

IHC Inspiration Healthcare Group plc

Inspiration Healthcare raises FY27 revenue floor to £43m as core sales grow 26%

Following the Half-year Financial Report · 27 October 2026

H1 GROUP REVENUE £22.0m ▼ down 8% on £24.0m, which included £6.5m of one-off export orders	UNDERLYING REVENUE GROWTH 26% ▲ excluding prior-year one-off exports, £17.5m to £22.0m	GROSS MARGIN 41.9% ▼ against 46.2% in H1 FY26	FY27 REVENUE EXPECTATION at least £43m ▲ upgraded; FY26 revenue was £47.5m including one-off exports
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Share price, past 12 months

Daily close; latest price as at 15:58 on 26 October 2026 · Ticker Data API



Inspiration Healthcare's interim results today showed reported revenue down 8% to £22.0 million for the six months to 31 July 2026, but up 26% once £6.5 million of one-off export orders in the prior half are stripped out. SLE, the neonatal ventilation business, grew 35% on that underlying basis, Airon 40% and the UK distribution arm 9%. The company now expects FY27 revenue of at least £43 million and has lender credit approval to renew its £5.0 million revolving credit facility for three more years.

The economics have not kept pace with the sales. Gross margin fell to 41.9% from 46.2%, adjusted EBITDA edged down to £1.2 million, and the £0.6 million operating profit includes a £0.3 million one-off credit. Cash was £533,000 at 31 July, and the £2.7 million of operating cash flow relied heavily on a £2.2 million rise in payables. The larger test comes on 31 January 2027, when distribution of Infusion Therapies products, £5.5 million of first-half sales, passes to Micrel. Whether service growth, the proprietary consumables due in the fourth quarter and cost cuts can replace that contribution, and whether the renewed facility completes with adequate headroom, will decide if a revenue recovery becomes a recovery in profit and cash.

“H1 FY27 demonstrates the strong progress we have made in refocusing the Group on its core businesses.”

Raffi Stepanian, Chief Executive Officer · Half-year Financial Report, 27 October 2026

Ventilator sales lead while infusion heads to Micrel

Inspiration Healthcare makes neonatal intensive care equipment, chiefly the SLE range of ventilators built at its Croydon site, and distributes third-party medical technology in the UK and Ireland. SLE revenue was £13.4 million in the half, 35% above the prior year's £9.9 million once the one-off exports are removed. Capital equipment, meaning the ventilators themselves, drove most of it: underlying capital sales rose 53% and made up 69% of SLE revenue. Service revenue grew 21%, which management attributes to changes in the technical support team and a service-as-a-product initiative. Consumables were flat on an underlying basis at £2.4 million, so the recurring-revenue ambition currently rests on service alone.

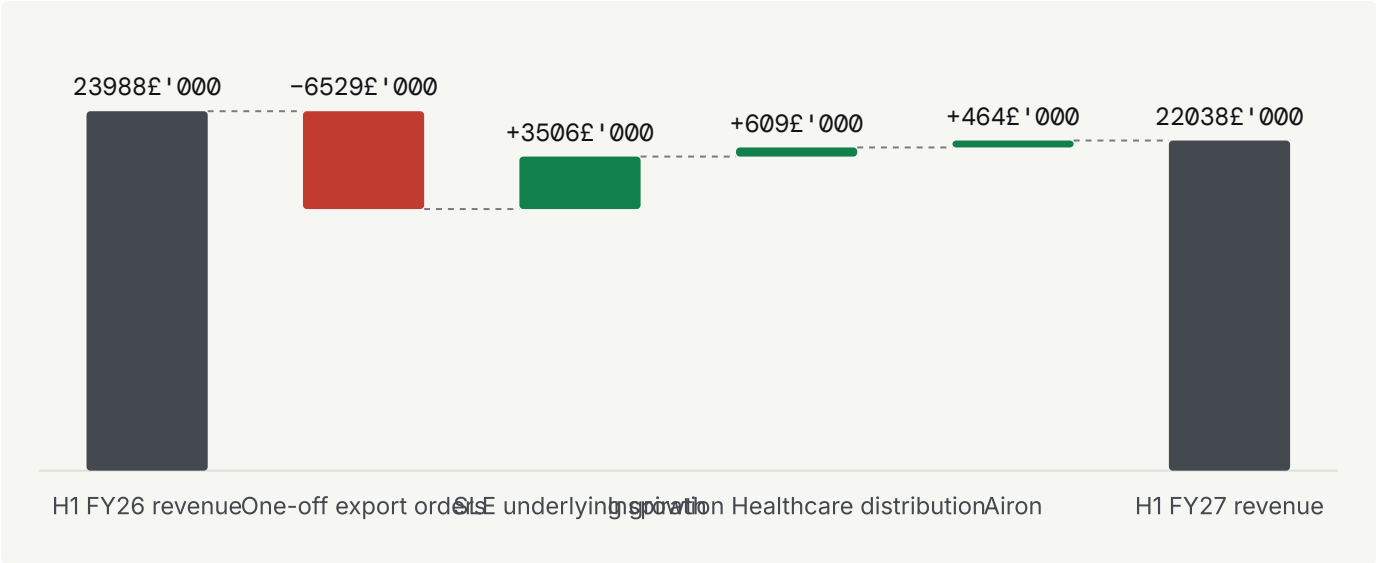
Geographically, UK and Ireland SLE sales rose 32% to £4.0 million, helped by tender wins in Ireland, where SLE ventilators are now installed in every Level Three neonatal unit. International SLE sales rose 37% underlying to £9.4 million, with Asia Pacific strongest and a regional leader appointed for Latin America. Airon, the US-based ventilation business, grew 40% to £1.6 million on the first order under a three-year purchasing agreement with a US healthcare provider signed in January 2026.

The distribution arm grew 9% to £7.0 million because Infusion Therapies sales recovered to £5.5 million from £4.6 million as a major customer's destocking ended. That business leaves on 31 January 2027. Micrel will repurchase unsold inventory and make a compensation payment, but neither amount is given. In FY26 the infusion products generated £9.7 million of revenue at an approximate 25% contribution margin, according to the 2 June 2026 announcement.

On development, the US market access project for the neonatal ventilator is on track for FDA filing in late 2027 and clearance in the first half of 2028. The first proprietary consumables launch in the UK in Q4 FY27. Talks on a new ventilator technology, for which option fees were paid in the half, remain open with no deal structure agreed.

FIGURE	VALUE	CHANGE
SLE product revenue H1 FY27	£13.4m	 +35% +underlying
SLE underlying capital sales growth H1 FY27	53%	 +53%
SLE underlying service revenue growth H1 FY27	21%	 +21%
SLE consumables revenue H1 FY27	£2.4m	0% underlying
Capital equipment share of SLE revenue H1 FY27	69%	
Airon revenue H1 FY27	£1.6m	 +40%
Infusion Therapies sales H1 FY27	£5.5m	 +20% from £4.6m
Infusion products revenue FY26	£9.7m	approximate 25% contribution margin

How H1 revenue moved from £24.0m to £22.0m



Each step is the difference between H1 FY27 divisional revenue and the prior year's underlying divisional revenue, from the company's own underlying revenue table.

Sales recovered, margin and profit did not follow

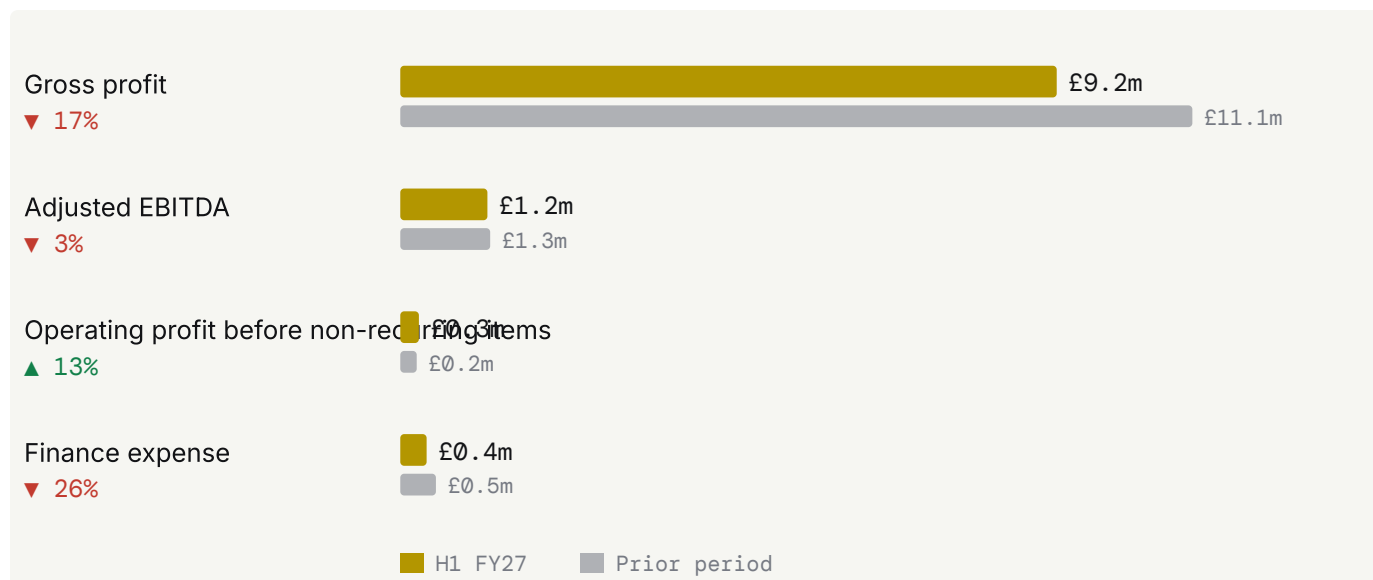
BEFORE	→	NOW · GROSS MARGIN
~~46.2%~~		41.9%

Gross profit fell to £9.2 million from £11.1 million, and gross margin to 41.9% from 46.2%. Even against the prior half without the one-off exports, when gross profit was £7.9 million on £17.5 million of sales, the margin slipped. Management gives four reasons: the high-margin exports in the comparison, a heavier mix of infusion sales (25% of revenue against 19%) sold at lower prices under NHS procurement, growth in lower-price international markets, and costly electronic components bought during the pandemic that are now being used up. The last of these should fade as raw material stock falls, which it has, to £3.4 million from £4.4 million in January. The other three are less clearly temporary.

Administrative expenses fell 16% to £9.1 million, mostly because £1.1 million of agent commission on last year's export orders did not recur and foreign exchange losses were £0.5 million lower. Adjusted EBITDA, which strips out depreciation, amortisation, share-based payments and one-off items, was £1.22 million against £1.26 million. Operating profit before non-recurring items was £258,000, barely above last year's £233,000, and below the £366,000 finance expense. The reported £550,000 operating profit includes a £292,000 net credit from releasing a dilapidation provision on the former Croydon site, less redundancy costs. Pre-tax profit was £196,000 and earnings per share 0.19p.

The divisional figures have shifted since the 8 September trading update, which gave SLE revenue of £12.7 million and distribution revenue of £7.6 million against £13.4 million and £7.0 million now. The group total is unchanged at £22.0 million, so this looks like reclassification, but no explanation is offered.

H1 FY27 against the prior period



H1 FY27	VALUE	CHANGE
Gross profit	£9.2m	-17% from £11.1m
Infusion share of revenue	25%	from 19%
Administrative expenses	£9.1m	-16%
Adjusted EBITDA	£1.22m	-3.2% from £1,264k
Operating profit before non-recurring items	£0.26m	+13% from £233k
Non-recurring credit	£0.29m	
Finance expense	£0.37m	-26% from £503k
Basic earnings per share	0.19p	-35% from loss of 0.29p
SLE revenue in trading update	£12.7m	

Sources: Interim results RNS, 27 Oct 2026; Trading update RNS, 8 Sep 2026

Suppliers carried the half's cash flow

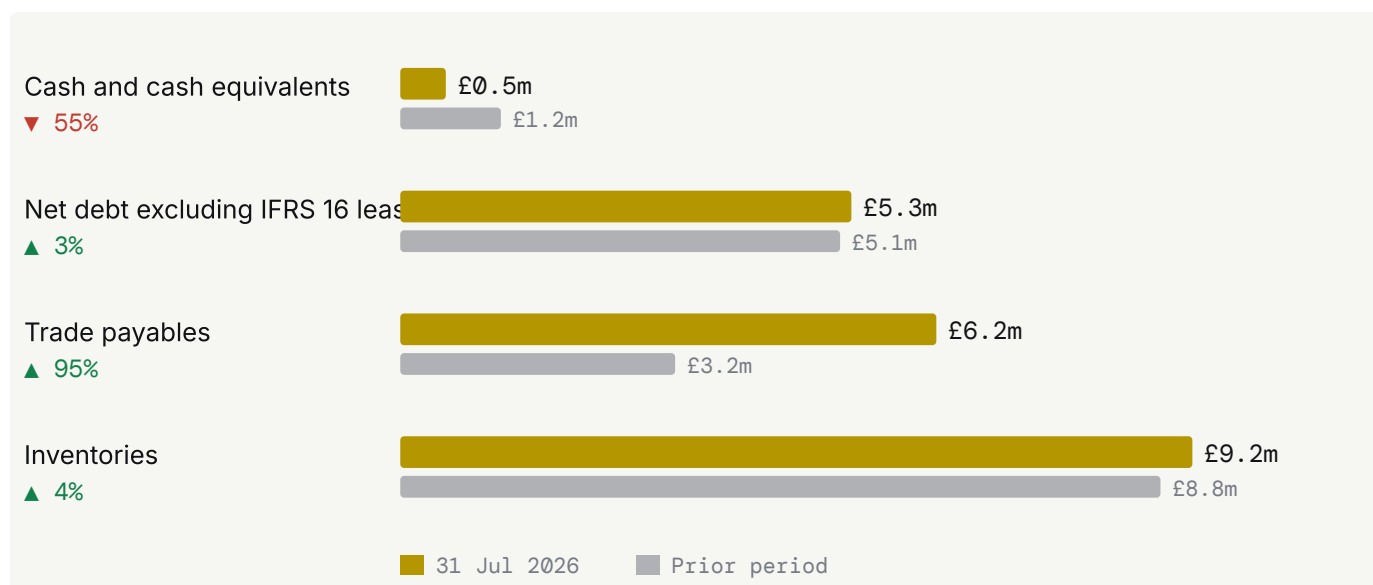
Cash generated from operations was £2.65 million, of which £2.17 million came from a rise in trade and other payables. Trade payables alone almost doubled to £6.24 million from £3.20 million in January while revenue fell. On closing balances against half-year cost of sales, that works out at roughly 88 days of supplier credit against about 60 a year earlier. Nothing in the report shows suppliers tightening terms, but the increase will need to reverse at some point. Spending on capitalised development doubled to £2.0 million, more than adjusted EBITDA, as work on the SLE6000neo progressed. After that, other investment, lease payments and interest, the half was slightly cash-negative before borrowing movements, and cash fell to £533,000 from £1.17 million.

Net debt excluding leases was £5.25 million, almost unchanged on January's £5.12 million, with £4.0 million drawn on the revolving credit facility and £1.8 million on invoice discounting. Lease liabilities add about £5.3 million. The final £0.5 million dilapidations payment went out in early August. Inventory rose to £9.2 million, with finished goods up to £5.1 million from £3.8 million, which management attributes to

delivery timing before a supplier's summer shutdown. It expects a material reduction in the second half as the remaining large Middle East order ships and infusion stock goes to Micrel.

The refinancing is described as credit approval for renewing the £5.0 million facility on existing terms for three years, not as a signed agreement, and no covenant headroom is disclosed. The going-concern note refers to a revolving facility of £10.0 million, which does not match. That gap matters for a group whose lender, HSBC, granted covenant waivers in 2024 and reset its EBITDA covenant. Equity funding would also be slower than usual: the board withdrew the resolution to disapply pre-emption rights before July's AGM. Capitalised development has lifted intangible assets to £8.8 million, more than half of £15.9 million net assets.

31 Jul 2026 against the prior period



FIGURE

VALUE CHANGE

Cash and cash equivalents 31 Jul 2026	£0.53m	▼	-55% from £1,173k at 31 Jan 2026
Net debt excluding IFRS 16 leases 31 Jul 2026	£5.25m	●	+2.5% from £5,116k at 31 Jan 2026
Increase in trade and other payables H1 FY27	£2.17m		
Trade payables 31 Jul 2026	£6.24m	▶	+95% from £3,196k at 31 Jan 2026
Capitalised development costs H1 FY27	£2.01m	▶	+95% from £1,033k
Inventories 31 Jul 2026	£9.22m	●	+4.2% from £8,848k at 31 Jan 2026
RCF drawn 31 Jul 2026	£4m		of £5.0m facility
Intangible assets 31 Jul 2026	£8.78m	▶	+24% from £7,078k at 31 Jan 2026
Net assets 31 Jul 2026	£15.88m		

Sources: Interim results RNS, 27 Oct 2026

“With a growing pipeline of opportunities, we now expect FY27 revenue of at least £43 million and are confident in the opportunities ahead as we continue to deliver life-saving technologies for the most vulnerable patients.”

Raffi Stepanian, Chief Executive Officer · Half-year Financial Report, 27 October 2026

The £43m floor asks less of H2 than H1 delivered

The FY27 expectation of at least £43 million implies about £21 million in the second half against £22.0 million in the first, with the remaining Middle East delivery and the final months of infusion sales still to come. Management has called trading ahead of expectations at every update since October 2025, including FY26 revenue of £47.5 million, slightly ahead of consensus. The revenue target therefore looks the less demanding part of the outlook.

The harder question is FY28. Infusion sales stop on 31 January 2027, removing a business that produced £9.7 million of revenue in FY26. Applying the previously disclosed 25% contribution margin to the £5.5 million of first-half infusion sales puts roughly £1.4 million of half-year contribution at stake before any cost savings. Management says it is cutting operating costs ahead of the transfer but has not quantified the savings or the Micrel payment. Its statement that momentum will continue into FY28 refers to the core business, and the June results already flagged that the infusion exit would reduce revenues.

The new sources of recurring income arrive late. Proprietary consumables launch in Q4 FY27, in the UK first, and management expects them to lift consumables revenue from FY28. FDA clearance for the neonatal ventilator, the route into the US hospital market, is targeted for the first half of 2028. The UK Budget, reported for 28 October, may shift expectations for NHS equipment spending, which matters when 69% of SLE revenue is capital equipment that hospitals can defer.

FIGURE	VALUE	CHANGE
FY27 revenue expectation FY27	at least £43m	upgraded
FY26 revenue FY26	£47.55m	
FY26 adjusted EBITDA FY26	£2.79m	
Infusion distribution transfer date	31 Jan 2027	

Sources: Interim results RNS, 27 Oct 2026

About half a year’s sales for a thin-margin business

At the 18.5p close on 26 October, the 89,663,372 shares in issue give a market value of roughly £16 million to £17 million. Adding net debt of £5.25 million gives an enterprise value (market value plus debt, less cash) of about £22 million, or about £27 million including leases. That is around half the FY27 revenue floor. On a post-infusion base in the low-to-mid £30 millions, the multiple is closer to 0.7 to 0.8 times.

A low multiple of sales reflects what those sales currently earn. Operating profit before one-off items was £258,000 in the half, and the full-year FY26 adjusted EBITDA was £2.8 million on £47.5 million of revenue, including the high-margin exports. A sales multiple only means something once margins recover, so the valuation case depends on whether gross margin returns towards the mid-40s and costs fall faster than infusion contribution disappears.

The register is concentrated. Charter Kontron Limited holds 25.03% after an internal reorganisation moved the stake from Redworth Portfolio Ltd on 13 October, and BGF Investment Management disclosed 21.04% in July 2024. A large strategic holder can be a source of corporate interest, but nothing in the material points to any approach.

FIGURE	VALUE	CHANGE
Shares in issue 25 Jun 2026	89,663,372	
Charter Kontron Limited holding 13 Oct 2026	25.03%	
BGF Investment Management holding disclosed 23 Jul 2024	21.04%	

Sources: Ticker evidence: shares in issue; Holding(s) in Company RNS, 13 Oct 2026; Ticker evidence: major shareholders

Shares coiled between 17.75p and 19.41p into results

The shares closed at 18.5p on 26 October, the day before the results, 42% below the 32.00p 52-week high set on 7 May 2026. The 50-day moving average of 18.73p sat below the 200-day average of 21.04p, an alignment chartists call a death cross, which first formed on 12 August. Over six months the shares fell 38%.

Price had been pinned between support at 17.75p, tested six times and most recently on 12 October, and resistance at 19.41p. Bollinger bands, which track the spread of recent price moves, were narrower than at any point in the previous 126 sessions, a compression that often precedes a larger move without signalling its direction. Short-term momentum readings had turned up in October, while on-balance volume, a running tally of volume on up and down days, confirmed the October low.

Liquidity is the overriding constraint. Average daily value traded over the previous 20 sessions was about £5,600, with several days under 5,000 shares in the fortnight before results, so a single order can move the price. A close below 17.75p on heavier volume would point to the market pricing funding stress, opening the way towards the January lows near 15.5p and 12.4p. A close held above 19.41p, and then the 19.83p retracement level, on volume well above the roughly 47,000 shares of 26 October would be the first sign of the market accepting the turnaround.

FIGURE	VALUE	CHANGE
52-week range	12.30p - 32.00p	

Sources: Ticker evidence: price and valuation

The case for and against

FOR

The case for rests on the core business. Stripped of one-off exports, SLE grew 35%, with growth in both the UK and Ireland and internationally, and Airon has a three-year US purchasing agreement. Every ventilator sold adds to an installed base that service, already up 21%, and the forthcoming proprietary consumables can draw on for years. The margin drag has identifiable causes, two of which disappear: the pandemic-era components are being used up, and the low-margin infusion mix ends in January. Micrel's inventory repurchase and compensation payment, the Middle East delivery and an expected fall in inventory should all release cash in the second half, and a lender has approved a three-year renewal on existing terms. On this reading, a business valued at around half its revenue is being priced for its past funding troubles.

AGAINST

The case against starts with what the half actually earned. Underlying operating profit of £258,000 did not cover £366,000 of interest, gross margin fell even on a like-for-like basis, and two of the four stated margin pressures, NHS pricing and lower-price export markets, show no sign of easing. Operating cash flow depended on suppliers, with trade payables almost doubling, and capitalised development absorbed more than EBITDA. In January the group loses roughly £2.4 million a year of infusion contribution on FY26 figures, while the Micrel payment is unquantified and one-off. The facility is approved but not signed, its size is stated inconsistently, covenants are undisclosed and pre-emption authority was withdrawn. With cash of £533,000 before a £0.5 million August payment, there is little room if payables unwind before stock is sold.

WHAT TO WATCH

The evidence to separate the two arrives in stages. The first is formal completion of the revolving facility, with its size confirmed and covenant headroom disclosed. The second is the year-end trading update after 31 January 2027 (last year's came on 12 February), which should show whether inventory and net debt fell without payables staying near 88 days, and how much Micrel paid. FY27 results should then show second-half gross margin against the 41.9% of the first half, and give a bridge from lost infusion contribution to the new cost base. Beyond that, early consumables sales from the Q4 launch and the FDA filing scheduled for late 2027 will test the longer-term recurring-revenue argument.

Risks

- ❗ Trade payables almost doubled to £6.24m in the half, and if supplier credit returns to normal before inventory is sold and Micrel pays, the group could need more working capital at a time when cash stood at £533,000.
 - ❗ The revolving facility renewal has credit approval only, covenant headroom is undisclosed and the stated facility size (£5.0m against £10.0m in the going-concern note) is inconsistent, for a group that needed covenant waivers in 2024.
 - ❗ The loss of Infusion Therapies on 31 January 2027 removes a business with £9.7m of FY26 revenue at about a 25% contribution margin, and the offsetting cost savings and Micrel payment are unquantified.
 - ❗ NHS procurement pricing and growth in lower-price export markets could keep gross margin near 42% after the pandemic-era components are used up.
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- ! The consumables launch in Q4 FY27 and the FDA timetable for the neonatal ventilator could slip, and with capitalised development at £8.8m of intangible assets, delays raise impairment risk.
- ! With 69% of SLE revenue from capital equipment, hospital and distributor purchasing delays, including any squeeze on NHS equipment budgets, would hit sales quickly.
- ! Average daily trading of about £5,600 before the results means prices can move sharply on small orders and positions are slow to build or sell.

THE OTHER VIEW

A more optimistic reading holds that almost every weakness in this half has a named, temporary cause. The prior-year margin was inflated by exports that carried £1.1m of agent commission, the expensive components are visibly being consumed as raw material stock fell by about £1m since January, and the low-margin infusion mix that dragged gross margin ends in three months. On this view the payables build is a timing effect tied to the inventory phased ahead of a supplier shutdown, and it unwinds alongside the stock, not ahead of it. The lender, which knew about the Micrel transfer when it approved a three-year renewal on unchanged terms, has in effect already stress-tested the transition. If so, FY28 shows a smaller but materially higher-margin business, and a valuation of around half of revenue reflects the 2024 covenant history more than the current one. The weakness of this reading is that none of these reversals is yet in the numbers, and the Micrel proceeds and cost savings that underpin it are unquantified.

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