financial Statements of the Group and Company for the year ended 31 January 2025 ("FY25").

Inspiration Healthcare Group plc is incorporated under the laws of England and Wales as a public limited company and its registered office and principal place of business is Unit 7/8 Commerce Park, Commerce Way, Croydon, CR0 4YL. The Company's Ordinary Shares are admitted to and traded on the Alternative Investment Market ("AIM"), a market operated by the London Stock Exchange plc.

Results and Dividends

The Group has reported a loss for the year of £14,967,000 (FY24: £6,034,000). There was no interim dividend in the year ended 31 January 2025 (FY24: 0.205p per share). The Board is also not recommending a final dividend (FY24: £nil).

Business Review and Future Developments

Details of the business activities during the year and likely future developments can be found in the Strategic Report.

Going Concern

The Group relies on a combination of cash generated from operations and borrowing facilities from external lenders to finance its ongoing operations. The Group has access to a revolving credit facility ('RCF') of £10.0 million and an invoice finance facility of up to £5.0 million. The RCF facility contains certain customary financial covenants relating to the Group.

As a result of ongoing delays in receiving a material export order, the Group sought and received waivers from its lender in relation to certain covenant tests during the year, and agreed revised covenants for future covenant tests, with further drawdown of the RCF capped at £7.8 million until leverage is reduced below 3.0x.

The Directors have considered financial projections for the next 18 months covering several scenarios, these include a significant (10%) revenue downside versus the budget for the period. These projections demonstrate that the Group can operate within the facilities available to it and meet the relevant covenant targets for the foreseeable future. The Directors, after taking into account the available facilities, its trading projections including working capital requirements, believe that they have a reasonable basis for concluding that the Group has adequate liquidity to continue as a going concern and have therefore adopted the going concern basis in the preparation of these financial statements. The financial statements do not reflect any adjustments that would be required if they were prepared on a basis other than the going concern basis.

Directors

The Directors of the Company who served during the year and up to the date of this report were:

Mark Abrahams Non-executive Chairman (resigned 20 March 2024)

Neil Campbell Non-executive Director*

Brook Nolson Chief Operating Officer (resigned 14 November 2024)

Robert Beveridge Non-executive Director (resigned 31 January 2025)

Liz Shanahan Non-executive Director

Alan Olby Chief Financial Officer

Marlou Janssen-Counotte Non-executive Director

Roy Davis Non-executive Director*

Richard Jones Non-executive Director (appointed 31 January 2025)

Harout (Raffi) Stepanian Chief Executive Officer (appointed 8 January 2025)

* Neil Campbell stepped down as CEO on 30 May 2024 to become Non-Executive Director and as a result, Roy Davis became Executive Chair and Interim CEO, until Raffi Stepanian's appointment as CEO in January 2025.

Directors' Report continued

Directors' Interests in Shares and Contracts

Directors' interests in shares of the Company at 31 January 2025 and 31 January 2024, and any changes to the date of this report, are set out in the Directors' Remuneration Report. Directors' interests in contracts of significance to which the Group was a party during the financial year are disclosed in note 27 of the Consolidated Financial Statements.

Indemnification of Directors

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and remains in force at the date of these financial statements.

Financial Instruments and Risk Management

Disclosures regarding financial instruments are provided within the Principal Risks and Uncertainties and in note 20 to the Consolidated Financial Statements.

Capital Structure

Details of the Company's share capital, together with details of the movements therein, are set out in note 22 to the Consolidated Financial Statements. The Company has one class of Ordinary Shares which carry no right to fixed income.

Research and Development

The Group continues to invest in research and development, in order to extend its product offerings and improve the effectiveness of its technology. During the year, the Group incurred costs totalling £4.8m (FY24: £3.5m) including expenditure capitalised in accordance with IAS38.

Involvement of Employees

All employees are valued members of the team and our aim is to help every individual achieve their full potential. For information on how we engage with our employees, refer to our section 172 statement.

Customers

A key element of the Group's business model is to work closely with Key Opinion Leaders in the healthcare system and to develop, evaluate and enhance our propositions in full co-operation with those partners. The Group plans to continue investment in R&D to enhance its products, get more regulatory clearances around the world and bring its innovative product range to more customers and ultimately, help more babies survive.

Directors' Report continued

Substantial Interests

At close of business on 30 May 2025, the Company had been notified of the following interests which amounted to 3.0% or more of the issued ordinary share capital of the Company:

Shareholder	Number of shares	Percentage holding
BGF Investment Management	18,868,344	21.0%
Mennen Medical Limited	13,463,562	15.0%
Berenberg Asset Management	6,452,046	7.2%
Liontrust Asset Management	4,139,013	4.6%
Mr S G Motley	4,218,770	4.7%
Mr T Foster	3,428,350	3.8%
Stonehage Fleming Family & Partners	3,203,198	3.6%
Castlefield Investments	2,946,316	3.3%

Political and Charitable Donations

No charitable donations were made during the year (FY24: £nil), however, disbursements were made to the value of £10,000 (FY24: £33,000) from the donation made to CAF in FY22. No political donations were made (FY24 £nil).

Annual General Meeting

Details of the arrangements for the Annual General Meeting ("AGM") and the resolutions to be proposed will be provided in a separate notice of the AGM that will be sent to shareholders.

Reappointment of Independent Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them is proposed for consideration at the AGM.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK adopted International Accounting Standards and Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable UK-adopted International Accounting Standards have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company Financial Statements, subject to any material departures disclosed.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report continued

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

The Directors are responsible for ensuring the annual report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Directors' Confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware.
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Alan Olby
Chief Financial Officer

5 June 2025

Independent Auditors' Report

to the members of Inspiration Healthcare Group Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 January 2025 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Inspiration Healthcare Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 January 2025 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Shareholders' Equity, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted internatiSonal accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- A review of the directors' assessment of going concern and challenge of the key assumptions used to make their assessment, including revenue forecasts, research and development expenditure, capital expenditure and financing cashflows. These were assessed through discussions with directors, review of previously forecast results against actual results and by reference to our knowledge of the industry and experience to date of relevant cash flows in respect of the Group's operations;
- Consideration of the directors' sensitivity analysis;
- A review of the accuracy of the forecast model through corroboration of the opening cash position to bank statements and re-performance of calculations;
- We assessed the completeness and accuracy of the matters disclosed in the going concern note by reference to our work performed over the directors' assessment of the Group and Parent Company's ability to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report to the members of Inspiration Healthcare Group Plc continued

Overview

		2025	2024
Key audit matters	Revenue Recognition	Y	Y
	Impairment of goodwill and investment of parent company	Y	N
	Valuation of the consideration and the appropriateness of the discount rate applied within the business combination	N	Y
	The KAM, Valuation of the consideration and the appropriateness of the discount rate applied within the business combination, was a 2024 acquisition related risk and therefore is no longer considered to be a key audit matter.		
Materiality	Group financial statements as a whole		
	£383,000 (2024: £186,900) based on 1.0% of revenue (2024: based on 0.5% of revenue)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

We determined components using the nature of the operations and geographical location of the components. There are a total of three components identified across the group, being the parent company, the UK trading operations and Airon.

Where we identified the Group risk of material misstatement to be attributable to a component we scoped in that component to perform further audit procedures to address a Group risk of material misstatement. To determine the level that each component was scoped in for further audit procedures we considered the components' contribution to financial statement areas of the Group's financial information associated with Group risks of material misstatement.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures;
- procedures on one or more classes of transactions, account balances or disclosures;
- specific audit procedures.

Procedures performed at the component level

For the purpose of our Group audit, the Group consisted of three components in total. Procedures were performed on the entire financial information of two components, the UK trading operations and the parent company, and procedures were performed on one or more classes of transactions, account balances or disclosures of the remaining component, Airon. All procedures were performed by the Group team.

Disaggregation

The financial information relating to Group risks of material misstatement is aggregated across the Group. We performed procedures at the component level in relation to these risks in order to obtain comfort over the residual population of Group balances.

Independent Auditors' Report to the members of Inspiration Healthcare Group Plc continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue Recognition (notes 1 and 3)	*Inspiration Healthcare Group revenue includes the sale of branded and distributed products, technology support and freight recognised at a point in time and the provision of technology support services recognised over time.* *We identified the following as areas of significant risk of material misstatement in relation to revenue:* - *Existence of revenue around year end.* - *Inappropriate journals entries to revenue.* - *Existence of US component revenue given earnout incentive in place.* *We therefore have determined revenue recognition to be a key audit matter.*	*We have defined a cut off period and tested the existence of revenue during this period to confirm recognition is in accordance with IFRS 15.* *We have established a risk criterion to identify unusual journal combinations to revenue. Using our data analytics tools, we have isolated unusual journal entries posted to revenue and verified these journals to supporting documentation.* *We have verified the existence and accuracy of a sample of the US component's revenue transactions during the year to confirm recognition is in accordance with IFRS 15.* **Key observations:** Based upon the work performed, we did not identify any indicators to suggest that revenue has not been recognised appropriately.
Impairment of goodwill and investment of parent company (Refer to "Note 1 – Impairment, Goodwill" within Accounting Policies and "Note 11 – Goodwill" within Intangible Assets and "Note 4 - Investments" within the parent company financial statements for further details)	*Management is required under IAS 36 to perform annual impairment testing on any goodwill or intangible assets with an indefinite useful economic life.* *Management is also required to assess for possible indicators of impairment for other non-current assets, such as investments, and perform detailed impairment testing if indicators exist.* *There are significant judgements and estimates in determining recoverable amounts, including projected cash flows and discount rates.* *There is also a risk that management may fail to identify assets that have impairment indicators.* *We have therefore determined impairment of goodwill and parent company investments to be a key audit matter*	We have obtained management's assessment of indicators of impairment and assessed the completeness and reasonableness of their considerations; We also obtained management's recoverable amount assessments for goodwill and, separately, for other assets with impairment indicators were identified. We have: - Assessed the arithmetic accuracy and suitability of the impairment model(s); - Assessed the reasonableness of management's projected cash flows by challenging the key inputs to the model, benchmarking to external sources where possible, and corroborated supporting explanations; - Evaluated the independence and competence of management's expert who assisted them with the determination of an appropriate discount rate; - Engaged internal valuation experts to assist the audit team in evaluating the appropriateness of the impairment model and discount rates used; - Performed sensitivity analysis over key assumptions in the model(s); - Reviewed and challenged the appropriateness of the disclosures within the financial statements. **Key observations:** Based on the procedures performed, we did not observe any indications that suggest that management assumptions were inappropriate.

Independent Auditors' Report to the members of Inspiration Healthcare Group Plc continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2025 £	2024 £	**2025 £**	2024 £
Materiality	383,000	186,900	363,850	177,000
Basis for determining materiality	1.0% of revenue	0.5% of revenue	95% of group materiality	95% of group materiality
Rationale for the benchmark applied	Materiality has been set based upon revenue as the shareholders have a greater focus on growth in revenue and adjusted EBITDA as the groups KPIs.	Materiality has been set based upon revenue as a result of the change in shareholder base in the year. The shareholders have a greater focus on growth in revenue and adjusted EBITDA as the groups KPIs.	Parent company materiality was capped at £363,850 to respond to aggregation risk.	Parent company materiality was capped at £177,000 to respond to aggregation risk
Performance materiality	287,250	140,100	272,888	132,800
Basis and rationale for determining performance materiality	75% of group materiality as this is reflective of our perceived risk of the financial statements containing misstatements, after considering previous experience of the audit engagement.		75% of parent company materiality as this is reflective of our perceived risk of the financial statements containing misstatements, after considering previous experience of the audit engagement.	

Independent Auditors' Report to the members of Inspiration Healthcare Group Plc continued

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 65% and 75% (2024: 67% and 83%) of Group performance materiality dependent on a number of factors including:

- Expectations about the nature, frequency, and magnitude of misstatements in the component financial information.
- Extent of disaggregation of the financial information across components.
- Relative size of components.

Component performance materiality ranged from £186,713 to £215,438 (2024: £125,100 to £155,200).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £19,150 (2024: £9,300). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document entitled annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: ▶ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ▶ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ▶ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ▶ the Parent Company financial statements are not in agreement with the accounting records and returns; or ▶ certain disclosures of Directors' remuneration specified by law are not made; or ▶ we have not received all the information and explanations we require for our audit.

Independent Auditors' Report to the members of Inspiration Healthcare Group Plc continued

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, including the Audit Committee; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be UK-adopted international accounting standards for the Group and Financial Reporting Standard 101 'Reduced Disclosure Framework' for the Parent Company, Companies Act 2006, AIM listing rules and UK tax compliance regulations which is the principal jurisdiction in which the group operates.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, including the Audit Committee, regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;

Independent Auditors' Report to the members of Inspiration Healthcare Group Plc continued

- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including through revenue recognition and impairment of goodwill and parent company investments as discussed within the Key Audit Matters section;

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nigel Harker
(Senior Statutory Auditor)
For and on behalf of
BDO LLP,
Statutory Auditor
Gatwick, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement

for the year ended 31 January 2025

	Note	2025 Adjusted £'000	2025 Non-recurring items (Note 5) £'000	2025 Total £'000	2024 Adjusted £'000	2024 Non-recurring items (Note 5) £'000	2024 Total £'000
Revenue	3	**38,251**	**–**	**38,251**	37,630	–	37,630
Cost of sales		**(21,873)**	**–**	**(21,873)**	(19,743)	–	(19,743)
Gross profit		**16,378**	**–**	**16,378**	17,887	–	17,887
Administrative expenses	4, 5	**(18,262)**	**(12,802)**	**(31,064)**	(18,287)	(4,527)	(22,814)
Operating loss		**(1,884)**	**(12,802)**	**(14,686)**	(400)	(4,527)	(4,927)
Finance income	7	**34**	**–**	**34**	61	–	61
Finance expense	7	**(1,096)**	**–**	**(1,096)**	(810)	–	(810)
Loss before tax		**(2,946)**	**(12,802)**	**(15,748)**	(1,149)	(4,527)	(5,676)
Income tax	8	**781**	**–**	**781**	(358)	–	(358)
Loss for the year attributable to owners of the parent Company		**(2,165)**	**(12,802)**	**(14,967)**	(1,507)	(4,527)	(6,034)
Loss per share							
Basic (pence per share)	9	**–**	**–**	**(18.82p)**	–	–	(8.85p)

Consolidated Statement of Comprehensive Income

for the year ended 31 January 2025

	2025 Adjusted £'000	2025 Non-recurring items £'000	2025 Total £'000	2024 Adjusted £'000	2024 Non-recurring items £'000	2024 Total £'000
Loss for the year	**(2,165)**	**(12,802)**	**(14,967)**	(1,507)	(4,527)	(6,034)
Other comprehensive expense						
Currency translation differences	**(24)**	–	**(24)**	–	–	–
Total other comprehensive expense for the year	**(24)**	–	**(24)**	–	–	–
Total comprehensive loss for the year	**(2,189)**	**(12,802)**	**(14,991)**	(1,507)	(4,527)	(6,034)

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

as at 31 January 2025

	Note	31 January 2025 £'000	31 January 2024 £'000
Assets			
Non-current assets			
Intangible assets	11	**5,333**	13,278
Property, plant and equipment	12	**5,889**	7,137
Right of use assets	13	**4,709**	5,578
		15,931	25,993
Current assets			
Inventories	14	**13,083**	13,743
Trade and other receivables	15	**11,336**	8,669
Short-term investments		**–**	197
Cash and cash equivalents		**733**	412
		25,152	23,021
Total assets		**41,083**	49,014
Liabilities			
Current liabilities			
Trade and other payables	16	**(8,238)**	(6,591)
Contract liabilities	17	**(498)**	(625)
Borrowings	18	**(2,089)**	(1,654)
Lease liabilities	13	**(540)**	(697)
Provisions	19	**(467)**	–
		(11,832)	(9,567)
Non-current liabilities			
Borrowings	18	**(6,985)**	(5,002)
Lease liabilities	13	**(5,361)**	(5,477)
Provisions	19	**(270)**	–
		(12,616)	(10,479)
Total liabilities		**(24,448)**	(20,046)
Net assets		**16,635**	28,968
Shareholders' equity			
Share capital	22	**8,966**	6,823
Share premium account	22	**19,487**	18,905
Reverse acquisition reserve	22	**(16,164)**	(16,164)
Share-based payment reserve	22	**165**	280
Foreign exchange reserve		**24**	–
Retained earnings		**4,157**	19,124
Total equity		**16,635**	28,968

The accompanying notes form an integral part of these Consolidated Financial Statements.

The Consolidated Financial Statements were approved by the Board of Directors on 5 June 2025 and signed on its behalf by:

Alan Olby
Director

Raffi Stepanian
Director

Company number 03587944

Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 January 2025

	Note	Share capital £'000	Share premium account £'000	Reverse acquisition reserve £'000	Share based payment reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	**Total £'000**
At 1 February 2023		**6,813**	**18,842**	**(16,164)**	**405**	**–**	**25,578**	**35,474**
Loss for the year		–	–	–	–	–	(6,034)	**(6,034)**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**–**	**(6,034)**	**(6,034)**
Transactions with owners in their capacity as owners								
Issue of ordinary shares, net of transaction costs and tax		10	63	–	(73)	–	–	**–**
Dividends		–	–	–	–	–	(420)	**(420)**
Share based payment credit	23	–	–	–	(52)	–	–	**(52)**
Total transactions with owners		**10**	**63**	**–**	**(125)**	**–**	**(420)**	**(472)**
At 31 January 2024		**6,823**	**18,905**	**(16,164)**	**280**	**–**	**19,124**	**28,968**
Loss for the year		–	–	–	–	–	(14,967)	**(14,967)**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**–**	**(14,967)**	**(14,967)**
Transactions with owners in their capacity as owners								
Issue of ordinary shares, net of transaction costs and tax		2,143	582	–	–	–	–	**2,725**
Exchange differences arising on translation of overseas subsidiaries		–	–	–	–	24	–	**24**
Share based payment credit	23	–	–	–	(115)	–	–	**(115)**
Total transactions with owners		**2,143**	**582**	**–**	**(115)**	**24**	**–**	**2,634**
At 31 January 2025		**8,966**	**19,487**	**(16,164)**	**165**	**24**	**4,157**	**16,635**

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Cash Flow Statement

for the year ended 31 January 2025

	Note	2025 £'000	2024 £'000
Cash flows from operating activities			
Loss for the year		**(14,967)**	(6,034)
Adjustments for:			
Depreciation and amortisation		**2,209**	2,437
Remeasurement of leases		**13**	(210)
Impairment of intangible assets	11	**8,492**	4,120
Impairment of tangible assets and right of use assets		**1,808**	–
Employee share scheme credit	23	**(115)**	(52)
Loss on disposal of tangible assets		**8**	108
Finance income	7	**(34)**	(61)
Finance expense	7	**1,096**	810
Income tax	8	**(781)**	358
		(2,271)	1,476
Decrease/(increase) in inventories		**660**	(3,378)
(Increase)/decrease in trade and other receivables		**(2,214)**	3,000
Increase in trade and other payables		**1,753**	630
(Decrease)/Increase in contract liabilities		**(127)**	94
Increase in provisions	19	**737**	–
Cash flows (used in)/generated from operations		**(1,462)**	1,822
Taxation (paid)/received		**(87)**	190
Net cash (used in)/generated from operating activities		**(1,549)**	2,012
Cash flows from investing activities			
Bank interest received	7	**10**	21
Interest received on leases	7	**24**	40
Proceeds from sale of short-term investments		**197**	–
Acquisition of subsidiary, net of cash acquired		**–**	(1,114)
Purchase of property, plant and equipment	12	**(529)**	(434)
Purchase of intangible assets	11	**(62)**	(63)
Capitalised development costs	11	**(1,379)**	(1,135)
Net cash used in investing activities		**(1,739)**	(2,685)
Cash flows from financing activities			
Proceeds from issue of shares	22	**2,725**	–
Principal elements of lease payments	13	**(758)**	(829)
Principal elements of lease receipts	15	**310**	281
Interest paid on lease liabilities	7	**(253)**	(272)
Interest paid on loans and borrowings	7	**(833)**	(528)
Dividends paid to the holders of the parent	10	**–**	(420)
Proceeds from/(repayment of) invoice financing facility		**435**	(425)
Proceeds from revolving credit facility	18	**2,980**	1,002
Repayment of revolving credit facility	18	**(997)**	–
Net cash generated from/(used in) financing activities		**3,609**	(1,191)
Net increase/(decrease) in cash and cash equivalents		**321**	(1,864)
Cash and cash equivalents at the beginning of the year		**412**	2,276
Cash and cash equivalents at the end of the year		**733**	412

Notes to the Consolidated Financial Statements

for the year ended 31 January 2025

1 ACCOUNTING POLICIES

Inspiration Healthcare Group plc ("Company") is a public limited company incorporated in England and Wales and domiciled in England. The Company's registered address is Unit 7/8, Commerce Park, Commerce Way, Croydon, CR0 4YL and the registered company number is 03587944. The Company's ordinary shares are traded on the AIM Market of the London Stock Exchange plc.

The principal activities of Inspiration Healthcare Group plc and its subsidiaries (together, the "Group") continue to be the sale, service and support of critical care equipment to the medical sector including hospitals.

Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which it operates (the functional currency). The Group Financial Statements are presented in pounds sterling, which is the presentation currency of the Group.

Amounts are rounded to the nearest thousand, unless otherwise stated.

Going concern basis

The Group relies on a combination of cash generated from operations and borrowing facilities from external lenders to finance its ongoing operations. The Group has access to a revolving credit facility ('RCF') of £10.0 million and an invoice finance facility of up to £5.0 million. The RCF facility contains certain customary financial covenants relating to the Group.

As a result of ongoing delays in receiving a material export order, the Group sought and received waivers from its lender in relation to certain covenant tests during the year, and agreed alternate covenants for future covenant tests, with further drawdown of the RCF capped at £7.8 million until leverage is reduced below 3.0x.

The Directors have considered financial projections for the next 18 months covering several scenarios, these include a significant (10%) revenue downside versus the budget for the period. These projections demonstrate that the Group can operate within the facilities available to it and meet the relevant covenant targets for the foreseeable future. The Directors, after taking into account the available facilities, its trading projections including working capital requirements believe that they have a reasonable basis for concluding that the Group has adequate liquidity to continue as a going concern and have therefore adopted the going concern basis in the preparation of these financial statements. The financial statements do not reflect any adjustments that would be required if they were prepared on a basis other than the going concern basis.

Group

The Consolidated Financial Statements cover the year ended 31 January 2025.

The Consolidated Financial Statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The Consolidated Financial Statements are prepared under the historical cost convention, as modified for any financial assets or liabilities which are stated at fair value through operating profit or loss and for share based payments which are measured at fair value.

Basis of consolidation

The financial statements of the Group consolidate the financial statements of Inspiration Healthcare Group plc and its subsidiary undertakings (together referred to as the "Group") up to 31 January each year. All subsidiaries have a reporting date of 31 January.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. All subsidiaries are 100% owned.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases, in accordance with IFRS 10. Intra group transactions and balances, and any unrealised gains or losses arising from intra group transactions, are eliminated in preparing the Consolidated Financial Statements.

Critical estimates and judgements

The presentation of Financial Statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Judgements

The Group applies judgement in how it applies its accounting policies, which could materially affect the numbers disclosed in these financial statements. The key accounting judgements that have been applied in these financial statements are as follows:

- **Capitalisation of development costs**

  In order to capitalise product development costs, there is a requirement for detailed analysis of the technical feasibility and judgement on the commercial viability of the project. The Board regularly reviews this judgement in respect of relevant development projects. Commercial viability is based on the future prospects for revenue generated through sales of the products that are being developed and expected costs to complete the development, as well as costs to make the products. These estimates are based on historical experience and other factors, including the achievement and timing of regulatory and registration requirements as well as other expectations of future events that are believed to be reasonable under the circumstances. Actual results may not be in line with the estimates made. The value of product development costs capitalised during the year was £1,379,000 (2024: £1,135,000) which includes £826,000 (2024: £416,000) of employee time spent on development projects. See note 11.

- **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. Management believes that presenting these items separately enables users of the financial statements to obtain a clear and consistent view of the Group's underlying operating performance. In identifying the non-recurring items, management have applied judgement including whether i) the item is related to underlying trading of the Group; and/or ii) how often the item is expected to occur. Details of non-recurring items incurred in the year are set out in note 5.

- **Leases**

  Termination options are included in a number of property leases across the Group . This option is used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive not to exercise a termination option. Termination options are only included in the lease term if the lessee is reasonably certain to exercise the option to terminate before the end of the lease term. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that it is within the control of the Group.

- **Revenue**

  In accordance with IFRS 15, when the criteria for recognising revenue over time is not met, revenue is recognised at the point in time when control of the goods or services are passed to the customer. The Group exercises judgement on the point at which transfer of control has taken place, which is, dependent upon individual contract shipment terms, typically assessed to be when risk in the goods has been assumed by the customer. Control of the goods or services may pass to the customer at the point of physical delivery of the goods or for ex-works shipments, at the point of collection by the customer.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

Accounting Estimates

The Group is required to make judgements based on estimates and assumptions concerning the future in order to fully comply with Adopted IFRSs. These judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected. The following are areas that are deemed to require the most complex judgements about matters that have potential material impacts on the amounts recognised in the financial statements.

The key estimates applicable to the financial statements, which have a significant risk of resulting in a material adjustment in future financial years are as follows:

Impairment

- **Carrying value of capitalised development costs**

  Capitalised development costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

  When impairment indicators are identified, the fair value of capitalised development costs is determined by discounting estimated future net cash flows generated by the asset where no active market for the asset exists. A weighted average cost of capital of 12.5% is used. See note 11 for more information on capitalised development costs. Additionally, judgement is required on the appropriate amortisation rates applied to the capitalised product development costs of completed developments, which are based on estimates of useful lives of between five to 10 years and residual values of the assets involved. Actual product lives may vary from estimates made.

- **Goodwill**

  Impairment testing is an area involving management's judgement, requiring assessment as to whether the carrying value of the operating segment can be supported by the net present value of estimated future cash flows derived from such asset using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectation of:

  - the selection of discount rates to reflect the risks involved
  - future revenue and costs
  - long term growth rates

  Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results. See note 11 for further information on the assumptions used in the Group's impairment models.

Property, plant and equipment

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and any impairment. Costs include expenditure that is directly attributable to the acquisition of the asset. Depreciation is provided to write off the cost, less estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives. The assets residual values and useful economic lives are reviewed, and adjusted as appropriate, at each year-end date. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

The following rates are applied:

Leasehold improvements	Over the term of the lease
Fixtures and fittings	10% – 25% per annum
Motor vehicles	20% per annum
Plant, machinery and office equipment	15% – 33% per annum

Repairs and maintenance are charged to the Consolidated Income Statement during the financial year in which they incurred.

Leases

The Group assesses whether a contract is or contains a lease at inception of a contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate, being the rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. Lease payments are allocated between principle and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a consistent periodic rate of interest on the remaining balance of the liability for each period.

The right of use assets are measured at cost comprising the amount of the initial measurement of the lease liability, initial direct costs incurred and the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (leasehold dilapidations). Right of use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset on a straight-line basis and are reviewed for impairment when objective evidence suggests that events or circumstances have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the Consolidated Income Statement.

During the year, the Group continued to lease its patient warming products, acting as the lessor in these arrangements. These contracts contain both lease and non-lease components. The lease component is accounted for as a finance lease in accordance with IFRS 16 'Leases'. On commencement of the lease, the lease component is initially recognised as a receivable at an amount equal to the net investment in the lease, with an equal amount recognised as revenue. The net investment comprises the present value of the lease payments due to the lessor. The Group uses the interest rate implicit in the lease to measure the net investment in the lease. At commencement of the lease, the lease payments included in the measurement of the net investment in the lease comprise the fixed payments for the lease. Finance income is allocated over the lease period so as to produce a consistent periodic rate of interest on the remaining balance of the asset for each period. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income.

The Group also continues to sub-let several of its former Croydon properties. These sub-leases have been accounted for as finance leases in accordance with IFRS 16. On commencement of the sub-lease, the Group derecognised the right of use asset relating to the head lease and recognised a net investment in the sub-lease. Any differences between the carrying amount of the right of use asset and the net investment in the sub-lease was taken to the Consolidated Income Statement in prior years. The Group continues to recognise the lease liability relating to the head lease, which represents the lease payments owed to the head landlord. During the term of the sub-lease, the Group recognises both interest income on the sub-lease and interest expense on the head lease.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

Intangible Assets

Intangible assets are recognised if it is possible to demonstrate that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. All intangible assets recognised are considered to have finite lives (unless otherwise stated) and are amortised on a straight-line basis over the period over which the Group expects to benefit from these assets. Amortisation is recognised in operating expenses. A provision is made for any impairment in the carrying amount of the intangible asset if applicable.

Intellectual property

Purchased intellectual property rights are capitalised and amortised over management's estimate of their useful economic life or term of the relevant contract up to a maximum of 10 years.

Other acquired intangibles

Acquired intangibles, including acquired brands and customer relationships, are capitalised and amortised over management's estimate of their useful economic life, which varies between five and 15 years.

Capitalised development costs

Where the criteria for capitalisation in IAS 38 'Intangible assets' are met, costs incurred are capitalised and amortised over their useful economic lives from the point the products are launched to market. The capitalised values are reviewed against the discounted future economic value, and adjusted as appropriate, at each year-end date.

Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate:

- The technical and commercial feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the developed asset.
- Its future economic benefits are probable.
- The availability of adequate technical, financial and other resources to complete the asset.
- The ability to measure reliably the expenditure attributable to the asset during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit from the asset which varies between five and 10 years. Amortisation is recorded in operating expenses. During the period of development, the asset is tested for impairment annually.

Research costs

Research expenditure is written off to the Consolidated Statement of Comprehensive Income in the year in which it is incurred.

Software costs

Where the criteria for capitalisation in IAS 38 'Intangible assets' are met, software costs incurred are capitalised and amortised over their useful economic lives from the point that the software is brought into service. The estimated useful life is three years.

Impairment

Intangible assets and goodwill are considered to be impaired if objective evidence suggests that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each year end date. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

Calculation of recoverable amount

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss would be recognised whenever the carrying amount of an intangible asset or its cash generating unit exceeds its recoverable amount.

The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. In assessing an asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing inventories to their present location and condition on a first in, first out basis.

Net realisable value is based on estimated selling price less additional costs to completion or disposal. Allowance is made for obsolete, defective and slow moving items based on estimated future usage.

Recognition and valuation of financial assets and liabilities

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

Trade and other receivables

Trade and other receivables are initially measured at the transaction price.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profile of historic sales and corresponding historical credit losses in addition to considering current and forward macroeconomic factors potentially affecting the customers' ability to settle the amount outstanding.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis and have been grouped based on days past due.

Trade and other payables

Trade payables are obligations to pay for goods and services. The value of trade payables is the value that would be payable to settle the liability at the year-end date.

Provisions

Provisions for liabilities are made where the timing or amount of settlement is uncertain. A provision is recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not discounted on the grounds of materiality as permitted under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

Foreign currency transactions and balances

Transactions in foreign currencies are translated to Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end date are retranslated to Sterling at the foreign exchange rate ruling at that date. Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Consolidated Statement of Comprehensive Income in the year in which they arise.

On consolidation, the results of overseas operations are translated into Sterling at an average rate. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at average rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Employee benefits

Defined contribution pension plans

The costs of contributing to defined contribution stakeholder pension scheme and employees' personal pension schemes are charged to the Consolidated Statement of Comprehensive Income in the year in which they relate. The Group has no further legal or constructive obligations once the contributions have been paid.

Share-based incentives

The Group operates an equity settled share scheme for certain employees. The cost of equity settled share based payments is measured at fair value at the date of grant, excluding the effect of non-market based vesting conditions. The cost is recognised in the Consolidated Income Statement on a straight-line basis over the vesting period with the corresponding amount credited to equity, based on an estimate of the number of shares that will eventually vest. The fair values are measured using the Black-Scholes model. Please refer to note 23 for more information.

Revenue recognition

The Group either recognises revenue from contracts with customers at a point in time or over time as outlined below.

Under IFRS 15 any one the 3 criteria below must be met in order for revenue to be categorised as "over time". If none are met then the transaction is deemed to be at a "point in time".

- customer receives benefits as performed/another would need to re-perform
- create/enhance an asset a customer controls
- does not create an asset with alternative use and a right to payment for work to date

The Group recognises revenue at a point in time where there is a distinct obligation to transfer goods to the customer, none of the above criteria are met and the transfer to the customer of control of the goods has taken place. The Group exercises judgement on the point at which transfer of control has taken place, which is, dependent upon individual contract shipment terms, typically assessed to be when risk in the goods has been assumed by the customer, which is either when delivered or when collected under ex-works arrangements. The goods supplied are primarily medical devices or parts used in medical devices.

The Group recognises revenue over time where there is an obligation to transfer a service to the customer. This applies to the provision of technical support of products which are owned by the customer, under a service contract running for a contract period, which provides for service visits as well as attendance for non-routine faults during the term of the contract. The Group recognises the revenue evenly over the duration of the contract as the timing of the visits and provision of the service is not predetermined and this, in the judgement of the Directors, is the most appropriate reflection of the service being provided. The recognition of revenue over time results in contact liabilities being recognised on the Balance Sheet.

The transaction price applied to recognise revenue is the price reflected in the sales invoice submitted to the customer, both for at the point of sale and over time which are invoiced separately.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

Revenue is shown net of value added tax, returns, rebates and discounts.

Provisions for costs are charged to the Consolidated Statement of Comprehensive Income when incurred. No provision is made for future costs on service and maintenance contracts. Provision is made in full for any losses as soon as they can be foreseen. Any provisions for foreseeable losses in excess of contract balances are included in current liabilities.

The performance of products is warranted for 12 months against clearly defined performance specifications established by reference to the technical and development testing carried out at the manufacturing facility. The estimated cost of the work to be performed under warranty on items sold by the Group would be provided for if management were aware of any field issues that needed rectification.

The Group also recognises revenue from the rental of its patient warming equipment. These rental contracts contain both lease and non-lease (service) components. The Group applies IFRS 15 to allocate the consideration relating to the service component of the contracts, over the contract term. The lease component is accounted for as a finance lease in accordance with IFRS 16. On commencement of the lease, the lease component is initially recognised as a receivable at an amount equal to the net investment in the lease, with an equal amount recognised as revenue.

Dividends

Dividends proposed by the Board are recognised in the financial statements when they have been approved by shareholders at the AGM. Interim dividends are recognised when they are paid.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Board of Directors consider that it is appropriate to report results as one single business segment. This is consistent with management accounting information reported regularly to the Board. The Group's Chief Operating Decision Maker is considered to be the Board.

Taxation

Tax on the profit or loss for the year comprises the current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items directly recognised in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end date and any adjustment in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected amount of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the year end date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised within a reasonable future timescale.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

Business Combinations

The acquisition method of accounting is applied to all business combinations made by the Group. The cost of an acquisition is measured as the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, at the rate of exchange (where applicable) on the date of acquisition. Acquisition costs are expensed as incurred and recognised within exceptional items.

Identifiable assets acquired and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values on the date of acquisition, based on the rate of exchange (where applicable) on the date of acquisition. The excess of the consideration over the fair value of the Group's share of identifiable net assets, including intangible assets acquired, is recorded as goodwill.

New standards, amendments and interpretations

The following amendments were effective during the year. These amendments do not have a material impact on the financial statements:

- *Supplier Finance Arrangements* (Amendments to IAS 7 & IFRS 7);
- *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16);
- *Classification of Liabilities as Current or Non-Current* (Amendment to IAS 1); and
- *Non-current Liabilities with Covenants* (Amendments to IAS 1).

New standards and interpretations not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 February 2025:

- *Lack of Exchangeability* (Amendment to IAS 21);

The following amendments are effective for the annual reporting period beginning 1 February 2026:

- *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7)
- *Contracts Referencing Nature-dependent Electricity* (Amendments to IFRS 9 and IFRS 7)

The following standards and amendments are effective for the annual reporting period beginning 1 February 2027:

- IFRS 18 *Presentation and Disclosure in Financial Statements*
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures.*

The Group is currently assessing the effect of these new accounting standards and amendments.

IFRS 18 *Presentation and Disclosure in Financial Statements*, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

Notes to the Consolidated Financial Statements continued

1. **Accounting policies** continued

Alternative financial measures

In the reporting of its financial performance, the Group uses certain measures that are not defined under IFRS, the Generally Accepted Accounting Principles (GAAP) under which the Group reports. The Directors believe that these non-GAAP measures assist with the understanding of the performance of the business. These non-GAAP measures are not a substitute for, or superior to, any IFRS measures of performance but they have been included as the Directors consider them to be an important means of comparing performance year-on-year and they include key measures used within the business for assessing performance.

The Group refers to the following alternative financial measures:

Measure	Definition
Adjusted EBITDA	Earnings before interest, tax, depreciation, amortisation, share based payments and non-recurring items
Adjusted Operating Loss	Operating loss before non-recurring items
Net Debt excluding IFRS 16 lease liabilities	Cash and cash equivalents, short term investments, less revolving credit facility and invoice financing borrowings

Please refer to the Operating and Financial review in this Annual Report for a reconciliation of operating loss to adjusted operating loss and adjusted EBITDA. For further detail on the net debt measure, please refer to note 18 Borrowings.

2 SEGMENTAL ANALYSIS

Inspiration Healthcare Group operates in a single business segment, providing essential medical equipment. Within this segment the Group's sales activities are split into three market sectors: Neonatal, Infusion Therapy and Speciality Ventilation products and these sectors are defined and reported in Our business strategy and the Operating and financial review sections of the strategic report.

Notes to the Consolidated Financial Statements continued

3 REVENUE

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following product and geographical split:

Products	2025 £'000	2024 £'000
- Neonatal products	**24,652**	28,916
- Infusion products	**11,201**	8,533
- Speciality Ventilation products	**2,398**	181
Total	**38,251**	37,630

Geography	2025 £'000	2024 £'000
Domestic		
- UK	**19,589**	17,680
- Ireland	**694**	1,001
International		
- Europe	**5,613**	4,354
- Asia Pacific	**5,936**	8,436
- Middle East & Africa	**2,918**	4,206
- Americas	**3,501**	1,953
Total	**38,251**	37,630

In the current year, no single customer accounted for more than 10% (2024: 10%) of revenue.

All revenue reported by the Group is from contracts with customers.

The relationship between the timing of the satisfaction of the Group's performance obligations and the typical timing of payments from contracts with customers is as follows:

- Revenue for sale of goods and rental contracts is recognised at the point in time when the goods are delivered or collected under ex-works arrangements, which completes our performance obligation. At this point in time the consideration is unconditional because only the passage of time is required before payment is due. Payment is typically due between 30 and 60 days following delivery of the goods
- For revenue recognised over time, payment is typically received annually in advance of the service contract commencing. The performance obligations are met over the duration of the contract. A Contract Liability is recognised and adjusted at each reporting period to reflect unsatisfied performance obligations based on a straight-lined apportioned basis over the term of the customer contract. Included in revenue for the year is £625,000 which had been included in Contract Liabilities at 1 February 2024 (1 February 2023: £531,000). See note 17 on Contract Liabilities.

The Group does not currently have any material value of contracts where the period between the transfer of the goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The contracts from customers do not include any variable consideration. There are no obligations for returns or refunds other than any required by law in the United Kingdom.

Costs associated with the fulfilment of the contracts from customers are either, in the case of revenue recognised at a point in time, recognised at the same time as the revenue is recognised, or, in the case of revenue recognised over time, as incurred. No costs of obtaining contracts are capitalised.

Notes to the Consolidated Financial Statements continued

4 EXPENSES BY NATURE

	Note	2025 £'000	2024 £'000
Cost of Sales		**21,873**	19,743
Employee benefit expense	6	**10,991**	11,042
Depreciation			
– property, plant and equipment	12	**741**	685
– right of use assets	13	**574**	607
Amortisation			
– intangible fixed assets	11	**289**	539
– acquisition related intangible assets	11	**605**	605
Trade receivables loss allowance		**55**	232
Loss on disposal of intangible and tangible assets		**8**	109
Foreign exchange (gains)/losses		**(26)**	110
R&D expenditure[1]		**247**	118
Non-recurring costs	5	**12,802**	4,527
Other expenses		**4,778**	4,240
Total cost of sales and operating expenses		**52,937**	42,557

1 Wages and salaries of R&D employees have been included in Employee benefit expense above, net of amounts capitalised as development costs.

The numbers above include:

	2025 £'000	2024 £'000
Auditors' remuneration		
Audit fees payable to the Group's auditor – Group	**220**	260
Audit fees payable to the Group's auditor – Company	**34**	40
Total audit fees payable to the Group's auditor	**254**	300
Non-audit services provided by the Group's auditor	**–**	4
Total non-audit services provided by the Group's auditor	**–**	4

5 NON-RECURRING ITEMS

During the year, the Group recognised the following non-recurring items:

	2025 £'000	2024 £'000
Impairment of goodwill and other assets	**10,300**	–
Impairment of capitalised development costs	**–**	4,120
Impairment credit on leased properties	**–**	(86)
Acquisition costs	**–**	69
Restructuring	**1,584**	142
Contingent consideration	**813**	–
Other	**105**	282
Total	**12,802**	4,527

A non-cash impairment charge of £10,300,000 (2024: £nil) has been recognised in respect of the Group's goodwill and other assets following the annual impairment review. For further information, refer to note 11, Intangible Assets

Restructuring costs of £1,584,000 (2024: £142,000) largely relate to redundancy and severance payments arising from the closure of our Hailsham site, as well as payments to Directors for loss of office and expenses associated with the recruitment of the new CEO. These costs also include dilapidation provisions of £415,000 associated with the exit of vacated premises in Hailsham and Croydon.

Contingent consideration of £813,000 (2024: £nil) is due to the shareholders of Airon, based on revenue targets for the 12-month period ending on 30 April 2025. The maximum amount payable of $1,000,000 has been fully provided for at 31 January 2025 on the basis that managements' forecasts indicate that revenue targets will be fully met.

Other non-recurring costs of £105,000 relate to legal and professional fees associated with a contract dispute.

Notes to the Consolidated Financial Statements continued

6 EMPLOYEES

	2025 £'000	2024 £'000
Aggregate employee costs are as follows:		
Wages and salaries	**9,515**	9,535
Social security costs	**1,113**	1,079
Defined contribution pension scheme cost	**478**	480
Share based payment credit	**(115)**	(52)
Total	**10,991**	11,042

At the year-end the amount of pension contributions unpaid was £43,000 (2024: £153,000).

Key management

Key management comprises the Group's Executive and Non-Executive Directors, as well as the Group's Chief Commercial Officer, following their appointment in June 2024.

The aggregate compensation for key management personnel is as follows:

	2025 £'000	2024 £'000
Salaries and benefits	**929**	951
Payments for loss of office	**359**	–
Contributions to defined contribution pension scheme	**27**	34
Total	**1,315**	985

The total remuneration of the highest paid director in the year was £402,000 (2024: £248,000), which included £237,000 (2024: £nil) relating to payments for loss of office.

Monthly average number of persons employed (including Executive and Non-Executive Directors and excluding agency staff) analysed by category:

	2025	2024
Management and Administration	**67**	80
Sales	**36**	33
Development and Quality	**54**	59
Production	**57**	52
Total	**214**	224

The number of Directors for whom retirement benefits are accruing under defined contribution pension schemes during the year were 3 (2024: 3).

No directors exercised share options during the year (2024: nil).

Directors' remuneration for the year was as follows:

	2025 £'000	2024 £'000
Salaries and benefits	**829**	697
Payments for loss of office	**359**	–
Contributions to defined contribution pension scheme	**22**	24
Total	**1,210**	721

Please refer to the Directors' Remuneration Report for further detail.

Notes to the Consolidated Financial Statements continued

7 FINANCE INCOME AND EXPENSE

	2025 £'000	2024 £'000
Finance income		
Interest receivable – Leases	**24**	40
Bank interest receivable	**10**	21
Total finance income	**34**	61
Finance expense		
Interest payable on loans and borrowings	**(833)**	(528)
Interest payable – Leases	**(253)**	(272)
Other interest payable	**(10)**	(10)
Total finance expense	**(1,096)**	(810)

8 INCOME TAX

Analysis of tax for the year

	2025 £'000	2024 £'000
Current tax		
UK corporation tax		
Current year	**(134)**	–
Prior year adjustment	**(647)**	37
Total current tax	**(781)**	37
Deferred tax		
Origination and reversal of temporary timing differences	**–**	321
Total deferred tax	**–**	321
Tax (credit)/charge on loss on ordinary activities	**(781)**	358

The prior year adjustment of £647,000 relates to expected R&D tax credits for FY23 and FY24.

Factors affecting tax for the year

The tax assessed for the year is higher (2024: higher) than the standard rate of corporation tax in the UK 25.0% (2024: 24.0%) as explained below:

			Effective Tax Rate	
	2025 £'000	2024 £'000	2025 %	2024 %
Loss on ordinary activities before taxation	**(15,748)**	(5,676)		
Tax using the effective UK corporation tax rate of 25.00% (2024: 24.00%)	**(3,937)**	(1,362)	**25.0**	24.0
Effects of:				
Non-deductible expenses	**2,832**	251	**(18.0)**	(4.4)
Additional deduction for research and development	**(155)**	–	**1.0**	–
Fixed asset differences	**1**	112	**–**	(2.0)
Surrender of tax losses for R&D tax credit refund	**202**	–	**(1.3)**	–
Adjustment in respect of prior periods	**(647)**	37	**4.1**	(0.7)
Unrecognised temporary differences	**923**	1,320	**(5.9)**	(23.3)
Total tax (credit) / expense	**(781)**	358		
Effective tax rate			**4.9**	(6.3)

Notes to the Consolidated Financial Statements continued

9 LOSS PER ORDINARY SHARE

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

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. No diluted loss per share is presented in the current and prior year as the exercise of share options would have the effect of reducing loss per share and is therefore not dilutive.

	2025	2024
Loss attributable to equity holders of the Company £'000	**(14,967)**	(6,034)
Weighted average number of ordinary shares in issue during the year	**79,534,567**	68,216,532
Dilutive effect of potential ordinary shares	**n/a**	n/a
Diluted weighted average number of shares in issue during the year	**n/a**	n/a

The basic loss per share for the year is as follows:

	2025	2024
Loss per share (pence)	**(18.82)**	(8.85)

10 DIVIDENDS

There was no interim dividend in the year ended 31 January 2025 (2024: 0.205p per share). The Board is also not proposing to pay a final dividend for the year (2024: £nil).

11 INTANGIBLE ASSETS

	Goodwill £'000	Intangible assets £'000	Development Costs £'000	Intellectual Property £'000	Software costs £'000	**Total £'000**
Cost						
At 1 February 2023	7,610	5,528	6,097	276	896	20,407
Capitalised in the year	–	–	1,135	–	63	1,198
Additions arising on business combinations	328	12	–	–	–	340
At 1 February 2024	**7,938**	**5,540**	**7,232**	**276**	**959**	**21,945**
Capitalised in the year	–	–	1,379	–	62	1,441
At 31 January 2025	**7,938**	**5,540**	**8,611**	**276**	**1,021**	**23,386**
Accumulated Amortisation						
At 1 February 2023	–	1,633	937	276	557	3,403
Charge in the year	–	605	338	–	201	1,144
Impairments	–	–	4,120	–	–	4,120
At 1 February 2024	**–**	**2,238**	**5,395**	**276**	**758**	**8,667**
Charge in the year	–	605	144	–	145	894
Impairments	7,610	403	461	–	18	8,492
At 31 January 2025	**7,610**	**3,246**	**6,000**	**276**	**921**	**18,053**
Net book value						
At 31 January 2025	**328**	**2,294**	**2,611**	**–**	**100**	**5,333**
At 31 January 2024	7,938	3,302	1,837	–	201	13,278

11 INTANGIBLE ASSETS continued

The Group tests goodwill and other intangible assets for impairment on an annual basis, or more frequently if there are indications that assets may be impaired. Goodwill and intangible assets are allocated on an individual basis to individual Cash Generating Units ('CGU'). The Directors have allocated the business to two CGUs being the legacy business from the combination of Inspiration Healthcare, Viomedex and SLE, and Airon Corporation.

The recoverable amount of each CGU has been determined from value in use calculations. The key assumptions for the value in use calculations are the discount rate and growth rates used for future cash flows and the anticipated future changes in revenue and costs.

The forecasts for each CGU cover a five-year period and are based on the detailed budget for the year ended 31 January 2026 approved by the Board. The cashflows beyond the budget are extrapolated for a further four-year period based on future expectations. This forecast is then extrapolated to perpetuity using a 2.5% (FY24: 2.0%) growth rate.

Annual growth rates for revenues for the five-year forecast period have been included between 5% and 12% year-on-year and costs between 3% and 5% year-on-year. A post-tax discount rate of 12.5% (FY24: 12.5%) has been used in these calculations, equivalent to 15.3% on a pre-tax basis. The discount rate uses weighted average cost of capital which is reflective of a medical device Company operating both domestically and internationally.

As a result of the impairment review for the year ended 31 January 2025, an impairment charge has been recognised in relation to the legacy business of £10,300,000 following a reassessment of the future cash flows and taking into account past performance. This impairment loss has been allocated firstly against the £7,610,000 goodwill of this CGU which has been fully written off and then on a pro rata basis against other non-current assets of the CGU.

For the Airon CGU, a discount rate of 22.5% would need to be applied for headroom to be eliminated. Airon CGU was not tested for impairment in FY24 as this was the year of acquisition.

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £'000	Fixtures and fittings £'000	Plant, machinery, office equipment £'000	Motor vehicles £'000	**Total £'000**
Cost					
At 1 February 2023	7,040	121	2,247	58	9,466
Additions	168	11	255	–	434
Disposals	(289)	(45)	(23)	(8)	(365)
At 1 February 2024	**6,919**	**87**	**2,479**	**50**	**9,535**
Additions	46	3	442	38	529
Disposals	–	(6)	(6)	(50)	(62)
At 31 January 2025	**6,965**	**84**	**2,915**	**38**	**10,002**
Accumulated Depreciation					
At 1 February 2023	370	65	1,493	41	1,969
Charge in the year	375	7	290	13	685
Disposals	(192)	(41)	(19)	(4)	(256)
At 1 February 2024	**553**	**31**	**1,764**	**50**	**2,398**
Charge in the year	352	10	375	4	741
Disposals	–	(2)	(2)	(50)	(54)
Impairments	908	7	108	5	1,028
At 31 January 2025	**1,813**	**46**	**2,245**	**9**	**4,113**
Net book value					
At 31 January 2025	**5,152**	**38**	**670**	**29**	**5,889**
At 31 January 2024	6,366	56	715	–	7,137

Depreciation charged for the financial year is split between cost of sales £104,000 (2024: £81,000) and administrative expense £637,000 (2024: £604,000) in the Consolidated Income Statement.

Notes to the Consolidated Financial Statements continued

13 LEASES

The Group has annual commitments under non-cancellable leases relating primarily to land and buildings, motor vehicles and office equipment. Land and buildings have been considered separately for lease classification. Land and buildings amounts relate to leasehold property at Croydon and Melbourne, Florida.

Right of use assets

	Land and buildings £'000	Plant, machinery and motor vehicles £'000	**Total £'000**
At 1 February 2023	5,703	267	5,970
Additions	50	170	220
Amortisation	(420)	(187)	(607)
Disposal	–	(5)	(5)
At 31 January 2024	**5,333**	**245**	**5,578**
Additions	290	195	485
Amortisation	(413)	(161)	(574)
Impairments	(741)	(39)	(780)
At 31 January 2025	**4,469**	**240**	**4,709**

Lease liability

	Land and buildings £'000	Plant, machinery and motor vehicles £'000	**Total £'000**
At 1 February 2023	6,728	270	6,998
Additions	50	170	220
Interest expense	262	10	272
Disposals	(183)	–	(183)
Lease payments	(904)	(197)	(1,101)
Remeasurement	(33)	1	(32)
At 31 January 2024	**5,920**	**254**	**6,174**
Additions	289	196	485
Interest expense	233	20	253
Lease payments	(823)	(188)	(1,011)
At 31 January 2025	**5,619**	**282**	**5,901**

	2025 £'000	2024 £'000
Current	**540**	697
Non-current	**5,361**	5,477
Total	**5,901**	6,174

The total cash outflow for leases during the year was £1,011,000 (2024: £1,101,000).

At 31 January 2025 and 31 January 2024, the Group's cash commitments relating to leases are as follows:

	Total £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000
At 31 January 2025	**7,531**	**678**	**554**	**1,371**	**4,928**
At 31 January 2024	8,327	893	653	1,376	5,405

Notes to the Consolidated Financial Statements continued

14 INVENTORIES

	2025 £'000	2024 £'000
Raw materials	7,233	7,623
Work in progress	337	1,897
Finished goods	5,513	4,223
Total	**13,083**	13,743

Inventories are presented net of provisions of £544,000 (2024: £225,000) to write down the values to management's estimate of net realisable value.

15 TRADE AND OTHER RECEIVABLES

	2025 £'000	2024 £'000
Trade receivables	9,594	8,071
Loss allowance	(247)	(498)
Net trade receivables	9,347	7,573
R&D tax credits receivable	786	–
Other taxes and social security	319	–
Net investment in leases	166	489
Other receivables	93	245
Prepayments and accrued income	625	362
Total	**11,336**	8,669

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and are generally due for settlement within 30-60 days. Other receivables are generally due for settlement within three to twelve months. Trade and other receivables are therefore all classified as current. Trade and other receivables are non-interest bearing and receivable under normal commercial terms. The Directors consider that the carrying value of trade and other receivables approximates their fair value. Specific provisions are made against doubtful debts arising from contracts with customers taking the value based on the most likely outcome.

At 31 January 2025, the Group uses a customer invoice discounting facility with recourse, under which the Group can borrow against certain notifiable trade receivables. The Group is committed to underwrite any of the debts transferred and therefore continues to recognise the trade receivables until the debtors repay or default. Since the trade receivables continue to be recognised, the business model of the Group is not affected.

The loss allowance as at 31 January 2025 and 31 January 2024 was determined as follows for trade receivables:

31 January 2025 – £ 000's	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Additional	Total
Expected loss rate	0.37%	1.04%	0.66%	1.62%		
Gross carrying amount – Trade receivable	7,559	371	749	717	198	9,594
Loss allowance	**28**	**4**	**5**	**12**	**198**	**247**

31 January 2024 – £ 000's	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Additional	Total
Expected loss rate	0.62%	1.31%	2.21%	3.52%		
Gross carrying amount – Trade receivable	4,065	1,538	845	1,233	390	8,071
Loss allowance	**26**	**20**	**19**	**43**	**390**	**498**

Additional loss allowance represents provisions against specific trade receivables.

Notes to the Consolidated Financial Statements continued

15 TRADE AND OTHER RECEIVABLES continued

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable shown above. The Group does not insure receivables or hold any collateral as security.

The carrying amounts of the Group's receivables are denominated in the following currencies:

	2025 £'000	2024 £'000
Pounds Sterling	9,407	7,815
Euro	1,250	158
US Dollars	679	692
Swiss Franc	–	4
Total	**11,336**	8,669

Net Investment in leases

During the year, the Group held net investments in leases relating to the leasing of the Group's patient warming equipment and the sub lease of two of its properties. The net investment recognised in respect of these leases has been included in trade and other receivables.

	Patient warming rentals	Sub-lease of properties	Total
At 1 February 2023	339	277	616
Additions	154	–	154
Interest Income	31	9	40
Lease receipts	(198)	(123)	(321)
At 31 January 2024	**326**	**163**	**489**
Remeasurement	(13)	–	(13)
Interest Income	20	4	24
Lease receipts	(201)	(133)	(334)
At 31 January 2025	**132**	**34**	**166**

16 TRADE AND OTHER PAYABLES

	2025 £'000	2024 £'000
Trade payables	5,661	4,359
UK corporation Tax	–	82
Other taxes and social security	404	583
Other payables	184	606
Accrued expenses	1,989	961
Total	**8,238**	6,591

The fair value of trade and other payables approximates to book value at 31 January 2025. Trade payables are non-interest bearing and the average credit period taken for trade purchases is 77 days (2024: 70 days). Accruals are normally settled monthly throughout the financial year.

Accrued expenses include an amount for contingent consideration of £813,000 (2024: £nil) payable to the former shareholders of Airon Corporation. This amount is based on revenue targets for the 12-month period ending 30 April 2025, with a maximum payout of $1,000,000 if the highest revenue target is met.

Notes to the Consolidated Financial Statements continued

16 TRADE AND OTHER PAYABLES continued

None of the contingent consideration was provided for at 31 January 2024 as management did not expect the minimum threshold for the earn-out to be met. However, revenue growth at Airon since its acquisition in January 2024 has led management to anticipate achieving the targets. Consequently, the full amount has been provided for as of 31 January 2025. Goodwill has not been adjusted, as revenue growth factors emerged post-acquisition. The contingent consideration has been recognised as a non-recurring cost in the current financial year.

By 30 April 2025, the earn-out period ended with revenue targets met, and the consideration is expected to be paid in June 2025.

17 CONTRACT LIABILITIES

Contract Liabilities arise from unsatisfied performance obligations on rental, managed service, service or maintenance contracts where revenue is recognised over time. The revenue recognition accounting policy is explained in note 1.

Contract liabilities of £498,000 (2024: £625,000) are expected to be satisfied within 12 months.

18 BORROWINGS

	2025 £'000	2024 £'000
Current liabilities		
Invoice financing facility	2,089	1,654
Non-current liabilities		
Revolving credit facility ("RCF")	6,985	5,002
	9,074	6,656

Revolving Credit Facility

On 22 February 2024, the Company renewed and extended its RCF facility for a committed amount of £10,000,000 over three years expiring in February 2027 with the option to extend for a further year. Covenants over interest cover and leverage are in place and are tested quarterly. The Company received a waiver from its lender in respect of the 31 January 2024 and 30 April 2024 covenant tests because of extended delays to a material Middle East order. The Company agreed revised covenants for the period until 31 January 2025 including monthly minimum liquidity target of £1,500,000 and a quarterly EBITDA target. Interest on borrowings from the RCF is charged at 3.25% over SONIA.

A further waiver in respect of the 31 October 2024 EBITDA covenant was granted by the Company's lender with a revision to the 31 January 2025 EBITDA covenant which was subsequently met. Covenants in place for 2025 and beyond revert to the original interest cover and leverage measures with the thresholds increasing quarter on quarter reaching interest cover of greater than 3.0x and leverage of less than 2.5x for the period ending 31 January 2026.

A temporary cap of £7,800,000 on drawings from the RCF has been put in place until such time as leverage is reduced below 3.5x.

The movement in the RCF during the year was as follows:

	2025 £'000	2024 £'000
At 1 February	5,002	4,000
Proceeds from drawdown of loans	2,980	1,002
Repayment of loans	(997)	–
At 31 January	6,985	5,002

Notes to the Consolidated Financial Statements continued

18 BORROWINGS continued

Invoice Financing Facility

The Group continues to benefit from an invoice financing facility to borrow against notifiable trade receivables. The arrangement with the bank is such that the customers remit cash directly with the bank and invoices are settled against the facility directly. The Group continues to bear the credit risk relating to any defaulting customers and therefore the related trade receivables continue to be recognised on the Group's Statement of Financial Position. Availability under the facility is capped at £5,000,000 and borrowings bear interest at 2.05% over base rate. There are no covenants relating to this facility.

Net debt (excluding IFRS 16 lease liabilities)

In the reporting of its financial performance, the Group uses certain measures that are not defined under IFRS, the Generally Accepted Accounting Principles (GAAP) under which the Group reports. One of these measures is net debt (excluding IFRS 16 lease liabilities), which consists of:

	2025 £'000	2024 £'000
Cash and cash equivalents	**733**	412
Short-term investments	**–**	197
Revolving credit facility	**(6,985)**	(5,002)
Invoice financing facility	**(2,089)**	(1,654)
	(8,341)	(6,047)

19 PROVISIONS

	£'000
At 1 February 2024	–
Reallocation from trade and other payables	312
Unwinding of discount	10
Charged to Consolidated Income Statement	415
At 31 January 2025	**737**
Due within one year or less	467
Due after more than one year	270
	737

The Group has recognised provisions of £737,000 as at 31 January 2025 relating to leasehold dilapidations. Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main uncertainly relates to estimating the cost that will be incurred at the end of the lease.

Notes to the Consolidated Financial Statements continued

20 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables. The main purpose of these financial instruments is to finance the Group's operations.

The policies to address the risks associated with the Group's financial instruments are reviewed and approved by the Board. The main risks arising from the Group's financial instruments are liquidity risk and credit risk. A summary of the risks is set out below and also referred to in the Principal Risks and Uncertainties report of this Annual Report.

The Group holds the following financial instruments:

	Note	2025 £'000	2024 £'000
Financial assets			
Financial assets at amortised cost			
Trade receivables	15	**9,347**	7,573
Other receivables	15	**93**	245
Cash and cash equivalents		**733**	412
Financial Liabilities			
Liabilities at amortised cost			
Trade payables	16	**5,661**	4,359
Other payables	16	**184**	606
Accrued expenses	16	**1,989**	961

The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

Derivatives

Where necessary, the Group uses forward currency contracts to hedge its financial risks of changes in foreign exchange rates, in relation to Euro inventory purchases during the year. Derivatives are only used for economic hedging purposes and not as speculative investments.

The Group did not have any forward currency contracts in FY25 and FY24.

Forward foreign exchange contacts are fair value adjusted through other comprehensive income within reserves using the rate which would have been achieved should the contracts have been instructed at the year end. All contracts are Level 2 financial instruments, not traded in an active market and determined using valuation techniques which maximise the use of observable market data.

Hedge effectiveness is determined at the inception of the hedge relationship to ensure that an economic relationship exists between the hedged item and hedging instrument.

Credit risk

Credit risk principally arises on cash deposits and trade receivables.

The Group monitors defaults of customers and other counterparties and incorporates this information into credit risk controls. Ongoing credit evaluation is performed on the financial condition of accounts receivable taking into account independent ratings (where available), its financial position, past experience and other factors.

The carrying value of financial assets recorded in the financial statements, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

The credit risk for liquid funds and other short term financial assets relates to the banking institutions holding such funds and assets on behalf of the Group and may therefore be higher in conditions of general banking uncertainty. The counterparties are considered to be reputable banks with high quality external risk ratings.

20 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS continued

Liquidity risk

In the normal course of business the Group is exposed to liquidity risk. The Group's objective is to ensure that sufficient resources are available to fund short term working capital and longer-term strategic requirements.

The Group manages its liquidity needs by monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis. Long-term liquidity needs are monitored monthly.

At 31 January 2025 and 31 January 2024, the Group's liabilities had contractual maturities which are summarised as follows:

	Carrying amount £'000	£'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000
2025						
Trade payables	5,661	**5,661**	5,661	–	–	–
Lease liabilities	5,901	**5,901**	540	393	1,001	3,967
2024						
Trade payables	4,359	**4,359**	4,359	–	–	–
Lease liabilities	6,174	**6,174**	697	435	802	4,240

Interest rate risk

The interest rates on the Group's revolving credit facility and invoice financing borrowings are linked to the Bank of England SONIA rate and base rate, respectively and therefore fluctuations in interest rates are not considered a significant risk to the Group, as even an unexpected market increase of 1.0% on both these rates, would not have a material impact on the Group's performance, please refer to interest rate sensitivity below. The Board keeps this risk under regular review and will, as appropriate, enter into derivative financial instruments in order to manage any significant risks.

Interest rate sensitivity

If the Bank of England base rate and SONIA interest rate were to both increase by 1.0% and all other variables remained constant, the Group's loss after tax for the year and reserves would have increased by £83,000 (2024: £85,000).

Foreign currency risk

Although the Group has some exposure to foreign currency risk from trading transactions in currencies other than GBP, the Directors do not believe that the Group's financial stability is threatened because of an exposure to this risk as there is a natural hedge due to the balance of imports and exports. The Board keeps this risk under regular review, and will, as appropriate, enter into derivative financial instruments in order to manage any significant risks.

Capital risk

The Group establishes credit limits for all financial instruments taking into account independent ratings, past experience and other factors.

Capital management

The Directors' objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares, adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets to reduce debt.

Notes to the Consolidated Financial Statements continued

21 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting year.

Note that the effective future tax rate is 25% (2024: 25%).

	2025 £'000	2024 £'000
Asset at beginning of year	1,304	2,363
Credit/(Charge) to the Income Statement for the year	264	(1,059)
Asset at end of year	**1,568**	1,304

	2025 £'000	2024 £'000
Liability at beginning of year	(1,304)	(2,039)
(Charge)/Credit to the Income Statement for the year	(264)	737
Included on business combinations	–	(2)
Liability at end of year	**(1,568)**	(1,304)

The elements of deferred taxation provided for are as follows:

	2025 £'000	2024 £'000
Tax losses	1,311	1,082
Short term timing differences	257	222
Deferred tax asset	**1,568**	1,304

	2025 £'000	2024 £'000
Accelerated capital allowances	(779)	(222)
Intangible assets	(216)	(259)
Intangibles arising on business combinations	(573)	(823)
Deferred tax liability	**(1,568)**	(1,304)

The deferred tax asset and deferred tax liability are presented on a net basis, and therefore no balances are shown on the Consolidated Statement of Financial Position.

At the year end date the Group had gross tax losses of £19,414,000 (2024: £17,490,000) potentially available to offset against future profits. These losses can be carried forward indefinitely with no expiry.

Following a review of the future taxable profits of the above business streams, the Group has concluded that no deferred tax asset should be recognised in the year in respect of gross losses of £16,454,000 in excess of the existing taxable temporary differences, due to significant uncertainty in relation to their future utilisation.

Notes to the Consolidated Financial Statements continued

22 SHAREHOLDERS' EQUITY

Share capital

Share Capital	Number of shares (Allotted & Issued)	Share capital £'000
At 1 February 2024 - Ordinary Shares of 10p each	68,234,802	6,823
Issued during the year	21,428,570	2,143
At 31 January 2025 - Ordinary Shares of 10p each	**89,663,372**	**8,966**

The Group issued 21,428,570 shares during the year as part of a placing, subscription and retail offer.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Ordinary shares have the same rights.

For the purpose of preparing the Consolidated Financial Statements of the Group, the Share Capital represents the nominal value of the issued share capital of 10p per share.

Share premium

Share Premium	£'000
At 1 February 2024	18,905
Issue of shares	582
At 31 January 2025	**19,487**

Reverse acquisition reserve

The reverse acquisition reserve of £(16,164,000) (2024: £(16,164,000)) arose on the reverse acquisition of Inditherm plc in 2015.

Share based payment reserve

The share based payment reserve of £165,000 (2024: £280,000), represents the cumulative expense recognised in the Consolidated Income Statement in relation to the Group's share awards. See note 23.

Notes to the Consolidated Financial Statements continued

23 SHARE BASED PAYMENTS

Share Incentive Plan

The Group operates an employee share option scheme which is available to a number of employees and Directors and is designed to provide long-term incentives for senior managers and above to deliver long-term shareholder returns. Under the plan, participants are granted nil cost options which only vest if certain performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits.

The amount of options that will vest depends on performance measures including length of service and targets relating to EBITDA, revenue growth and operating cash generation, or other measures determined by the Remuneration Committee. Options vest over a performance period of two or three years. Once vested, the options remain exercisable for a period of two years.

When exercisable, each option is convertible into one ordinary share of 10p each.

A Black Scholes model is used to determine fair value.

Details of the share options outstanding at 31 January 2025 and movements during the year by exercise price is shown below:

	2025		2024	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
Outstanding as at 1 February	**£nil**	**1,495,859**	£nil	397,282
Granted during the year	**£nil**	**672,415**	£nil	1,255,273
Exercised during the year	**£nil**	**–**	£nil	(104,196)
Lapsed during the year	**£nil**	**(1,174,972)**	£nil	(52,500)
Outstanding as at 31 January	**£nil**	**993,302**	£nil	1,495,859
Exercisable as at 31 January	**£nil**	**–**	£nil	88,637

1,098,039 share options were granted to Raffi Stepanian on 24 March 2025 and the expiry date of these is 7 January 2030.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Expiry date	Exercise price	**Share options 31 January 2025**	Share options 31 January 2024
7 November 2018	26 April 2023	£nil	**–**	88,637
7 May 2021	30 April 2026	£nil	**–**	151,949
31 January 2023	30 April 2027	£nil	**–**	459,512
8 June 2023	30 April 2028	£nil	**349,548**	573,539
12 June 2023	30 April 2029	£nil	**222,222**	222,222
3 July 2024	02 July 2028	£nil	**421,532**	–
Total			**993,302**	1,495,859
Weighted average remaining contractual life of options outstanding at the end of the year			**3.5 years**	3.6 years

The assessed fair value at grant date of options granted during the year ended 31 January 2025 was £0.17 (2024: £0.48 and £0.43).

Sharesave Plan

The Group also operates an employee Sharesave scheme which is available to all employees subject to qualifying conditions. The scheme encourages wider employee share ownership of the Company.

The options are exercisable after three years from date of grant. When exercisable, each option is convertible into one ordinary share of 10p each.

Notes to the Consolidated Financial Statements continued

23 SHARE BASED PAYMENTS continued

Details of the share options outstanding at 31 January 2025 and movements during the year by exercise price is shown below:

	2025		2024	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
Outstanding as at 1 February	**£0.58**	**358,185**	£0.75	326,159
Granted during the year	**£0.28**	**318,730**	£0.40	232,105
Exercised during the year	**–**	**–**	£0.55	(2,545)
Forfeited during the year	**£0.51**	**(322,047)**	£0.65	(197,534)
As at 31 January	**£0.38**	**354,868**	£0.58	358,185

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Expiry date	Exercise price	**Share options 31 January 2025**	Share options 31 January 2024
26 March 2021	25 March 2024	£0.87	**–**	79,500
31 March 2022	30 March 2025	£0.82	**37,934**	64,400
06 April 2023	05 April 2026	£0.40	**113,157**	214,285
28 March 2024	27 March 2027	£0.28	**203,777**	–
Total			**354,868**	358,185

Share based payment credit

A credit of £115,000 (2024: credit of £52,000) has been recognised within administrative expenses in the Consolidated Income Statement in respect of the above share schemes, as a result of share awards that have lapsed in the year and non-market conditions that are not expected to be met.

There were no cash settled share-based payment transactions.

24 COMMITMENTS

Capital commitments

At 31 January 2025, the Company had capital commitments relating to property, plant and equipment totalling £55,000 (2024: £nil).

Lease commitments

The total amount included within administrative expenses in relation to short term leases during the year was £27,000 (2024: £7,000). All balances are due within 12 months.

25 CONTINGENT LIABILITIES

During the normal course of business, the Group offers warranties on its products against clearly defined performance specifications.

As at 31 January 2025 management are not aware of any material field issues that would require provision to be made for products supplied for distribution outside of manufacturers warranties (2024: none).

Notes to the Consolidated Financial Statements continued

26 BUSINESS COMBINATIONS

On 3 January 2024, the Group purchased 100% of the share capital in Airon Corporation, a specialist respiratory device company based in Melbourne, Florida, USA.

Airon Corporation is recognised as a leading manufacturer of specialist pneumatic oxygen-powered life support ventilators. These devices have diverse applications, including use in Magnetic Resonance Imaging (MRI) machines and transportation for neonates to adults. The company also offers a range of continuous positive airway pressure (CPAP) devices, crucial in emergency medicine for supporting children and adult patients.

Consideration transferred on acquisition

	USD$'000	£'000
Cash	1,500	1,178
Total	**1,500**	**1,178**

Net cash flow on acquisition

	USD$'000	£'000
Cash	1,500	1,178
Cash acquired	(82)	(64)
Total	**1,418**	**1,114**

Acquisition-related fees amounting to £69,000 have been excluded from the consideration transferred and have been recognised as an expense in the Income Statement in the prior period.

Assets acquired and liabilities recognised at the date of acquisition

	Opening balance sheet value		**Fair Value**	
	USD$'000	£'000	USD$'000	£'000
Assets				
Non-current assets				
Intangible assets	–	–	15	12
Right of use assets	63	50	63	50
	63	**50**	**78**	**62**
Current assets				
Inventories	548	430	548	430
Trade and other receivables	276	217	276	217
Short-term investments	250	197	250	197
Cash and cash equivalents	82	64	82	64
	1,156	908	1,156	908
Total assets	**1,219**	**958**	**1,234**	**970**
Liabilities				
Current liabilities				
Trade and other payables	(86)	(68)	(86)	(68)
Lease liabilities	(63)	(50)	(63)	(50)
	(149)	**(118)**	**(149)**	**(118)**
Non-current liabilities				
Deferred tax liability	–	–	(3)	(2)
	–	**–**	**(3)**	**(2)**
Total liabilities	**(149)**	**(118)**	**(152)**	**(120)**
Net assets	**1,070**	**840**	**1,082**	**850**

Notes to the Consolidated Financial Statements continued

26 BUSINESS COMBINATIONS continued

Goodwill arising on acquisition

Goodwill arose in the acquisition because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets

None of the goodwill is expected to be deductible for tax purposes.

	USD$'000	£'000
Consideration transferred	1,500	1,178
Less fair value of identifiable net assets acquired	(1,082)	(850)
Goodwill recognised in the period	**418**	**328**

Contingent consideration

Contingent consideration is due to the shareholders of Airon, based on revenue targets for the 12-month period ending 30 April 2025. The maximum amount payable is $1,000,000 if the highest revenue target is achieved.

None of the contingent consideration was provided for, either at acquisition date or at 31 January 2024 as management did not expect the minimum threshold for the earn-out to be met. However, revenue growth at Airon since its acquisition in January 2024 has led management to anticipate achieving the targets. Consequently, the full amount was provided for as of 31 January 2025. Goodwill has not been adjusted, as revenue growth factors emerged post-acquisition. The contingent consideration has been recognised as a non-recurring cost in the current financial year.

By 30 April 2025, the earn-out period ended with revenue targets met, and the consideration is expected to be paid in June 2025.

27 RELATED PARTY TRANSACTIONS

The Group has a related party relationship with is subsidiaries and with its Directors and Key management. A list of subsidiaries is shown on page 79 of these financial statements. Transactions between subsidiaries for the sale and purchase of products or for management charges are prices on an arm's length basis. Benefit expenses in respect of key management are shown in note 6.

The Company entered into a consultancy agreement in July 2024 with Neil Campbell, Director, as a Global Advocate to support key relationships and support business development opportunities. Under the terms of this agreement the Company was invoiced £36,580 in the period to 31 January 2025 by Enojize Limited, a company controlled by Neil Campbell. £6,932 was owed to Enojize Limited at 31 January 2025.

The Group has no external related parties and therefore there are no external related party transactions for the year.

In the prior year, a subsidiary of the Group rented a property on an arm's length basis at a rate of £22,000 per annum from a self-invested pension plan controlled by Neil Campbell and others. The lease agreement was terminated in October 2023.

28 ULTIMATE CONTROLLING PARTY

The Company's shares are listed on the Alternative Investment Market ("AIM") and are held widely. There is no single ultimate controlling party.

Company Statement of Financial Position

as at 31 January 2025

	Note	2025 £'000	2024 £'000
Assets			
Non-current assets			
Investments	4	**20,042**	25,742
Right of use assets	5	**34**	53
		20,076	25,795
Current assets			
Trade and other receivables	6	**7,579**	6,826
Cash and cash equivalents		**45**	50
		7,624	6,876
Total assets		**27,700**	32,671
Liabilities			
Current liabilities			
Trade and other payables	7	**(10,021)**	(10,966)
Lease liabilities	5	**(18)**	(16)
		(10,039)	(10,982)
Non-current liabilities			
Lease liabilities	5	**(16)**	(34)
Borrowings	8	**(6,985)**	(5,002)
		(7,001)	(5,036)
Total liabilities		**(17,040)**	(16,018)
Net Assets		**10,660**	16,653
Shareholders' equity			
Share capital	9	**8,966**	6,823
Share premium account	9	**19,487**	18,905
Share based payment reserve	9	**320**	435
Retained earnings		**(18,113)**	(9,510)
Total equity		**10,660**	16,653

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Company profit and loss account. The Company's loss for the year ended 31 January 2025 is £8,603,000 (2024: loss of £11,400,000).

The accompanying notes form an integral part of these Financial Statements.

The Company Financial Statements were approved by the Board of Directors on 5 June 2025 and signed on its behalf by:

Alan Olby
Director

Raffi Stepanian
Director

Company number 03587944

Company Statement of Changes in Equity

For the year ended 31 January 2025

	Share capital £'000	Share premium account £'000	Share based payment reserve £'000	Retained earnings £'000	**Total £'000**
At 1 February 2023	**6,813**	**18,842**	**560**	**2,310**	**28,525**
Loss for the year	-	-	-	(11,400)	**(11,400)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(11,400)**	**(11,400)**
Transactions with owners in their capacity as owners					
Issue of ordinary shares, net of transaction costs and tax	10	63	(73)	–	**–**
Dividends	–	–	–	(420)	**(420)**
Share based payment credit	–	–	(52)	–	**(52)**
Total transactions with owners	**10**	**63**	**(125)**	**(420)**	**(472)**
At 31 January 2024	**6,823**	**18,905**	**435**	**(9,510)**	**16,653**
Loss for the year	–	–	–	(8,603)	**(8,603)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(8,603)**	**(8,603)**
Transactions with owners in their capacity as owners					
Issue of ordinary shares, net of transaction costs and tax	2,143	582	–	–	**2,725**
Share based payment credit	–	–	(115)	–	**(115)**
Total transactions with owners	**2,143**	**582**	**(115)**	**–**	**2,610**
At 31 January 2025	**8,966**	**19,487**	**320**	**(18,113)**	**10,660**

The accompanying notes form an integral part of these Financial Statements.

Notes to the Company Financial Statements

for the year ended 31 January 2025

1 ACCOUNTING POLICIES

BASIS OF PREPARATION

The Company Financial Statements cover the year ended 31 January 2025.

The Financial Statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The Financial Statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed elsewhere in this note.

The following exemptions from the requirements of IFRS have been applied in the preparation of the Company Financial Statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of Financial Statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, plant and equipment;
- The following paragraphs of IAS 1, 'Presentation of Financial Statements':
  - 10(d) (statement of cash flows);
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 40A-D (requirements for a third statement of financial position);
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.

Notes to the Company Financial Statements continued

1. Accounting policies continued

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Company are the same as those disclosed in note 1 to the Consolidated financial statements. The relevant accounting policies for the Company that are disclosed in note 1 to the Consolidated financial statements are as follows:

- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables
- Share capital
- Taxation

The accounting policies relevant only to the Company are as follows:

Investments

Investments held are stated at cost less provision for any impairment in value and are classified as financial asset at fair value through profit or loss.

This classification depends on the Company's business model for managing financial assets.

CRITICAL ESTIMATE AND JUDGEMENTS

Impairment of investments in subsidiaries

The carrying value of investments in subsidiaries is disclosed in note 4 of the Company Financial Statements. Determining whether an investment is impaired involves management's judgement, requiring assessment of the recoverable amount.

2 EMPLOYEES

	2025 £'000	2024 £'000
Aggregate employee costs are as follows:		
Wages and salaries	**812**	1,341
Social security costs	**128**	153
Defined contribution pension scheme cost	**12**	61
Share based payment credit	**(115)**	(52)
Total	**837**	1,503

Company employment costs are recharged from its subsidiary company, Inspiration Healthcare Limited, and include the costs of the Directors of the Group.

No employees are directly employed by the Company.

No emoluments were directly paid by the Company.

3 AUDITOR'S REMUNERATION

The auditor's remuneration relating to audit services to the Company has been disclosed in note 4 to the Consolidated Financial Statements.

Notes to the Company Financial Statements continued

4 INVESTMENTS

	£'000
Cost	
At 31 January 2024	34,129
Additions in the year	–
At 31 January 2025	**34,129**
Accumulated amortisation and impairment	
At 31 January 2024	**8,387**
Impairment	5,700
At 31 January 2025	**14,087**
Net Book Value	
At 31 January 2025	**20,042**
At 31 January 2024	25,742

The Company has the following interests in subsidiary undertakings:

Name	Nature of business	Direct/ indirect ownership	% of total issued share capital	Class of share
Inspiration Healthcare Limited	Sale of medical goods	Direct	100	Ordinary
Inspiration Homecare Limited *	Dormant	Indirect	100	Ordinary
Inditherm Limited *	Dormant	Indirect	100	Ordinary
Inditherm (Medical) Limited *	Dormant	Direct	100	Ordinary
Inditherm (UK) Limited *	Dormant	Direct	100	Ordinary
Inditherm Construction Limited *	Dormant	Direct	100	Ordinary
Vio Holdings Limited	Holding Company	Direct	100	Ordinary
Viomedex Limited	Sale and manufacture of medical goods	Indirect	100	Ordinary
SLE Limited	Sale and manufacture of medical goods	Direct	100	Ordinary
The registered office of the above companies is: Unit 7/8 Commerce Park, Commerce Way, Croydon, CR0 4YL				
Anaesthetic Services Systems Limited *	Dormant	Indirect	100	Ordinary
The registered office of the above Company is: C10 Strangford Park Ards Business Centre, Jubilee Road, Newtownards, Co Down, BT23 4YH				
Inspiration Healthcare Ireland Limited *	Dormant	Indirect	100	Ordinary
The registered office of the above Company is: The Black Church, St. Mary's Place, Dublin, D07 P4AX				
Airon Corporation *	Sale and manufacture of medical goods	Direct	100	Ordinary
The registered office of the above Company is: 751 North Dr STE 6, Melbourne, FL 32934, United States				

* Entities exempt from the requirement to have a statutory audit

Notes to the Company Financial Statements continued

5 LEASES

The Company has annual commitments under non-cancellable leases relating to motor vehicles.

Right of use assets

	Total £'000
At 1 February 2023	–
Additions	56
Amortisation	(3)
At 31 January 2024	**53**
Amortisation	(19)
At 31 January 2025	**34**

Lease liability

	Total £'000
At 1 February 2023	–
Additions	56
Interest expense	1
Lease payments	(7)
At 31 January 2024	**50**
Interest expense	3
Lease payments	(19)
At 31 January 2025	**34**

	2025 £'000	2024 £'000
Current	**18**	16
Non-current	**16**	34
Total	**34**	50

The total cash outflow for leases during the year was £19,000 (2024: £7,000).

At 31 January 2025 and 31 January 2024, the Company's cash commitments relating to leases are as follows:

	Total £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000
At 31 January 2025	**36**	**20**	**16**	**–**	**–**
At 31 January 2024	56	20	20	16	–

6 TRADE AND OTHER RECEIVABLES

	2025 £'000	2024 £'000
Amounts receivable from subsidiary undertakings	**7,400**	6,719
Other taxes and social security	**17**	43
Other receivables	**10**	10
Prepayments and accrued income	**152**	54
Total	**7,579**	6,826

Trade and other receivables are non-interest bearing and receivable under normal commercial terms. The Directors consider that the carrying value of trade and other receivables approximates their fair value.

The carrying amounts of the Company's receivables are denominated in Pound Sterling.

Notes to the Company Financial Statements continued

7 TRADE AND OTHER PAYABLES

	2025 £'000	2024 £'000
Trade payables	187	99
Amounts payable to subsidiary undertakings	9,457	10,520
Other payables	3	3
Accrued expenses	374	344
Total	**10,021**	10,966

The fair value of trade and other payables approximates to book value at 31 January 2025. Amounts due to Group undertakings are non-interest bearing, unsecured and repayable on demand.

8 Borrowings

	2025 £'000	2024 £'000
Revolving Credit Facility ("RCF")	6,985	5,002
Total	**6,985**	5,002

On 22 February 2024, the Company renewed and extended its RCF facility for a committed amount of £10,000,000 over three years expiring in February 2027 with the option to extend for a further year. Covenants over interest cover and leverage are in place and are tested quarterly. The Company received a waiver from its lender in respect of the 31 January 2024 and 30 April 2024 covenant tests because of extended delays to a material Middle East order. The Company agreed revised covenants for the period until 31 January 2025 including monthly minimum liquidity target of £1,500,000 and a quarterly EBITDA target. Interest on borrowings from the RCF is charged at 3.25% over SONIA.

A further waiver in respect of the 31 October 2024 EBITDA covenant was granted by the Company's lender with a revision to the 31 January 2025 EBITDA covenant which was subsequently met. Covenants in place for 2025 and beyond revert to the original interest cover and leverage measures with the thresholds increasing quarter on quarter reaching interest cover of greater than 3.0x and leverage of less than 2.5x for the period ending 31 January 2026.

A temporary cap of £7,800,000 on drawings from the RCF has been put in place until such time as leverage is reduced below 3.5x.

The movement in the RCF during the year was as follows:

	2025 £'000	2024 £'000
At 1 February	5,002	4,000
Proceeds from drawdown of loans	2,980	1,002
Repayment of loans	(997)	–
At 31 January	**6,985**	5,002

9 SHAREHOLDERS' EQUITY

Share capital and share premium

The Share Capital and Share Premium amounts have been disclosed in note 22 to the Consolidated Financial Statements.

Share based payment reserve

The share based payment reserve of £320,000 (2024: £435,000), represents the cumulative expense recognised in the Company level Income Statement in relation to the Company's share awards.

Shareholder Information

Registrars

The Company's registrars, MUFG Corporate Markets), provide a number of services that, as a shareholder, might be useful to you:

Registrar's online service

By logging onto the Investor Centre app or web browser at **https://uk.investorcentre.mpms.mufg.com/**, You will need to log into your Investor Centre account or register if you have not previously done so. To register you will need your Investor Code, this is detailed on your share certificate or available from our Registrars, MUFG Corporate Markets.

Share dealing services

You can buy and sell shares through any authorised stockbroker or bank that offers a share dealing service in the UK, or in your country of residence if outside the UK.

MUFG Corporate Markets also provides a share dealing service to private shareholders in the UK or Channel Islands.

For further information on the share dealing service provided by MUFG Corporate Markets, or to buy and sell shares via MUFG Corporate Markets visit **www.dealing.cm.mpms.mufg.com** or call 0371 664 0445. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 08:00 – 16:30, Monday to Friday (excluding public holidays in England and Wales).

This is not a recommendation to buy and sell shares and this service may not be suitable for all shareholders. The price of shares can go down as well as up and you are not guaranteed to get back the amount you originally invested. Terms, conditions and risks apply. This service is only available to private shareholders resident in the United Kingdom, the Channel Islands or the Isle of Man.

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The registered office of each of these companies is MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds, LS1 4DL

Duplicate share register accounts

If you are receiving more than one copy of our report, it could be that your shares are registered in two or more accounts on our register of members. If that was not your intention, please contact MUFG Corporate Markets who will be pleased to merge your accounts.

For general shareholder enquiries, please contact:

MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds LS1 4DL

Tel: **0371 664 0300**

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 - 17:30, Monday to Friday (excluding public holidays in England and Wales).

Email: **shareholderenquiries@cm.mpms.mufg.com**

Advisors

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Bankers	HSBC Bank plc, 1st Floor, First Point, Buckingham Gate, London Gatwick Airport, West Sussex RH6 0NT
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