



# **Interim Results Presentation**

6 Months Ended 31 July 2023

Neil Campbell  
Alan Olby

[www.inspirationhealthcaregroup.com/investors](http://www.inspirationhealthcaregroup.com/investors)

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# Presenting Team



**Neil Campbell**  
*Chief Executive Officer*



**Alan Olby**  
*Chief Financial Officer*

# About the Group

Inspiration Healthcare designs, manufactures and markets pioneering medical technology that saves lives and improves the outcomes of patients starting with the very first breath of life



**Outcome Changing**



**Research Driven**



**Pioneering**



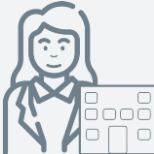
**Patient Focused**



**Distribution in 75+ Countries**



**British Based Manufacturing**



**200+ Employees**

# H1 Highlights

## Underlying growth from core Neonatal and Infusion businesses

### Neonatal



Neonatal revenues grew 4% to £16.1m (like for like up 11%)

### Product range expansion



SLE6000 Non-invasive ventilators

### Infusion Therapies



Infusion Therapies revenues of £4.3m due to customer de-stocking (like for like up 18%)

### Property portfolio streamlined



Closed Leicestershire (from Sept '23); Crawley (from Feb '23)

### Regulatory Initiatives



Medical Device Single Audit Program commenced

### Strengthened Board



Alan Olby CFO  
Marlou Janssen NED

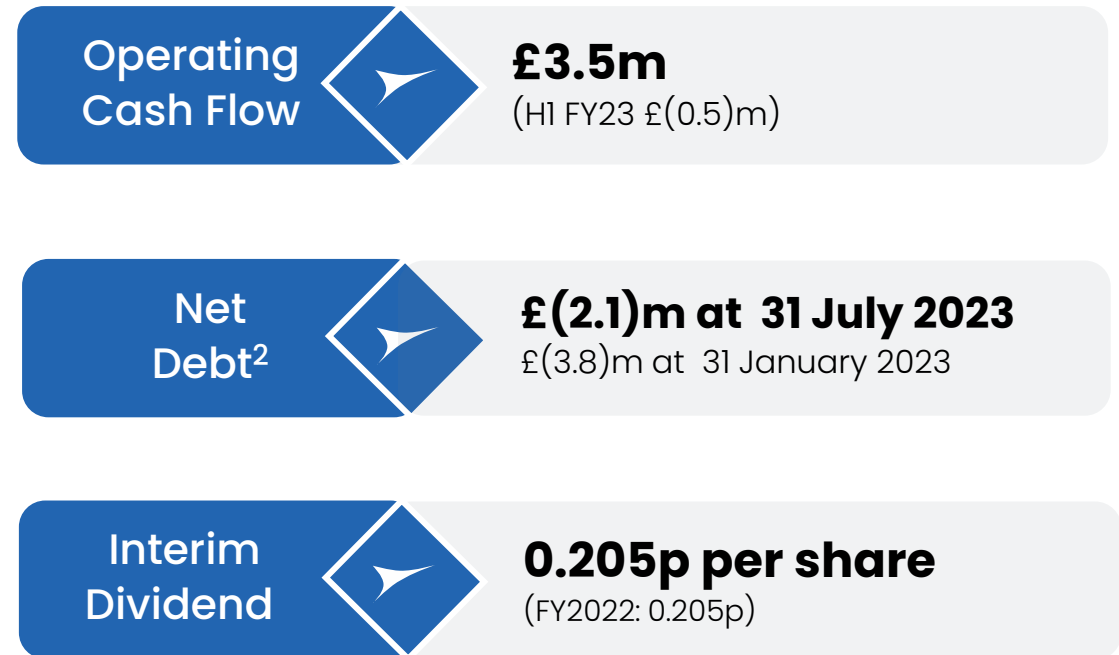
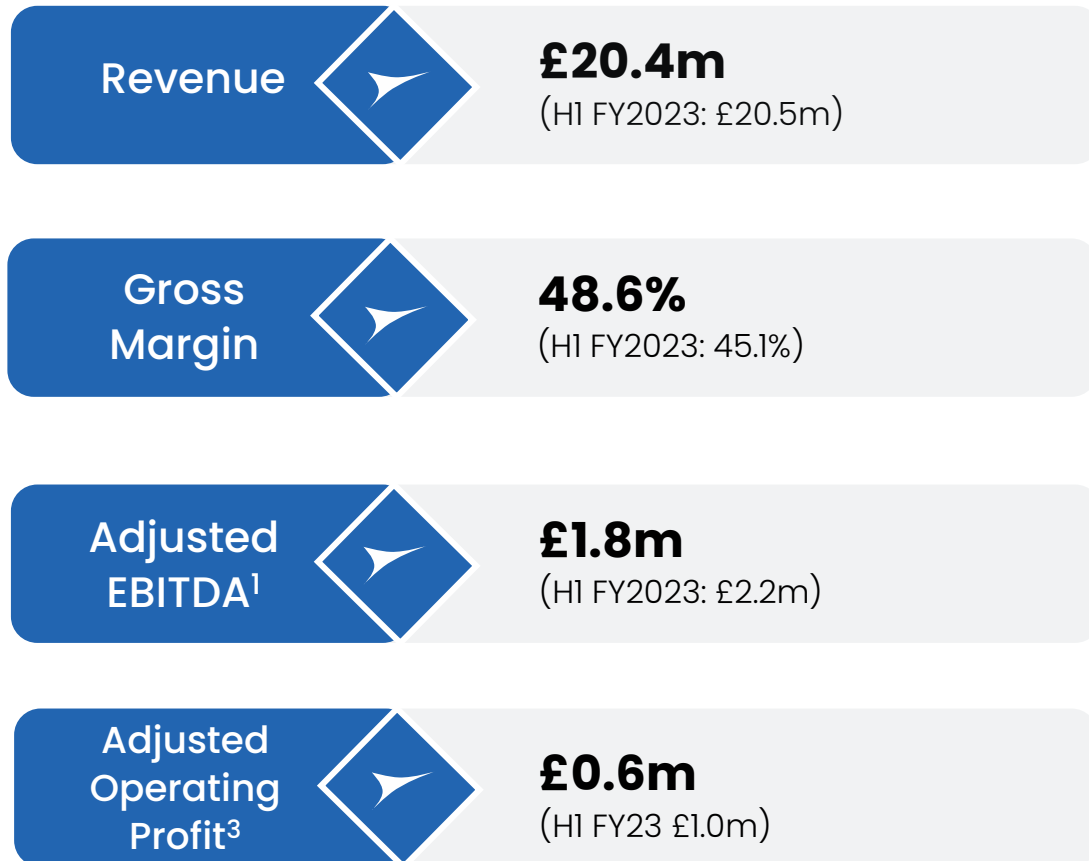
### Post Period End



FDA Submission: SLE6000 Ventilator  
LifeStart USA model launched

# H1 Financial Highlights

# Cash generation and increased margins

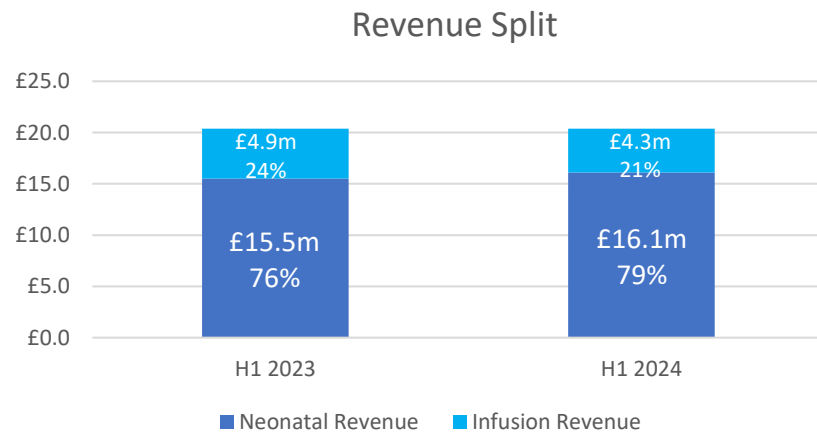
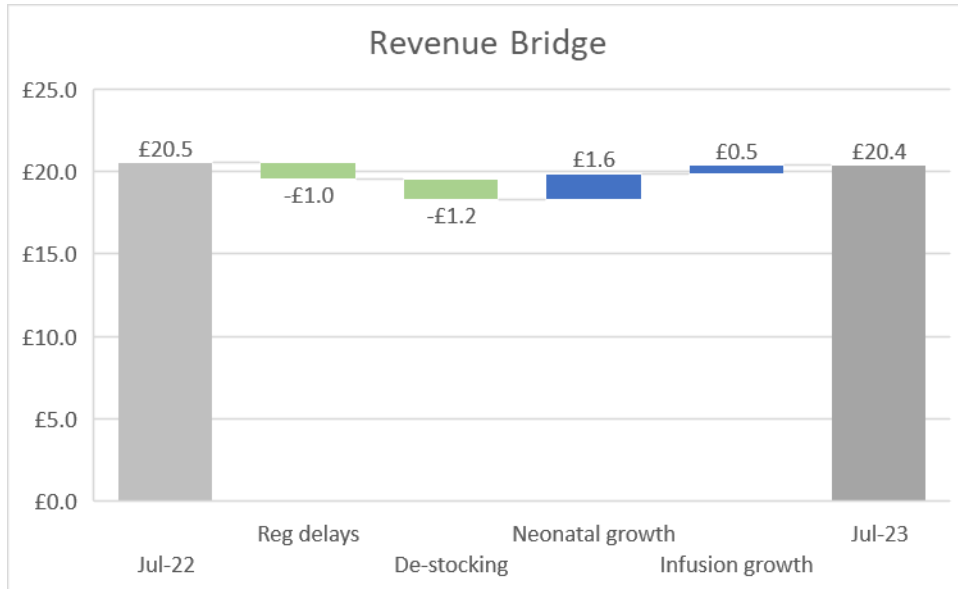


<sup>1</sup> Earnings before interest, tax, depreciation, amortisation, impairment, share based payments and non-recurring items

<sup>2</sup> Cash and cash equivalents less revolving credit facility and invoice financing borrowings

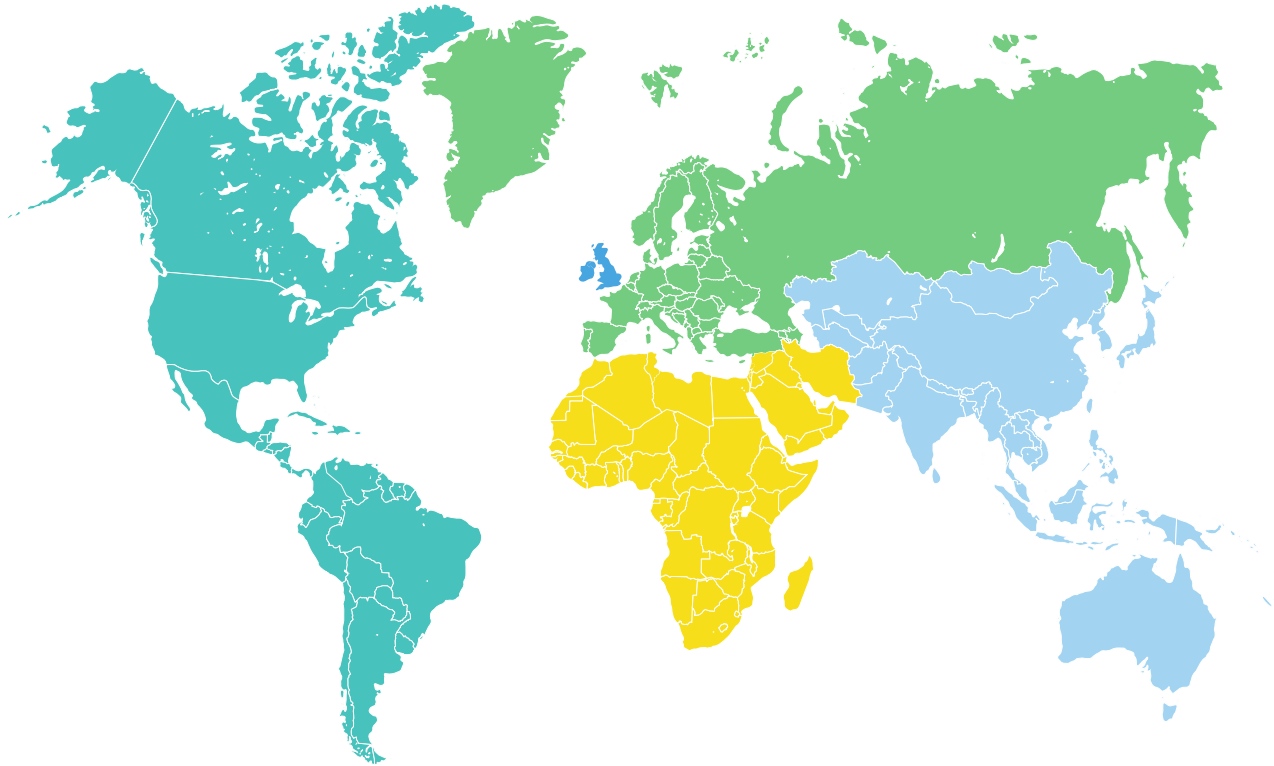
<sup>3</sup> Adjusted for non-recurring items

# H1 Revenue



- Neonatal revenues grew 4% overall
- Loss of £1.0m revenue from regulatory delays to products distributed by the Group
- Core neonatal revenues grew by 11% like-for-like driven by SLE6000 ventilator
- Infusion products £4.3m impacted by de-stocking by leading customer
- Like-for-like infusion product revenues grew 18%

# Revenue by geography



Domestic	£9.7m	H1 2024: 48%	H1 2023: 54%
Europe	£3.2m	H1 2024: 15%	H1 2023: 8%
Americas	£1.1m	H1 2024: 6%	H1 2023: 3%
Asia Pacific	£3.1m	H1 2024: 15%	H1 2023: 23%
Mid East & Africa	£3.3m	H1 2024: 16%	H1 2023: 12%



# Margin and EBITDA

Gross  
Margin



H1 FY2023 45.1%



**H1 FY2024 48.6%**


Adjusted  
EBITDA<sup>1</sup>



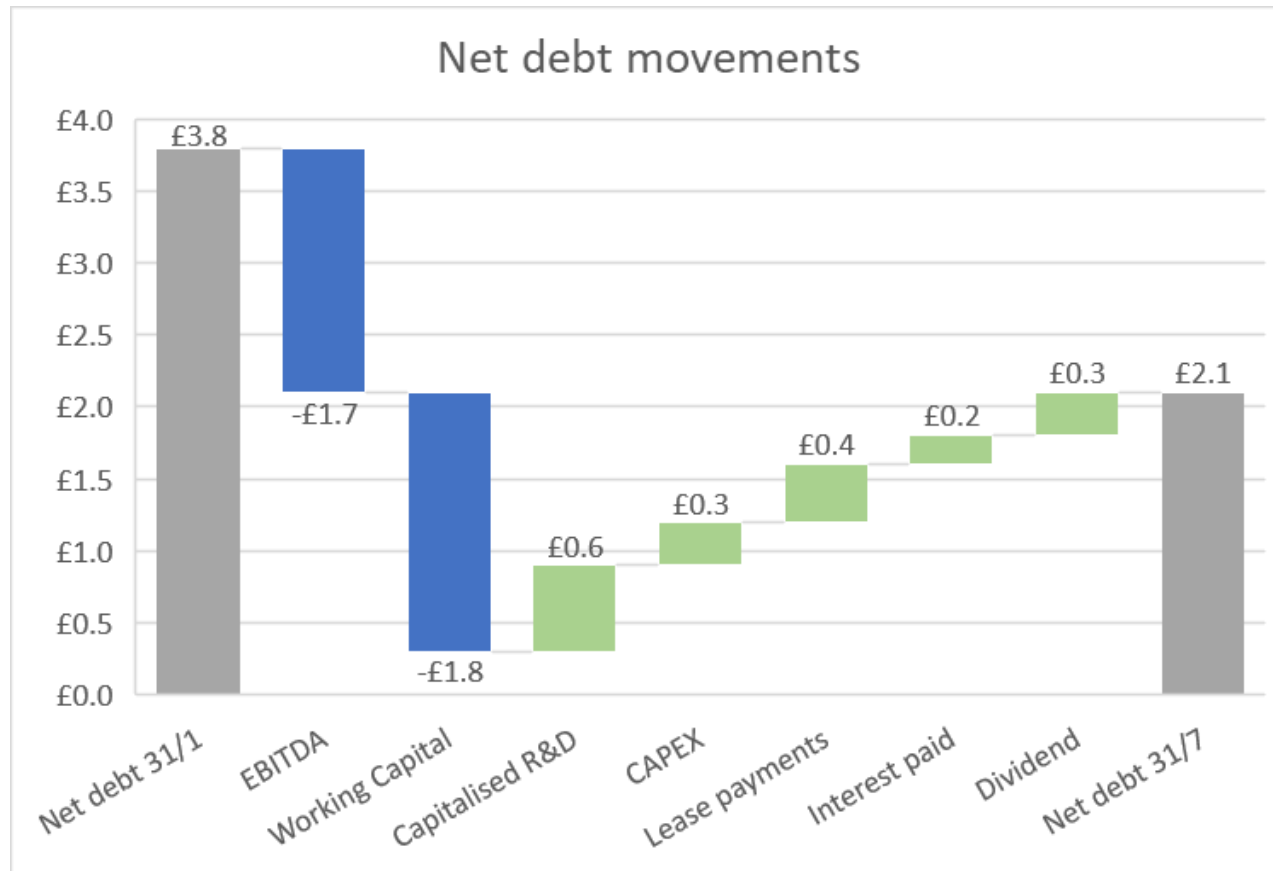
H1 FY2023 £2.2m



**H1 FY2024 £1.8m**

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- Favourable product mix increased margins driven by sales of core neonatal revenues
  - Overheads increased primarily due to wage inflation, travel and regulatory costs

# H1 Cash flow – improvement in net debt

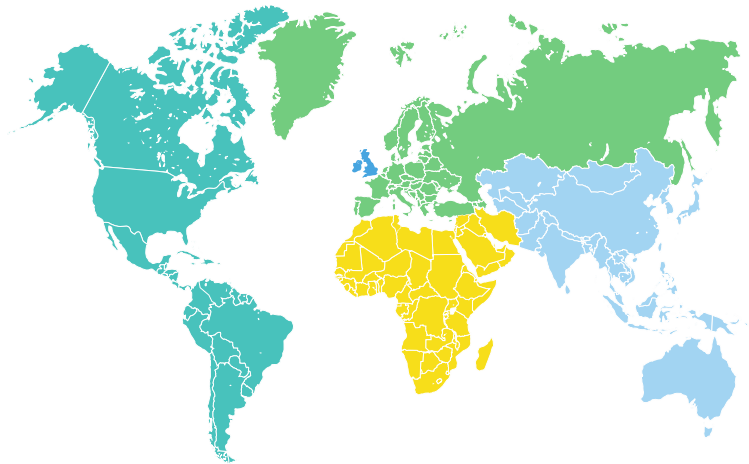


- Strong operating cash generation of £3.5m
- Working capital reduction of £1.8m driven by reduction in receivables
- Inventory remains high due to ongoing supply constraints and need to meet customer demand
- New manufacturing and technology centre in Croydon completed in FY2023
- The Group retains its £5m revolving credit facility and up to £5m invoice discounting facility
- Headroom of almost £8m at 31 July

# Neonatal Intensive Care: A large & growing market

## Neonatal Global Growth Drivers

- Increase in healthcare infrastructure
- Increase in premature birth
- Technology advancements
- Increase in affordability



## Neonatal Market CAGR by Region

United Kingdom

7.8%

Europe

7.7%

Americas

8.2%

Asia Pacific

7.0%

Middle East / Africa

8.2%

Source: GVR (Grand View Research)  
Market Insight Data Report



Every year, an estimated 15 million babies are born preterm<sup>1,2</sup> and this number is rising<sup>3</sup>



Neonatal Intensive Care<sup>4</sup>  
\$7.7bn



~£1,500 cost per baby per day in neonatal intensive care

### Sources:

- (1) Before 37 completed weeks of gestation
- (2) Global, Regional & National estimates of levels of preterm birth 2014 – Chawanpaiboon et al 2019
- (3) Global, regional, and national causes of under-5 mortality in 2000-15 - Liu L et al 2016
- (4) Berkshire Hathaway 2022. Worldwide Neonatal Intensive Care Unit Industry is expected to grow with a CAGR of 6.46% from 2021 to 2027

# Broad portfolio of innovative, best-in-class specialist neonatal products

Neonatal Intensive Care Devices – Capital and Disposables Revenue Streams

Approx Two Thirds Capital vs One Third Recurring

## Our Neonatal Products



Inspire rPAP  
(Patented)



Inspire nCPAP



FirstBreath™ nCPAP  
(3 patents granted)



Breathing  
Circuits



Ventilators



Unique+ CFM



LifeStart™

# Strong Strategic Progress and Future Plans

Growth Driver	Details	Recent Progress	Future Milestones
<p>Maximise revenues from existing products &amp; markets</p>	<p>Optimising opportunity for all products where regulatory clearance exist</p>	<p>Neonatal Revenues Grew by 4% New therapy areas for infusion launched Launched new website</p>	<p>Further develop website Improve distributor management</p>
<p>Geographic Expansion</p>	<p>Expanding opportunity for existing products through regulatory clearance into new markets</p>	<p>Initiated Medical Device Single Audit Program across Group FDA submission filed for SLE6000 ventilators</p>	<p>Finalise audits to get MDSAP certificate Gain FDA Clearance for SLE6000 Register products in Canada</p>
<p>Product Development</p>	<p>Expanding product portfolio through in-house Research and Development</p>	<p>SLE6000 range extended LifeStart – US Model Launched Completed Trial for Project Wave</p>	<p>Launch new respiratory capital device Finalise Project Wave commercial plan</p>

# Infusion Therapies – What we do



Distributor of Infusion Devices including capital, consumables, various accessories and tech support



Customers include: Homecare providers, Acute NHS Trusts, Air Ambulance Services



Therapy areas include: Parenteral Nutrition, Pain, Palliative Care, Oncology, Immunoglobulin



Dedicated trainers: End users & clinicians (in hospital and home)

# Infusion Therapies: H1 Overview & Future Growth Opportunities

## Revenue



Revenues of £4.3m reduced by £0.6m (12%)  
De-stocking over (customer ordering again)  
18% growth from other customers

## Business Initiatives



Expanding therapy areas (post-op pain, regional anaesthesia, epidural)  
Exploit gap in the market caused by competitor technical / regulatory challenges

## NHS opportunity



NHS strategy to discharge patients home for continued care

- creates opportunity for ambulatory products with remote monitoring

## Future Plans



Launch of the new range of distributed devices:

- New features include RFID, WIFI enabled and remote monitoring
- New products will support the NHS through digital transformation

# Summary & Outlook



## Financials

- Revenues flat at £20.4m
- Gross Margins improving by over 350bps
- Cash Generative - Net debt reduced by £1.7m to £2.1m
- Neonatal Sales increased by 4%
- Underlying Infusion sales increased



## Board strengthened

- Alan Olby appointed CFO
- Marlou Jansen appointed as NED



## Product Development & Regulatory Progress

- SLE6000 Non-invasive Ventilators
- LifeStart (US model)
- FDA submission filed for SLE6000
- MDSAP in progress



## Property rationalised & restructuring

- Operational efficiencies
- Cost saving

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

*Mark Abrahams - Chairman*



# Investment case: Building on solid foundations



Addressing a critical need in growing global markets



Strong leadership track record with ability to build successful product pipeline to enable regional expansion



World class expertise and portfolio of best-in-class, innovative products



Deep, long-term relationships with customers and partners



Well positioned for future growth, with an established commercial footprint and clear and focused commercial strategy



Proven M&A and organic growth

# Thank you



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our Investor section

# APPENDIX

# Income Statement

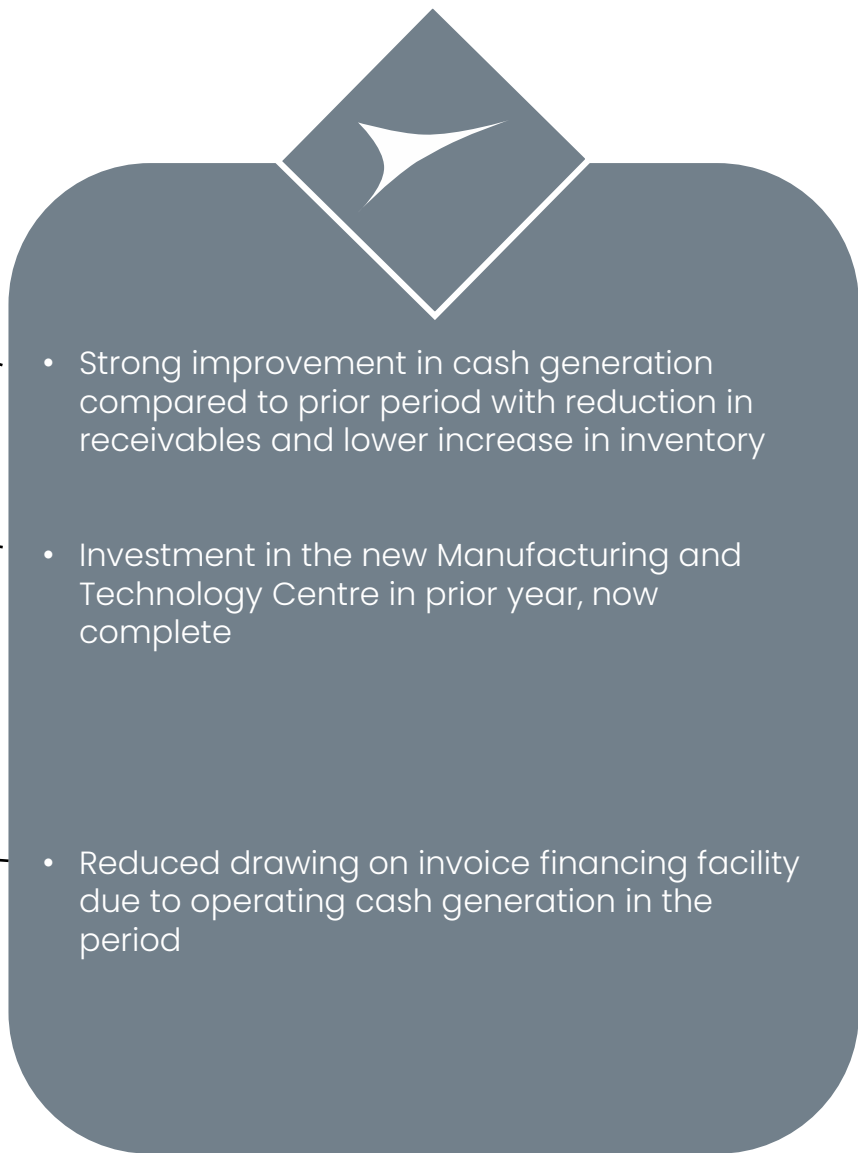
	H1 FY 2024 £'000	H1 FY 2023 £'000
<b>Revenue</b>	<b>20,370</b>	<b>20,523</b>
<b>Gross Profit</b>	<b>9,898</b>	<b>9,262</b>
<i>Gross margin</i>	48.6%	45.1%
Admin. expenses pre non-recurring items	(9,342)	(8,213)
Adjusted operating profit	<b>556</b>	<b>1,049</b>
Non-recurring items	(406)	-
Operating profit	<b>150</b>	<b>1,049</b>
Net finance expense	(290)	(164)
(Loss)/Profit before tax	(140)	885
Income tax	84	(119)
<b>(Loss)/Profit after tax</b>	<b>(56)</b>	<b>766</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>1,760</b>	<b>2,203</b>
<i>Adjusted EBITDA margin</i>	8.6%	10.7%

- Margin improvement due to better product mix
- Operating expenses increased due to wage inflation, regulatory fees, increased travel and FX impact
- Includes restructuring costs arising from office relocations

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

# Cashflow Statement

	HI FY 2024	HI FY 2023
	£'000	£'000
<b>Cash generated from operations</b>	<b>3,327</b>	<b>(507)</b>
Taxation paid	189	-
<b>Net cash generated from operating activities</b>	<b>3,516</b>	<b>(507)</b>
Cash flows from investing activities:		
Capitalised development costs	(646)	(944)
Purchase of PPE and other intangibles	(269)	(4,121)
Interest received	30	18
<b>Net cash used in investing activities</b>	<b>(885)</b>	<b>(5,047)</b>
Cash flows from financing activities:		
Net lease payments	(285)	(210)
Interest Paid	(228)	(177)
Dividends Paid	(280)	(279)
Proceeds from Loans and borrowings	(2,079)	-
<b>Net cash used in financing activities</b>	<b>(2,959)</b>	<b>(666)</b>
Cash and cash equivalents at beginning of year	2,276	9,253
<b>Net decrease in cash and cash equivalents</b>	<b>(328)</b>	<b>(6,220)</b>
<b>Cash and cash equivalents at the year end</b>	<b>1,948</b>	<b>3,033</b>

- 
- Strong improvement in cash generation compared to prior period with reduction in receivables and lower increase in inventory
  - Investment in the new Manufacturing and Technology Centre in prior year, now complete
  - Reduced drawing on invoice financing facility due to operating cash generation in the period

# Balance Sheet

	31 Jul 23	31 Jan 23
	£'000	£'000
<b>Non-current assets</b>	<b>30,539</b>	<b>30,795</b>
Inventories	10,493	9,935
Trade and other receivables	10,167	11,888
Net debt	(2,052)	(3,803)
Current liabilities	(8,068)	(7,165)
<b>Net current assets</b>	<b>10,540</b>	<b>10,855</b>
<b>Non-current lease liabilities</b>	<b>(5,852)</b>	<b>(6,176)</b>
<b>Net assets</b>	<b>35,227</b>	<b>35,474</b>



- No further investment in new manufacturing and technology centre
- Inventory increased by £0.6m as supply chain lead times remain extended
- Receivables reduced
- Net debt reduced

# Manufacturing and Technology Centre

New 4,200m<sup>2</sup> State of the Art New Facility



2,000m<sup>2</sup> Manufacturing & Warehousing



1,100m<sup>2</sup> Office & Education Centre



600m<sup>2</sup> Research & Development Facility



500m<sup>2</sup> Technology Support Centre



Optimising efficiency



Improved customer education facilities



Staff well-being



Low carbon footprint