

## Inspiration Healthcare Group plc

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

5 October 2021

### Interim Results

Inspiration Healthcare Group plc (AIM: IHC), the global medical technology company, today announces its unaudited interim results for the six months ended 31 July 2021 ("H1 2021/22").

#### Financial highlights

- Total Group Revenue up by 47% to £20.9m
- Gross Margin up from 51.4% to 52.5%
- Branded products represent 55% of total Group Revenue
- EBITDA<sup>1</sup> up 42% to £3.6m
- Operating Profit up 140% to £2.6m
- Net cash position of £8.6m

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

#### Operational highlights

- Successful integration of SLE Ltd continues in line with operational plans
- Synergies and cross selling opportunities being realised
- New regulatory approvals secured for key products (SLE6000) in China and Japan
- AlphaCore, patient warming portfolio has seen increased demand within UK market with units placed up by 104% compared to the equivalent period of last financial year
- Increased investment in R&D to fast-track product development
- The Queens Award for Enterprise for Innovation was awarded to SLE Ltd for the Oxygenie® product
- Project WAVE recruited first patient in University Hospitals Sussex (formerly Brighton and Sussex University NHS Trust)
- Micrel SA - UK and Ireland distribution agreement renewed

#### Neil Campbell, Chief Executive Officer, said today:

"Our revenues are in line with management expectations with costs being carefully controlled, margins improving and as a result, operating profit is above our expectations. The integration of SLE Ltd into the Group has been successful and our teams have collaborated closely through the use of technology during unprecedented times to come together in the enlarged Group. We have prioritised enhancing our operational infrastructure, developing our commercial, strategic, R&D and regulatory teams to facilitate our growth ambitions. With a strong order book we are now well positioned to move into the next phase of the financial year focusing on the additional benefits we can leverage and driving sales through our enhanced global distribution network."

**Enquiries:**

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**About Inspiration Healthcare**

Inspiration Healthcare (AIM: IHC) is a global provider of medical technology for use in neonatal intensive care & operating theatres. The Company provides high quality innovative products to patients around the world which help to improve patient outcomes and it actively invests in innovative product opportunities and disruptive technologies.

The Company has key own brand products that can be used within the first days of life to help premature and sick babies; helping resuscitation and stabilisation in the first moments of life through to preventing brain damage and both invasive and non-invasive respiratory support in terms of capital equipment and disposable medical devices. Additionally, the Company has its own range of products for maintaining normothermia pre, during and post-surgery.

Since September 2019, the Company has acquired Vio Holdings a designer, manufacturer and supplier of single use respiratory products and sterile medical consumables and S.L.E., a leading designer, manufacturer and global provider of neonatal ventilation products. The Group generates approximately 58% of its revenues from export markets and more than half of its revenues come from its own-branded products.

With product availability actively promoted to over 80 countries through a distribution network, Inspiration Healthcare's success has been built on continuous innovation, excellent customer service and an inherent commitment to improving patient outcomes, working in close collaboration with key opinion leaders across the globe.

In the UK and Ireland, the Group has direct sales teams selling Group Branded and complementary products from third parties, with an additional range of home healthcare products. This is supported by Technical Support for planned preventative maintenance and emergency assistance.

The Group operates from various sites in the UK for R&D, Marketing and operations with manufacturing based in Croydon (south London) and Hailsham (East Sussex). The Group's Head Office is located in Crawley, a short distance from London's Gatwick Airport.

Further information on Inspiration Healthcare can be found at [www.inspirationhealthcaregroup.plc.uk](http://www.inspirationhealthcaregroup.plc.uk)

**Chairman's Statement**

The Company's dedication to the goal of becoming a world leader in neonatal medical technology has fuelled our success and revenue growth during the continued COVID-19 pandemic. The early successes reported in this interim report highlight a step towards realising the full advantages of the combined Group and the innovative, diverse portfolio we can offer.

Recognition of our innovative portfolio of products was proudly received in the form of The Queens Award for Enterprise in the Innovation category which was awarded to SLE Ltd (acquired by Inspiration Healthcare in July 2020) in recognition of their work in developing an infant ventilator with a closed-loop Oxygen delivery software algorithm called Oxygenie®. The algorithm enables safe and responsive management of stable saturation, reducing the risks around oxygenation of the patient, hopefully allowing them to leave the Neonatal Intensive Care Unit (NICU) earlier with a better outcome.

In the first half of this financial year, we have enjoyed benefits from the enlarged Group's global distribution network which has created cross selling opportunities. One example of this was an order for £350k for our own brand Viomedex circuits from an SLE Ltd distributor in the middle east. This not only opened a new market for our Viomedex circuits, which complement our SLE ventilator portfolio but clearly shows the synergies which now exist within the Group. Both sales in our distributed and own brand devices continue to perform well with attractive margins throughout the Group and continuing this growth in new markets remains a focus. We were pleased to announce the securing of regulatory approvals in both China and Japan for our SLE6000 and Oxygenie® which not only resulted in a significant number of new orders but also demonstrated the attractiveness of our entire innovative neonatal ventilator portfolio at an international level.

In my statement in the annual report I detailed our ambition to start putting something back into the neonatal community we serve. I am therefore delighted to announce the set up of our Charitable project is now complete and we are working with The Charity Aid Foundation to process charitable donations selected by our Charitable Giving Committee. The Committee is entirely made up of our staff, allowing them to recommend which charities they feel are important to support and which focus on improving the lives and outcomes of patients globally.

## Financial Review

Revenue for the six months to 31 July 2021 totalled £20.9 million (H1 2020/21: £14.2 million), an increase of 47% over the equivalent period for the previous financial year with the inclusion of a full 6 month contribution from SLE Ltd. EBITDA<sup>1</sup> improved by 42% to £3.6 million as a result of additional revenues, improved gross margins and the continuing impact of Covid-19 on the timing of some cash based overheads now expected to be incurred during the second half of the financial year.

Revenue from branded products increased 293% over the equivalent period for the previous financial year to £11.5 million and accounted for 55% of revenue. This is primarily attributable to a full 6 month contribution from SLE Ltd. Revenue from distributed products decreased by 4% to £7.1 million, excluding £2.9 million of Covid-19 revenue received during the first half of 2020/21. This is reflective of the anticipated loss of a distributor contract with Acutronic, as a result of the acquisition of SLE Ltd, which was offset by strong performances across our other distributor product range. Technology Support increased 131% year on year to £2.3 million again reflective of a full 6 month contribution from SLE Ltd.

Gross margin improved to 52.5% from 51.4% in the equivalent period due to product mix driven by increased revenue from branded products (now representing 55% of total revenue).

	Unaudited 6 months ended	Unaudited 6 months ended	Audited Year ended
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	<b>31 July 2021</b>	<b>31 July 2020</b>	<b>31 January 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjusted EBITDA</b>	<b>3,618</b>	<b>2,547</b>	<b>5,611</b>
Depreciation	(492)	(178)	(606)
Amortisation of intangible assets	(391)	(153)	(622)
Impairment of intangible assets	-	-	(47)
Share based payment	(137)	(94)	(78)
<b>Adjusted operating profit</b>	<b>2,598</b>	<b>2,122</b>	<b>4,258</b>
Non-trading items:			
- Acquisition related expenses	-	(605)	(579)
- Final Settlement of deferred consideration	-	(435)	(435)
<b>Operating profit</b>	<b>2,598</b>	<b>1,082</b>	<b>3,244</b>

The Group reported adjusted operating profit of £2.6 million, an increase of 22% over the equivalent period of the previous financial year.

Operating profit for the period under review was £2.6 million, an increase of 140% over the equivalent period of the previous financial year.

Administrative expenses increased by 34% to £8.4 million, slightly lower than expected mainly due to travel restrictions and associated marketing costs. The increases included 6 months of overheads associated with SLE Ltd along with our planned continued investment in personnel to maintain growth. Investment in R&D amounted to approximately 9% of revenue in the first half as we accelerate our new product development programme.

Profit before tax of £2.5 million was up 133% on last year.

Profit after tax of £2.2 million was up 180% on last year.

EBITDA<sup>1</sup> amounted to £3.6 million, an increase of 42% over the equivalent adjusted amount from the previous period of the previous financial year.

Adjusting for non-trading items and amortisation of intangible assets acquired through business combinations, underlying diluted earnings per share was 3.7p (H1 2020/21: 4.3p). This is reflective of an increase in the weighted average number of shares in issue as at 31 July 2021 compared to the previous financial year, primarily as a result of the acquisition of SLE Ltd and the inclusion of profit in relation to "one-off" Covid-19 related sales in the previous financial year. Please see note 6 to the unaudited interim financial statements for more information.

Cash at 31 July 2021 was £8.6 million. The £5 million RCF facility that was put in place during the acquisition of SLE Ltd remains undrawn and in place and is available for further utilisation should the Group require.

## Operational Review

During the period, the enlarged Group has been strengthened through development of all of our operational teams and specifically by investing in roles which focus on increasing revenue; R&D, Quality and Regulatory, Product Management and Marketing.

The key business systems (our ERP and document control systems) are being integrated across the entire Group in line with our plan and the synergies of the Group products and services are resulting in new sales opportunities and orders. The focus on optimising our operational infrastructure continues, with the planned move to new state of the art facilities likely to take place in Spring 2022, enabling us

to minimise the impact to our business in the run up to our year end caused by the delays currently being experienced in construction industry supply chains.

Our own brand AlphaCore portfolio has seen a significant level of growth in the UK with an 104% increase in units placed compared to the equivalent period in the last financial year. With a focus on promoting our rental and service programme stimulating interest, operating theatres have adopted the technology having seen the benefits of the environmentally friendly and affordable technology. This growth has been achieved through a combination of sales and for the first time, a series of rental agreements. We are now actively investigating opportunities to repeat this success internationally with our distributors.

We were delighted to announce the extension of our agreement with Micrel SA in March 2021. Micrel is a leading manufacturer for infusion therapies which are distributed by Inspiration Healthcare in the UK and Ireland and which are used in a wide range of applications, including parenteral feeding, post operative pain management, regional analgesia, chemotherapy and a range of other applications. Offering a robust and diverse product range is a major strength of our portfolio, reducing the risks associated with a singular product line. Following the integration of SLE Ltd into the Group and the increased capabilities and product range, we continue to explore the most effective solutions to give our clients a much wider and more effective range of technology through further acquisitions, licencing and developing our intellectual property or other commercial partnerships.

Like most companies involved in manufacturing we have been mindful of supply issues concerning electronic components such as semi-conductors ('silicon chips') and whilst we are not immune to these challenges, we are managing them within our business. We have experienced some cost increases which we expect to be largely short term and are currently looking at removing the most costly components and replacing them with longer term solutions that are less problematic in terms of supply. We were pleased to announce in June that Project WAVE study had recruited its first patient in the Trevor Mann Baby Unit part of the University Hospitals Sussex (formerly Brighton and Sussex University NHS Trust). The respiratory device, whose patent have been exclusively licenced by Inspiration Healthcare for the paediatric patients has been designed by Inspiration Healthcare. Currently the WAVE trial is requesting to expand the patient selection criteria due to slower than expected recruitment to allow earlier preterm babies to be recruited. The aim is to offer the technology to the patient population who are affected by apnoea of prematurity and associated respiratory complications.

### **Dividend Declaration**

In line with our progressive dividend policy we can confirm our interim dividend payment will increase from 0.2p per share to 0.205p per share (an increase of 2.5% over the prior financial year). This will be payable to shareholders on the register on 26<sup>th</sup> November 2021 and paid on 29<sup>th</sup> December 2021.

### **Outlook**

The integration of SLE Ltd into the Group is now almost complete and, as expected, has delivered significant opportunities for revenue growth globally. Expanding our global opportunities further remains a key focus and we will continue to invest in resources to support these projects. Recent operational challenges have been unavoidable due to the current pandemic climate we have experienced and I'm pleased to report that we continue to adapt and innovate to overcome these issues. Against this background we continue to have strong order book and seeing increasing demand across the entire Group. Our portfolio is diverse and robust, offering us the ability to maintain a flexible strategy aligning with the developing market needs.

Our expectations of revenue remains unchanged for the year, albeit with a different product mix in the second half. However, given the strong margin performance with lower than anticipated cash based costs in the first half, our expectations for full year profit have increased.

Mark Abrahams

Chairman  
5 October 2021

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

### Unaudited Consolidated Income Statement

For the six months ended 31 July 2021

	Notes	Unaudited 6 months ended 31 July 2021 £'000	Unaudited 6 months ended 31 July 2020 £'000	Audited Year Ended 31 January 2021 £'000
<b>Revenue</b>		<b>20,893</b>	14,218	36,980
Cost of sales		<b>(9,932)</b>	(6,916)	(18,958)
<b>Gross profit</b>		<b>10,961</b>	7,302	18,022
Administrative expenses		<b>(8,363)</b>	(6,220)	(14,778)
<b>Operating profit</b>		<b>2,598</b>	1,082	3,244
Finance income		-	2	3
Finance cost		<b>(98)</b>	(10)	(114)
<b>Profit before tax</b>		<b>2,500</b>	1,074	3,133
Income tax	4	<b>(289)</b>	(287)	(318)
<b>Profit attributable to the owners of the parent company</b>		<b>2,211</b>	787	2,815
<b>Earnings per share, attributable to owners of the parent company</b>				
Basic expressed in pence per share	6	<b>3.25p</b>	1.84p	5.10p
Diluted expressed in pence per share	6	<b>3.22p</b>	1.82p	5.07p

## Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 31 July 2021

	Notes	<b>Unaudited 6 months ended 31 July 2021 £'000</b>	Unaudited 6 months ended 31 July 2020 £'000	Audited Year ended 31 January 2021 £'000
<b>Profit for the period/year</b>		<b>2,211</b>	787	2,815
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss</b>				
Cash flow hedges		9	65	31
<b>Total other comprehensive income for the period/year</b>		<b>9</b>	65	31
<b>Total comprehensive income for the period/year</b>		<b>2,220</b>	852	2,846

## Unaudited Consolidated Statement of Financial Position

As at 31 July 2021

(Registered Number: 03587944)

	<b>Unaudited As at 31 July 2021 £'000</b>	Unaudited As at 31 July 2020 £'000	Audited As at 31 January 2021 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	16,364	15,818	15,206
Property, plant and equipment	1,174	811	919
Right of use asset	3,031	482	3,102
	<b>20,569</b>	17,111	19,227
<b>Current assets</b>			
Inventories	6,792	9,118	8,190
Trade and other receivables	7,575	9,547	5,163
Cash and cash equivalents	8,608	7,663	10,653
	<b>22,975</b>	26,328	24,006
<b>Total assets</b>	<b>43,544</b>	43,439	43,233
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(5,206)	(8,627)	(6,809)

Lease liabilities	(429)	(97)	(369)
Financial derivative	-	-	(9)
Contract liabilities	(445)	(2,624)	(533)
	<b>(6,080)</b>	<b>(11,348)</b>	<b>(7,720)</b>
<b>Non-current liabilities</b>			
Trade and other payables	-	(248)	-
Lease liabilities	(2,705)	(376)	(2,796)
Contract liabilities	(7)	-	-
Borrowings	-	(1,500)	-
Deferred tax liability	(1,091)	(227)	(1,141)
	<b>(3,803)</b>	<b>(2,351)</b>	<b>(3,937)</b>
<b>Total liabilities</b>	<b>(9,883)</b>	<b>(13,699)</b>	<b>(11,657)</b>
<b>Net assets</b>	<b>33,661</b>	<b>29,740</b>	<b>31,576</b>
<b>Shareholders' equity</b>			
Called up share capital	6,812	6,797	6,812
Share premium account	18,838	18,761	18,838
Reverse acquisition reserve	(16,164)	(16,164)	(16,164)
Share based payment reserve	276	247	139
Other reserves	-	31	(9)
Retained earnings	23,899	20,068	21,960
<b>Total equity attributable to owners of the parent company</b>	<b>33,661</b>	<b>29,740</b>	<b>31,576</b>

**Unaudited Consolidated Statement of Changes in Shareholders' Equity**  
For the six months ended 31 July 2021

Notes	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
<b>At 31 January 2020</b>	<b>3,838</b>	<b>3,475</b>	<b>(16,164)</b>	<b>153</b>	<b>(34)</b>	<b>19,281</b>	<b>10,549</b>
Profit for the period 1 February 2020 to 31 July 2020	-	-	-	-	-	787	787
Other comprehensive income	-	-	-	-	65	-	65
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>787</b>	<b>852</b>
<b>Transactions with owners in their capacity of owners</b>							
Employee share scheme expense	-	-	-	94	-	-	94
Issue of ordinary shares, net of transaction cost and tax	2,959	15,286	-	-	-	-	18,245



<b>Total transactions with owners</b>	<b>2,959</b>	<b>15,286</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>-</b>	<b>18,339</b>
<b>At 31 July 2020</b>	<b>6,797</b>	<b>18,761</b>	<b>(16,164)</b>	<b>247</b>	<b>31</b>	<b>20,068</b>	<b>29,740</b>
Profit for the period 1 August 2020 to 31 January 2021	-	-	-	-	-	2,028	2,028
Other comprehensive expense	-	-	-	-	(34)	-	(34)
<b>Total comprehensive income/(expense) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34)</b>	<b>2,028</b>	<b>1,994</b>
<b>Transactions with owners in their capacity of owners</b>							
Dividends	-	-	-	-	-	(136)	(136)
Employee share scheme expense	-	-	-	(16)	-	-	(16)
Issue of ordinary shares, net of transaction costs	15	77	-	(92)	-	-	-
Deferred tax	-	-	-	-	(6)	-	(6)
<b>Total transactions with owners</b>	<b>15</b>	<b>77</b>	<b>-</b>	<b>(108)</b>	<b>(6)</b>	<b>(136)</b>	<b>(158)</b>
<b>At 31 January 2021</b>	<b>6,812</b>	<b>18,838</b>	<b>(16,164)</b>	<b>139</b>	<b>(9)</b>	<b>21,960</b>	<b>31,576</b>
Profit for the period 1 February 2021 to 31 July 2021	-	-	-	-	-	2,211	2,211
Other comprehensive income	-	-	-	-	9	-	9
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>2,211</b>	<b>2,220</b>
<b>Transactions with owners in their capacity of owners</b>							
Dividends	-	-	-	-	-	(272)	(272)
Employee share scheme expense	-	-	-	137	-	-	137
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>-</b>	<b>(272)</b>	<b>(135)</b>
<b>At 31 July 2021</b>	<b>6,812</b>	<b>18,838</b>	<b>(16,164)</b>	<b>276</b>	<b>-</b>	<b>23,899</b>	<b>33,661</b>

Unaudited Consolidated Statements of Cash flows  
For the six months ended 31 July 2021

	Unaudited 6 months ended 31 July 2021 £'000	Unaudited 6 months Ended 31 July 2020 £'000	Audited Year ended 31 January 2021 £'000
<b>Cash flows from operating activities</b>			
Profit for the year	2,211	787	2,815

Adjustments for:			
Depreciation and amortisation	883	331	1,228
Impairment of intangible assets	-	-	47
Employee share scheme expense	137	94	78
Contingent consideration share issue	-	435	435
Loss on disposal of tangible asset	10	-	14
Loss on disposal of intangible asset	67	-	65
Finance income	-	(2)	(3)
Finance expense	98	10	114
Income tax expense	289	287	318
	<b>3,695</b>	<b>1,942</b>	<b>5,111</b>
Decrease/(increase) in inventories	1,398	(1,653)	(573)
(Increase)/ decrease in trade and other receivables	(2,412)	995	4,009
(Decrease)/increase in trade and other payables	(1,543)	1,101	(3,597)
Decrease in contract liabilities	(81)	(143)	(6)
<b>Cash flows generated from operations</b>	<b>1,057</b>	<b>2,242</b>	<b>4,944</b>
Taxation paid	(398)	(114)	(209)
<b>Net cash generated from operating activities</b>	<b>659</b>	<b>2,128</b>	<b>4,735</b>
<b>Cash flow from investing activities</b>			
Payment for acquisition of subsidiary	-	(16,200)	(19,457)
Cash acquired through business combinations	-	-	6,314
Interest received	-	2	3
Purchase of property, plant and equipment	(496)	(59)	(257)
Purchase of intangible assets	(238)	(16)	(49)
Capitalised development costs	(1,379)	(87)	(614)
<b>Net cash used in investing activities</b>	<b>(2,113)</b>	<b>(16,360)</b>	<b>(14,060)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of shares	-	16,967	16,967
Share issue costs	-	(957)	(957)
Principal elements of lease payments	(221)	(85)	(262)
Interest paid on lease liabilities	(66)	-	(87)
Interest paid on loans and borrowings	(32)	(10)	(27)
Dividends paid to the holders of the parent	(272)	-	(136)
Proceeds from borrowings	-	1,500	1,500
Repayments from loans and borrowings	-	-	(1,500)
<b>Net cash generated from financing activities</b>	<b>(591)</b>	<b>17,415</b>	<b>15,498</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,045)</b>	<b>3,183</b>	<b>6,173</b>
Cash and cash equivalents at the beginning of the period	10,653	4,480	4,480
<b>Cash and cash equivalents at the end of the period/year</b>	<b>8,608</b>	<b>7,663</b>	<b>10,653</b>

Notes to the Unaudited Interim Financial Statements  
For the six months ended 31 July 2021

## 1. Basis of Preparation

This condensed consolidated interim financial information for the six months ended 31 July 2021 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 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

## **2. Going concern basis**

The Group meets its day-to-day working capital requirements through its cash resources. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated interim financial statements.

## **3. Interim financial information**

The interim financial information for the period ended 31 July 2021 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 2020 is also unaudited. The audited accounts for the year ended 31 January 2021 for Inspiration Healthcare Group plc were approved by its Board of Directors on 14 May 2021 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 2021 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. Taxation**

A provision has been made for corporation tax at the rate of 19% on the estimated taxable profits for the period with an effective tax rate of 13.5% reflecting primarily the Groups benefit from R&D tax credits.

## **5. Dividends Paid**

The final dividend for the year ended 31 January 2021 of 0.4p per share (2020: nil per share) was paid on 30 July 2021.

The Board has declared an interim dividend of 0.205p per share (H1 2020/2021: 0.2p per share) to be paid on 29<sup>th</sup> December 2021.

## **6. Earnings per ordinary share**

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

Basic diluted 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.

	<b>Unaudited 6 months Ended 31 July 2021 £'000</b>	Unaudited 6 months Ended 31 July 2020 £'000	Audited Year Ended 31 January 2021 £'000
<b>Profit</b>			
Profit attributable to equity holders of the Company	2,211	787	2,815
Add back non-trading items	-	1,040	1,014
Add back amortisation of intangible assets acquired through business combinations	302	31	-
<b>Numerator for underlying earnings per share calculation</b>	<b>2,513</b>	1,858	3,829

The weighted average number of shares in issue and the diluted weighted average number of shares in issue were as follows:

	<b>Unaudited 6 months Ended 31 July 2021</b>	Unaudited 6 months Ended 31 July 2020	Audited Year Ended 31 January 2021
<b>Shares</b>			
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	68,121,447	38,380,850	38,380,850
Weighted average number of shares issued during the period/year	-	4,485,115	16,855,015
Weighted average number of ordinary shares in issue during the period/year for the purposes of basic earnings per share	68,171,447	42,865,965	55,235,865
Dilutive effect of potential Ordinary shares:			
Share options	616,616	474,675	309,342
<b>Diluted weighted number of shares in issue for the purpose of diluted earnings per share</b>	<b>68,788,063</b>	43,340,640	55,545,207

The basic and diluted earnings per share are as follows:

	<b>Unaudited 6 months Ended 31 July 2021 Pence</b>	Unaudited 6 months Ended 31 July 2020 Pence	Audited Year Ended 31 January 2021 pence
<b>Basic earnings per share</b>	<b>3.25</b>	1.84	5.10

Adjust for:

Non-trading items	-	2.43	1.83
Amortisation of intangible assets acquired through business combinations	<b>0.44</b>	0.07	-
<b>Underlying basic earnings per share</b>	<b>3.69</b>	4.34	6.93
<b>Diluted earnings per share</b>	<b>3.22</b>	1.82	5.07
Adjusted for:			
Non-trading items	-	2.40	1.82
Amortisation of intangible assets acquired through business combinations	<b>0.44</b>	0.07	-
<b>Underlying diluted earnings per share</b>	<b>3.66</b>	4.29	6.89

## 6. Related party transactions

- Lease of Leicestershire facility

The Leicestershire facility at Earl Shilton is rented on an arms length basis from a self-invested pension plan controlled by Neil Campbell, Toby Foster and others. The lease was renewed on an arms length basis in April 2018.

- Key management

Key management control 7% of the voting shares of the Company as at 31 July 2021.

Key management comprise the Group's Executive and Non-executive Directors

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