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Inspiration Healthcare Group PLC
02 October 2024

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Inspiration Healthcare Group plc
("Inspiration Healthcare", the "Company" or the "Group")

Interim Results

New 'back to basics' strategy to position the business for future growth

Inspiration Healthcare Group plc (AIM: IHC), the global medical technology company, announces its unaudited interim results for the six months ended 31 July 2024.

Financial highlights

- Revenue £17.0 million (H1 2024: £20.4 million)
    - Neonatal product revenues £12.0 million (H1 2024: £16.1 million)
    - Infusion product revenues were £5.0 million (H1 2024: £4.3 million)
- Gross Margin of 43.5% (H1 2024: 48.6%) with adverse impact from sales mix and lower capital sales
- Adjusted EBITDA[1] loss of £0.9 million (H1 2024: profit of £1.8 million)
- Operating Loss before non-recurring items £2.0 million (H1 2024: £0.6 million)
- Cash outflow from operating activities of £2.3 million (H1 2024: cash inflow of £3.5 million)
- Oversubscribed fundraise completed on 22 July 2024, raising gross proceeds of £3.0 million to strengthen the balance sheet
- Net debt[2] (excluding IFRS16 lease liabilities) £6.8 million (31 January 2024: £6.0 million)

[1] Earnings before interest, tax, depreciation, amortisation, share based payments and non-recurring items
[2] Cash and cash equivalents, short term investments, less revolving credit facility and invoice finance borrowings

Operational highlights (including post period)

- Roy Davis appointed Executive Chair and Interim CEO
- Largest single order placed with a value of 4.3 million for the SLE6000 ventilator
- Airon sales outperforming initial expectations, more than double vs H1 in the prior year, pre-acquisition
- Launched new Micrel infusion pump in Q2, which will help drive sales growth
- Appointed Chief Commercial Officer and restructured UK sales team
- Closed Hailsham site, realising annualised savings of £0.5 million
- Meeting with the US FDA in August 2024, providing clarity on requirements for SLE6000 510k filing

Roy Davis, Executive Chair and Interim CEO of Inspiration Healthcare commented:*"Although the first half has been challenging, we have seen encouraging signs of recovery from our Neonatal business and remain positive about current market opportunities. As previously announced, we expect revenues for FY25 to be H2 weighted and have a strong orderbook and pipeline for the rest of the year. However, the sales mix will continue to impact gross margins and consequently earnings expectations for the full year.*

We have a clear strategy to return the business to growth, focused on driving sales, increasing profitability and reducing costs, whilst developing a clear US commercial plan and R&D roadmap to expand our portfolio of best-in-class products. We remain well positioned in a stable long term growth sector and I am confident we are taking the right actions to position the Company for the future."

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014 as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

Investor presentation

The Company will provide a live presentation to investors via the Investor Meet Company platform on Monday, 7 October 2024 at 11am BST. The presentation will give an update on the Company and an overview of the Group's interim results. To register for the presentation, please use this link:

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

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About Inspiration Healthcare

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

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

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

The Company operates from its Manufacturing and Technology Centre in Croydon, South London and from its facility in Melbourne, Florida.

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

Chairman's Statement

The Group experienced a number of challenges during the first half, however we have implemented several organisational changes and a 'back to basics' approach. This focusses on driving sales, increasing profitability, reducing costs and improving working capital, whilst developing a clear plan for the US and an R&D roadmap to expand our portfolio of best-in-class products and I am confident we are taking the right actions to put the business on a sound footing for the future.

As previously announced, we expect revenues for FY25 to be H2 weighted. Revenues for the period were £17.0 million, a 17% decline compared with the same period last year. Although our infusion therapy products returned to growth, we saw some pressure on sales of our Neonatal products during the first half.

Revenue	**Unaudited 6 months Ended 31 July 2024 £'000**	Unaudited 6 months Ended 31 July 2023 £'000	
Neonatal products	**12,000**	16,125	-26%
Infusion Therapy products	**5,039**	4,245	+19%
Total	**17,039**	20,370	-16%
Neonatal products:			
Capital	**6,473**	11,734	-45%
Consumables	**4,312**	4,391	-2%
Airon	**1,215**	-	-
	12,000	16,125	-26%
Neonatal products by Geography:			
UK/Ireland	**4,310**	5,398	-20%
International	**6,475**	10,727	-40%
Airon	**1,215**	-	-
	12,000	16,125	-26%
Neonatal Key Brands:			
SLE6000	**3,672**	5,156	-29%
SLE1000&5000 (discontinued)	**578**	2,600	-78%
Other	**6,535**	8,369	-22%
Airon	**1,215**	-	
	12,000	16,125	-26%

Historically, capital items have been the main driver of neonatal product sales, accounting for 73% of neonatal revenues in H1 FY24. We have seen a 45% decline in capital sales to £6.5 million in the first half of FY25, partly caused by the timing of orders but also due to the discontinuation of older ventilator products and slower sales in our international business.

Sales from neonatal products in the UK/Ireland decreased by 20% to £4.3 million, which was partially caused by the timing of capital orders with strong capital sales in H1 FY24, followed by a weaker H2. This pattern is expected to be reversed in the current year, with capital sales low during H1 but we are expecting a much stronger H2. Following a restructure of the UK sales team during the first quarter, we have seen increased activity levels and improved customer engagement. The business is performing as expected and we have a pipeline of opportunities in H2, which are expected to deliver full year sales in line with the prior year.

sales in line with the prior year.

International sales (excluding Airon) were £6.5 million, down 40% from £10.7 million in H1 2024, following the discontinuation of older ventilators (SLE1000 and SLE5000). Increasing international sales activity is a key focus for the commercial team who are working to more proactively manage our distributors to drive demand.

Revenues from discontinued/end of life products (SLE5000 and SLE1000) declined to £0.6 million in the period (H1 2024: £2.6 million). These products have been 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 are expected to compensate for the loss of revenue from these products, with UK NHS tenders and international orders expected in H2.

Increasing recurring revenues from consumables and service is a strategic priority for the Group. Revenue from consumables and service of neonatal products was £4.3 million in H1, broadly in line with the prior year. Within this, service revenues reported 8% growth versus last year. To support growth in this area, the Group has created a new role to lead the service function, focussed on commercial delivery. An external candidate has been identified and is expected to join during the second half of the year. This is a cost neutral appointment with funding created by savings elsewhere in the headcount budget.

On 25 July 2024, the Group announced that it had received a4.3 million order for its SLE6000 ventilators and accessories. This is the single largest order that the Group has received. Bank guarantees have now been issued to support delivery of the contract and the Group awaits receipt of the agreed letter of credit before delivery of the goods will be made. This is expected to happen during the second half and provides support for the anticipated H2 weighting to revenues.

Sales of the Infusion Therapies products (distributed products sold only in the UK) grew by 19% to £5.0 million in the period representing a record half year performance. This was driven by increasing sales in the homecare market where the combination of our product offer, clinical and service support has enabled us to continue to gain market share. The Q2 launch of the new pump from partner Micrel has been well received and presents an opportunity to further grow revenues in the homecare segment as well as the NHS where a number of trials are ongoing. Our revenue pipeline for the Infusion products provides confidence that the rate of growth seen in H1 can be maintained for the full year.

Fund raise and strengthening the balance sheet

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. We are very grateful to shareholders for their continued support.

The Group has a Revolving Credit Facility of £10.0 million and Invoice Discounting facility of up to £5.0 million. With net debt (excluding IFRS16 lease liabilities) of £6.8 million as at 31 July 2024 the Group has significant liquidity headroom available.

North America strategy

Airon has performed well during its first period within the Group. Sales for the six months ended 31 July 2024 were £1.2 million, which is more than double the same period last year (pre acquisition), following a strong performance from Airon's newly appointed national distributor, USME. There is also considerable interest in the Airon products from the Group's international distribution partners and we expect this to translate into further revenue growth opportunities for Airon in the future.

Post period end, the Group had a meeting with the FDA which provided clarity over various issues relating to our 510k application for the SLE6000 ventilator, and we are now assessing the next steps and timelines for a resubmission.

Following receipt of MDSAP certification in January 2024, the Group filed for registration of its products in Canada in H1. We expect approval to be granted shortly, and our local distributor is ready to launch the products as soon as local certification is received.

Operational and Board structure

During the period, Laura Edwards was appointed Chief Commercial Officer, a new role within the Group reporting directly to the CEO. Laura has been with the Group for three years and has significant commercial experience. This is a critical role designed to bring all commercial activities of the Group into one structure to ensure alignment of strategy and has already shown early results with increased engagement from sales teams and improved visibility of commercial operations.

In May 2024, Neil Campbell stepped down as Chief Executive Officer and has become a Non-executive Director and Global Advocate. As a result, I have taken on the role of Executive Chair and Interim CEO while the process to appoint a permanent CEO is undertaken.

In June 2024, we announced the closure of our Hailsham facility. All activities undertaken at Hailsham have now either been outsourced to a long-standing supplier or moved to the Croydon site and several employees have also moved to Croydon. This completes the rationalisation of the Group's UK based operations into a single site and is anticipated to realise annualised savings of approximately £0.5 million.

Outlook

As previously announced, we expect revenues for FY25 to be H2 weighted. Following the restructure of our commercial team in H1 we have seen encouraging signs of recovery from our Neonatal business, with a large pipeline of opportunities and a strong orderbook for the rest of the year. However, margin pressures are expected to remain due to the sales mix, and delivery of the delayed Middle East order and this will impact earnings expectations for the year.

As we work towards returning the business to growth, we have implemented a 'back-to-basics' approach, focused on driving sales, particularly in more stable markets, increasing profitability, and improving working capital as well as developing a clear US product and commercial strategy and R&D roadmap to expand our portfolio of best-in-class products.

Whilst we have experienced challenges over the last 12 months, I am confident we are taking the right actions to put the business on a sound footing for the future. We remain robustly positioned, with a solid portfolio of life-saving neonatal technologies and infusion products that are addressing a critical need and are well placed to deliver significant long-term sustainable growth in a stable global long term growth sector.

Roy Davis
Executive Chair and Interim CEO

Financial Review
Revenue for the six months to 31 July 2024 totalled £17.0 million (H1 2024: £20.4 million) a decline of 17% resulting from the lower sales of neonatal products, partially compensated for by growth in Infusion Therapies products and revenues of £1.2 million from the recently acquired Airon business in the USA.

Gross margin for the period was 43.5% (H1 2024: 48.6%). This has been adversely impacted by a number of factors with an increase in the proportion of revenues from distributed products (particularly Infusion Therapies products) combined with lower sales of capital items, largely ventilators.

Operating expenses (pre non-recurring items) totalled £9.4 million in the period (H1 2024: £9.3 million) an increase of less than 2%. A reconciliation of operating loss to Adjusted EBITDA is set out below:

	Unaudited 6 months ended 31 July 2024 £'000	Unaudited 6 months ended 31 July 2023 £'000	Audited Year ended 31 January 2024 £'000
Operating (loss)/profit	**(3,175)**	150	(4,927)
Non-recurring items	**1,203**	406	4,527
Adjusted operating (loss)/profit	**(1,972)**	556	(400)
Depreciation	**564**	653	1,293
Amortisation	**434**	462	1,144
Share based payment	**61**	89	(52)
Adjusted EBITDA (loss)/profit	**(913)**	1,760	1,985

Adjusted EBITDA[1] amounted to a loss of £0.9 million, compared with a profit of £1.8 million in H1 2024 and results from the lower sales and gross margin achieved in the period. Operating loss for the period was £3.2 million after the inclusion of non-recurring charges of £1.2 million. Non-recurring charges include restructuring expenses of £0.4 million resulting from the closure of the Hailsham facility, the CEO change and changes implemented within the commercial team as well as a provision of £0.8 million for the contingent consideration due for the acquisition of Airon Corporation, following the strong sales delivered to date putting us on track to make the maximum earn out payment.

Finance costs increased to £0.5 million in the period (H1 2024 £0.3 million) as a result of the higher average net debt compared to the prior period.

Loss before tax is £3.7 million (H1 2024: £0.1 million) and loss per share 5.46p (H1 2024: 0.08p).

Cash flow and working capital
There was a net cash outflow from operations of £2.3 million for the period (H1 2024: inflow of £3.5 million) resulting from the EBITDA loss, increases in working capital and non-recurring expenses and tax.

Working capital increased by £0.1 million in the period as a £0.4 million increase in inventory and increases in receivables caused by the timing of revenues was offset by increases in payables, arising mainly from the provision for the Airon earn out. Inventory of £14.1 million as at 31 July remains elevated as we continue to hold finished goods to fulfil the delayed Middle Eastern contract. A number of long-term purchase commitments made in prior years have also continued to result in increases in raw material holdings. New controls over purchasing have been implemented which are expected to help in achieving reductions in inventory over H2 and into 2025.

Net Debt as at 31 July 2024 was £6.8 million, including net proceeds from the Capital Raise received at the end of the period.

Dividend
In view of the results for the period and the Group's current financial position, the Board retains the suspension of dividend payments announced at the time of the full year results and will keep the dividend policy under review.

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

Unaudited Consolidated Income Statement
For the six months ended 31 July 2024

	Notes	**Unaudited 6 months ended 31 July 2024 £'000**	Unaudited 6 months ended 31 July 2023 £'000	Audited Year ended 31 January 2024 £'000
Revenue		**17,039**	20,370	37,630
Cost of sales		**(9,634)**	(10,472)	(19,743)

Gross profit		**7,405**	9,898	17,887
Operating expenses		**(9,377)**	(9,342)	(18,287)
Operating (loss)/profit (before non-recurring costs)		**(1,972)**	556	(400)
Non-recurring costs	4	**(1,203)**	(406)	(4,527)
Operating (loss)/profit (after non-recurring costs)		**(3,175)**	150	(4,927)
Finance income		**24**	30	61
Finance cost		**(552)**	(320)	(810)
Loss before tax		**(3,703)**	(140)	(5,676)
Income tax		**(82)**	84	(358)
Loss attributable to the owners of the parent company		**(3,785)**	(56)	(6,034)
Loss per share, attributable to owners of the parent company				
Basic expressed in pence per share	5	**(5.46p)**	(0.08p)	(8.85p)
Diluted expressed in pence per share	5	**n/a**	(0.08p)	n/a

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 31 July 2024

	Unaudited 6 months ended 31 July 2024 £'000	Unaudited 6 months ended 31 July 2023 £'000	Audited Year ended 31 January 2024 £'000
Loss for the period/year	**(3,785)**	(56)	(6,034)
Other comprehensive expense			
Currency translation differences	(5)	-	-
Total other comprehensive expense	**(5)**	-	-
Total comprehensive loss for the period/year attributable to the owners of the parent	**(3,790)**	(56)	(6,034)

Unaudited Consolidated Statement of Financial Position

As at 31 July 2024

(Registered Number: 03587944)

	Notes	**Unaudited As at 31 July 2024 £'000**	Unaudited As at 31 July 2023 £'000	Audited As at 31 January 2024 £'000
Assets				
Non-current assets				
Intangible assets		**13,223**	17,251	13,278
Property, plant and equipment		**6,906**	7,235	7,137
Right of use assets		**5,393**	5,680	5,578
Deferred tax asset		-	373	-
		25,522	30,539	25,993
Current assets				
Inventories	6	**14,118**	10,493	13,743
Trade and other receivables	7	[illegible]	[illegible]	[illegible]

Trade and other receivables	7	**9,623**	10,167	8,669
Short-term investments		**79**	-	197
Cash and cash equivalents		**2,128**	1,948	412
		25,948	22,608	23,021
Total assets		**51,470**	53,147	49,014
Liabilities				
Current liabilities				
Trade and other payables	8	**(7,826)**	(6,849)	(6,591)
Lease liabilities		**(664)**	(770)	(697)
Borrowings		**(987)**	-	(1,654)
Contract liabilities		**(810)**	(449)	(625)
		(10,287)	(8,068)	(9,567)
Non-current liabilities				
Lease liabilities		**(5,237)**	(5,852)	(5,477)
Borrowings		**(7,982)**	(4,000)	(5,002)
		(13,219)	(9,852)	(10,479)
Total liabilities		**(23,506)**	(17,920)	(20,046)
Net assets		**27,964**	35,227	28,968
Shareholders' equity				
Called up share capital		**7,378**	6,823	6,823
Share premium account		**21,075**	18,905	18,905
Other reserves		**(5)**	-	-
Reverse acquisition reserve		**(16,164)**	(16,164)	(16,164)
Share based payment reserve		**341**	421	280
Retained earnings		**15,339**	25,242	19,124
Total equity attributable to owners of the parent company		**27,964**	35,227	28,968

Unaudited Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 31 July 2024

	Called up Share Capital £000's	Share Premium £000's	Reverse acquisition reserve £000's	Share based payment reserve £000's	Other reserves £000's	Retained earnings £000's	Total equity £000's
At 1 February 2023	**6,813**	**18,842**	**(16,164)**	**405**	-	**25,578**	**35,474**
Loss for the period 1 February 2023 to 31 July 2023	-	-	-	-	-	(56)	(56)
Total comprehensive loss for the period	-	-	-	-	-	**(56)**	**(56)**
Transactions with owners in their capacity of owners							
Dividends	-	-	-	-	-	(280)	(280)
Issue of Ordinary Shares, net of transaction costs and tax	10	63	-	(73)	-	-	-
Employee share scheme expense	-	-	-	89	-	-	89
Total transactions with owners	**10**	**63**	-	**16**	-	**(280)**	**(191)**
At 31 July 2023	**6,823**	**18,905**	**(16,164)**	**421**	-	**25,242**	**35,227**
Loss for the period 1 August 2023 to 31 January 2024	-	-	-	-	-	(5,978)	(5,978)
Total comprehensive loss for the period	-	-	-	-	-	**(5,978)**	**(5,978)**
Transactions with owners in their capacity of owners							
Dividends	-	-	-	-	-	(140)	(140)
Employee share scheme expense	-	-	-	(141)	-	-	(141)
Total transactions with owners	-	-	-	**(141)**	-	**(140)**	**(281)**
At 31 January 2024	**6,823**	**18,905**	**(16,164)**	**280**	-	**19,124**	**28,968**
Loss for the period 1 February 2024 to 31 July 2024	-	-	-	-	-	(3,785)	(3,785)
Exchange differences arising on translation of overseas subsidiaries	-	-	-	-	(5)	-	(5)
Total comprehensive loss for the period	-	-	-	-	**(5)**	**(3,785)**	**(3,790)**
Transactions with owners in their capacity of owners							
Issue of Ordinary Shares, net of							

Issue of Ordinary Shares, net of transaction costs and tax	555	2,170	-	-	-	-	2,725
Employee share scheme expense	-	-	-	61	-	-	61
Total transactions with owners	**555**	**2,170**	**-**	**61**	**-**	**-**	**2,786**
At 31 July 2024	**7,378**	**21,075**	**(16,164)**	**341**	**(5)**	**15,339**	**27,964**

Unaudited Consolidated Statements of Cash flows
For the six months ended 31 July 2024

	Unaudited 6 months ended 31 July 2024 £'000	Unaudited 6 months ended 31 July 2023 £'000	Audited Year ended 31 January 2024 £'000
Cash flows from operating activities			
Loss for the period/year	**(3,785)**	(56)	(6,034)
Adjustments for:			
Depreciation and amortisation	**998**	1,115	2,437
Remeasurement of leases	-	36	(210)
Impairment of intangible assets	-	-	4,120
Employee share scheme expense/(credit)	**61**	89	(52)
Loss on disposal of tangible assets	-	125	108
Loss on disposal of right of use assets	-	4	-
Finance income	**(24)**	(30)	(61)
Finance expense	**552**	320	810
Income tax expense / (credit)	**82**	(84)	358
	(2,116)	1,519	1,476
Increase in inventories	**(375)**	(558)	(3,378)
(Increase)/Decrease in trade and other receivables	**(1,153)**	1,411	3,000
Increase in trade and other payables	**1,230**	1,037	630
Increase/(Decrease) in contract liabilities	**185**	(82)	94
Cash flows (used in)/generated from operations	**(2,229)**	3,327	1,822
Taxation (paid)/received	**(82)**	189	190
Net cash (used in)/generated from operating activities	**(2,311)**	3,516	2,012
Cash flows from investing activities			
Bank interest received	**8**	9	21
Interest on lease receivables	**16**	21	40
Acquisition of subsidiary, net of cash acquired	-	-	(1,114)
Proceeds from sale of short-term investments	**118**	-	-
Purchase of property, plant and equipment	**(47)**	(206)	(434)
Purchase of intangible assets	-	(63)	(63)
Capitalised development costs	**(380)**	(646)	(1,135)
Net cash used in investing activities	**(285)**	(885)	(2,685)
Cash flows from financing activities			
Principal elements of lease payments	**(372)**	(435)	(829)
Principal elements of lease receipts	**195**	150	281
Interest on lease liabilities	**(131)**	(140)	(272)
Interest paid on loans and borrowings	**(418)**	(175)	(528)
Dividends paid to the holders of the parent	-	(280)	(420)
Issue of shares	**2,725**	-	-
Proceeds from/(Repayment of) loans and borrowings	**2,313**	(2,079)	577
Net cash generated from/(used in) financing activities	**4,312**	(2,959)	(1,191)
Net increase/(decrease) in cash and cash equivalents	**1,716**	**(328)**	(1,864)
Cash and cash equivalents at the beginning of the period/year	**412**	**2,276**	2,276
Cash and cash equivalents at the end of the period/year	**2,128**	**1,948**	412

Notes to the Unaudited Interim Financial Statements
For the six months ended 31 July 2024

1. Basis of Preparation

This condensed consolidated interim financial information for the six months ended 31 July 2024 have been prepared in accordance with AIM rule 18 in relation to half year reports. This information should be read in conjunction with the annual financial statements for the year ended 31 January 2024, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2. Going concern basis

The Group is reliant on borrowing facilities from external lenders to finance its ongoing operations. The Group has access to a revolving credit facility ('RCF') of £10.0million and an invoice finance facility of up to £5.0million. The RCF facility contains certain 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 the covenant tests as at 31 January 2024 and 30 April 2024, and agreed alternate covenants for the period to 30 April 2025, with further drawdown of the RCF subject to lender consent.

On 26 June 2024, the Company announced a placing, subscription and retail offer ("the Fundraising") to raise £2.8million, net of expenses, by the issue of 21,428,570 new Ordinary Shares in the Company. The Fundraising completed on 23 July 2024 following shareholder approval and admission of shares to trading on AIM. Upon completion of the placing, the Group's lender released any restriction on further drawdown of the RCF which provides the Group with additional liquidity of £3.5million, subject only to continued compliance with the revised covenants. On 25 July 2024, the Company announced that it had signed the material export order, valued at 4.3 million, and expects to deliver the goods in the second half of the current financial year.

The Directors have considered financial projections for the next 18 months covering several scenarios, these include a significant (10%) revenue downside versus the base case budget for the period. These projections demonstrate that the Group can operate within the revised headroom available following completion of the placing for the foreseeable future. The Directors, after taking into account the proceeds of the Fundraising, the material export order, and availability of the RCF, believe that they have a reasonable basis for concluding that the Group has adequate facilities 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

3. Interim financial information

The interim financial information for the period ended 31 July 2024 is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim financial information for the period ended 31 July 2023 is also unaudited. The audited accounts for the year ended 31 January 2024 for Inspiration Healthcare Group plc were approved by its Board of Directors on 30 July 2024 and have been delivered to the Registrar of Companies with an unqualified audit report.

The Company's annual report and financial statements for the year ended 31 January 2024 were prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The standards used are those published by the International Accounting Standards Board (IASB) and endorsed by the EU at the time of preparing those statements.

4. Non-recurring items

Non-recurring items are items which, given their nature, management believes should be disclosed separately for the purposes of presenting the results of the Group and the earnings per share figures.

During the six months ending 31 July 2024, the Group recognised the following non-recurring items:

	Unaudited 6 months Ended 31 July 2024 £'000	Unaudited 6 months Ended 31 July 2023 £'000	Audited Year Ended 31 January 2024 £'000
Contingent consideration for Airon Corporation	**782**	-	-
Acquisition costs	**(3)**	-	69
Impairment of capitalised development costs	-	-	4,120
Impairment credit on leased properties	-	-	(86)
Restructuring costs	**360**	266	142
Other	**64**	140	282
Total	**1,203**	406	4,527

Contingent consideration of £782,000 represents a provision for the earn out liability which is measured based on revenue target for Airon over the 12-month period ending on 30 April 2025. The maximum amount payable is1,000,000 if the highest revenue target is achieved. Airon revenues in the first three months of the earn-out period were ahead of the maximum target for the earn-out and therefore if the levels of revenue were maintained for the whole earn out period, management expect the maximum contingent consideration to be payable. As a result, the maximum amount payable of 1,000,000 has been accrued as at 31 July 2024.

Restructuring costs of £360,000 relate to severance, redundancy and associated professional costs relating to the departure of the CEO as well as resulting from the decision to close the Group's Hailsham facility and further consolidate the property portfolio and centralise the business in Croydon.

Other non-recurring charges include legal and professional fees relating to a contract dispute.

5. Loss per ordinary share

Basic (loss)/earnings per share for the period 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)/earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. No diluted loss per share is presented for the period ended 31 July 2024 as the exercise of share options would have the effect of reducing the loss per share and is therefore not dilutive.

	Unaudited 6 months Ended 31 July 2024	Unaudited 6 months Ended 31 July 2023	Audited Year Ended 31 January 2024
Loss attributable to equity holders of the Company £'000	**(3,785)**	(56)	(6,034)
Weighted average number of ordinary shares in issue during the period/year	**69,300,311**	68,198,333	68,216,532
Loss per share (pence)	**(5.46)**	**(0.08)**	**(8.85)**

6. **Inventory**

	Unaudited 31 July 2024 £'000	Unaudited 31 July 2023 £'000	Audited 31 January 2024 £'000
Raw materials	**7,212**	6,621	7,623
Work in progress	**1,546**	701	1,897
Finished goods	**5,360**	3,171	4,223
Total	**14,118**	10,493	13,743

7. **Trade and Other Receivables**

	Unaudited 31 July 2024 £'000	Unaudited 31 July 2023 £'000	Audited 31 January 2024 £'000
Trade receivables	**8,718**	8,802	8,071
Loss allowance	**(498)**	(321)	(498)
Net trade receivables	**8,220**	8,481	7,573
Net investment in leases	**290**	620	489
Other receivables	**500**	350	245
Prepayments and accrued income	**613**	716	362
Total	**9,623**	10,167	8,669

8. **Trade and Other Payables**

	Unaudited 31 July 2024 £'000	Unaudited 31 July 2023 £'000	Audited 31 January 2024 £'000
Trade payables	**5,280**	4,841	4,359
Corporation tax payable	**82**	10	82
Other taxes and social security	**463**	676	583
Other payables	**538**	523	606
Accrued expenses	**1,463**	799	961
Total	**7,826**	6,849	6,591