



Inspiration Healthcare Group plc

"Pioneering medical technology starting with the very first breaths of life"

Roy Davis – Executive Chairman
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October 2024

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Today's Agenda

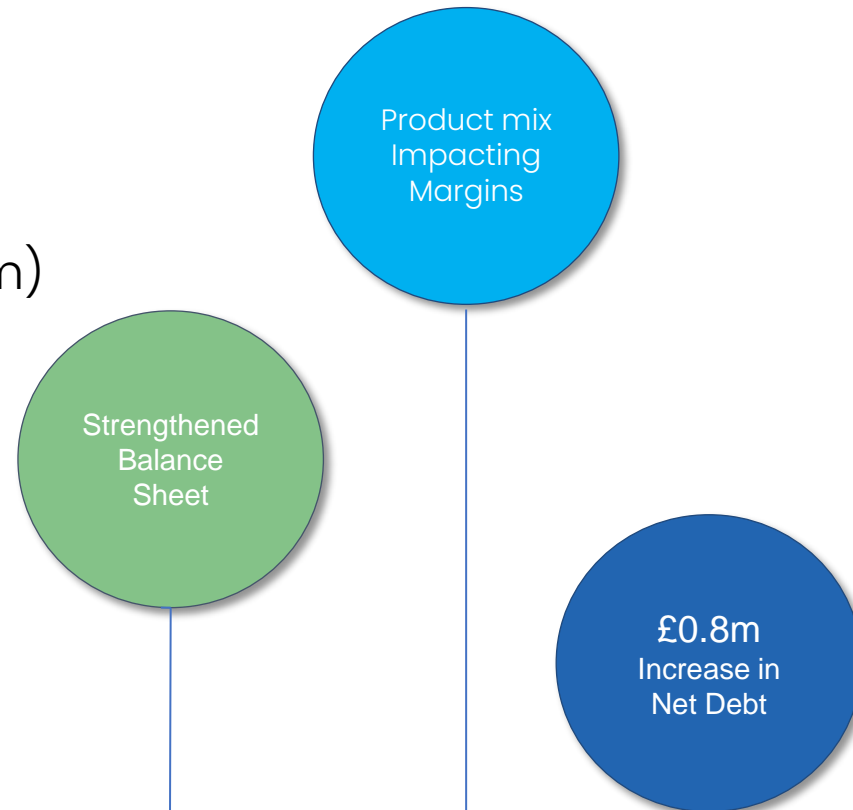
1. ***H1 2024 Highlights***
2. Business Update
3. Financial Review & Outlook
4. Summary and Q&A
5. Appendices

Overview: A Challenging Time

- Overall H1 revenues of £17.0m – down 17% vs prior year
 - Neonatal sales declined by 26%
 - Impacted by discontinued products
 - UK sales down 20% to £4.3m (H1 FY24: £5.4m) – UK restructuring beginning to gain traction
 - International sales down 40% at £6.5m (H1 FY24: £10.7m) in H1 – International being re-focused to drive sales
 - Infusion business performing well
 - H1 growth +19% on prior year, sales of £5.0m a record half year
 - Airon sales of £1.2m – more than double vs prior year (pre-acquisition)
- Middle East contract signed and being progressed – expect to ship H2
- Margin pressure – impacted by mix and lower ventilator sales
- FY revenues will be second half weighted – margin pressure to remain
- Turnaround progressing but challenges – it is all about sales!

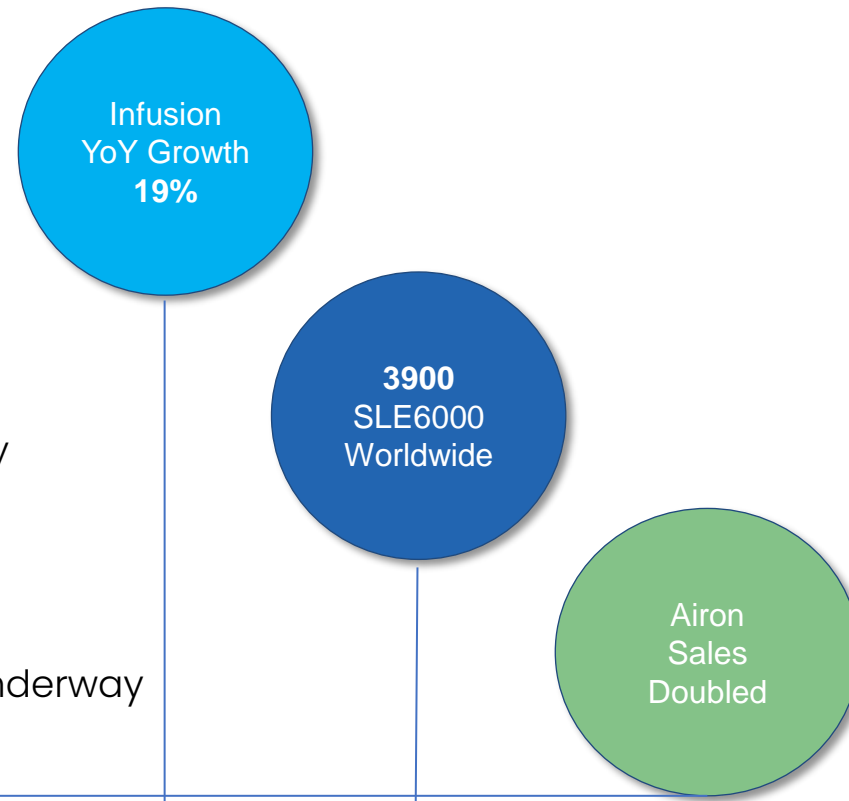
Financial Highlights

- Revenues down on prior year at £17.0 million (H1 FY24: £20.4 million)
 - Gross margin: Reduced to 43.5% (H1 FY24: 48.6%)
 - EBITDA loss of £0.9m (H1 FY24: profit of £1.8m)
 - Operating loss of (£2.0m) (H1 FY24: profit of £0.6m)
- Operating cash outflow of £2.3m (H1 FY24: +£3.5m)
- Net debt increased to £6.8 million (31 January 2024: £6.0 million)
- Fundraise (gross proceeds £3.0m)



Operational Highlights

- Build on positives
 - Leverage NHS business in UK
 - Neonatal – UK re-organization starting to work
 - Infusion – build on strength in Homecare to enter new markets
 - Middle East order received – expect H2 shipment
- CCO Appointment
 - Restructured UK sales team
 - Drive International distributor sales efforts
- North America strategy
 - Airon sales outperforming, International sales opportunity
 - Meeting with FDA re 510k application
- Re-structuring during period
 - Change in Chairman / CEO – recruitment for new CEO underway
 - Closed Hailsham site – annual savings £0.5m



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Business Update: A Reminder of What We Do – Two Distinct Markets

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

Neonatal Intensive Care (approx. 75% revenue)

Serviceable addressable market £321m
Neonatal ventilation CAGR ~5.1% - 7.1%

Infusion Therapies (approx. 25% revenue)

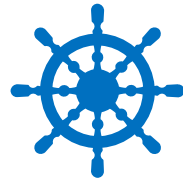
- Own brand capital and consumable products with IP
- Distribute complementary products
- Direct sales in UK, Ireland and USA
- Global sales into >75 countries
- Manufacturing in UK and USA
- UK service centre
- In-house R&D at state-of-the-art manufacturing centre in South London

- Distribution of market leading products
- UK sales & support
- UK service centre

Our Immediate Focus – ‘Back to Basics’

4. EXECUTE FUTURE STRATEGY

Develop vision & strategy
Develop & execute US product & commercial plan
Develop & Implement R&D
Roadmap to deliver on future potential



3. IMPROVE WORKING CAPITAL

Reduce inventory
Manage CSO / DSO days
Improve Supply Chain Management



Back
to
Basics

1. DRIVE SALES

Improve geographic spread
Improve distributor sales
Leverage NHS relationships
Increase recurring revenues from consumables & service

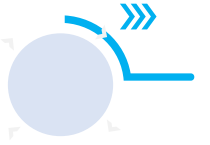


2. INCREASE PROFITS

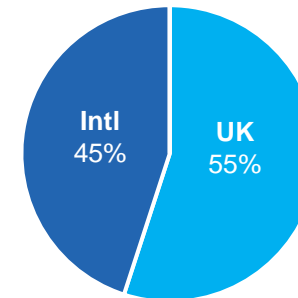
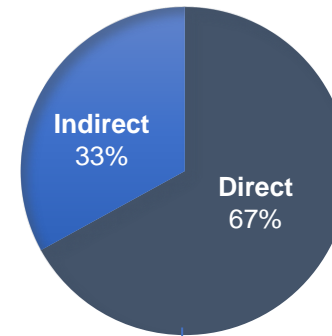
Improve operational efficiency
Improve product margins
Reduce costs
Review structure for efficiency opportunities



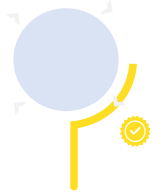
Back to Basics: Driving Sales



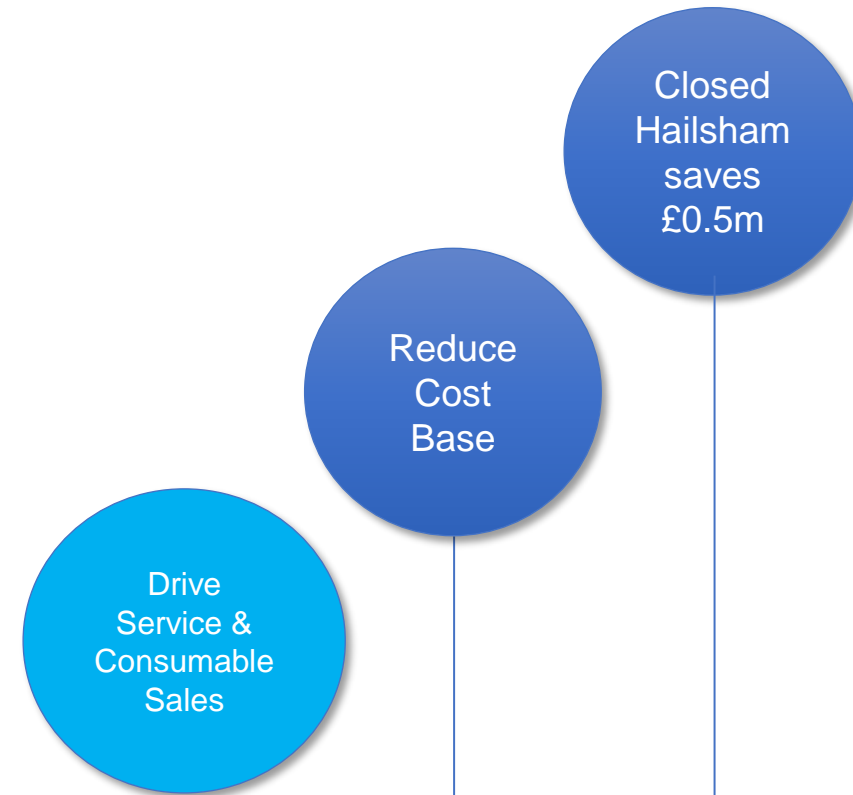
- Improve geographic spread
 - Direct sales in H1 67%
 - Indirect sales in H1 33%
 - Strengthen sales team
- Pursue US market opportunity
 - 50% of global neonatal market – minimal sales at present
 - FDA approval of SLE6000
 - Leverage Airon position to build presence
- Focus on higher margin opportunities
 - Own brand – 59%
 - Distributed products – 41%
- Diversify product offering
 - Drive consumable and service revenues
 - Identify synergistic portfolio products



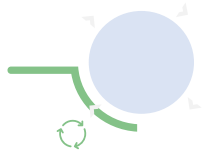
Back to Basics: Increase Profits



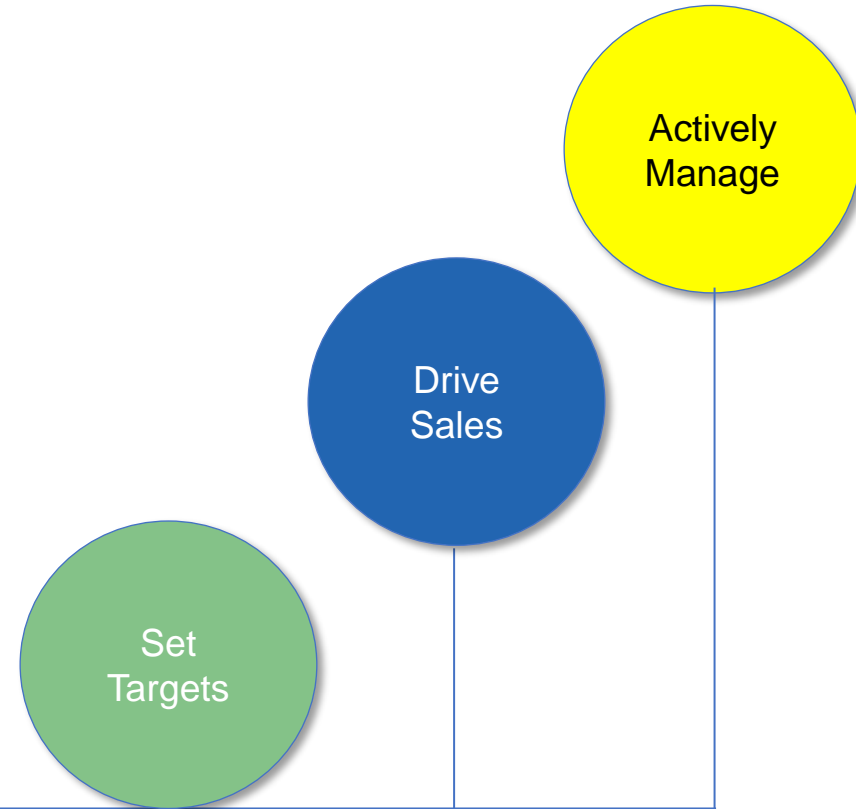
- Improve operational efficiency
 - Closed Hailsham site – transferred production to China
 - All UK operations now in one site - Croydon
- Increase product margins
 - Focus on higher margin products & markets
 - Increased focus on service – sales +8% v prior year
 - Launching new consumable range in 2025
- Reduce costs
 - Improve productivity through greater integration
- Organise for efficiency
 - Looking at optimising organisational structure
 - Customer focused processes

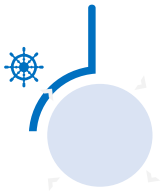


Back to Basics: Improve Working Capital



- Reduce inventory
 - Inventory £14.1m
 - Actively managing suppliers
 - Majority of inventory increase relates to SLE6000
 - Ship delayed ME order
 - Sales is key driver of reduction
- Manage DSO / CSO
 - Additional credit control resource
- Improve supply chain management
 - Active management of suppliers
 - Move to 'Lean'





Back to Basics: Execute Future Strategy

- Develop & execute future vision & strategy
 - Focus!
 - All about the customer!
 - E³ – Excellence in Everything We Do
 - Deliver on potential
- Recruit new CEO
- Key drivers of future growth
 - Strong sales channels
 - Balanced geographic sales
 - New product roadmap
 - Clinical leadership
 - US commercial strategy
 - Consumable and service revenues
 - Operationally 'lean'



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H1 Financials Summary

Revenue



£17.0m

(H1 FY24: £20.4m)

Gross Margin



43.5%

(H1 FY24: 48.6%)

Adjusted
EBITDA¹



£(0.9)m

(H1 FY24: £1.8m)

Adjusted
Operating (Loss)/
Profit³



£(2.0m)

(H1 FY24: £0.6m)

Operating
Cash Flow



£(2.3)m

(H1 FY24: inflow £3.5m)

Net Debt²



£(6.8)m

(31 January 2024: £(6.0)m)

Capital
Raise



£3.0m gross

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

² Cash and cash equivalents, short-term investments, less revolving credit facility and invoice financing borrowings

³ Adjusted for non-recurring items

H1 FY25 Revenue

	H1 FY25 £'000	H1 FY24 £'000	Change %	
Neonatal products	12,000	16,125	-26%	↓
Infusion Therapy products	5,039	4,245	19%	↑
	17,039	20,370	-16%	↓
<i>Neonatal products:</i>				
Capital	6,473	11,734	-45%	↓
Consumable	4,312	4,391	-2%	→
Airon	1,215	-	-	↑
	12,000	16,125	-26%	
<i>Neonatal products by Geography:</i>				
UK/Ire	4,310	5,398	-20%	→
International	6,475	10,727	-40%	↓
Airon	1,215	-	-	↑
	12,000	16,125	-26%	
<i>Neonatal Key Brands:</i>				
SLE6000	3,672	5,156	-29%	↓
SLE1000&5000 (end of life)	578	2,600	-78%	↓
Other	6,535	8,369	-22%	↓
Airon	1,215	-	-	↑
	12,000	16,125	-26%	

Neonatal revenues declined 26% to £12.0m

- Capital sales declined 45% due to timing of orders and EOL products
- Consumable sales holding up due to growth in service
- Airon more than double PY (pre acquisition)
- UK/Ire restructure and expect strong H2
- International hit by EOL products
- SLE6000 to pick up lost sales from EOL products

Infusion Therapy products showing strong growth in homecare sector, new pump providing opportunities for further growth in both homecare and NHS

Income Statement

	H1 FY25 £'000	H1 FY24 £'000
Revenue	17,039	20,370
Gross Profit	7,405	9,898
<i>Gross margin</i>	43.5%	48.6%
Operating expenses pre non-recurring items	(9,377)	(9,342)
Adjusted operating profit	(1,972)	556
Non-recurring items	(1,203)	(406)
Operating (loss)/profit	(3,175)	150
Net finance expense	(528)	(290)
Loss before tax	(3,703)	(140)
Income tax	(82)	84
Loss after tax	(3,785)	(56)
Adjusted EBITDA¹	(913)	1,760

- Margin impacted by:
 - Lower capital sales
 - Increased sales of distributed products
- Operating expenses in line with PY
- Non-recurring items:
 - restructuring costs arising from CEO change, sales restructure & Hailsham closure
 - Contingent consideration for Airon earn out
- EBITDA Loss due to lower sales and margin

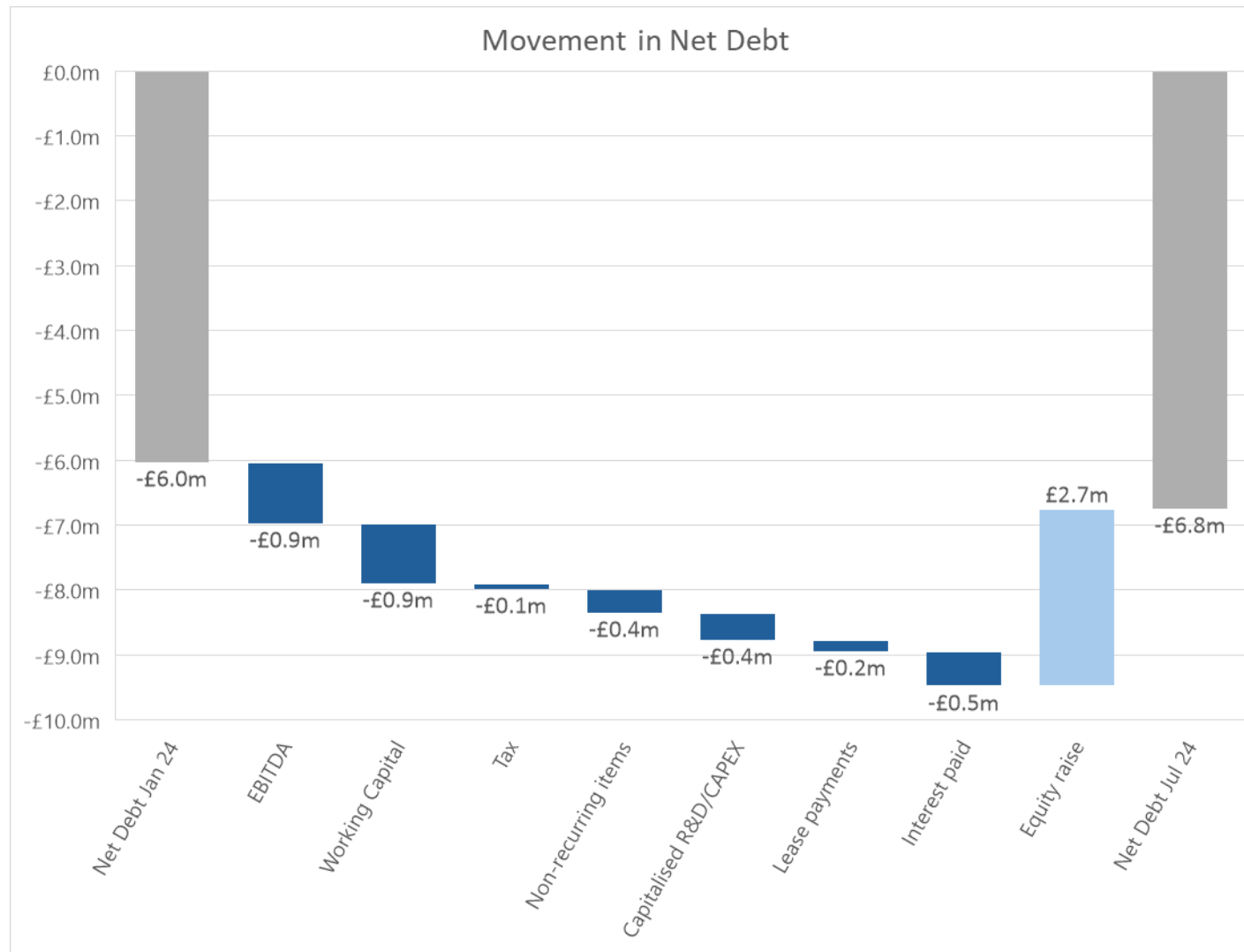
¹ Earnings Before interest, tax, depreciation, amortisation, impairment, share based payments and non-recurring items.

Balance Sheet

	31 Jul 24	31 Jan 24
	£'000	£'000
Non-current assets	25,522	25,993
Inventories	14,118	13,743
Trade and other receivables	9,623	8,669
Net debt	(6,762)	(6,047)
Current liabilities	(9,300)	(7,913)
Net current assets	7,679	8,452
Non-current lease liabilities	(5,237)	(5,477)
Net assets	27,964	28,968

- Inventory increased £0.4m
- Receivables increase of £1.0m from revenue phasing and timing of prepayments
- Liabilities increase of £1.4m from earn out provision and timing of supplier payments

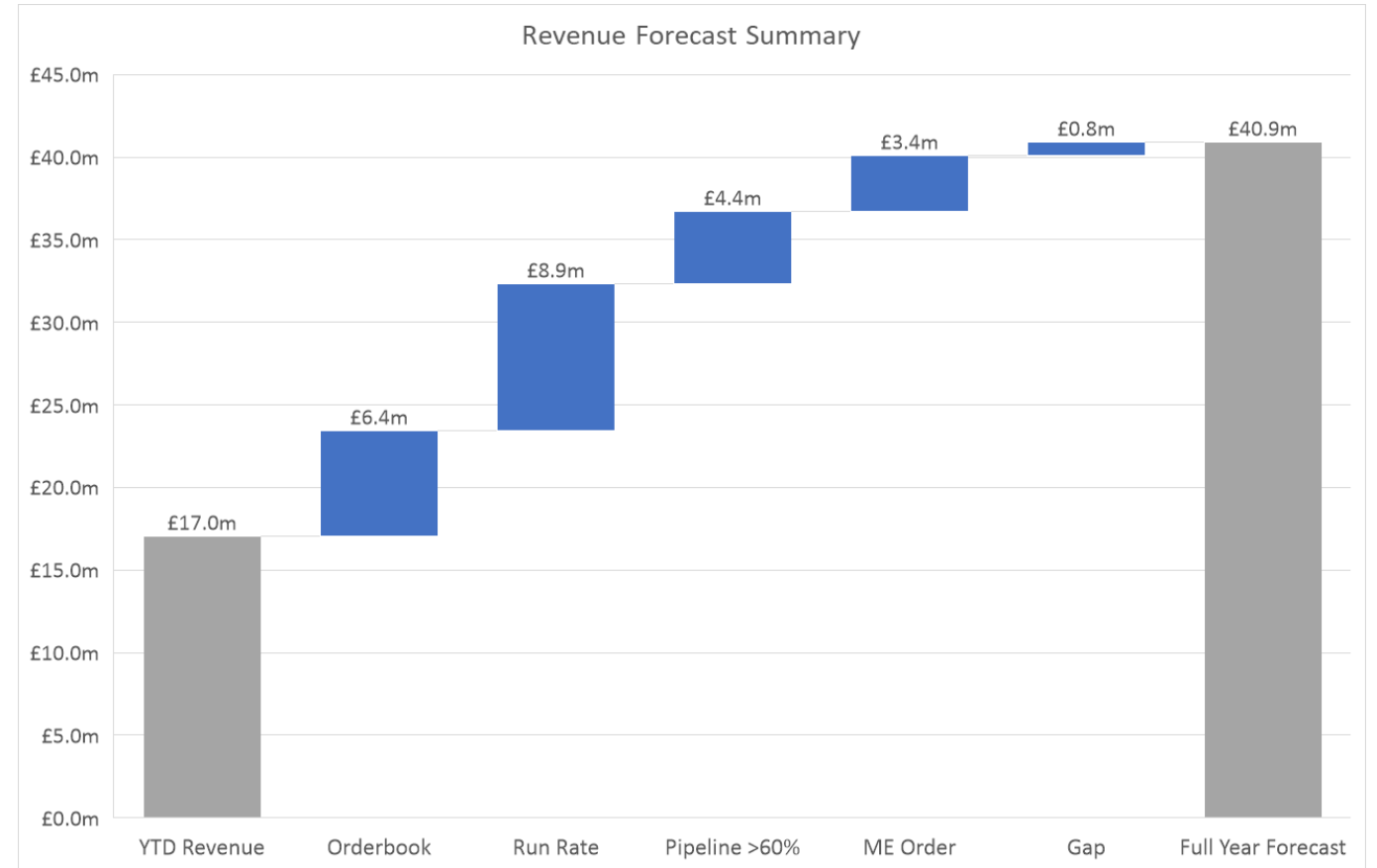
H1 Movements in Net Debt



- Operating cash outflow of £2.2m (H1 FY24: inflow of £3.5m) due to EBITDA loss and working capital increase
- Working capital increased by £0.9m
- Inventory remains elevated at £14.1m due to ongoing delay to large Mid East order and excess purchasing
- Equity raise of £2.7m net of expenses completed at end of period
- The Group has access to £10m RCF and £5m invoice finance facility to provide liquidity headroom
- Net debt of £6.8m at 31 July

FY25 Revenue Pipeline

- FY25 Revenue forecast broken into component parts
- YTD Revenue of £17.0m reflects H1 revenue to 31 July
- Orderbook of £6.4m represents confirmed orders for delivery in balance of FY25
- Run Rate of £8.9m – based on current (H1 FY25) run rates, predictable revenues with short lead times, includes:
 - consumable items,
 - spare parts,
 - service revenues
 - capital sales
 - Airon revenues in USA
- Pipeline – £4.4m: includes only FY25 opportunities with 60% probability and above, risk adjusted
- ME order expected to be delivered in H2 upon receipt of the agreed letter of credit
- Current gap of £0.8m expected to be covered by conversion of pipeline and other opportunities not reflected in pipeline



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Summary: Turnaround Underway

- Focus on 'Back to Basics'
 - Driving sales – especially internationally
 - Ensuring operational and cost efficiency
 - Managing cash generation
 - Change will take time
- Developing new strategy and R&D roadmap for future success
- Recruiting new CEO
- Outlook
 - Revenues H2 weighted – large Middle East Contract progressing and expected to ship in H2
 - Additional material 'one-off' tender opportunities for H2 & FY26
 - Underlying demand in market remains strong
 - Margin pressure due to mix likely to continue, impacting FY earnings expectations
 - Operational restructure to support commercial execution and reduce cost base

It's All About Execution!

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Broad portfolio of innovative, specialist neonatal products

Key Neonatal Products



First Breath™
nCPAP
(3 patents granted)

Inspire
nCPAP™

Inspire rPAP™
(patented)



Breathing
Circuits



SLE
Ventilators



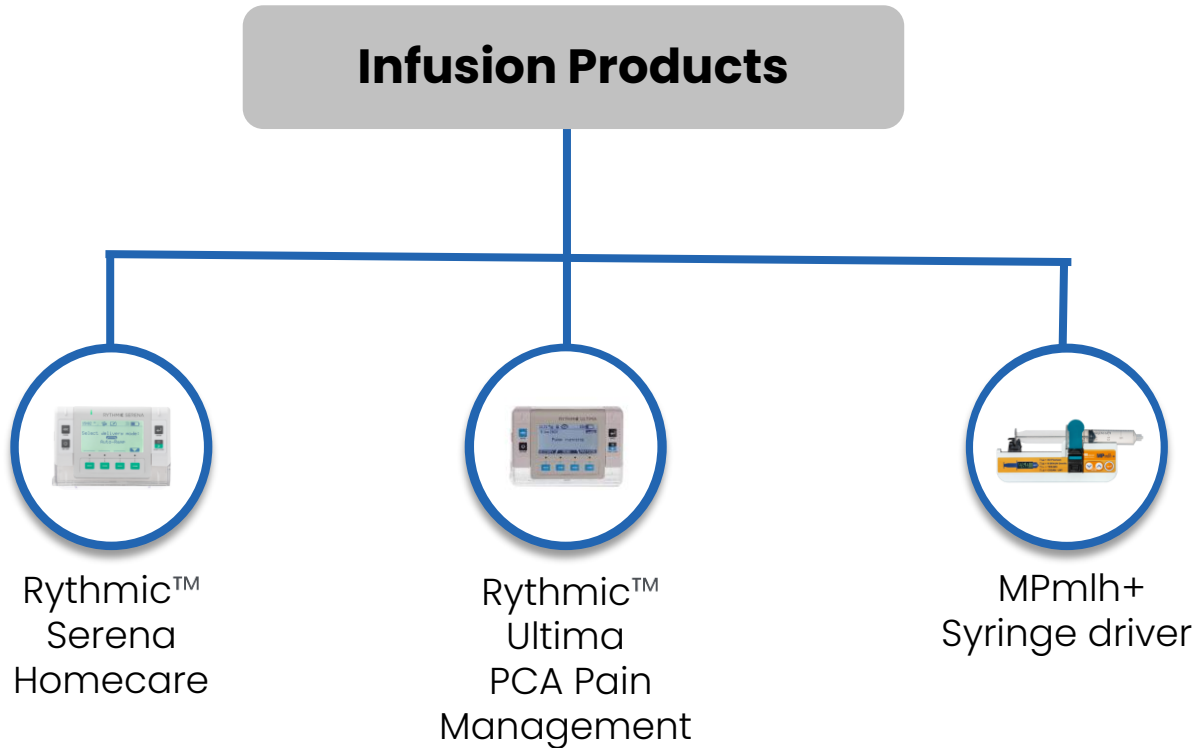
Airon
Ventilators



LifeStart™

- Core focus area with a high level of expertise
- Products designed specifically for the neonate
 - Include benefits such as OxyGenie™, The Queen's Award-winning auto-O₂ software
- Manufactured products are supported by complementary distributed technology providing us with a comprehensive offering
- Approx 70% capital, 30% recurring revenue





Portfolio of specialist infusion products



- Exclusive UK distributor for Micrel Medical
- Active in multiple markets;
 - Parenteral Nutrition
 - PCA and Regional Anaesthesia
 - Epidural pain management
 - Oncology
- Value add through direct Sales and Clinical Support
- Approx 20% capital, 80% recurring revenue

Neonatal Intensive Care: A Growing Core Market Despite Changing Market Dynamics

Global Growth Drivers

 <p>Increase in healthcare infrastructure</p>	 <p>Increase in premature births</p>
 <p>Technology advancements</p>	 <p>Increase in Affordability</p>

Changing Market Dynamics

- Post-Covid healthcare spending changes (Adult Ventilator Market contraction due to oversupply resulting in more aggressive competition in Neonates)
- Increased regulation slowing new markets penetration
- Increased macro-economic uncertainty affecting government healthcare investment



Every year, an estimated 15 million babies are born preterm^{1,2} and this number is rising³



Neonatal Intensive Care⁴
\$7.7bn with a CAGR of 6.46%



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

Notes:

- (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

Infusion Therapies: A Growing Opportunity

UK and Ireland Market Growth Drivers



NHS desire to get patients home earlier



Technology advancements – remote monitoring of equipment



Centres of excellence for certain therapies



Price pressure always in the background

Market Opportunities*



New products with superior features (including remote monitoring)



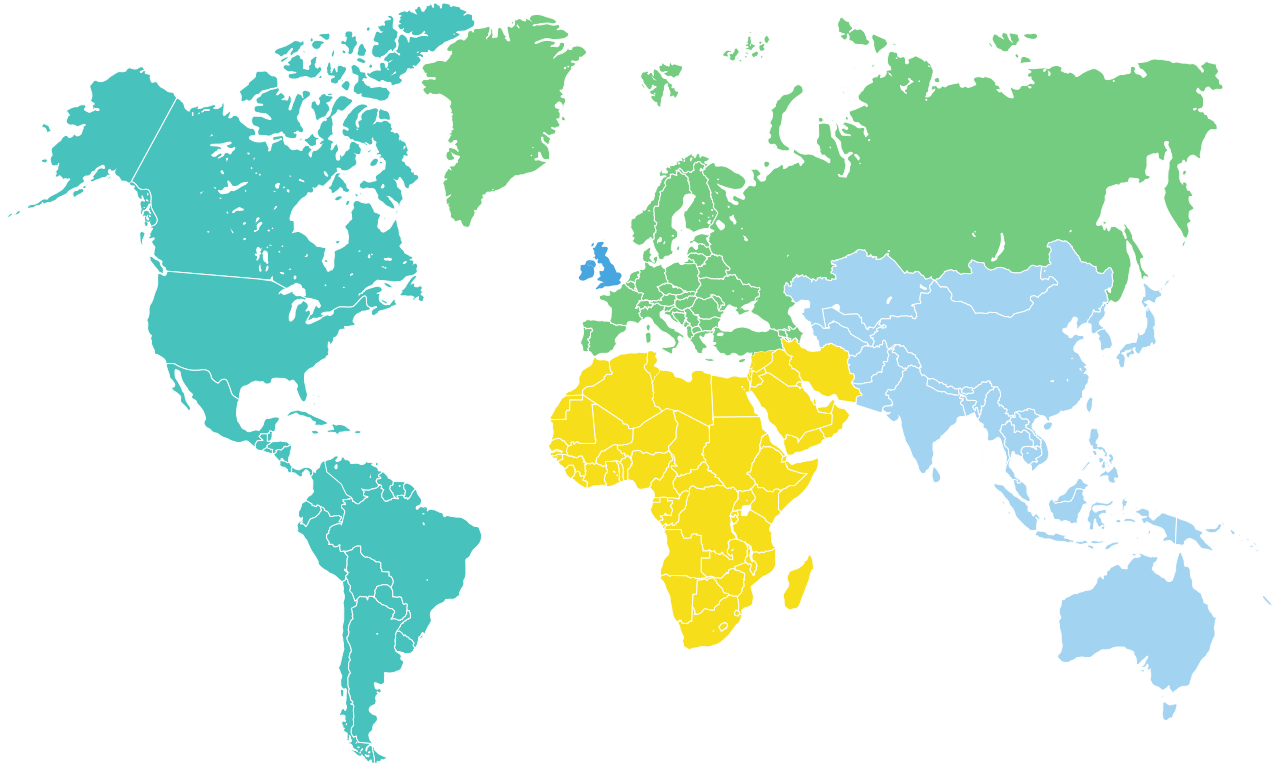
Expand into new therapy areas



Capital linked to consumables

* Management Estimated working with over 70% of NHS Trusts in England & Wales

Revenue by geography



Domestic	£9.4m (H1 FY24 £9.7m)	H1 FY25: 55%	H1 FY24: 48%
Europe	£2.8m (H1 FY24 £3.2m)	H1 FY25: 16%	H1 FY24: 15%
Americas	£1.7m (H1 FY24 £1.1m)	H1 FY25: 10%	H1 FY24: 6%
Asia Pacific	£2.0m (H1 FY24 £3.1m)	H1 FY25: 12%	H1 FY24: 15%
Mid East, Africa	£1.1m (H1 FY24 £3.3m)	H1 FY25: 7%	H1 FY24: 16%