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Inspiration Healthcare Group PLC
28 May 2025

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

Unaudited Preliminary results for the year ended 31 January 2025

Inspiration Healthcare Group plc (AIM: IHC), the global medical technology company, pioneering, specialist neonatal intensive care medical devices, announces its unaudited preliminary results for the year ended 31 January 2025 ("FY25").

Financial Highlights

- Group revenue of £38.3m (FY24: £37.6m) up 1.7% on prior year
- Gross profit reduced by 8.4% to £16.4m (FY24: £17.9m) as gross margin declined to 42.8% (FY24: 47.5%)
- Adjusted EBITDA[1] of £0.2m (FY24: £2.0m)
- Adjusted operating loss[2] before non-recurring items of £1.9m (FY24: loss of £0.4m)
- Operating loss of £14.7m (FY24: loss of £4.9m)
- Operating cash outflow of £1.5m (FY24: inflow of £2.0m)
- Net debt[3] (excluding IFRS16 lease liabilities) increased to £8.3m (FY24: £6.0m)

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

Operational Highlights

- New CEO Raffi Stepanian, appointed January 2025
- Restructured commercial team and back-to-basics strategy delivered strong H2 sales momentum
- Received 4.3m order for SLE6000 ventilators from Middle East customer in FY25, revenue to be recognised in FY26
- 6m contract win with an international humanitarian aid organisation underpins FY26 return to growth
- Airon sales grew 81% on a pro forma basis, exceeding expectations

Raffi Stepanian, CEO of Inspiration Healthcare, said: *"FY25 has been a year of changes and resetting the course for the Group. After a challenging H1, we had a great turnaround in H2, thanks to the back-to-basics approach initiated by our Chair and interim CEO, Roy Davis and continuous focus on sales in our international markets and the USA. The improved sales levels in the last couple of months highlight the market demand of our product offerings and provide a good momentum to the new financial year.*

We start FY26 with a strong order book and continue the back-to-basics actions to gain further efficiencies and improve customer satisfaction. We will re-align our solutions to focus on our core strengths and market trends, as well as expand in consumables and services to strengthen our overall performance. I would like to take this opportunity to express my sincere thanks to all my new colleagues in helping me get settled into the role, and also to all of our shareholders for their loyal support. We look forward to delivering on our goals as we progress through the year."

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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.

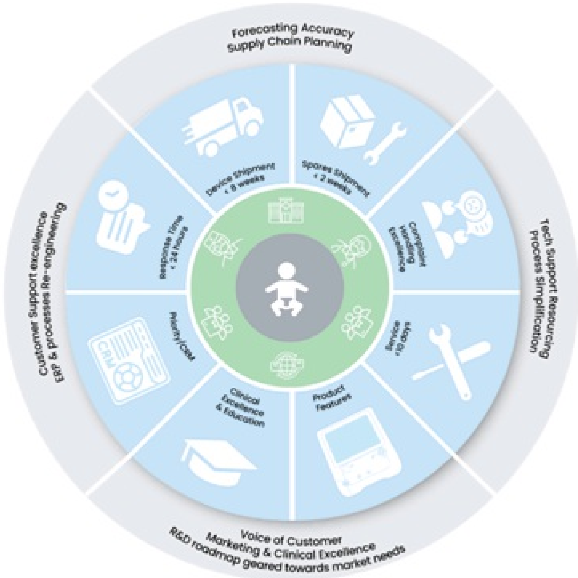
The Company operates in the UK from its Manufacturing and Technology Centre in Croydon, South London, and in the USA from its facility in Melbourne, Florida.

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

Chair's & 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.

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

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.

Revenue	**12 months Ended 31 Jan 2025 £'000**	12 months Ended 31 Jan 2024 £'000	
Neonatal products	**24,652**	28,915	-15%
Infusion Therapy products	**11,201**	8,534	+31%

Speciality Ventilation products (Airon)	**2,398**	181	-
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%

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 company 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.

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 Chairman.
- 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 lifesaving 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.

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

Financial Review

Revenue
Group revenue increased 1.7% to £38.3m (FY24: £37.6m) for the year 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 (F24: £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 3 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	**2024**
	£'000	**£'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.

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

Consolidated Income Statement (Unaudited)
for the year ended 31 January 2025

	Note	**2025** **Adjusted** **£'000**	**2025** **Non-recurring items** **£'000**	**2025** **Total** **£'000**	2024 Adjusted £'000	2024 Non-recurring items £'000	2024 Total £'000
Revenue	2	**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	3	**(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		**34**	**-**	**34**	61	-	61
Finance expense		**(1,096)**	**-**	**(1,096)**	(810)	-	(810)
Loss before tax		**(2,946)**	**(12,802)**	**(15,748)**	(1,149)	(4,527)	(5,676)
Income tax	4	**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)**	5			**(18.82p)**			(8.85p)

Consolidated Statement of Comprehensive Income (Unaudited)
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)

Consolidated Statement of Financial Position (Unaudited)

as at 31 January 2025

(Registered Number: 03587944)

	Note	**2025**	2024
		£'000	£'000
Assets			
Non-current assets			
Intangible assets	7	**5,333**	13,278
Property, plant and equipment	8	**5,889**	7,137
Right of use assets		**4,709**	5,578
		15,931	25,993
Current assets			
Inventories	9	**13,083**	13,743
Trade and other receivables	10	**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	11	**(8,238)**	(6,591)
Contract liabilities		**(498)**	(625)
Borrowings	12	**(2,089)**	(1,654)
Lease liabilities		**(540)**	(697)
Provisions	13	**(467)**	-
		(11,832)	(9,567)
Non-current liabilities			
Borrowings	12	**(6,985)**	(5,002)
Lease liabilities		**(5,361)**	(5,477)
Provisions	13	**(270)**	-
		(12,616)	(10,479)
Total liabilities		**(24,448)**	(20,046)
Net assets		**16,635**	28,968
Shareholders' equity			
Called up share capital		**8,966**	6,823
Share premium		**19,487**	18,905
Reverse acquisition reserve		**(16,164)**	(16,164)
Share based payment reserve		**165**	280
Foreign exchange reserve		**24**	-
Retained earnings		**4,157**	19,124
Total equity		**16,635**	28,968

Consolidated Statement of Changes in Equity (Unaudited)

for the year ended 31 January 2025

Issued share	Share	Reverse acquisition	Share based payment	Foreign exchange	Retained

	capital £'000	premium £'000	reserve £'000	reserve £'000	reserve £'000	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)**
Employee share scheme credit	-	-	-	(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**
Employee share scheme credit	-	-	-	(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**

Consolidated Cash Flow Statement (Unaudited)

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 goodwill and other intangible assets	7	**8,492**	4,120
Impairment of tangible assets and right of use assets		**1,808**	-
Employee share scheme credit		**(115)**	(52)
Loss on disposal of tangible assets		**8**	108
Finance income		**(34)**	(61)
Finance expense		**1,096**	810
Income tax	4	**(781)**	358
		(2,271)	1,476
Changes in working capital			
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		**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		**10**	21
Interest received on leases		**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	8	**(529)**	(434)
Purchase of intangible assets	7	**(62)**	(63)
Capitalised development costs	7	**(1,379)**	(1,135)
Net cash used in investing activities		**(1,739)**	(2,685)
Cash flows from financing activities			

Proceeds from issue of shares		**2,725**	-
Principal elements of lease payments		**(758)**	(829)
Principal elements of lease receipts		**310**	281
Interest paid on lease liabilities		**(253)**	(272)
Interest paid on loans and borrowings		**(833)**	(528)
Dividends paid to the holders of the parent		**-**	(420)
Proceeds from/(repayment of) invoice financing facility	12	**435**	(425)
Proceeds from revolving credit facility	12	**2,980**	1,002
Repayment of revolving credit facility	12	**(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 forming part of the Consolidated Financial Statements

1 Basis of the announcement

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.

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.

The financial information included in this preliminary announcement does not constitute the Company's statutory accounts for the year ended 31 January 2025 but is derived from those accounts. Statutory accounts for the year ended 31 January 2024 have been delivered to the registrar of companies. The auditor has reported on those accounts; their report was (i) unqualified (ii) did not include a reference to any matters to which the auditor drew attention to by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The consolidated financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with the UK adopted international accounting standards.

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 £10.0million and an invoice finance facility of up to £5.0million. 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 £7.8m 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.

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

2 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:

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

3 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

An 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 7, 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 of1,000,000 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.

4 Income tax

Analysis of tax for the year is as follows:

	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 R&D tax credits for FY23 and FY24.

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	**2,260**	251	**(14.3)**	(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	**1,495**	1,320	**(9.5)**	(23.3)
Total tax (credit)/charge	**(781)**	358		
Effective tax rate			**5.0**	**(6.3)**

5 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 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 are as follows:

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

6 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).

7 Intangible assets

	Goodwill £'000	Intangible assets acquired £'000	Development costs £'000	Intellectual property £'000	Software £'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 and impairment						
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 31 January 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

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 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.

8 Property, Plant and Equipment

	Leasehold improvements	Fixtures and fittings	Plant, machinery, office equipment	Motor vehicles	**Total**
	£'000	£'000	£'000	£'000	**£'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 31 January 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 for the year	375	7	290	13	685
Disposals	(192)	(41)	(19)	(4)	(256)
At 31 January 2024	**553**	**31**	**1,764**	**50**	**2,398**
Charge for the year	352	10	375	4	741
Disposals	-	(2)	(2)	(50)	(54)
Impairments (note 7)	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.

9 Inventories

	2025	2024
	£'000	£'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.

10 Trade and other receivables

	2025	2024

	£'000	£'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

11. Trade and other payables

	2025	2024
	£'000	£'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

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.

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 maximum revenue target exceeded, and the maximum pay out is expected to be paid in June 2025.

12. Borrowings

	2025	2024
	£'000	£'000
Current liabilities		
Invoice Financing Facility	**2,089**	1,654
Non-current liabilities		
Revolving Credit Facility ("RCF")	**6,985**	5,002
Total	**9,074**	6,656

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. 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.

Revolving Credit Facility ('RCF')
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 facility during the year was as follows:

	2025	2024
	£'000	£'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

13. 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.

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