INSPIRED PLC

COMMERCIAL ENERGY AND SUSTAINABILITY ADVISORS

Inspired PLC
Annual Report & Accounts 2021

Inspired PLC is a leading technology enabled provider of energy and sustainability solutions that allow UK and Irish corporate businesses to transition to net-zero carbon and manage their response to climate change.

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

Our offering

With businesses facing increasing pressure on many fronts to take the issues of sustainability and ESG seriously, they need access to specialist advisors to prove to all their stakeholders including customers and investors that they have a plan to achieve net-zero carbon and improve their ESG impacts.

Inspired PLC provides expert insight and advisory services to help businesses manage their energy costs, optimise their energy consumption, reduce their carbon emissions and prove their net-zero carbon, ESG and environmental strategies to their investors and clients.

Our solutions create a clear and actionable long-term plan, making investment easier to obtain and carbon reductions quicker to realise. Net-zero is a challenge but, with the right support and advice, it can present businesses with a range of commercially and operationally beneficial opportunities.

Accredited

GREEN ECONOMY
LONDON STOCK EXCHANGE

Corporate customers

3,500

UK businesses spend £17.7bn on energy annually

£17.7bn

Our year in review

Financial highlights of the Group.

£67.9m +47%

Revenues delivered by the Group of £67.9 million, a 47% increase on the prior year (2020: £46.1 million).

£10.2m -5%

Underlying cash generated from operations (excluding the impact of deal fees and restructuring costs) amounted to £10.2 million (2020: £11.6 million).

£19.8m +55%

Group adjusted EBITDA* increased by 55% to £19.8 million (2020: £12.8 million).

£67.5m +7%

Corporate Order Book at 31 December 2021 increased by 7%, year on year, to £67.5 million (2020: £63.0 million).

£32.9m +75%

Net debt** increased to £32.9 million at the year end (2020: £18.8 million).

£0.3m

Profit before income tax in the year of £0.3 million, compared to a loss of £4.5 million in 2020.

0.13p +8%

Final dividend of 0.13 pence per share, which delivers a full year dividend of 0.25 pence per share (2020: 0.22 pence per share), in line with the Group's stated policy of dividend cover of at least 3.0x earnings.

* Adjusted EBITDA is earnings before interest, taxation, depreciation and amortisation, excluding exceptional items and share-based payments.

** Net debt is bank borrowings less cash and cash equivalents.

Operational and acquisition highlights

Despite the changing landscape, 2021 was a period of significant progress for the Group, both financially and operationally.

The acquisitions of Businesswise Solutions Limited ("Businesswise") and General Energy Management Limited (GEM) during Q1 2021 were completed in accordance with our strategy of acquiring energy assurance businesses, which add Units of Opportunity to our portfolio. These Units of Opportunity present carbon emission points (being the clients' meter points), which provide surface area for us to cross-sell our net-zero carbon services to, enabling us to help those clients make a difference by removing carbon from the environment.

The Group continued to deliver modules for its Software Solutions platform during 2021 and to develop incremental modules that underpin the technology enabled services we provide.

2021 saw the voluntary publication of our first Task Force on Climate-Related Financial Disclosures (TCFD) disclosure for the Group and an ESG disclosure in accordance with Global Reporting Initiative (GRI) principles. The Group also retained its Green Economy Mark status during 2021.

2022 is likely to see a focus on cross-selling to those Units of Opportunity in our portfolio and rationalisation where we have less opportunity to reduce carbon emissions for clients; this will increase the quality of our installed base and strengthen our platform for organic growth of our energy and carbon optimisation Services.

During 2022 we are likely to see our acquisition focus shift towards businesses that provide optimisation services and ESG solutions.

Board Executive Director appointment

We are pleased to announce the proposed appointment to the Board of David Cockshott, Chief Commercial Officer. David joined the Group in 2020, and will become an Executive Director on the Board from 1 April 2022. David will also assume operational responsibility for our Energy Solutions Division.

From 1 April 2022, the Board will consist of three Executive Directors, supported by a Non-Executive Chairman and three independent Non-Executive Directors, representing a broader mix of skills and diversity, in line with the Group's evolving strategy and governance.

Current trading and outlook

The war in Ukraine, at the time of writing, places all of the risks and opportunities in perspective when considered in the context of life and death situations. The geopolitical and macro-economic environment makes the excitement of our opportunities seem trivial and provides a backdrop of risks that are out of our control to be managed.

Despite this unprecedented backdrop, we find ourselves with a strong platform for growth and an evolved strategy and as one of the market leaders in our space. We are well placed to deliver value to corporate businesses.

I am sure many share our shock at the abhorrent actions of the Russian regime and our hope that the war and resulting humanitarian crisis end soon with a peaceful resolution.

Delivering net-zero carbon solutions

Further to COP26 and noting the favourable macro drivers in relation to net-zero carbon and ESG, for 2022 we will be focusing on delivering further cross-sells to our existing clients and maximising the potential of each of the Units of Opportunity within the portfolio.

Acceleration of ESG solutions

During 2021, we proved the concept of ESG solutions, demonstrating we could sell and deliver services to existing clients and developing an understanding of the value proposition and the value that clients will ascribe to such services.

Given that our organic entry into ESG has proved successful, 2022 will see us start to make a more substantive investment into ESG resources and capability with c.£1.5 million of EBITDA investment expected in expanding our delivery capabilities (through people and processes) so the Group can stay ahead of demand.

More generally we would expect this investment to be a catalyst for accelerating the growth of the ESG Solutions Division, which we believe has an addressable market that is equivalent to the size of the market for energy assurance and optimisation services and provides an opportunity for material organic growth.

Delivering software solutions

Our Software Solutions Division is continuing to develop modules which allow the evolution of our technology enabled services and expand the number of third parties that we provide such software to.

The provision of our software to other service providers in the marketplace generates additional economic rents from capital expenditure that the Group would have to undertake in order to provide its own technology enabled service. Furthermore, by technology enabling other service providers in the marketplace, we professionalise our pipeline for future M&A activity. As our technology helps those other service providers grow and their owners seek to de-risk, the Group becomes a natural buyer for such businesses.

Operational and acquisition highlights continued

Current trading and outlook continued

Continued M&A

In addition to a track record of consistently delivering organic growth, the Group has built a strong capability to deliver and integrate acquisitions.

Having completed three acquisitions in 2021, the next year will see us continuing to build our acquisition pipeline with a particular focus on businesses that continue to build our capability with respect to optimisation services and ESG disclosures.

Q1 2022 update

Trading in Q1 has started in line with expectations as the Group continues to manage the current macro-economic and geopolitical uncertainties. We note that new business sales in the year have started particularly well with the order book value of business signed in the first two months of the year being some 93% ahead of the previous year.

We would like to thank our staff and our investors for their support during 2021 and look forward to the opportunity of delivering further growth in 2022.

Social value: the new competitive frontier

If you're a corporate business hoping to win a public sector contract, you've agonised over your pricing and gone to extremes to maximise your quality score, but if you want to win you need to prove your social value.

More than at any previous time in history, businesses today are being asked to take responsibility for the way corporate activities impact local and global society. More consumers and buyers are considering the environmental and social impact of the products they buy and this filters through the supply chain as retailers and manufacturers pass these obligations on to their suppliers.

Corporate social responsibility is not new, but as ESG reporting and other forms of disclosure become commonplace, even mandatory, the need to align operations to sustainability targets and objectives is growing. Legislation is pushing organisations in every sector of the economy to address the climate emergency and make net-zero commitments.

However, whilst environmental concerns have been gaining the headlines, corporate businesses also need to show how they are helping with poverty, human rights, diversity and equality, taxation and other aspects of being a good corporate citizen. Done properly, social value creates so much more than satisfying a requirement on an ESG disclosure or a tender response. It is a pathway to growth.

It is easier than ever for consumers and stakeholders to find information about an organisation's environmental and social impacts. Reputation is a key differentiator in a crowded market. Buyers care whether workers are well paid and the supply chain is audited. Investors seek assurance that management is competent and customer service is responsive, and society demands that a company is engaged in and committed to the wellbeing of staff and the community in which it operates.

For suppliers to the public sector, where procurement rules place increasing emphasis on selecting suppliers which can deliver social value and sustainability advantages, supporting social initiatives is no longer a nice to have. It is the difference between a tender won or lost.

As corporate businesses increasingly realise social value is not a public relations exercise, but is an integral part of their value proposition, the more they realise they need to invest in processes to transparently disclose their organisation's credentials and make impacts to improve their performance. They need to measure and evaluate the data that helps them understand the impact of their projects, assets and locations and seek out suppliers and partners that align with these values.

It may not have an entry on the balance sheet yet, but engaging with the local community, working hard to be an attractive place to work and giving their clients value over and above the basic service deliverables is no longer an idyll but a prerequisite to compete, secure investment and retain clients.

All things being equal, your clients and consumers will always seek out the highest quality products and services but as competition intensifies, social value is fast becoming an area for differentiation. As we move through the information age, it will be those businesses which can demonstrate investment of time and consideration into social value that are differentiated as leaders and best placed to compete in tomorrow's marketplace.

Group evolution

Inspired PLC ("Inspired") has continued its evolution, into a market leading, technology enabled provider of net-zero carbon, energy and carbon management and ESG energy advisory services in the UK and Ireland.

The Group operated under three divisions during 2021, representing four financial reporting segments, which allows our results to be segmentally reported under this structure, providing investors and other stakeholders with the necessary information to better understand the performance of our business.

INSPIRED PLC

ESG Solutions Division

Our ESG Solutions Division delivers end-to-end solutions for investors and businesses to make authentic ESG disclosures and transform them into effective ESG impacts.

ESG clients and prospects requiring energy solutions

Energy Solutions Division

Our Energy Solutions Division delivers energy, water and sustainability services, so businesses can control costs effectively, reduce carbon efficiently and meet their net-zero targets.

Energy clients and prospects requiring ESG solutions

ESG and energy clients and prospects requiring software solutions

Software Solutions Division

Our Software Solutions Division delivers technology and software solutions that underpin the services provided by Inspired PLC and make them available to third parties.

Software clients and prospects requiring energy/ESG solutions

We continued to grow organically across all three divisions, and grow further through acquisition within the Energy Solutions Division during the year, increasing the active clients under management from 3,400 to 3,500. Revenues continued to diversify with the optimisation revenues increasing to 44% of Group revenues (2020: 31%), reflecting the societal shift towards climate change and net-zero carbon.

Our divisions

The Group operates in three divisions: the core Energy Solutions (comprising Energy Assurance Services and Energy Optimisation Services), Software Solutions and ESG Solutions divisions.

Inspired Energy Solutions (comprising Energy Assurance Services and Energy Optimisation Services)

What do we do?

Inspired Energy Solutions helps corporate businesses optimise their energy cost equation, by helping them reduce the price they pay for their energy as well as reducing their consumption and carbon emissions.

On the 'price side' of the cost equation, we provide energy consumers with assurance that they have:

- bought their energy at the most cost-effective rate for their business;
- accounted for their energy correctly; and
- complied with their legal obligations.

On the 'consumption side' of the cost equation, we support energy consumers in optimising their energy usage through:

- reducing their energy consumption;
- increasing their energy efficiency; and
- delivering their net-zero carbon and ESG objectives.

How do we do it?

As a technology enabled service provider, we help corporate businesses in the following ways:

Buy it well

Analysing energy prices is a complex and continuous task. We solve this burden by providing access to our market analysts and risk managers who monitor and interpret wholesale energy market movements. We create and deliver tailored fixed and flexible procurement solutions suitable for any financial budget, risk appetite and sustainability policy.

Once the supply contracts are in place, invoicing and forecasting processes can be complicated for consumers to deal with in house, particularly when budget certainty is required. We take control of the administration of utility invoices and use our longstanding supplier relationships to solve problems quickly and ensure consumers are being charged correctly by suppliers. We also combine our expertise of commodity and non-commodity costs with consumption profiles to deliver budget forecasts and energy accounting tools for finance teams to meet their fiduciary obligations.

Use it better

A critical part of progressing to net-zero carbon is to understand how businesses can better manage their consumption of energy and water. We help to measure, visualise and optimise consumption patterns so that consumers can minimise wastage, avoid costs, reduce consumption and monetise opportunities.

Collecting, analysing and reporting utilities data is a time consuming and specialist job. Our proven software presents data in meaningful and relevant formats, helping to target and reduce wastage while delivering performance improvements across property portfolios. We perform the role of a dedicated outsourced energy management team by acting upon data insights, to identify and implement energy and water cost-saving measures.

Make your own

Once the customers' utilities cost position has been optimised, they can then look to accelerate meeting net-zero carbon and ESG objectives through calculated capital investment and savings-based programmes. To futureproof against energy cost volatility, create new revenue streams and achieve sustainability goals, we also help corporate businesses invest in low carbon generation and storage technologies.

We ensure that any designs fit with site requirements and meet all regulatory standards, including any that can unlock financial relief. We offer full lifecycle support including: initial feasibility assessment, technology sourcing, contractor management and lifetime quality assurance of the asset, verifying the subsequent return on investment of each project. We also help arrange finance solutions where consumers prefer a fully financed option.

Do it right

With an ever-changing landscape that is focusing more on a net-zero future, combined with increasing statutory and regulatory obligations, we advise consumers on how existing and future utility laws and regulations are likely to affect them. We provide assurance services to ensure our clients comply with their statutory duties, obtain any available cost relief by applying for environmental management schemes, and achieve best practice through energy management accreditations and standards.

Inspired Energy Solutions is the UK's only independent third party intermediary (TPI) to comply with the Streamlined Energy and Carbon Reporting (SECR) scheme and has developed a market leading solution for corporate consumers.

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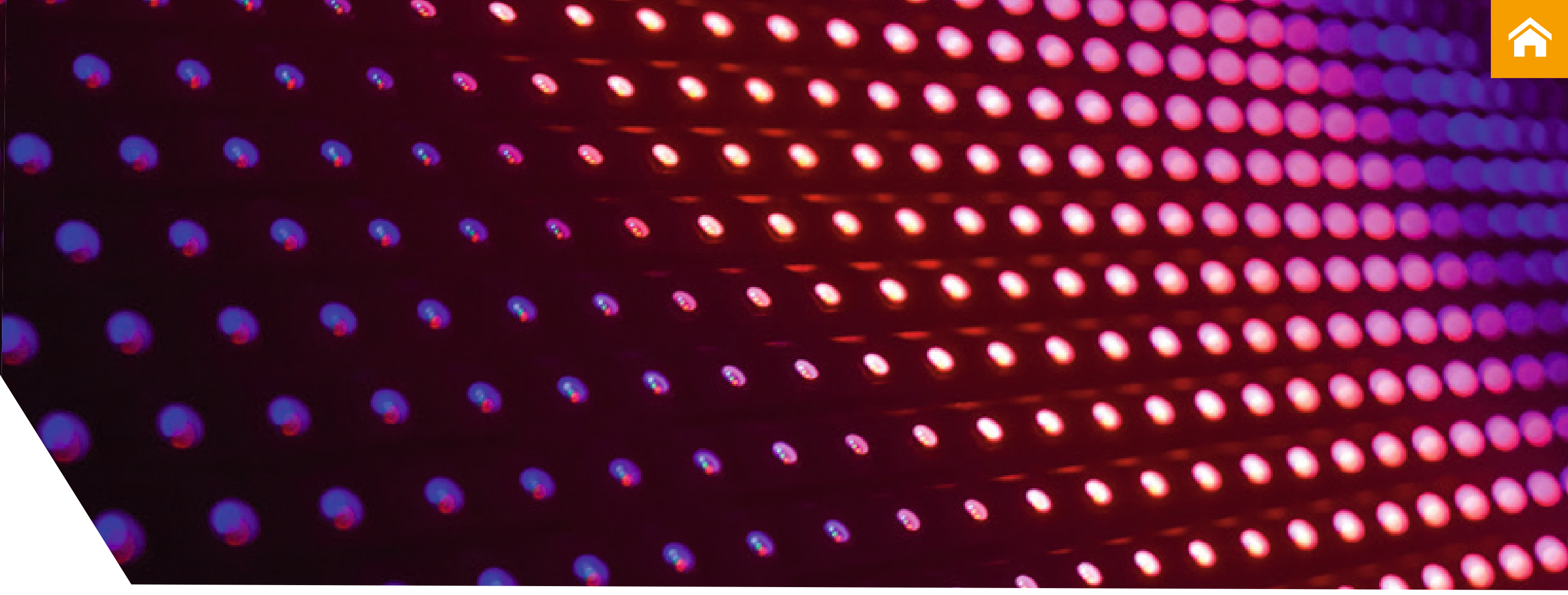


Inspired ESG Solutions

What do we do?

We provide ESG services to investment funds and corporate businesses in two key areas: Disclosure and Impact:

ESG Disclosure Services: Support in implementing a robust and practical data collection process covering the full spectrum of statutory, regulatory and internal metrics and enabling corporate businesses to make comprehensive and accurate disclosure, appropriate to all ESG frameworks, in an auditable and consistent way.

ESG Impact Services: Support in the design and implementation of business-specific policies and initiatives that enhance corporate businesses' ESG proposition for all stakeholders, including their employees, local communities, customers, suppliers and investors.

How do we do it?

The data management technology and capability that the Group has developed in the provision of energy assurance services, within our Energy Solutions Division, provide approximately 70% of the requirements for the Group's ESG Disclosure Services, with energy representing the most data-intensive aspect of ESG reporting. Our services focus on providing the following solutions.

Data collection: A technology enabled service that allows unstructured data to be collected and processed with a robust audit trail and to be replicated, allowing a clear bridge between year-on-year disclosures.

Resource provision: Most investment funds and corporate businesses do not have the in-house resources at their disposal in order to manage the interpretation and validation of the unstructured data to create an effective disclosure. Inspired provides these resources to our customers.

Taxonomy agnostic disclosures: There are many different taxonomies under which ESG performance can be disclosed. Our solutions focus on delivering auditable and repeatable solutions that can be reported under any taxonomy.

Audit management: Where an investment fund or corporate business has to respond to an external inquiry, we provide the solution to manage that process and respond to scrutiny, so that the client's resources can focus on their core business.

In addition to enabling our customers to provide effective disclosure, we are also able to help design and implement policies and initiatives that help the organisations improve their ESG performance, through our ESG Impact Services (operating within the ESG Solutions Division).

Internal expert empowerment: Some investment funds and corporate businesses have the internal expertise to deliver ESG improvements. Where this is the case our resources perform the tasks, which releases the internal capacity to leverage their efforts across the client.

Strategic advice: Where an investment fund or corporate business does not have access to an internal expert, we provide access to one on a pay as you go basis.

Technology solutions: Where Inspired develops a solution or technology tool to improve ESG impact, it is made available to the investment fund and corporate business.

Inspired Software Solutions

What do we do?

Inspired Software Solutions provides the technology platform that underpins our energy solutions and ESG solutions to third party service providers, including other third party intermediaries (TPIs). Currently over 50 organisations use our software to provide solutions to clients.

How do we do it?

We have created a core solutions architecture which allows modular solutions to be released as 'tiles' onto our platform and then be further configured to meet clients' needs. Licensees can brand the software as their own and provide direct access to their clients via a client portal.

The race to zero

How Inspired is accelerating businesses' journey to net-zero.

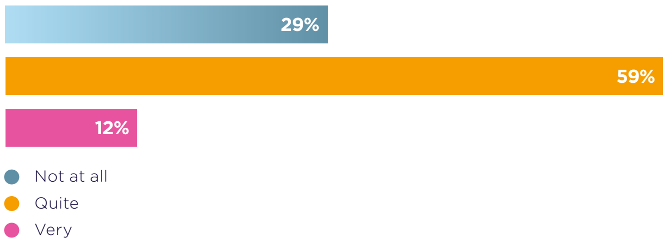
It's time to act

Net-zero is now a major driver for UK PLCs, with the UK writing into law that it will achieve net-zero by 2050. Businesses across all sectors are grappling with how to deal with the challenge strategically and tactically. The recent COP26 conference in 2021 underlined the urgency and size of the task, meaning the pressure to act has grown with investors, customers and stakeholders seeking assurance that businesses are taking appropriate and decisive action.

However, whilst net-zero targets are easy to proclaim, they are less easy to achieve and some businesses may have been guilty of claiming targets that aren't backed by a robust and deliverable plan.

Inspired PLC spoke to over 350 businesses to debate the latest around the what, why and how of net-zero, including the current sentiment and progress of businesses towards their target. Our research highlighted the following:

How confident are you in understanding what net-zero means?



Where are you currently on your net-zero journey?

How we are leading businesses to net-zero

For the past twelve months, Inspired has been supporting businesses and trade bodies with their journey towards net-zero through our Carbon Action Programme (CAP) solution. Our experience identifies the following factors as critical to a successful net-zero plan:

1. Take early action	The earlier you make a commitment and start the planning, the better chance you have to secure internal buy-in and align your resources with clear outcomes.
2. Agnostic data collection	Given the different reporting and disclosure schemes, structuring your data in an auditable and repeatable manner allows for clearer analysis and more effective reporting.
3. Target practice	From adopting a science-based approach through to a self-defined type, settling on the most appropriate target is critical. Different scopes, parameters and timelines all need determining.
4. Set your boundaries	There are several ways to calculate your carbon footprint. Scopes 1, 2 and 3 include different calculation methods which require careful consideration.
5. Be wary of offsets	Decarbonising your business can be achieved through procured and actual approaches. To achieve net-zero, businesses should make wide-ranging and long-term efforts to reduce the emissions they produce. Purchasing offsets has benefits as they fund environmental projects, but they should not detract from companies reducing their actual carbon footprint.

Inspired action

The background:
Direct Table Foods is one of the UK's top bacon processing companies, supplying the retail, food service and manufacturing markets.

In 2019, Inspired was appointed by Direct Table Foods to deliver:

- a Carbon Action Programme (CAP) including ESOS 3 compliance, Scope 3 emissions inventory and a Climate Change Agreement (CCA);
- energy risk management; and
- energy accounting.

The challenge:
Inspired was tasked with helping Direct Table Foods establish its net-zero strategy.

This was principally in response to requests from major supermarkets, such as Aldi, to firstly disclose a full carbon footprint and secondly set a science-based target (SBT) by the end of 2024.

In addition, there was also a strong preference for an energy efficiency target to supplement a carbon target.

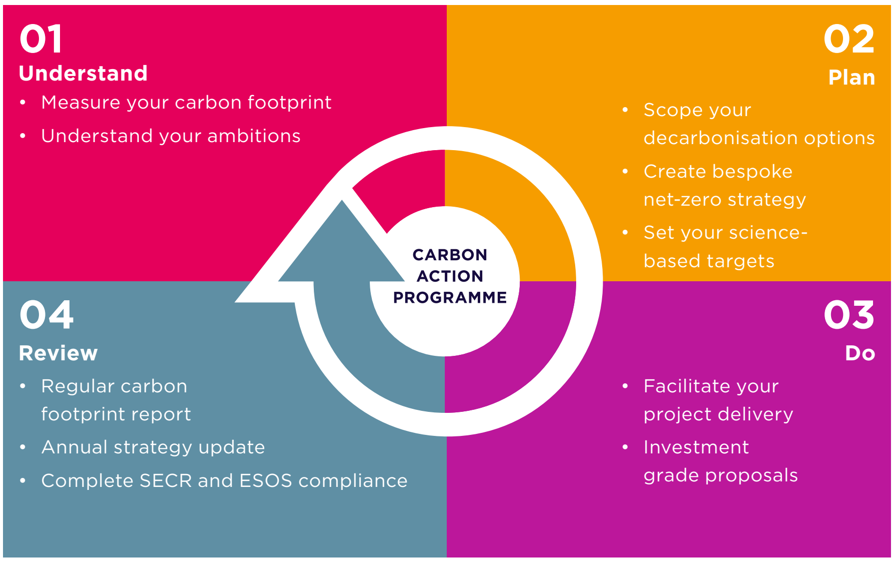
The solution:
Our CAP solution has already delivered results for Direct Table Foods, including:

- calculating its carbon footprint, including Scope 1, 2 and 3 emissions;
- a site survey at the manufacturing site, to identify energy efficiency measures and low carbon on-site generation solutions;
- a net-zero workshop with C-Suite representatives to increase general awareness of climate change issues;
- a purpose-built net-zero strategy and report, identifying investment scenarios, energy efficiency measures, low carbon generation opportunities and green procurement options;
- setting an SBT to fulfil major supply chain requirements; and
- achieving a cost avoidance of 42% against wholesale energy market prices following successful delivery of an energy procurement solution.

The results:
"Direct Table Foods engaged with Inspired to help us understand, with structure and clarity, the requirements of our business to continue our journey towards a sustainable and positive environmental impact. Inspired didn't approach this challenge by way of simply preparing data and reports, but instead took the time to explain, discuss and challenge our thinking towards the overall capital expenditure and environmental strategy. We look forward to continuing this journey long into the future."

Steve Smith
Managing Director at Direct Table Foods

Plan.it.Zero with our Carbon Action Programme (CAP)
Clients who are already on their journey to net-zero through our CAP can accelerate their carbon emission reductions through Inspired's Plan.it.Zero solution. We are supporting the design, finance and implementation of carbon reduction, decarbonisation and self-generation projects across a range of technologies.



FTSE 100 retailer

Listed retailer takes Inspired action.

When our organisation's strategic flywheel is operating at its full potential, the growth in revenues from a client and the benefits we give them can be quite spectacular.

Through the following case study, covering a listed retailer and a constituent component of the FTSE, we can see the evolution of our service through a land and expand process.

We start off performing energy assurance services and then expand this to reducing consumptions, delivering net-zero carbon and meeting ESG reporting obligations and requirements.

The client has over 600 stores, spending c.£35 million on electricity, gas and water, and started working with us in 2017.

JANUARY 2017 TO DATE

Service delivered — assurance services

Managing the energy procurement and energy accounting process.

Value generated

c.£750k
identified in invoice errors to date

c.£10m
delivered in cost avoidance from procurement to date

c.£160k
annual fee

153%
IRR

JULY 2018

Service delivered — ESG services

Services expanded to include ESOS Phase 2, ESOS Phase 3 and SECR compliance to meet regulatory obligations.

Value generated

- Failure to comply with these obligations could result in up to a £50k fine.
- The reputational damage from failing to comply could be considered priceless.

c.£20k
annual fee

2017

APRIL 2017 TO DATE

Service delivered — assurance services

Water procurement and water accounting added to the service.

Value generated

c.£900k
identified in invoice errors to date

c.£900k
delivered in cost avoidance from procurement to date

c.£60k
annual fee

99%
IRR

JUNE 2020

Service delivered — optimisation services

Energy accounting data is analysed to identify optimisation service opportunities to reduce consumption, carbon and cost. Inspired then implemented these projects end to end for the client.

Value generated

c.£6m
of projects delivered to date

c.£8m
still in the pipeline

c.30%
annual energy savings achieved

Case study

At a glance

Over a five-year period, this client has increased its recurring spend with Inspired PLC from £160k per year to £320k per year delivering benefits of more than £12.5 million to date. Additionally, we have delivered £6 million in projects to reduce energy consumption at the relevant stores by 30% per year.

The client spends £220k with us annually on assurance services which is c.0.6% of its annual procurement spend. It spends £100k on ESG disclosure services which can directly impact the value of the company and is less than 0.002% of that company's value per year.

We expect to deliver a further £8 million of projects delivering an annual saving on utility spend of 30% across the portfolio and c.9,000 tonnes of carbon per year.

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MAY 2021

Service delivered — ESG services

Supporting the mandatory TCFD disclosure, which included climate scenario analysis, full GHG inventory, and creating a net-zero carbon strategy aligned with the science-based targets methodology.

Value generated

- The fines for failure to comply with these obligations have yet to be determined but are expected to be significant.
- The reputational damage from failing to comply could be considerable.

c.£40k
annual fee

2022

OCTOBER 2021

Service delivered — ESG services

The successful TCFD engagement process led to extending the services to a full ESG disclosure in accordance with the Global Reporting Initiative (GRI) to improve ESG transparency and manage investor engagement.

Value generated

c.£5bn
approximate market capitalisation of client

c.£40k
annual fee

c.£100k
total annual ESG fees

0.002%
of company value

ESG and social value

Social value: the new competitive frontier.

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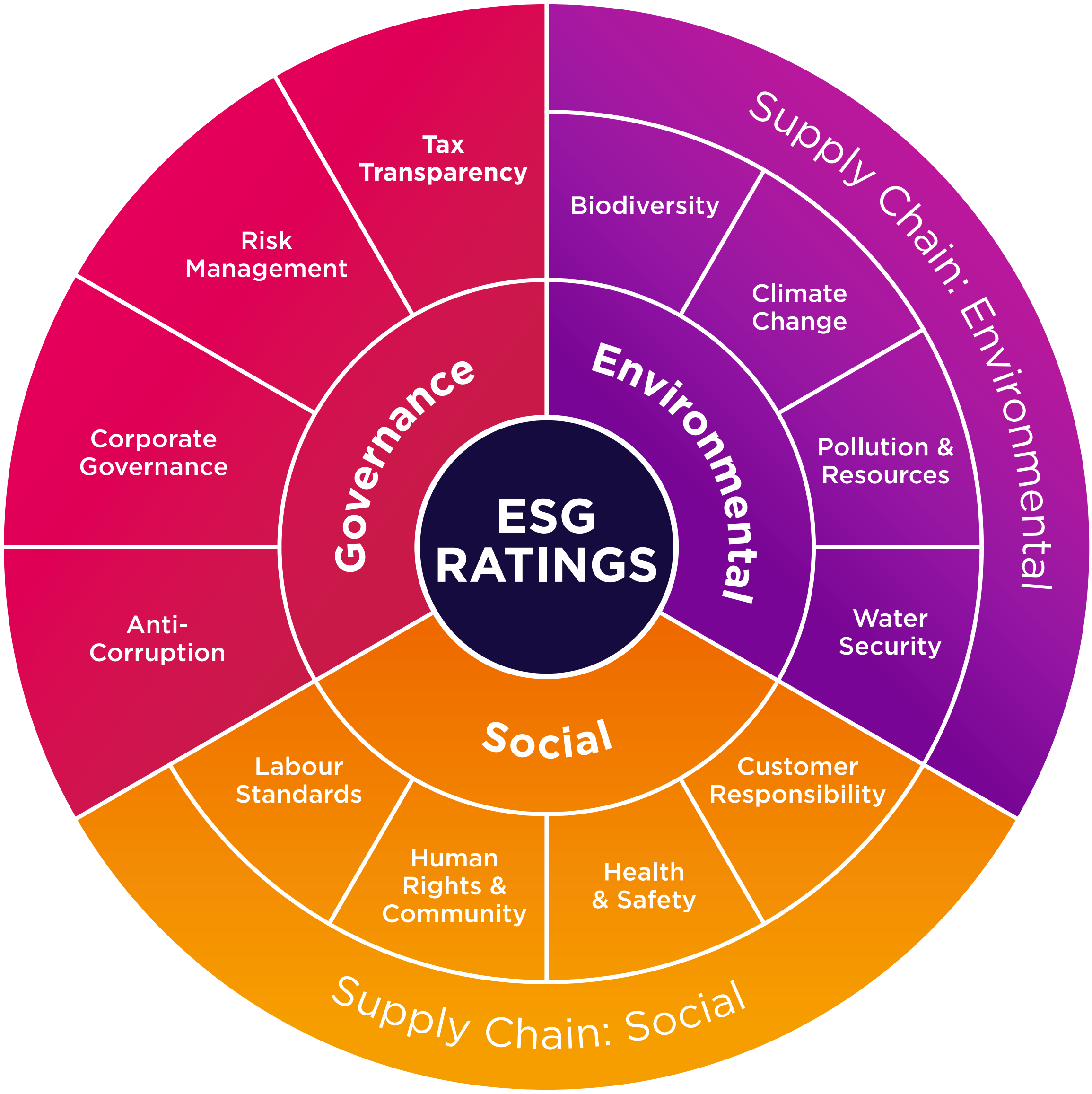
The secret to making effective disclosures is:

1. Collect and organise your unstructured data
2. Process the data in a way that is repeatable
3. Complete all required disclosures
4. Create effective bridge reporting between years of disclosure
5. Disclose to all required taxonomies


ESG
RATINGS
Governance
Environmental
Social
Tax
Transparency
Risk
Management
Corporate
Governance
Anti-
Corruption
Biodiversity
Climate
Change
Pollution &
Resources
Water
Security
Labour
Standards
Human
Rights &
Community
Health
& Safety
Customer
Responsibility
Supply Chain: Environmental
Supply Chain: Social

Chairman's statement

Richard Logan
Chairman

2021 was a year of significant progress across the Group, both financially and operationally, with a strengthened platform created, capable of generating long-term growth as our targeted markets continue to recover from the impact of the pandemic.

The significant progress made during 2021 across the Group is, of course, at the time of writing, placed into stark context by the war in Ukraine and our thoughts are with all those who are suffering.

2021 was a year of significant progress across the Group, both financially and operationally, with a strengthened platform created, capable of generating long-term growth as our targeted markets continue to recover from the impact of the pandemic.

2022 started as a year less dominated by COVID-19, but the landscape in which we all operate has dramatically changed due to the impact of the war in Ukraine, which continues to be fast moving causing significant volatility and uncertainty across commodity and energy markets. The crisis has further highlighted energy as an essential board level priority and the Group continues to take every opportunity to help all customers mitigate the cost of energy and manage their energy consumption and carbon emissions during these unprecedented times.

Inspired PLC

In July 2021, Inspired Energy PLC became Inspired PLC. The name change was effected to reflect the structure into which the Group has evolved: a technology enabled service provider with the market leading position for energy procurement, utility cost optimisation and sustainability enhancement in the UK and Ireland with three clearly defined divisions: Inspired Energy Solutions, Inspired ESG Solutions and Inspired Software Solutions.

Board changes

On 1 July 2021, I was delighted to assume the role of Non-Executive Chairman having served as the senior independent Non-Executive Director of the Group since 2017, succeeding our retiring Chairman, Mike Fletcher, who had been a member of the Board since the Group's IPO in 2011. On behalf of the Board and all at Inspired, I wish to thank Mike for his invaluable contribution throughout his time on the Board.

During H2 2021, the Board was strengthened with the appointments of Sangita Shah, who chairs the Remuneration Committee, and Dianne Walker, who chairs the Audit & Risk Committee, as independent Non-Executive Directors.

STRATEGIC REPORT CORPORATE GOVERNANCE FINANCIAL STATEMENTS

On behalf of the Board, I would like to thank all our employees who continue to overcome the challenges of these unprecedented times."

Both bring a wealth of varied and relevant experience complementing the skill-sets of our existing Board members.

The Board is also pleased to announce the proposed appointment to the Board of David Cockshott, the Group's Chief Commercial Officer. David, who joined the Group in 2020 in the role of Chief Commercial Officer, will become an Executive Director on the Board from 1 April 2022. David is an experienced leader with over 30 years in energy, having held board positions at Marubeni-owned Smartest Energy Limited and at Inenco Group, as well as executive responsibility for I&C and, latterly, domestic markets for energy supplier Npower. As the Group continues to grow, it is important to expand the executive leadership bandwidth and David will assume operational responsibility for our Energy Solutions Division for the 2022 financial year.

From 1 April 2022, the Board will consist of three Executive Directors supported by a Non-Executive Chairman and three independent Non-Executive Directors, representing a broader mix of skills and diversity to align with the Group's evolving strategy.

Acquisitions

In March 2021, the Board was pleased to conclude the acquisitions of Businesswise and GEM, which are highly complementary additions to the Group. We welcome the Businesswise and GEM teams to the Group.

Integration of the acquisitions is progressing to plan, and both businesses are performing in line with management expectations, further increasing Inspired's market share in Energy Assurance Services.

Dividend

Since IPO, Inspired has established a track record of delivering profitable and cash-generative growth which has facilitated a consistent and progressive dividend policy.

Accordingly, the Board is pleased to propose a final dividend of 0.13 pence (2020: 0.12 pence) subject to shareholder approval at the AGM in June, resulting in a full year dividend of 0.25 pence (2020: 0.12 pence). The dividend aligns with the Board's stated policy of a dividend cover of at least 3.0x earnings, with the objective of delivering progressive dividend growth over time.

The dividend will be payable on 26 July 2022 to all shareholders on the register on 17 June 2022 and the shares will go ex-dividend on 16 June 2022.

Staff

On behalf of the Board, I would like to thank all our employees who continue to overcome the challenges of these unprecedented times. We have continued, throughout, to invest in our valued team and the business. The Group takes every opportunity to help all customers mitigate the cost of energy and manage their energy consumption and carbon emissions during these unprecedented times.

Richard Logan
Chairman
29 March 2022

Investment case

UK's leading commercial energy & sustainability advisor

- Leading technology enabled service provider of energy advisory and sustainability services, supporting over 250 businesses in their drive to net zero, controlling energy costs and managing their response to climate change.
- Unique energy assurance and optimisation services are focused on reducing energy costs, as well as improving the carbon footprint and ESG credentials for corporates.
- Together, in procuring effectively, managing operations and monitoring performance, Inspired is able to directly impact clients carbon performance.
- Received the LSE Green Economy Mark in November 2020, recognising the Group's environmental and strategic advice, service and support to clients and the impact the business has on the green economy.

Exceptional macro-drivers

- Every business in the country who typically spends more than £100,000 on energy and water per year is a potential customer.
- Regulatory and legal obligations for companies to demonstrate how they meet the necessary standards, gives Inspired the advisor status.
- £2.5bn market opportunity in what is a highly-fragmented market.
- Inspired recognises the current climate change challenges facing UK businesses and, in response, is emerging as a leading provider of ESG disclosure services.

Differentiated Value Proposition

- By solving complexity for clients with respect to energy and ESG we understand their business and their carbon related data.
- We provide disclosures and information which allows our clients to meet their regulatory and legal obligations and have a baseline for making decisions with respect to energy and the environment.
- We are a genuine end to end solutions provider. Our services earn us trusted advisor status, at client C-Suite level. By mining the data we collect through our assurance and ESG services we, not only design but actually implement solutions for clients to reach net zero.
- We are the leading independent solution agnostic provider of services that manage the four C's (Cost, Consumption, Compliance and Carbon) and the leading player of scale in our market.

Technology Enabled Service

- We own the proprietary software that underpins our service.
- We process millions of pieces of client data with respect to Cost, Consumption and Carbon every month.
- We monetise this technology on a SaaS basis with other market participants, extracting revenues from parts of the market we wouldn't normally have access to.
- By providing technology to our competitors, we professionalise our M&A pipeline and simplify the integration costs when we acquire a business already utilising our backbone.
- We provide disclosures and information which allows our clients to meet their regulatory and legal obligations and have a baseline for making decisions with respect to energy and the environment.

Ambitious with a strong organic growth engine

- Grow through our buy and build thesis – acquired 18 businesses since we floated on AIM in 2011 and have a proven capability to integrate these businesses successfully.
- Average of c.£15m per annum acquisition capital deployed over the last five years.
- We exist to enable businesses to respond to the climate emergency and deliver net-zero carbon, whilst helping them control their costs. By managing data comprehensively, sourcing energy sustainably and reducing carbon efficiently, we help our clients manage costs effectively, make authentic ESG disclosures and improve their business performance whilst powering their journey to net zero. Through this, we can grow organically.

Experienced senior leadership team

- Committed leadership team invested in building out a business that can scale.
- Highly experienced management team committed to delivering shareholder value.
- A balanced and successful Board and senior management team provide the capability to effectively navigate the fast-evolving sector.
- Unique combination of established supplier relationships, market expertise and technical capability.

Chief Executive Officer's statement

Mark Dickinson
Chief Executive Officer

The favourable underlying value drivers of net-zero carbon and ESG continued to drive growth and opportunity.

The Group delivered strong growth in 2021, as the UK economy bounced back from COVID-19. We made significant progress in delivering on its strategy to provide a holistic suite of services to support corporate businesses on their journey towards net-zero carbon and manage their response to climate change.

Review of 2021

2021 was a strong year for the Group in which we delivered solid organic growth, with a significant increase in revenue, in part reflecting the bounce-back in activity as restrictions were lifted, with trading gaining strong momentum in H2 2021, as the strategic plans we initiated in 2019 came to fruition. The favourable underlying value drivers of net-zero carbon and ESG continued to drive growth and opportunity.

Evolving into Inspired PLC

During 2021, the Group completed its evolution into Inspired PLC, operating with three divisions and four reporting segments, with the Group starting to report financial results under this structure for the first time.

We continued to grow organically across all three divisions, with this supplemented by acquisitions within the Energy Solutions Division, increasing the active UK clients under management from 3,400 to 3,500. The Group's revenue base continued to diversify, with optimisation revenues increasing to 44% of the Group total (2020: 31%), reflecting the societal shift towards climate change and net-zero carbon.

Inspired ESG
Delivers end-to-end solutions for investors and corporate businesses to make effective ESG disclosures and transform them into effective ESG impacts.

Inspired Energy
Delivers energy, water and sustainability services and optimisation services so corporate businesses can manage their costs better, reduce carbon efficiently and meet their net-zero targets.

Inspired Software
Delivers technology and software solutions that underpin the services provided by Inspired PLC and make them available to third parties.

Chief Executive Officer's statement continued

Review of 2021 continued

Energy Assurance Services

Energy Assurance Services trading in the year remained in line with expectations as the Group continued to deliver on its strategy to broaden its customer base and significantly increase its Units of Opportunity (carbon emission points), with energy consumption levels increasingly recovering to pre-pandemic levels.

Energy Optimisation Services

Alongside the ability to access client sites more readily, Optimisation Services revenues also benefited significantly from the accelerating focus on the net-zero carbon agenda and the need for businesses to respond to climate change, driving record revenues for the division in H2 2021.

The acceleration in Optimisation Services delivery in H2 2021, from a business with a low utilisation rate in H1 2021, led to an increase in working capital utilisation into the year end which we expect to normalise during 2022.

ESG Solutions

Our organic entry into the ESG market for the provision of disclosure services was very encouraging, as we went from a standing start to revenues of £0.9 million, pioneering a pragmatic, practical and data driven service that cost effectively delivers ESG disclosures for clients.

Software Solutions

The number of third parties using our software increased from 50 to 60, delivering 13% organic growth. The Group deployed three new modules during the year.

Acquisitions

We completed the acquisitions of Businesswise and GEM, in Q1 2021, as the final phase of the deployment of our capital from the 2020 equity raise. These acquisitions focused on the energy assurance space and increased the Units of Opportunity (carbon emission points) that we work with and the surface area of opportunity to provide optimisation and ESG services to these clients.

Post period end, the Group acquired I-Prophets Compliance Limited and Digital Energy Limited, for aggregate consideration of £0.6 million. I-Prophets Compliance Limited and Digital Energy Limited are two trading subsidiaries of Information Prophets Limited, in which the Group previously held a strategic investment position. As part of the transaction to acquire I-Prophets Compliance Limited and Digital Energy Limited, the option to acquire Information Prophets Limited the Group entered in 2019 was amended to reflect the Group acquiring two of the trading subsidiaries of Information Prophets Limited.

The businesses are a niche competitor for our CARO monitoring and targeting software and give us access to 29,000 meters, which further increases our Units of Opportunity.

Evolving our ESG disclosures

The Group is delighted to publish its mandatory disclosures with respect to Streamlined Energy and Carbon Reporting (SECR) and our voluntary disclosures with respect to the Task Force on Climate-Related Financial Disclosures (TCFD) and ESG (completed in line with the GRI principles).

We are proud to retain our Green Economy Mark from the London Stock Exchange and achieve carbon neutrality for 2021. You will find a full disclosure of our sustainability and ESG impacts in our separately published suite of disclosures on our website, along with a summary of all of our business policies and our performance against them during 2021.

Strengthening our Board

2021 saw a significant step forward in the composition of our Board, adding a broad range of skill-sets suitable for enabling our ambition to grow from an enterprise value of c.£200 million to £500 million over the next five years. The appointments of Dianne Walker as an audit and finance specialist and Sangita Shah, who sits on the board of the QCA as a strategy and governance specialist, combined with Sarah Flannigan's appointment as a technology specialist with energy experience, will bring a wealth of relevant experience at Board level. Richard Logan, a veteran of AIM, was appointed as Chairman during 2021, positioning us well for the next phase of growth and development.

Increasing our executive bandwidth

As the Group continues to grow and has effectively trebled in size since 2017, it is appropriate to expand our executive leadership and we are delighted that David Cockshott, who joined the Group in 2020 as Chief Commercial Officer, will become an Executive Director on the Board from 1 April 2022. David will have operational responsibility for our Energy Solutions Division for 2022.

Macro environment

The war in Ukraine

At the time of publishing our 2021 results, the impacts of the war in Ukraine have been fast moving and continue to cause significant volatility and uncertainty across commodity and energy markets. As set out in our update to the market on 21 March 2022, we have proactively considered the impact of this event in its entirety and the Group is focused on the mitigating actions we can take by supporting clients with contract replacement. Inspired remains focused on helping its clients manage their costs and sustainability challenges through this crisis.

Managing an energy crisis

The impact of the energy crisis experienced during H2 2021 has continued into 2022. The impact on domestic energy consumers, including the raising of the price cap, has been well documented. The unprecedented nature of the crisis has and will present a number of challenges to society as a whole. However, as corporate businesses do not benefit from an energy cap, the price inflation will impact those businesses more significantly.

It is important to note that Group revenues and profits are not directly impacted by changes in energy commodity prices. Market conditions, including record high commodity prices, have led to some customers delaying renewals of supply contracts, which is predominantly the point at which assurance customers contract with the Group. Management believes this is a point of timing, not contraction of demand, with customer retention remaining consistent with previous years during the period at c.85%.

Inspired PLC is focused on helping its clients manage their costs through this crisis and notes that the economics of projects that reduce customers' energy consumption and carbon emissions offer a materially enhanced return on capital in this environment. The Group is well placed to help clients address this once the macro environment normalises.

Inflation

The compound effect of the war in Ukraine, together with the rapid rise in energy costs, is likely to lead to the current inflationary environment persisting for some time. This will provide medium to long-term opportunity for the Group but, as with all businesses, could lead to short-term pressures given the lag between absorbing inflation in the cost base and increasing the market price of our services to recover this.

In response to the potential for increased inflationary pressure the Group is accelerating its roll out of Robotic Process Automation (RPA) and the expansion of our operations centre in Mumbai.

COVID-19 recovery

Following the introduction of further lockdown measures in early 2021, which prevented access to customer sites, the delivery of optimisation services was severely disrupted during H1 2021. H2 2021 saw a return to business as usual and a catch up in the delivery of optimisation services, once we were allowed access to clients' sites again. We observe that save for any new developments with respect to the pandemic this is no longer a limiting factor on business performance.

Outlook

The bigger picture

The war in Ukraine, at the time of writing, places all of the risks and opportunities in perspective when considered in the context of life and death situations. The geopolitical and macro-economic environment makes the excitement of our opportunities seem trivial and provides a backdrop of risks that are out of our control to be managed.

Despite this unprecedented backdrop, we find ourselves with a strong platform for growth and an evolved strategy and as one of the market leaders in our space. We are well placed to deliver value to corporate businesses.

I am sure many share our shock at the abhorrent actions of the Russian regime and our hope that the war and resulting humanitarian crisis end soon with a peaceful resolution.

Delivering net-zero carbon solutions

Further to COP26 and noting the favourable macro drivers in relation to net-zero carbon and ESG, for 2022 we will be focusing on delivering further cross-sells to our existing clients and maximising the potential of each of the Units of Opportunity within the portfolio.

Acceleration of ESG solutions

During 2021, we proved the concept of ESG solutions, demonstrating we could sell and deliver services to existing clients and developing an understanding of the value proposition and the value that clients will ascribe to such services.

Given that our organic entry into ESG has proved successful, 2022 will see us start to make a more substantive investment into ESG resources and capability.

We will reinvest c.£1.5 million of EBITDA in order to expand our ESG delivery capabilities (through people and processes) in order to scale up, so the Group can stay ahead of demand.

More generally we would expect this investment to be a catalyst for accelerating the growth of the ESG Solutions Division, which we believe has an addressable market that is equivalent to the size of the market for energy assurance and optimisation services and provides an opportunity for material organic growth.

Delivering software solutions

Our Software Solutions Division is continuing to develop modules which allow the evolution of our technology enabled services and expand the number of the third parties that we provide such software to.

The provision of our software to other service providers in the marketplace generates additional economic rents from capital expenditure that the Group would have to undertake in order to provide its own technology enabled service. Furthermore, by technology enabling other service providers in the marketplace, we professionalise our pipeline for future M&A activity. As our technology helps those other service providers grow and their owners seek to de-risk, the Group becomes a natural buyer for such businesses.

Continued M&A

In addition to a track record of consistently delivering organic growth, the Group has built a strong capability to deliver and integrate acquisitions. Having completed three acquisitions in 2021, the next year will see us continuing to build our acquisition pipeline with a particular focus on businesses that help build our capability with respect to optimisation and ESG services.

Q1 2022 update

Trading in Q1 has started in line with expectations as the Group continues to manage the current macro-economic and geopolitical uncertainties.

Cash collection, with respect to the Energy Optimisation Services Division, has started strongly in the first couple of months of 2022 after becoming stretched due to the strong growth experienced in this division during H2 2021 and remains a major focus for the executive team.

We note that new business sales have started particularly well with the order book values of new customer contracts signed in the first two months of the year being some 93% ahead of the previous year. This should not be confused with revenue growth as order book will flow to revenue over multiple years and this performance is likely to smooth over the year. However, this is a positive start despite a challenging macro-economic environment.

Mark Dickinson
Chief Executive Officer
29 March 2022

Our business model

As we mature as a business we have been able to evolve our organisation flywheel, which provides the platform for delivering compound growth.

1. Increase Units of Opportunity

In order to deliver net-zero carbon solutions that make a difference we need to provide services that influence as many points of carbon emission ("Units of Opportunity") as possible. For a business these are meter points where energy is consumed and buildings and structures where operations occur. We increase the number of Units of Opportunity we manage through:

- **a.** organic client acquisition providing energy assurance services;
- **b.** organic client acquisition providing ESG disclosure services;
- **c.** acquisitions of energy assurance businesses like Business Wise, GEM and LSI Energy Holdings Limited (acquired in 2020);
- **d.** forensic audits of clients' historical energy costs to unlock latent value in their property estates;
- **e.** SaaS sales of our proprietary software to other technology enabled service providers;
- **f.** SDGme, where our free software helps clients' employees engage with the SDGs; and
- **g.** investors, where fund managers recommend our services to their portfolio companies.

2. Increase energy assurance services and ESG disclosure services we provide to our Units of Opportunity

Our energy assurance services and ESG disclosure services are effectively 'data services' which collect, validate and process the client's unstructured data relating to energy and carbon emissions for corporate businesses, delivering regulated compliance services, and resolving complexity with respect to non-discretionary purchases and ESG disclosure.

These services require regular monthly interaction with the client's procurement, operations, property and finance teams and often result in a regular high quality C-Suite relationship with the client. Through the provision of these services we:

- **a.** help the client control their costs;
- **b.** ensure the client complies with their legal and regulatory obligations;
- **c.** manage the data that allows us to identify their optimum opportunities for reducing carbon emissions and deliver net-zero carbon; and
- **d.** earn the right to help them implement those net-zero carbon solutions.

3. Cross-sell carbon reduction and social impact services to clients

Our energy optimisation services are very rarely sold directly to a new prospect. They are cross sold to clients that we have already built a trusted advisor relationship with, through providing data services.

These services include:

- **a.** monitoring and targeting behavioural change and waste reduction;
- **b.** net-zero carbon strategy development;
- **c.** metering and building controls;
- **d.** energy efficiency and reduction measures;
- **e.** demand side response; and
- **f.** on-site generation and storage.

Inspired is one of the few independent, solution agnostic service providers that can provide an end-to-end service in relation to delivering net-zero carbon for corporate businesses.

4. Increase the number of carbon reduction and social impact services to clients

Historically Inspired has its roots in the 'E' of ESG and we have built capability in this area via acquisitions. The Group will continue to add more solutions and services not only in the 'E' but also the 'S' and 'G' by future acquisitions or partnerships. This increases the revenue we can generate as part of the cross-sell process as set out in section 3.

5. Invest in technology to increase data services

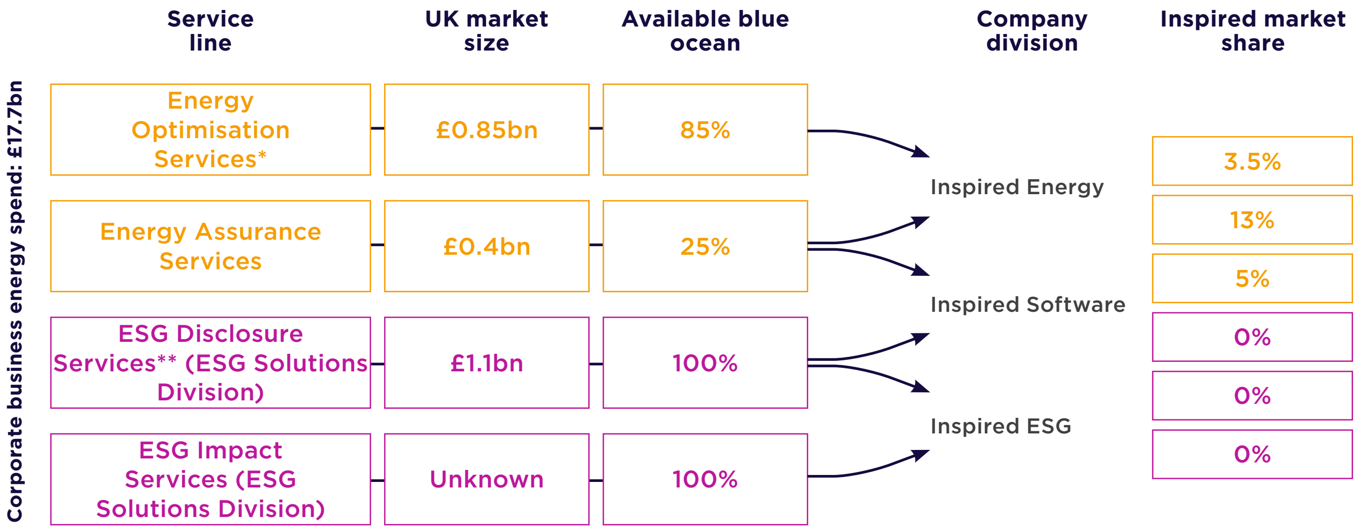
In order to retain the right to provide net-zero carbon services to our Units of Opportunity, we need to remain relevant and market leading with respect to our data services in order to maintain our trusted advisor status with the client. This requires capital investment in new solutions and underpins maintaining and organically growing our Units of Opportunity.

Such investment is a fundamental part of our flywheel. However, it also provides a vehicle for adding indirect Units of Opportunity to our portfolio through our provision of SaaS solutions to other service providers in the marketplace. This gives us an extra return on this investment and a route to further accelerate our organisational flywheel.

6. Drive down the cost to serve for each Unit of Opportunity

Continuous focus on driving down the cost to serve for each Unit of Opportunity allows us to invest in new service provision, business improvement and organically increasing our Units of Opportunity.

Our markets



Our approach to each of our markets can be summarised as:

Energy Assurance Services

This service line has strong structural elements where every corporate business: is a potential client (everyone needs energy), has a non-discretionary call to action (you need a supply contract to get energy) and needs subject matter expertise (we provide this to the client).

Services start with energy procurement and expand into energy accounting where we typically build relationships at C-Suite and operate as a trusted advisor to the client.

This market is structurally mature with three in every four corporate businesses using a TPI.

Ignoring the impact of COVID-19, the company typically delivers 5% to 6% organic growth in this area.

These services are the cash-generating heart of the business and where we have 16.5% direct market share via our Inspired Energy Division and an additional 5% indirect market share via our Software Solutions Division.

Energy Optimisation Services

We approach this market mainly from a cross-selling perspective where we help existing clients plan and deliver their journey to net-zero.

Once we understand the client's consumption data we can identify opportunities to optimise energy consumption and reduce carbon emissions.

By supporting the client's energy accounting and providing a forensic audit of a client's historical charges we are often able to recover value from historical overcharges and trapped accruals which can be used to finance activity to deliver net-zero carbon.

Inspired is one of the few organisations that can provide an end-to-end solution to actively deliver the solutions that will lead to net-zero carbon.

ESG Disclosure Services (ESG Solutions Division)

This is a relatively new and immature market with attractive structural drivers.

ESG disclosure is becoming a non-discretionary item from investors with respect to access to capital and asset valuations.

Additionally to win contracts from clients, businesses are increasingly having to demonstrate what they are doing with respect to net-zero carbon and improving ESG impacts.

We manage the data collection and validation and provide the resources for the creation of the disclosures so that corporate businesses can meet their regulatory obligations and needs of their investors and customers.

ESG Impact Services (ESG Solutions Division)

Just as energy optimisation services follow from the trusted relationship we build with clients by providing energy assurance services, our ESG impact services are primarily a cross-sell.

As we build out disclosures for clients we make available services to help make an impact on their disclosure in the future.

Our optimisation services allow clients to make an impact on the 'E' of ESG and we will continue to build out solutions to improve an organisation's impacts with respect to the 'S' and the 'G'.

* Market size derived from data independently published by Cornwall Insight.

** Market size estimated by the Group based on number of companies in the market.

Our strategy

Our Group purpose can be summarised as:

"Help businesses manage their journey to net-zero carbon and respond to the climate emergency whilst controlling their costs."

In order to meet this purpose we consider our strategy over two time horizons from an economic, environmental and social perspective.

Short term (current FY to FY25)

Economic

Energy Assurance Services

- Maintain position as the market leader in the UK and Ireland.
- Deliver 5% to 6% organic growth.
- Focus on customer service to maximise client retention rates at no less than 85%.
- Deliver up to three acquisitions per year that consolidate the market and are earnings enhancing.
- Deliver a market entry into circa five new geographies by December 2024.

Energy Optimisation Services

- Deliver 15% to 25% organic growth.
- Focus on delivering Carbon Action Programmes to deliver net-zero carbon strategies for clients.
- Deliver up to two acquisitions per year that provide additional capability, consolidate the market and are earnings enhancing within two years.

ESG Disclosure Services (operating within ESG Solutions Division)

- Grow our taxonomy and ESG framework agnostic solutions to help corporate businesses make their ESG disclosures in the UK and Ireland. Achieve positive cash generation by December 2023.

ESG Impact Services (operating within ESG Solutions Division)

- Deliver the SDGme solution for 25% of Group clients by December 2024.
- Build ESG Impact Services to enable solution provision for each element of the ESG wheel.

Software Solutions

- Deliver 15% to 20% organic growth.
- Deploy capex to deliver six to eight new technology solutions per year.
- Deliver up to two acquisitions per year that underpin the Group's technology enabled services.

Environmental

- Improve business processes to allow better management of supply chain, waste management and water management to allow an acceleration in delivering net-zero carbon.
- Review the office estate and rationalise to locations that have the potential to deliver absolute net-zero carbon on a location basis.
- Deliver carbon neutrality for our Scope 1 and 2 emissions and our consumed Scope 3 emissions.
- Deliver a 25% reduction in water use by 2025.
- Replace or remove single-use plastic by 2025.
- Reduce paper usage by 50% by 2025.
- Recycle 90% of paper by 2025.
- 80% of suppliers by spend making a TCFD disclosure or equivalent by 2025.

Social

- Review learnings from the COVID-19 pandemic and work collegiately with employees to implement 'flexible working practices'.
- Invest in further IT infrastructure to create a best in class remote working environment.
- Implement the UN Sustainable Development Goals within the business culture.
- Develop a STEM Scholarship programme with a diversity and inclusion focus.
- Launch the Inspired Foundation, which will receive donations for products that we share with clients.
- Create a programme to scale charitable contributions from the organisation in proportion to business growth.

Long term (5 to 25 years)

Economic

- Maintain a market leading position for each division in each country of operation, maximising cash generation for the benefit of all stakeholders.

Environmental

- Achieve net-zero through absolute Scope 1 and 2 reduction on a location basis by 50% by 2030 vs 2019 and in total by 2035.

Social

- Maintain an equitable distribution of benefits between all stakeholders in proportion to the performance of the business.

Our KPIs

We monitor a range of financial metrics that reflect the underlying strength of our business and its operating divisions, enabling measurement of progress against our strategy.

Group

Average number of persons employed

+17%

2021	608
2020	251
2019	423

Average number of persons employed indicates both the organic and acquisitive growth during the period, and the continued investment in talent to facilitate future growth.

Corporate Order Book (£000)

+7%

2021	67,500
2020	63,000
2019	57,500

The Corporate Order Book provides an indicator of the latent growth of the business which has yet to be recognised as revenue of the Group.

Revenue (£000)

+47%

2021	67,941
2020	46,110
2019	43,696

Revenue performance of the Group reflects the progression of the Group against our strategy to deliver both organic and acquisitive growth.

Gross profit (£000)

+31%

2021	50,692
2020	38,900
2019	39,044

We consider gross profit a key measure of the direct cost required to provide our different service lines to customers.

Adjusted EBITDA (£000)

+55%

2021	19,791
2020	12,767
2019	16,920

Adjusted EBITDA is earnings before interest, taxation, depreciation and amortisation, excluding exceptional items and share-based payments. Adjusted EBITDA is the main measure of profitability used within the business.

Adjusted EBITDA margin (%)

+1%

2021	29
2020	28
2019	39

Adjusted EBITDA is the main measure of profitability used within the business, and therefore the percentage of EBITDA generated from revenues enables the Group to monitor the profitability of the Group as the revenue mix of the Group evolves.

Assurance

Revenue (£000)

+20%

2021	35,521
2020	29,608

Adjusted EBITDA (£000)

+19%

2021	17,015
2020	14,336

Gross profit (£000)

+17%

2021	32,665
2020	27,912

EBITDA margin (%)

2021	48
2020	48

Optimisation

Revenue (£000)

+109%

2021	29,059
2020	13,892

Adjusted EBITDA (£000)

2021	4,961
2020	(465)

Gross profit (£000)

+75%

2021	14,731
2020	8,425

EBITDA margin (%)

+20%

2021	17
2020	(3)

Software

Revenue (£000)

+13%

2021	2,395
2020	2,117

Adjusted EBITDA (£000)

+23%

2021	1,770
2020	1,436

Gross profit (£000)

+13%

2021	2,330
2020	2,070

EBITDA margin (%)

+6%

2021	74
2020	68

ESG

Revenue (£000)

+96%

2021	966
2020	493

Adjusted EBITDA (£000)

-66%

2021	31
2020	93

Gross profit (£000)

+96%

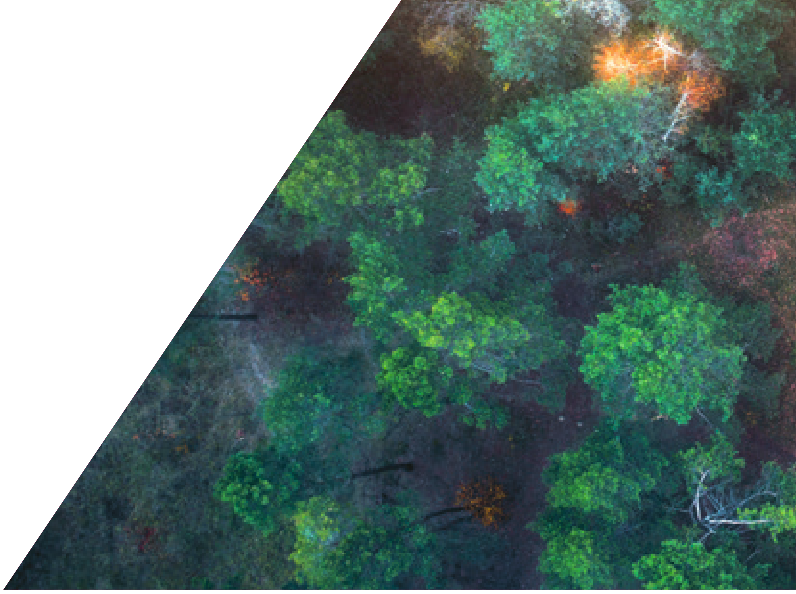
2021	966
2020	493

EBITDA margin (%)

-16%

2021	3
2020	19

Chief Financial Officer's statement



Paul Connor
Chief Financial Officer

The strategic and financial initiatives delivered in the year have ensured the Group is well placed to deliver the effective implementation of our strategic growth plan.

We are pleased to report strong financial results for the year ended 31 December 2021 where we have remained agile and alert to the changing restrictions and environment in which we operate, navigating the challenges of the ongoing pandemic and global energy crisis.

2021 was a year in which we achieved a 47% increase in revenue, with total revenues of £67.9 million compared to £46.1 million in 2020. Following the significant impact of the COVID-19 pandemic in 2020 and Q1 2021, the Group's organic revenue showed a strong recovery in 2021, increasing by 37% (2020: -20%). Group adjusted EBITDA increased by 55%, driven by significant increases in contribution from Optimisation Services, generating £5.0 million, having contributed a loss of £0.5 million in 2020, and Assurance Services EBITDA increasing 18% to £17.0 million (2020: £14.3 million).

This reflects the ongoing economic activity recovery from the challenges presented by the pandemic, partly driven by a recovery in energy consumption by our assurance customers and, as anticipated, the resumption, and subsequent acceleration, of optimisation projects in H2 2021 once access to clients' premises was no longer restricted by pandemic rules.

The war in Ukraine has created volatility across commodity and energy markets and the Group continues to manage the uncertain macro-economic backdrop, where additional risks need to be managed.

Divisional performance

Energy Solutions Division

The Energy Solutions Division comprises Energy Assurance Services and Energy Optimisation Services.

Energy Assurance Services

Energy Assurance Services trading in the year remained in line with expectations. The Group continued to deliver on its strategy to broaden its customer base and significantly increase its Units of Opportunity (also referred to as client meter points or carbon emission points), with energy consumption levels continuing to recover to pre-pandemic levels.

Energy Assurance Services generated 52% of total Group revenues in 2021 (2020: 64%), being £35.5 million (2020: £29.6 million), an increase of 20%, of which 5% was organic.

Energy Assurance Services contributed adjusted EBITDA of £17.0 million, an increase of 19% (2020: £14.3 million). The adjusted EBITDA percentage margin was 48% (2020: 48%). In normal market conditions and post full integration of acquisitions, management's view is that the division should generate adjusted EBITDA margins of c.50%.

Energy Optimisation Services

The Group's Energy Optimisation Services division gained momentum throughout 2021, accelerating in H2 2021, following the lifting of COVID-19 related restrictions, which had previously impeded access to sites.

Energy Optimisation Services generated 43% of total Group revenues in 2021 (2020: 30%), amounting to £29.1 million (2020: £13.9 million), an increase of 109%, all of which was organic. Energy Optimisation Services contributed adjusted EBITDA of £5.0 million having been loss making in 2020 due to the COVID-19 disruption (2020: loss of £0.5 million). The Energy Optimisation Services Division in H1 2021 delivered adjusted EBITDA margins of 11% reflecting the impact of COVID-19 restrictions on the trading performance of the division, with the benefits of the investment made into the division reaped during the second half of the year as activity levels increased; H2 2021 adjusted margins recovered to 22%. As a result, the full year adjusted EBITDA percentage margin for 2021 was 17% (2020: -3%). Operating at full capacity, management's expectation is that the division will consistently generate adjusted EBITDA margins of 20%–25%.

Demand for energy optimisation services continues to increase, with strong underlying drivers, including high commodity prices and the drive to net-zero.

Software Solutions Division

The Group's Software Solutions Division continues to develop well with revenues growing organically by 13% to £2.4 million (2020: £2.1 million) and generating adjusted EBITDA of £1.8 million (2020: £1.4 million), with the division producing a strong sustainable adjusted EBITDA margin of 74% (2020: 68%).

ESG Solutions Division

The ESG Solutions Division comprises ESG Disclosure Services and ESG Impact Services.

ESG Solutions generated revenues of £1.0 million in its first full year of operation (2020: £0.5 million), delivering 96% growth organically, reflective of the growing market for these services. The increasing focus of investors and businesses on net-zero carbon targets, combined with mandatory requirements for businesses to make ESG disclosures from 2022, provides a favourable backdrop to continue to invest in the strategy for the Inspired ESG Solutions Division.

Group results

PLC costs were £3.9 million (2020: £2.7 million), reflecting the increased investment in management bandwidth and talent.

Overall, the Group generated adjusted EBITDA for the year of £19.8 million (2020: £12.8 million). After deducting charges for depreciation, amortisation of internally generated intangible assets and finance expenditure, the adjusted profit before tax for the year was £13.1 million (2020: £6.9 million). The increase in adjusted EBITDA was in part offset by an increase in depreciation and internally generated amortisation. Finance costs were higher than anticipated, as the Group chose to hold a higher level of cash and cash equivalents than reduce the balance drawn under the revolving credit facility with its lenders.

Under IFRS measures the Group reported a profit before tax for the year of £1.9 million (2020: loss of £4.5 million), with reported profit before tax in the year impacted significantly by substantial charges for the amortisation of intangible assets as a result of acquisitions, share-based payment charges, fees associated with acquisitions, restructuring costs and the changes in the fair value of contingent consideration.

A full reconciliation of the Group's adjusted profit before tax to its reported profit before tax is included in note 5.

Alternative performance measures

Acquisition activity can significantly distort underlying financial performance from IFRS measures; the Board therefore considers it appropriate to report adjusted metrics, as well as IFRS measures, for the benefit of primary users of the Group's financial statements. Reconciliations to adjusted profit before tax and adjusted fully diluted EPS can be found in note 5.

Cash generation

Group cash generated from operations during the period was £7.9 million (2020: £8.4 million). Excluding non-recurring fees associated with restructuring costs and deal fees, cash generated from operations was £10.1 million (2020: £11.6 million).

- The Energy Assurance Services Division generated operating cash of 80% of adjusted EBITDA during 2021, being £13.8 million.
- The acceleration in Energy Optimisation Services project delivery, in particular in Q4 2021 which was a record quarter for the divisions, drove an increase in trade receivables into the year end. As a result of this working capital cycle in 2021, underlying cash generated from operations within the division was a cash outflow of £0.6 million, being -11% of the adjusted EBITDA of the division.
- Trade receivables within the Energy Optimisation Services Division at the year end were £11.0 million, of which 75% has been collected in Q1 2022 to date. Within the 25% which remains uncollected in Q1 2022 is an aged balance of £2.1 million due from a major public sector optimisation customer. As noted in the January trading update, measures remain in place to collect this balance during H1 2022. Excluding this specific aged balance, 90%+ of the year-end optimisation balance has been collected to date in Q1.
- Software Solutions Division – operating cash of 107% of adjusted EBITDA during 2021, being £1.9 million.

Chief Financial Officer's statement continued

Cash generation continued

Overall, following a cash outflow in PLC costs of £5.0 million, and minimal cash contribution from ESG Solutions, underlying cash generated from operations for the period was £10.1 million.

At the time of publishing the 2021 final results, 80% of the Group trade receivables balance at 31 December 2021 has been received to date in Q1 2022, and with the exclusion of the £2.1 million aged receivable within the Optimisation Services Division, 90% of the Group trade receivables balance has been recovered in Q1 2022.

Management expects underlying operating cash conversion ratios from FY22 onwards to further improve, as the Energy Optimisation Services Division's trading growth profile stabilises.

During H2 2021, the Group made an accelerated investment in solutions architecture and CRM, to ensure our platforms can continue to scale and are interoperable with other systems. This wasn't repeatable expenditure, with management expecting intangible spend to return to expected levels in 2022.

The increase in net debt reflects a year in which the cash generation of the Group was offset by the payment of £7.3 million initial cash consideration for BWS and GEM, and £1.1 million of contingent cash consideration to the vendors of ECM, PCMG and LSI.

Exceptional costs

Exceptional costs of £2.3 million (2020: £2.3 million) were incurred in the year, which includes £1.0 million (2020: £1.4 million) of deal fees associated with acquisitions completed in the year.

Restructuring costs of £1.2 million (2020: £0.9 million) were incurred in the year, which included £0.9 million relating to restructuring programmes associated with the integration of businesses acquired prior to 2021 and £0.3 million of termination payments as a result of the disposal of the SME Division.

Change in fair value of contingent consideration

The fair value of contingent consideration at the balance sheet date is a judgement of the contingent consideration which will become payable based on a weighted average range of performance outcomes of the acquired business during the earn out period, which is subsequently discounted for the time value of money and risk.

The Group recognised a £4.7 million loss (2020: £1.1 million) in the period as a result of changes in the fair value of contingent consideration which were treated as exceptional. Of the £4.7 million loss, £3.0 million relates to the increase in the liability for contingent consideration payable, of which £1.9 million relates to the unwinding of discount rate, with £1.0 million representative of the ongoing economic recovery post the significant impact on trading of COVID-19 for Ignite Energy LTD.

Of the £4.7 million loss, £1.7 million relates to the reduction in the expected recovery of the deferred contingent consideration from the SME disposal completed in December 2020, of which £0.2 million relates to the unwinding of discount rate. The reduction in expected recovery is reflective of the impact of failed energy suppliers during the period, most notably CNG, and the impact of prolonged under consumption and site closures within the SME portfolio due to COVID-19.

Exceptional costs and changes in fair value of contingent consideration are considered by the Directors to be material in nature and non-recurring; they, therefore, merit separate identification to give a true and fair view of the Group's result for the period.

Financial position and liquidity

At 31 December 2021, the Group's net debt was £32.9 million (H1 2021: £30.17 million; 2020: £18.8 million). Cash and cash equivalents were £12.9 million (2020: £26.9 million) on hand. Approximately £14.0 million of the Group's £60.0 million revolving credit facility was undrawn, with an additional £25.0 million accordion option available to the Group, subject to covenant compliance.

In March 2021, the Board agreed with its lenders to amend the definition of adjusted net leverage to apply from 1 July 2021, to take account of the impact of the adoption of IFRS 16 and the re-definition of contingent consideration to only include deferred consideration or crystallised contingent consideration. Collectively, these agreed changes significantly reduce the forecast leverage of the Group for covenant purposes.

On entering the current facility agreement with Santander and Bank of Ireland in October 2019, the Group had an option to extend the term of the facility from October 2023 to October 2024. The Group exercised that option in September 2021, taking the term of the existing facility to October 2024. Subsequently, the Group has agreed with the lenders to defer by twelve months the tapering, from 2.50:1.00 to 2.00:1.00, of the adjusted net leverage covenant; this was due to apply in the quarter ending 31 December 2022, but its application has now been extended to 31 December 2023, to align with the extension of the facility.

Dividend

The Board is pleased to propose a final dividend of 0.13 pence per share (2020: 0.12 pence) in line with the Group's revised policy of paying dividends covered by at least 3.0x earnings.

The dividend will be payable on 26 July 2022 to all shareholders on the register on 17 June 2022 and the shares will go ex-dividend on 16 June 2022.

In summary

The strategic and financial initiatives delivered in the year have ensured the Group is well placed to deliver the effective implementation of our strategic growth plan, whilst managing the additional risks created by the war in Ukraine. The strong growth of the Group's revenues and adjusted EBITDA in the year, coupled with a strengthened platform capable of generating long-term growth, positions Inspired well to achieve its long-term financial goals.

Paul Connor
Chief Financial Officer
29 March 2022

Principal risks and uncertainties

We have identified our main risks and are taking appropriate action to prevent, manage or mitigate these.

Risk review

Effectively managing risks is an integral part of Inspired's continuing success.

We have made significant progress in our internal risk management and controls during 2021, improving the robustness of our assessment of the principal risks facing the Group and the governance structure around how risks are prioritised and mitigated.

The risk statement also now takes into account the risks the business faces with respect to climate change, as set out within the Group TCFD disclosure.

The Board has assessed the Group strategy in the context of the risks and uncertainties that it would be willing to take in pursuit of that strategy. The Board has made a clear assertion of those risks that are considered to be unacceptable.

The accepted risks form the basis of our risk appetite statement which comprises the risk assertions and the parameters within which we expect our people to work. The parameters can apply to more than one risk assertion, and therefore the individual risk assertions should not be read in isolation.

Risk appetite statement

Risk area assertion	Risk parameters
Organic growth We will rigorously pursue divisional organic growth strategies in accordance with our strategy.	Investment in resources will be consistent with the strategic plan, which will be reviewed on a timely basis. We are prepared to make EBITDA-impacting investment providing such investment is capable of delivering an IRR within the Board's set parameters.
Mergers and acquisitions We will actively pursue acquisitions that are consistent with our strategy.	Any acquisition will be made on the basis that net debt/EBITDA returns to less than two times within twelve months of a transaction. An acquisition will be earnings enhancing within 24 months of completion, on an adjusted fully diluted EPS basis.
Returns and profitability Growth shall be pursued on a profitable basis.	The Group shall aim to maintain EBITDA margins at a divisional level. Overall margin dilution is acceptable when this is due to blend of services provided by division. The Group shall be able to loss lead a product or service as a catalyst for growth providing the overall margin dilution at a divisional level is within the Board's set parameters.
Capital structure The Group is prepared to use leverage to achieve its objective pursuant to the strategy.	We will seek to maintain the ratio of net debt to EBITDA at less than two times, save where driven by the short-term impact of an acquisition. We will maintain adequate headroom against covenants as reviewed on a monthly basis.
Reputation/brand/image We will avoid/manage situations or actions that could have a negative impact on our reputation and brands. We aim to be transparent with all of our stakeholders unless prejudicial to our collective interests.	No tolerance for breaches of: • legislative/statutory requirements; • Inspired policies; • international sanctions; or • delegated authority levels.

Principal risks and uncertainties continued

Risk appetite statement continued

Risk area assertion	Risk parameters
Safety, health and environment We will not undertake or pursue activities that pose unacceptable hazard or risk to our people, the communities in which we operate, or the broader environment.	Require Risk Assessment and Method Statements (RAMS) for any work undertaken on Group properties. Provide RAMS for any work we undertake on third party premises. No tolerance for breaches of the Inspired health and safety and environmental policy.
Innovation We will invest in technology, research and development to innovate our customer offering allowing us to maintain and expand our market share.	We are prepared to a Board approved percentage of Group revenue on innovation or software development to underpin our technology enabled service.

Risk management

The responsibility for risk identification and mitigation lies with the management of the business. Risks are assessed, and quantified, in terms of likelihood of occurrence and impact, both before and after control mitigation. Assessing the gross risk before control mitigation allows the business to review the relative impact of the existing controls by comparing the gross and net risk assessment. This also allows the business to better allocate resources on mitigating controls and avoid actions which have a negligible impact on the risk assessment.

Not all risks are controllable or foreseeable, a key example being natural disasters or pandemics. Our response to such risks is having controls which lessen the impact to our business should they occur. For example, in the case of a natural disaster, we have planning protocols, with clear accountability to minimise disruption to operations and our customers whilst prioritising the safety of our employees.

The risks detailed below are those which have been identified as principal risks based on the likelihood of occurrence and the severity of the potential impact, in accordance with section 414C of the Companies Act.

Staff recruitment, development and retention	Impact on strategy
Failure to recruit, train, develop and retain our staff may impact Group operations and service delivery.	

Why we think this is important	How we are mitigating this risk	Changes during FY21
As a technology enabled service provider in a specialist marketplace, our employees are our largest direct cost and fundamental to the quality and provision of our services. The COVID-19 pandemic has led people to reflect on their career and lifestyle choices and as such we have noticed much greater workforce churn than usual.	In the instance the CEO and CFO were unable to undertake their duties due to unforeseen circumstances, the business has interim succession in place to minimise the disruption to the business in the short term, and enable the Board to facilitate a process to appoint permanent replacements in an appropriate manner. Competitive review of reward structures and staff surveys/appraisals are regularly carried out. All senior managers are incentivised with share options with a 12 to 24-month forward horizon. All staff have a quarterly bonus structure which provides a high precision tool for aligning rewards to behaviours. 25% of this bonus is retained for twelve months and is lost if the individual leaves the company. An internal recruitment function maintains an active recruitment pipeline for all key roles within the organisation. The business is increasingly focused on a grow your own policy with respect to a graduate training scheme and an apprenticeship scheme.	Professional coaching for the Finance Director. INSEAD MBA support for a member of the executive management team. Acceleration of graduate recruitment. Acceleration of apprentice recruitment.

Health and safety		Impact on strategy
Failure to protect our people and other stakeholders from harm associated with a breach of our legal and regulatory obligations.		People, Customers, Legal, Reputation
Why we think this is important	**How we are mitigating this risk**	**Changes during FY21**
Our optimisation services require visits by staff and contractors to client sites, to install and remove electrical and other equipment. In addition since the COVID-19 pandemic the shift towards home working places extra demands on employers to ensure their employees are safe within the work from home environment.	All employees and contractors must provide and operate to approved RAMS when working on a client's site. Every employee is surveyed each month with respect to their ability to work safely from home. Every employee working at home is required to complete a DSE assessment. Any employee that cannot maintain a safe home working environment is contractually required to return to the office environment.	Achieved ISO 45001. Implemented online DSE assessment tool. No change

IT security and continuity		Impact on strategy
Failure to maintain business systems or technical infrastructure that serves the business needs. Failure to successfully execute changes to these business systems or technical infrastructure, together with failure to minimise disruption and maintain business as usual activity during technical infrastructure or business system changes. Failure to adequately protect the business operations from cybercrime.		People, Customers, Reputation
Why we think this is important	**How we are mitigating this risk**	**Changes during FY21**
Given we are a B2B service provider we do not really process any personal data. As a technology enabled service provider we would suffer material reputational risk if we were the victim of a cyber attack. Our Software Solutions Division provides SaaS based solutions and needs to maintain data security to current market standards.	We operate to a Cyber Essentials II standard. We operate a cyber security autonomous breach protection platform across out IT assets. We operate a regular programme of simulated phishing attacks on the organisation to allow us to educate and embed 'cyber safe' behaviours in employees. Our proprietary software is regularly penetration tested by a third party and subject to independent code reviews prior to release.	Implementation of an autonomous breach detection service. Increased risk

Strategy:

- Organic growth
- People
- Customers
- Reputation
- Legal
- Community
- Investment

Risk key:

- Increased risk
- No change
- Decreased risk

STRATEGIC REPORT
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Principal risks and uncertainties continued

Ethics, ESG and political

Impact on strategy

Failure to balance the interests of our stakeholders in the context of environmental, social and political risks can have an adverse reaction on the business.

Why we think this is important

We operate a business which performs an integral role in enabling ESG reporting and it is essential that our organisation remains at the forefront of thought leadership and behaviours in that regard.

We are unwilling to accept dishonest or corrupt behaviour from our people, or external parties acting on our behalf, whilst conducting our business. If we fail to act with integrity, we are at risk of:

- reputational damage leading to a loss of customers;
- legal action from regulators including fines, penalties and imprisonment; and
- exclusion from markets important for our future growth.

We expect all areas of the business to do the right thing and conduct business in compliance with procedures, applicable laws and Inspired PLC policies.

How we are mitigating this risk

We provide voluntarily a full suite of ESG disclosures.

The Group policies set out standards that Inspired PLC expects from employees and suppliers and the consequences of failure to operate at the expected standards.

All of these policies are published on our Group website, along with a statement of our performance against those policies within this document.

Changes during FY21

Publication of our first voluntary TCFD report.

Publication of our first ESG report consistent with GRI Standards.

Competitive environment and market conditions

Impact on strategy

Changes to our marketplace and the competitive environment can impact our ability to retain our clients and attract new ones.

Why we think this is important

When energy prices rise, energy suppliers can fail financially and corporate businesses will delay their contracting decisions and shorten the duration of the contracts they place. Whilst this does not impact our revenues providing we maintain our client retention rates it will reduce the businesses forward order book which is measured on a total contract value basis.

Inspired PLC is the player of scale in the energy assurance market which supports the organic growth engine. As such Inspired needs to be aware of changes in competitor behaviour and proactively develop services and solutions in the face of changing market conditions.

Energy assurance services are currently an unregulated market and should regulation be introduced, the increased cost of compliance could impact the results of the Group.

How we are mitigating this risk

Credit insurance has been taken out with respect to energy suppliers and their creditworthiness is a key determinant of supplier selection recommendations made to clients.

We focus on client service and satisfaction to maintain retention rates during a period of shorter contract situation. We operate a 'client at risk/ intensive care' process should a client express concerns about service.

We endeavour to maintain sales and operational processes that operate to a level above the proposed regulatory requirements.

Changes during FY21

Operational risk	Impact on strategy
Failure to maintain operational productivity will risk client service levels and delivery of results.	Organic growth

Why we think this is important	How we are mitigating this risk	Changes during FY21
Acquisitions are a significant growth driver for Inspired PLC and failure to integrate them properly can adversely affect expected results. In times of high energy price volatility there is an increased risk that clients evaluate their positions with hindsight and can be dissatisfied that too much or too little has been bought at any point in time. Whilst the transition to home working has been successful there is a danger that productivity declines as collaboration and problem solving reduces. The business provides a critical service to clients with respect to managing client disconnection notices which relies on the postal service.	In the first phase of integration, employee contracts are transformed to Inspired standard with strong non-competes and non-solicitation clauses to protect the consequences of employee churn. The integration of client facing roles generally does not occur until the end of the second year of the integration programme to deliberately minimise disruption to clients. For each acquisition that is not in a contingent consideration situation we provide salary journeys and zero cost share options for essential staff. Client contracts have a limit of liability which generally caps exposure at the fees of the client and in exceptional cases the limit of the Group's professional indemnity insurance. We are in the process of implementing software which tracks activity per software package. Operational KPIs track the quantities of deliverables which determines productivity with qualitative customer survey KPIs also regularly monitored. The current flexible working proposals will mandate time in the office with teams to maintain collaboration. We are implementing an outsourced scanning solution which allows post to be delivered to a PO Box, scanned and distributed electronically to the correct person in our organisation, increasing reliability and differentiating our service.	No change

Strategy:

- Organic growth
- People
- Customers
- Reputation
- Legal
- Community
- Investment

Risk key:

- Increased risk
- No change
- Decreased risk

Principal risks and uncertainties continued

Finance and contractual risk		Impact on strategy
Failure to manage our financial and contractual risks can lead to unexpected increased changes to the Group's results.		Organic growth

Why we think this is important	How we are mitigating this risk	Changes during FY21
Our revenues can be exposed to the underlying performance of our clients' businesses. Our optimisations services require the purchase and holding of stocks of equipment to deliver net-zero projects to our clients. The value of this stock can vary over time. The journey to net-zero carbon can require the use of offset certificates for clients. In order to match buyers with sellers we need to warehouse these certificates from time to time which can expose the Group to market risk with respect to the value of certificates. Projects that deliver net-zero carbon can adversely affect the working capital profile of the business. The business finances its acquisitive growth using banking debt which is subject to covenant tests which need to be met.	We maintain a highly diversified revenue stream within our Energy Assurance Services division with no client representing more than 1% of revenues. Stocks are revalued regularly and assessed for relevance given the fast paced nature of technological change. The value of warehoused green certificates are marked to market on a monthly basis and sold back if adversely impacting the P&L to limit liability. Project WIP, invoicing and cash recovery are monitored on a weekly basis by the CFO. The Group experienced an abnormal working capital cycle during 2021 due to the acceleration of optimisation growth, following a period of underutilisation due to COVID-19, and the Group expects cash generation of the Group to normalise from 2022 onwards. The covenant position of the company is assessed on a monthly basis to monitor future expected headroom.	No change

Strategy:

- Organic growth
- People
- Customers
- Reputation
- Legal
- Community
- Investment

Risk key:

- Increased risk
- No change
- Decreased risk

Section 172

Statement by the Directors in performance of their statutory duties in accordance with section 172(1) of the Companies Act 2006.

This serves as our section 172 (s.172) statement and should be read in conjunction with the stakeholder engagement section in our corporate governance report on pages 39 to 42. Under section 172 of the Companies Act 2006, the Directors have a duty to promote the success of the company for the benefit of the members as a whole and, in doing so, have regard to the interests of stakeholders in their decision making. The Directors, acting fairly and in good faith, consider what is most likely to promote the success of the company for its members in the long term.

Consideration of stakeholders' interests has always been integral to the work of the Board and in its decision making. The Board's decision-making process includes deliberating the impact of decisions on the key stakeholder groups identified by the Board. For strategic decisions, the Board is provided with associated documentation to allow an informed assessment, for example an outline of key risks and opportunities and of the possible impact on stakeholders and long-term forecasts.

Impact of decisions taken in the long term

Our purpose is to provide expert assurance and optimisation services to corporate energy consumers to help them manage energy costs effectively and deliver their ESG and net-zero carbon objectives.

Our strategy was designed to have a long-term beneficial impact on the Group and to successfully provide energy advisory and optimisation services for customers in the UK and Ireland.

The Group is committed to be a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, environment, communities and society as a whole.

Stakeholders	Consideration
Our people	Our people are fundamental to the delivery of our strategy. For the Group to succeed we need to manage our people's performance and development and bring through talent, while ensuring we operate as efficiently as possible. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and wellbeing of our employees is one of our primary considerations in the way we do business. In 2021 we embarked on a journey to engage with our employees to improve their health and wellbeing. This goes above and beyond our legal obligations and included assessing the budget that should be made available per employee for wellness and wellbeing compared to performance-related pay. We know that wellness and wellbeing are very personal and can be different for each individual. This will be considered when deciding what should be provided centrally and what should be selected by the individual employee to maximise their wellness and wellbeing. All our employees have access to a confidential Employee Assistance Programme provided by a specialist third party. The service includes a Health Risk Assessment (HRA) tool, which offers information, advice, training and assistance to help people deal with events and issues in their everyday work and personal life. This is also available to employees' immediate family. Furthermore, through this system, employees can access an information service covering topics such as debt management, lawsuits, consumer or property disputes, and medical information on a range of health-related issues. In 2021 we partnered with Unmind, a workplace mental wellbeing platform that is 100% confidential and can be accessed anywhere, anytime. It helps employees track, assess and understand their wellbeing with tools, training and assessments, and a wide variety of activities. It focuses on seven key areas: fulfilment, coping, calmness, happiness, connection, health and sleep. Employees can access self-guided programmes, exercises and clinically backed insights. During 2021 we provided leadership training for 45 employees and diversity and inclusion training for 538 employees and 27 women participated in our women in leadership programme provided by White Water Strategies.

Section 172 continued

Stakeholders	Consideration
Our people continued	Under the SAYE scheme, employees are offered the opportunity to participate in the future growth of the Group through the granting of share options. The Group strives to provide employment, training and development to disabled people wherever possible and is committed to supporting employees who become disabled during employment and helping disabled employees make the best use of their skills and potential, consistent with all other employees. We are participants of the following groups: 1. Disability Confident Employer; 2. the Social Mobility Pledge; 3. the Mental Health at Work Commitment; and 4. the Global Business Collaboration for Better Workplace Mental Health Pledge.
Shareholders	The Board is committed to maintaining an open dialogue with its investors, which is achieved through a programme of structured engagement. **Institutional investors** One-to-one meetings between the CEO, the CFO and individual institutional investors continued throughout 2021. The Executive Directors also conducted analyst presentations following financial results announcements. During 2021, the Chairman of the Remuneration Committee and the Non-Executive Chairman consulted with all major shareholders before finalising the terms of the new incentive plan for the Executive Directors, which will commence from the 2022 financial year. **Retail investors** The company is committed to ensuring that it engages with retail investors so that its strategy, business model and performance are clearly understood. During 2021, the CEO and CFO gave an Introduction to Inspired presentation via the Investor Meet Company platform which was open to all existing and potential shareholders, with investors actively encouraged to submit feedback directly to management via the platform at the conclusion of the presentation to ensure the company can understand the views of all elements of the shareholder base. **Annual General Meeting (AGM)** The AGM would normally provide an opportunity for investors to engage in person with the Board. As a consequence of the COVID-19 pandemic, investor attendance at the 2020 and 2021 AGMs was discouraged. A dedicated email address was set up and used by shareholders, giving them the opportunity to exercise their right to ask questions and engage with the company and the Board on matters relating to the AGM. **Corporate website** The company's website, www.inspiredplc.com, has a section dedicated to investors where a range of valuable information can be found, including: published annual reports and results announcements; detail on the company's corporate governance arrangements; Board and Executive Committee profiles; the Group's ESG report; and regulatory announcements. **Acquisitions and restructuring** In March 2021, the Board was delighted to conclude the acquisitions of Businesswise and GEM, which are highly complementary additions to the Group. The £35 million fundraising completed in July 2020 provided greater capacity and flexibility with which to capitalise on acquisition opportunities, which were carefully structured in light of the economic uncertainty. Both acquisitions completed in the period increase our market share for Energy Assurance Services, broaden our customer base and significantly increase our Units of Opportunity. The Group will look to integrate acquisitions to maximise operational efficiency and leverage of the enlarged Group, which was the key driver of the incurring of restructuring costs during 2021.

Stakeholders	Consideration
Customers	To enable our clients to respond to the climate emergency, we focus on solving their toughest challenges. By managing data comprehensively, sourcing energy sustainably and reducing carbon efficiently, we help our clients manage costs effectively, make authentic ESG disclosures and improve their business performance whilst powering their journey to net-zero. Our strategy prioritises organic growth, driven by bringing new clients into the Group and expanding our service delivery to existing clients. To achieve this, we need to develop and maintain strong client relationships. Therefore customer relationships are managed by senior personnel and analysts, particularly the Directors and senior management team. The impact of the energy crisis experienced during H2 2021 has continued into 2022. The impact on domestic energy consumers, including the raising of the price cap, has been well documented. The unprecedented nature of the crisis has and will present a number of challenges to society as a whole. However, as corporate businesses do not benefit from an energy cap, the price inflation will impact those businesses. During 2021, Inspired continued to focus on helping its clients manage their costs through this crisis and note that economics of projects that reduce energy consumption and carbon emissions offer a materially enhanced return on capital in this environment and the Group is well placed to help clients through these unprecedented times.
Suppliers	We value all of our suppliers and have multi-year contracts with our key suppliers. Supplier relationships are managed by senior personnel and analysts, particularly the Directors and senior management team. During 2021, we continued to engage with our suppliers to ensure the relationships ensured optimal value creation for Inspired stakeholders.
Environment and society	**During 2021 the Group:** **a.** voluntarily published a Task Force on Climate-Related Financial Disclosures (TCFD) disclosure in accordance with published guidelines including a Scope 3 emissions report; **b.** voluntarily published an ESG report that is consistent with Global Reporting Initiative (GRI) Standard; and **c.** further, we have aligned with the UN Sustainable Development Goals (SDGs) to help us embed positive ESG behaviours within our company culture. To this end, we developed an app, SDGme, to support employees in making choices for a better world in their everyday lives. **Our environmental targets** In the long term (5–25 years), we aim to achieve net-zero through Scope 1 and 2 reduction on a location basis by 50% by 2035 compared to 2019 and in total by 2050. We have set short and medium-term interim targets to improve our resource management and reduce overall consumption to achieve this objective. Our short-term targets focus on assessing our current state and implementing processes to enable future improvements. We need to improve our business processes to allow better management of supply chain, waste management and water management. We will be reviewing our office estate and rationalising to locations that can deliver absolute net-zero on a location basis. We aim to deliver carbon neutrality for our Scope 1 and 2 emissions and our consumed Scope 3 emissions year on year. By 2025, we aim to reduce water use by 25%, remove single-use plastics, reduce paper use by 50% and recycle 90% of remaining paper waste. As part of improving our supply-chain screening, by 2025, we would like 80% of our suppliers (by spend) to be making a TCFD disclosure or equivalent. **Our social targets** In the long term (5–25 years), we aim to maintain an equitable distribution of benefits between all stakeholders in proportion to the performance of the business. To develop social support and equity in our company, we have set short and medium-term targets based on learning from past experiences to strengthen our company culture and invest in initiatives that promote diversity and inclusion. We will review what we have learnt from the COVID-19 pandemic to shape our 'flexible working practices' and invest in further IT infrastructure to create a best-in-class remote working environment. Further, we intend to embed the UN SDGs within our business culture using our SDGme app.

Section 172 continued

Maintaining a reputation for high standards and leading by example

As a Board of Directors, our intention is to behave responsibly and ensure that management operates the Group in a similar manner. The business operates in accordance with the high standards of conduct and governance expected of a business such as ours and, in doing so, this contributes to the delivery of our strategy.

The Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue, whether with major institutional investors, or private or employee shareholders. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard, and any issues or questions raised properly considered. Overall we are committed to treating all stakeholders fairly and consistently.

The strategic report has been approved by the Board and signed off by:

Mark Dickinson
Chief Executive Officer
29 March 2022

Corporate governance statement

Ensuring high standards of corporate governance.

The Group continues to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code with respect to its obligations under AIM Rule 26.

As ESG becomes of paramount importance to the investment industry and corporates, the company intends to become a leading provider of ESG solutions to both investment companies and corporate businesses. We will also continue to evolve our disclosures with respect to the performance of the business with regards to ESG. In this section we shall address the following priorities:

1. Board structure and appointments;
2. stakeholder communication;
3. executive remuneration; and
4. governance structure and delegation.

The company's approach to the principles outlined by the QCA is summarised below.

QCA PRINCIPLES AND INSPIRED APPROACH

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders

Our goals:

As a listed public limited company, we are focused on delivering value for our shareholders.

We believe shareholder value is maximised when we appropriately balance the needs of stakeholders today whilst remaining cognisant of how the needs of stakeholders may change in the future.

We achieve this by delivering net-zero carbon and ESG solutions for clients whilst embedding those principles in our organisation.

Vision and strategy:

The company's strategy is to grow delivery of our energy, net-zero carbon and ESG solutions, underpinned by market leading technology. By achieving the above, we fully expect to increase shareholder value.

- For our approach to strategy and the benefits of our strategic priorities, please see our strategy on page 23 of this annual report.
- For details of our business model, please see our divisions on pages 6 and 7.
- For key challenges and how they will be addressed, please see principal risks on pages 29 to 34 of this annual report.

Corporate governance statement continued

QCA PRINCIPLES AND INSPIRED APPROACH CONTINUED

Principle 2 – Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with all shareholders on a regular basis. The company enables this with investors and the media by providing communications through the annual and interim reports, along with Regulatory News Service announcements. The Board maintains a general policy of keeping all interested parties informed by regular announcements and update statements.

All Directors attend the AGM, where private investors are given the opportunity to question the Board. The AGM provides an opportunity to meet, listen to and present to shareholders, and shareholders are encouraged to attend. Although shareholder attendance was virtual at the 2020 and 2021 AGM due to COVID-19, shareholders were given the opportunity to submit questions to the Board via email so that engagement between the Board and its stakeholders was not impeded by the ongoing pandemic and subsequent changes to AGM arrangements.

In addition, institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the company.

The company is committed to ensuring that it engages with retail investors so that its strategy, business model and performance are clearly understood. During 2021, the CEO and CFO gave an 'Introduction to Inspired' presentation via the Investor Meet Company platform which was open to all existing, and potential, shareholders. Participants were actively encouraged to submit feedback directly to Inspired management at the conclusion of the presentation, to ensure the company understands and responds to the views of the shareholder base.

During 2021 the Remuneration Committee undertook a consultation with major shareholders prior to finalising the terms of the new Inspired Incentive Plan to ensure that the Group continues to retain and incentivise the Executive Directors and ensure alignment with shareholders, with the new plan to commence from the 2022 financial year.

From 2022 the remuneration report for the Group shall be subject to a vote so that all shareholders can provide their feedback as to whether the remuneration of executives correctly strikes the balance between talent retention, long-term incentivisation and the interests of shareholders. Moreover, shareholders with questions can use the 'Contact us' page on the www.inspiredplc.co.uk website or contact the Company Secretary, who will refer questions to the Directors.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the Group has responsibilities to many stakeholders, beyond its shareholders; this includes employees, clients, lenders, suppliers, the environment and society.

The Board has an ambition for the Group to develop best practice ESG policies. A series of initiatives to support this is well underway. Our policies on engagement with stakeholders (together with feedback received during 2021) are summarised on page 47 and within the section 172 statement on page 35 of this annual report and in full on our website, https://inspiredplc.co.uk/esg/corporate-governance/.

Communications are relevant to the stakeholders and may take the form of formal announcements, individual meetings (for example, appraisals with employees) and negotiations with other stakeholders. In addition to this annual report, the Group has made a number of ESG disclosures which are published on our website.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board, through our Audit & Risk Committee, recognises the need for an effective and well-defined risk management process. The Board maintains a risk register, evaluating the frequency and severity of identified risks each quarter, as well as reporting any changes or new risks at every Board meeting to ensure the risks are properly managed. Through this process the Board can determine if the risk exposure has changed during the year.

Risk governance culture is embedded across the Group. Organisational divisions have their own management boards which also meet regularly and assess the risks relevant to that specific division.

The Audit & Risk Committee is also responsible for assessing and monitoring the company's financial risks and reviewing the company's financial controls. The Audit & Risk Committee has delegated responsibility to ensure that the Group's management has designed and implemented an effective system of internal financial controls.

In 2020 the principles of the Task Force on Climate-Related Financial Disclosures (TCFD) have been integrated into our executive risk management process. Our full TCFD disclosure report is published on our website.

For further details of the company's approach to risk and its management, please refer to the principal risks section of the strategic report (on page 29) of this annual report and accounts.

QCA PRINCIPLES AND INSPIRED APPROACH CONTINUED

Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chairman

Richard Logan, the Non-Executive Chairman, is responsible for ensuring that the Group maintains the highest standards of corporate governance. The Board has four Non-Executive Directors, all of whom are considered to be independent, being Richard Logan, Sarah Flannigan, Sangita Shah and Dianne Walker. The Board met eleven times during 2021.

The Executive Directors have responsibility for implementation of the Board's strategy. The Directors have appropriate skills and experience for the roles they perform at Inspired, including as members of Board Committees. A monthly report is provided to the Board of the financial and operational performance of the Group. Information is provided in advance of meetings. The Board is responsible for all strategic decisions and the overall governance and culture of the Group. Directors have access to the services and advice of the Company Secretary, and are able to take independent professional advice. The Board operates Committees for audit and risk, nomination and remuneration, providing governance and experience for these areas. In 2021 the Board added an ESG Performance Committee and an ESG Advisory Group including expert external advisors.

The Non-Executive Directors are expected to devote such time as is necessary for the proper performance of their duties and are expected to work at least one day a month for the Group.

For details of the Board members, see Meet the Directors on pages 43 to 45. For details on Board membership of the Committees, please see page 46.

Principle 6 – Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board continually evaluates the skills that are required of its members and whether they are adequately provided for. To enable each Director to keep their skill-set up to date, individual training needs are identified as part of the annual Board evaluation process and training is provided as required. The Nominations Committee oversees the process of identifying candidates and makes recommendations to the Board. Appointments are made on merit, against objective criteria and an assessment of the expected benefits to be brought to the Board and the Group. The Board also considers succession planning. In the case of new Directors there is an induction process to ensure that they have a full understanding of the operations of the Group. The Directors are aware of their individual responsibility to undertake appropriate continuing development. The Company Secretary has the responsibility of making the Board aware of legal changes, including those in relation to their duties as Directors.

Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Chairman commissions an annual Board effectiveness review, in which Directors are invited to assess the Board's performance via a survey. The Board then discusses the results of this survey and agrees any measures needed to improve Board effectiveness. The auditors attend an Audit & Risk Committee meeting twice a year and, along with auditing the financial statements of the Group, they comment on the Group's systems and procedures and efficacy of the management. The nominated advisor has access to the Chairman and meets the Non-Executives on an ad-hoc basis as required. A rigorous recruitment process is undertaken for new Directors prior to their proposal and election. In terms of re-election, past performance is considered prior to them being proposed to ensure that Directors continue to be effective in their role, add value and retain their independence. Re-election is considered by the shareholders at the AGM, at which shareholders have the opportunity as a body to approve or reject a Director's Board membership. The Remuneration Committee is tasked with not only the remuneration of the Executive Directors but also evaluation of their performance. To this end, the members of the Board are provided with press comments and market feedback on the business. Market share data and peer group analysis are available. The Chairman will review the performance of the CEO and CFO throughout the year, with a formal discussion at the mid-year, as well as receiving feedback on his own performance from fellow Directors.

Corporate governance statement continued

QCA PRINCIPLES AND INSPIRED APPROACH CONTINUED

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours

The Board expects the highest ethical standards of its members and management across the Group and the Board monitors and promotes a healthy corporate culture.

The Group has documented procedures with respect to its policy on ethical behaviour, specifically bribery, corruption and modern slavery, Board gender diversity, employee gender diversity, equal pay with respect to gender, workplace accident prevention, whistleblower protection, human rights, supplier code of conduct, grievance and complaints handling mechanism, anti-discrimination, recognition of ILO Conventions, climate change and the environment.

Our policies with respect to our ethical values and our performance against them are summarised on page 52 of this annual report and in full on our website, https://inspiredplc.co.uk/policies/.

The Board takes seriously its responsibilities towards the sustainability of its operations and the impact on the environment, and this is a key strategic intent.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The roles and responsibilities of specific Directors and membership of the Board Committees are set out on pages 44 to 46 of this annual report and in full on our website, https://inspiredplc.co.uk/esg/corporate-governance/. The Board meets a minimum of six times per year. Each Committee has approved terms of reference outlining the specific responsibilities delegated to it. Corporate governance disclosures are made every year in our annual report and accounts. The Board assesses annually whether the structures, policies and processes are fit for purpose.

Principle 10 – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders and other relevant stakeholders. The Group intends to have ongoing relationships with both private and institutional shareholders and shareholder analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the company. We also maintain regular contact with our advisors in order to ensure that the Board develops an understanding of the views of any other major shareholders.

The AGM is a key forum for communications with any shareholder who wishes to attend, and the Directors are available to listen to views expressed, both formally and informally. Whilst all shareholders are normally encouraged to attend the company's AGM, due to the ongoing pandemic, the 2020 and 2021 AGM was held privately in accordance with government regulations. As such, shareholders were encouraged to submit any questions to the Board in advance of the AGM to ensure there was opportunity for stakeholder engagement.

The AGM, combined with the normal cycle of announcements, is the key method of communication. The company uses the London Stock Exchange Regulatory News Service (RNS) to advise the market (i.e. shareholders and others) of performance and significant matters. Brokers are updated and circulate notes regularly. These updates are also visible on the inspiredplc.co.uk website.

Meet the Directors

A unique combination of established supplier relationships, market expertise and technical capability.

Chairman's introduction

Composition and responsibilities

The Board of Inspired currently consists of two Executive Directors and four independent Non-Executive Directors. The Board's principal responsibilities are to:

- agree strategy, performance and financial objectives of the business;
- regularly review performance against agreed objectives and exposure to risk;
- identify and approve investment and acquisition opportunities as part of the Group's longer-term growth plans;
- monitor exposure to key business risks; and
- consider employee issues and key business appointments.

The Board recognises its responsibility for the proper management and stewardship of the Group and the benefit of corporate governance commensurate with the size and nature of the Group and the interests of its shareholders. The Directors have chosen to adopt the QCA Corporate Governance Code to support the application of best practice corporate governance for Inspired.

The Directors believe that good governance is fundamental to the successful growth of our business. The Board and its Committees play a central role in the Group's governance, by providing an external and independent perspective on matters of importance to Inspired's stakeholders, and by ensuring that effective internal controls and risk management measures are in place.

The Board promotes a culture of good governance throughout the Group by creating a framework of openness, transparency, accountability and responsibility.

Appointments and conflicts of interest

The Nominations Committee oversees the process of identifying candidates and makes recommendations to the Board. Appointments are made on merit against objective criteria and with regard to the benefits that will be brought to the Board and the Group.

It also considers the adequacy of the size of the Board based on the following principles:

a. maintaining more Non-Executive Directors than Executive Director; and

b. maintaining a size of Board that is appropriate for the current and future size and scale of the Group.

Board Committees are formed to address specific matters of governance as set out in the governance section on pages 39 to 42. Appointments to the relevant Committees are made by the Nominations Committee, with due consideration of the required skills and relevant experience.

Board composition at 29 March 2022

The Nominations Committee also considers succession planning, to ensure business continuity in the event that a change of an Executive Director occurs or is required.

In accordance with their service agreements and their fiduciary duties, the Non-Executive and Executive Directors have an obligation to immediately declare any conflict of interest. In addition, annually each Board member submits a declaration of external appointments, which is set out under the biography of each Board member.

Shareholders exercise oversight of the composition of the Board of Directors through a reappointment policy and processes that are subject to resolution at the AGM and through engagement with the Group at the AGM.

Board gender diversity

The Board recognises that having a diverse Board with a blend of genders, races, skills, experiences, perspectives, ages and other protected characteristics leads to a more robust understanding of and challenge of opportunities, issues and risks and more informed decision making.

We committed to improving the gender representation of our Board and have delivered our goal during 2021 to ensure each gender represents at least 37.5% of the Board's composition. Our Board gender diversity policy is summarised on page 52 and published in full on our website, https://inspiredplc.co.uk/esg/corporate-governance/.

Richard Logan
Chairman
29 March 2022

Meet the Directors continued

The Board promotes a culture of good governance throughout the Group by creating an environment of openness, transparency, accountability and responsibility.

A R N E

Richard Logan
Non-Executive Chairman

Skills and experience

Richard is a chartered accountant with over 35 years' experience of working in industry.

Having qualified with Ernst & Young in 1984, he has held senior roles with Ben Line Group, a shipping and oil company, and Kingston SCL Limited, a provider of mobile phone billing software, where he was involved in a private equity-backed management buyout and subsequent trade sale. Richard was Finance Director of cloud computing company iomart Group plc (AIM: IOM) from 2006 until his retirement in December 2018.

Richard holds a BA in Accountancy from the University of Stirling and in 2013 was Smaller Quoted FD of the Year at the FD Excellence Awards.

External appointments

Richard is a Director of Perpetual Topco Limited, which is the parent company of The Incremental Group, a private equity-backed company with a focus on Microsoft cloud applications and infrastructure. Richard is also a Non-Executive Director and Chairman of the Audit Committee of Pebble Beach Systems Group plc, an AIM listed company (PEB) providing software solutions to the broadcasting industry.

E R N

Sarah Flannigan
Non-Executive Director

Skills and experience

Sarah is a portfolio Non-Executive Director and technology consultant, who brings a wealth of energy industry experience, having most recently held the position of CIO at EDF Energy. Prior to this, Sarah was CIO at the National Trust and was named European Chief Information Officer of the Year in 2017 for the successful delivery of a major digital transformation and organisational change programme.

External appointments

Sarah is currently Chairman of Yeo Valley Production Ltd, Riverford Organic Ltd and Sawday's Ltd. She is a Non-Executive Director at the Institute of Physics Publishing and a Trustee at the Royal Botanic Gardens, Kew. Alongside her non-executive roles Sarah is a consultant Board advisor on strategy, leadership and technology, primarily working in private equity.

R A N E

Sangita Shah
Non-Executive Director

Skills and experience

Sangita has extensive experience in corporate finance, journalism and senior consultancy. She has held a number of senior roles within blue chip organisations, including Unilever, Mars, Ernst & Young and KPMG, and was a former Board Director of Swindon Town FC and a past President of the Chartered Institute of Journalists. She has consulted to a number of organisations including HM Cabinet Office and HSBC.

Sangita is a qualified accountant and a frequent keynote Chairman and speaker in forums for the Windsor Leadership Trust and, in the past, the European Parliament.

External appointments

Sangita is currently Chairman of AIM quoted companies Bilby Plc and RA International Group plc, a Board Director of NASDAQ listed Forward Industries Inc. and the Quoted Companies Alliance, and a Director of Global Reach Technology EMEA Limited, Odyssean Enterprises Limited, and SHSS Partnership LLP.

Key:

(A) Audit & Risk Committee
(N) Nominations Committee
(R) Remuneration Committee
(E) ESG Performance Committee
● Chairman

A N E

Dianne Walker
Non-Executive Director

Skills and experience
Dianne is an experienced, award-winning Non-Executive Director with a strong background in finance, risk and governance. Prior to holding non-executive and board advisory roles, Dianne was a member of the senior management team at PwC overseeing audit and transaction support professional services. Dianne is a Fellow of the Institute of Chartered Accountants in England and Wales.

External appointments
Dianne is currently Non-Executive Director of Development Bank of Wales Plc, Senior Independent Director and Chairman of the Audit Committee of Scott Bader Co. Ltd, Non-Executive Director and Chairman of J&L Elevator Components (EOT) Ltd and Non-Executive Director of Cygnet Texkimp Limited.

Mark Dickinson
Chief Executive Officer

Skills and experience
Mark joined the Board during 2016 as a Non-Executive Director and became CEO in October 2017. Mark is an energy consultancy specialist with over 25 years' experience of developing and advising companies in the sector. Mark was CEO of M&C Energy Group, where he led the buy and build strategy, completing four acquisitions before selling the company to Schneider Electric in 2013. He brings significant industry knowledge coupled with experience in executing acquisitions and has a Master's in Finance from the London Business School, where he was voted Accomplished Entrepreneur of the Year in 2012.

External appointments
None.

Paul Connor
Chief Financial Officer

Skills and experience
Paul was appointed Finance Director in December 2014, having joined the company as Head of Finance in September 2013. Paul has been responsible for facilitating and delivering the acquisitions of 18 businesses. Paul qualified as a chartered accountant in 2009.

External appointments
None.

Governance structure

Committees and responsibilities

The Board operates four committees with specific areas of responsibility.

Nominations Committee:	Oversees the process of identifying candidates and makes recommendations to the Board. Appointments are made on merit against objective criteria and with regard to the benefits that will be brought to the Board and the Group. It also considers succession planning, and the training and development needs of the Directors. In the case of new Directors there is an induction to ensure they become aware of the operations of the Group.
Audit & Risk Committee:	Oversees the financial reporting of the organisation, the selection and appointment of independent auditors, receiving the results of the audit and implementing the audit findings. The Audit & Risk Committee provides risk oversight and quality control with respect to the financial disclosures made by the company.
Remuneration Committee:	Designs a balanced package for the Executive Directors and senior management. The Committee considers the individual's experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality, while avoiding remunerating those Directors more than is necessary. The Committee also considers the link between the individual's remuneration package and the Group's long-term performance aims.
ESG Performance Committee:	At the end of FY2020 the Board Created its ESG Performance Committee to sit alongside the Audit & Risk, Remuneration and Nominations Committees. The ESG Performance Committee has responsibility for holding the Executive Directors to account with respect to the risks of climate change and other Environmental, Social and Governance issues.

Delegating ESG responsibility across the organisation

Structured and transparent organisation of the business at an Executive and Non-Executive level is an important enabler with respect to ESG but in its own right it does not lead to implemented behaviours. To this ends a number of employee committees have been formed that report into the ESG Performance Committee.

The Environmental Action Committee, Social Action Committee and Employee Engagement Committee are each made up of different representatives from each of the following business areas; they must not be a direct report to an Executive Director and are rotated annually:

1. Sales and Marketing
2. Account Management
3. Regulated Services
4. Commercial Services
5. Optimisation Services
6. Operations
7. ESG Services
8. Software Solutions
9. Central Services

The role of each member of this committee is to champion the implementation of the environmental, social and employee welfare initiatives that Inspired undertakes and report to the ESG Performance Committee.

Aligning Incentives

The Executive Directors are incentivised by a bonus and long-term incentive scheme and these have been linked to the ESG performance of the business as set out on page 48.

The majority of employees at the company has some element of performance-related pay that is awarded quarterly that contains a discretionary element.

At the end of FY2020 Inspired implemented the Blanchard Situational Leadership Programme which creates a common language for leadership from the top to the bottom of the organisation. In line with the change in the remuneration of the Executive Directors, each employee shall have one of the goals that impacts their performance pay linked to climate change and the ESG performance of the company.

ESG Advisory Committee

As a provider of products and services that support investment funds and corporate businesses it is important that the ESG solutions provided by the business remain at the leading edge of thinking, whilst practical to implement and consistent with the investment thesis of the client.

The company ESG Advisory Committee reports to the CEO and includes from the company the chair of the ESG Performance Committee and members of the ESG leadership team. In addition to the representatives from the company the committee shall have four external advisors appointed on twelve-month tenures.

Stakeholder communication

As the company evolves, so does the layers of communication with our stakeholders. The ways in which we communicate with our stakeholders can be summarised as:

Communication with investors

The company uses the London Stock Exchange Regulatory News Service (RNS) to advise the market (i.e. shareholders and others) of performance and significant matters. All RNS announcements are available on the company's website, https://inspiredplc.co.uk/news/.

Brokers are updated by the company and circulate notes regularly.

The AGM is a key forum for communications with any shareholder who wishes to attend, and the Directors are available here to listen to views expressed both formally and informally.

The outcomes (as to whether they were successfully passed or not) of resolutions put to the AGM are published and are available on the company's website.

Publication of statements and disclosures

Inspired PLC has published its performance results against its policies and practices, in accordance with requirements set out for key annual disclosures, including:

1. Green Economy Mark Revenue Disclosure
2. Streamlined Energy and Carbon Reporting (SECR)
3. Task Force on Climate-Related Financial Disclosures (TCFD)
4. ESG Report

The results are published in full on the Inspired PLC website, https://inspiredplc.co.uk/reports-and-presentations/.

Directors' remuneration report

I am pleased to present this Directors' remuneration report, which sets out the Group's approach to remuneration for the Executive and Non-Executive Directors for the year ended 31 December 2021 and how remuneration will operate for the year ending 31 December 2022.

As the Group's shares are registered on the AIM market of the London Stock Exchange, the company is required to report in accordance with the remuneration disclosure requirements of the AIM Rules for Companies. The Group is not required to prepare a Directors' remuneration report under Companies Act 2006 regulations; however, in the interests of transparency and good governance, the disclosures in this report seek to address some of these areas.

Approach to remuneration for 2022

The final year of performance targets for the LTIP awards granted in 2017 related to the year ended 31 December 2021. Furthermore, there are two small tranches remaining for the additional LTIP awards granted in 2018 (based on three-year performance up to 31 December 2022 and 31 December 2023). With this in mind, the Committee undertook an extensive review of the incentive arrangements to ensure that they continue to retain and incentivise our Executive Directors going forward and ensure alignment with our shareholders.

After consultation with major shareholders, the Committee finalised the terms of the new Inspired Incentive Plan (IIP) which will commence from the 2022 financial year. The plan is a combined short and long-term incentive as follows:

- The maximum opportunity for Executive Directors is 200% of salary.
- Performance is measured over consecutive one-year periods. For 2022, the performance measures will be:
  - adjusted earnings per share (EPS) – 40% weighting;
  - combined adjusted EBITDA and cash conversion – 40% weighting; and
  - ESG targets – 20% weighting.
- 50% will be paid in cash following the end of the performance period.
- 50% will be deferred in Inspired PLC ordinary shares (using nil-cost options), vesting after three years subject to continued employment and subject to a share price multiplier. Further details are set out in the 'Remuneration structure for Executive Directors' section below.

In developing the design, we have taken full account of typical market practice for AIM companies as well as ensuring full compliance with the QCA Corporate Governance Code. We are committed to ensuring that we provide transparent disclosure and open dialogue with our shareholders going forward and will ensure this is reflected in the way we report incentive outcomes at the year end.

Composition and role of the Remuneration Committee

I was appointed to the Board on 1 July 2021 and became Chairman of the Remuneration Committee from this date (taking over from Mike Fletcher, who stepped down as Chairman of the Board and this Committee on 30 June 2021). Other members of the Remuneration Committee during the period consisted of the Non-Executive Directors Richard Logan and Sarah Flannigan.

The Committee does not include any Executive Directors to ensure there are no conflict of interests.

The Committee is responsible for determining, on behalf of the Board, an appropriate remuneration policy for the Executive Directors and for designing a remuneration framework for them that is consistent with that policy. The Committee also monitors remuneration practice amongst other senior Executives and determines the Chairman's fee level and that of the other Non-Executive Directors.

The Committee met two times in 2021.

Remuneration structure for Executive Directors

Overview

The Remuneration Committee is committed to maintaining high standards of corporate governance and has taken steps to comply with best practice insofar as it can be applied practically given the size of the Group and the nature of its operations.

Remuneration policy

The Committee aims to ensure that the total remuneration for the Executive Directors is market competitive and aligned with the interests of shareholders. No Director takes part in decisions regarding their personal remuneration.

To design a balanced package for the Executive Directors and senior management, the Committee considers the individual's experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality, while avoiding remunerating those Directors more than is necessary. The Committee also considers the link between the individual's remuneration package and the Group's long-term performance aims.

Remuneration structure for Executive Directors continued

Basic salary

The basic annual salaries payable to the Chief Executive Officer and Chief Financial Officer since 1 April 2019 until 31 December 2021 have been £275,000 and £200,000 respectively. In early 2020, the Remuneration Committee engaged a third party to complete a benchmarking exercise for both the Executive and Non-Executive Directors' remuneration. Based on the findings presented to the Committee, the Committee concluded that the basic salaries of both the Chief Executive Officer and Chief Financial Officer should be increased. However, in consideration of the impact of the ongoing COVID-19 pandemic, the Remuneration Committee deemed it appropriate to defer any pay increases during 2020 and 2021.

Subsequent to 31 December 2021, the Remuneration Committee approved the increase of the basic annual salaries payable to the Chief Executive Officer and Chief Financial Officer to £290,000 and £210,000 respectively, which was implemented from the 1 January 2022.

The Remuneration Committee intends to consider engaging a third party to complete a new benchmarking exercise in late 2022, on the basis that it will have been almost three years since the benchmarking exercise completed in early 2022.

Annual bonus (2021)

For 2021, the Chief Executive Officer and Chief Financial Officer could earn a cash bonus of up to 100% of their annual basic salary payable against meeting personal and business targets as set out by the Committee at the beginning of the year.

Inspired Incentive Plan (IIP) (2022 onwards)

As noted in last year's report, the final year of the existing LTIP scheme established in 2017 ended on 31 December 2021. The Remuneration Committee engaged with professional advisors to design a new scheme to retain and incentivise the Executive Directors beyond 2021. Following consultation with our major shareholders, a single incentive plan will operate for the financial year ending 31 December 2022 and beyond, as set out below.

Under the IIP, performance is measured over consecutive one-year periods. Half of the award is paid in cash, with the remainder deferred in shares which vest after three years, subject to continued employment and a performance ratchet whereby these can be increased on the achievement of a set of share price hurdles during the of the deferral period. The total performance period for the IIP is therefore four years.

The maximum opportunity for Executive Directors will be 200% of salary (i.e. up to 100% of salary in cash and up to 100% of salary to be granted in deferred shares).

The Remuneration Committee will determine appropriate financial and strategic measures at the start of each performance year. For the 2022 financial year, the following performance measures and weightings will be used:

- adjusted earnings per share (EPS) – 40% weighting;
- combined adjusted EBITDA and cash conversion – 40% weighting; and
- ESG targets – 20% weighting,

where cash conversation will be measured as cash generated from operations as a % of EBITDA.

As noted above, 50% of the award will be paid in cash following the end of the performance period and the remaining 50% will be deferred in Inspired PLC ordinary shares (using nil-cost options), vesting after three years subject to continued employment and subject to a share price multiplier. The Remuneration Committee will review the appropriate share price hurdle levels each year. For the 2022 awards, if the share price at the end of the three-year deferral period is:

- less than 21.5 pence, no additional shares will be awarded;
- equal to 21.5 pence, an additional 50% of the deferred shares originally granted will be awarded; or
- equal to 25 pence, an additional 100% of the deferred shares originally granted will be awarded,

and so on, with an additional 50% of the deferred shares originally granted being awarded for every additional 5 pence increase in the share price, up to a maximum of 75 pence.

The plan is subject to standard malus and clawback provisions and good/bad leaver terms. The Remuneration Committee has also introduced a shareholding requirement for Executive Directors. Further details are set out below.

Long Term Equity Incentive Plan (LTIP) (legacy 2017–2021 scheme)

The final year of the existing LTIP scheme established in 2017 for the incentivisation of the Executive Directors is the year ended 31 December 2021. Additional awards were granted in 2018, vesting in four tranches. The second tranche is based on the three-year performance period ended 31 December 2021. The third and fourth tranches are based on the three-year performance periods ending 31 December 2022 and 31 December 2023 respectively.

Shareholding requirement

The Remuneration Committee has introduced a shareholding requirement for Executive Directors, equal to 150% and 100% of salary for the CEO and other Executive Directors respectively. Executive Directors have five years to achieve this shareholding requirement. Unvested share awards subject to performance conditions are not taken into account. All LTIP and IIP awards vesting must be retained until the shareholding requirement is met.

Directors' remuneration report continued

Remuneration structure for Executive Directors continued

Service contracts

Each Executive Director has a service contract with the Group which contains details regarding remuneration, restrictions and disciplinary matters. Executive Directors are appointed by the Group on contracts terminable on no more than twelve months' notice.

Non-Executive Directors

The fees of the Chairman and Non-Executive Directors are approved by the Committee following a recommendation from the Committee. The Chairman and Non-Executive Directors are not involved in any discussions or decisions about their own remuneration.

The annual fee levels remained unchanged during 2020 and 2021, and therefore as at 31 December 2021 were:

- Chairman – £53,000; and
- Non-Executive Directors – £45,000.

Subsequent to 31 December 2021, the Remuneration Committee approved the increase of the annual fee payable to the Chairman to £65,000, which is to be implemented from 1 January 2022.

There is no right to any further benefits in kind.

Directors' emoluments for the year ended 31 December 2021 are summarised below. A comparison for the financial year ended 31 December 2020 is also provided.

	2021				2020			
	Salary/fees £000	**Bonus* £000**	**Pension £000**	**Total £000**	Salary/fees £000	Bonus* £000	Pension £000	Total £000
Executive								
Mark Dickinson	**275**	**275**	**1**	**551**	275	—	3	278
Paul Connor	**200**	**200**	**1**	**401**	200	—	3	203
	475	**475**	**2**	**952**	475	—	6	481
Non-Executive								
Mike Fletcher (resigned 30 June 2021)	**27**	**—**	**—**	**27**	53	—	—	53
Richard Logan	**49**	**—**	**—**	**49**	45	—	—	45
Gordon Oliver (resigned 31 December 2020)	**—**	**—**	**—**	**—**	45	—	—	45
Sarah Flannigan (appointed 28 July 2020)	**45**	**—**	**1**	**46**	22	—	—	22
Sangita Shah (appointed 1 July 2021)	**23**	**—**	**—**	**23**	—	—	—	—
Dianne Walker (appointed 4 August 2021)	**19**	**—**	**—**	**19**	—	—	—	—
	163	**—**	**1**	**164**	165	—	—	165
Total	**638**	**475**	**3**	**1,116**	640	—	6	646

* Historically, cash bonuses paid to the Chief Executive Officer and Chief Financial Officer have been recognised within costs to the Group statement of comprehensive income in the year in which they have been paid, and the figures in this table have reflected this approach. However, from 2021 onwards, to align with the disclosure requirements of Schedule 5 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as well as the approach Main Market companies are required to take in the 'single figure table of remuneration,' the bonus included in the table above reflects the bonus earned in respect of the relevant financial year. No bonus was payable in respect of 2020 in recognition of the impact of the COVID-19 pandemic on the trading performance of the Group and the decision taken by the Board not to pay a final 2019 dividend during 2020. The 2020 figure has been restated to zero, removing the 2019 bonus (paid during 2020) that was included last year.

Directors' shareholdings and share interests

The table below sets out the Directors' interests in shares of the company as at 31 December 2021 (or in the case of Mike Fletcher, as at the date he stepped down from the Board).

	Number of shares	%
Executive		
Mark Dickinson[1]	7,534,310	0.77%
Paul Connor[2]	7,215,000	0.74%
Non-Executive		
Mike Fletcher[3]	4,714,999	0.48%
Richard Logan	459,828	0.05%
Sarah Flannigan	—	—
Sangita Shah	128,205	0.01%
Dianne Walker	—	—

1 Including 4,995,000 vested share options under the LTIP scheme.

2 Including 2,025,000 vested share options under the LTIP scheme and 4,190,000 vested EMI share options.

3 215,000 ordinary shares held by Michael Fletcher's personal SIPP and 4,499,999 held through Praetura Ventures (1) LLP, a limited liability partnership whose members include Mike Fletcher.

4 In addition to the tabled number of shares, Mark Dickinson has 300,000 options which remain unvested and Paul Connor has 300,000 options which remain unvested, all of which are subject to performance conditions.

On 16 July 2021, Mark Dickinson exercised 4,785,000 awards under the 2017 LTIP. Mark sold 3,515,345 ordinary shares, of which 1,551,801 were sold to fund the cost of exercise and tax, including employer's NIC to enable the purchase of 1,269,655 ordinary shares. The sale of the balance of 1,963,544 ordinary shares at a share price of 19.0 pence was subject to income tax including employer's NIC (resulting in an effective 55% tax rate) resulting in a gain of £167,883.

On 16 July 2021, Paul Connor exercised 3,315,000 awards under the 2017 LTIP and 560,000 awards under the EMI Share Options Plan. Paul sold 3,315,000 ordinary shares, of which 742,500 were sold to fund the cost of exercise of 560,000 EMI share options granted under the Group's Share Option Scheme in April 2015 at an exercise price of 11.25 pence. The sale of the balance of 2,392,500 ordinary shares at a share price of 19.0 pence was subject to income tax including employer's NIC (resulting in an effective 55% tax rate) resulting in a gain of £204,559.

There has been no change in the interests in shares of the company by the Directors as at 30 March 2022.

This report has been approved by the Board and has been signed on behalf of the Board by:

Sangita Shah
Chairman of the Remuneration Committee
29 March 2022

Policies and code of conduct

Our policies and codes of conduct are published on our website, https://inspiredplc.co.uk/policies/. The purpose of each policy and our performance against it are set out below:

Policy	Summary	Performance during 2021
Anti-bribery and corruption	Sets out the Group's zero tolerance approach to such practices and the obligations of employees and third parties.	There have been no complaints or reported incidents with respect to anti-bribery and corruption.
Anti-discrimination	Sets out the Group's zero tolerance with respect to discriminatory practices.	There have been no complaints or reported incidents with respect to discriminatory practices.
Board gender diversity	Sets out the Group's policy with respect to diversity at Board level.	The PLC Board currently has a gender diversity of 50%, complying with our target to achieve 37.5% by December 2022.
Climate change and the environment	Outlines the Group's policy with respect to climate change and the environment.	The Group has achieved carbon neutrality during 2021 and set targets to reach 50% net-zero on a location basis by 2035 and fully by 2050.
Complaints handling	Sets out the policies for managing complaints from third parties.	There have been no complaints raised under this policy during 2021.
Employee gender diversity and equal pay	Sets out our policies on gender diversity and equal pay.	The Group has an average 7% variance in basic pay between the minority gender and the other gender at any operating level. However, we have low diversity at our top three levels in the business with only 20% representation of the minority gender. This leads to an overall gender pay gap of 30% due to skewed diversity.
Equal opportunities and diversity	Sets out our policy on recruitment, discrimination, bullying and other items with respect to equal opportunities.	There have been no complaints or reported incidents with respect to equal opportunities and diversity.
Health and safety and accident prevention	Sets out our health and safety policies for our organisation.	There have been 16 accidents reported during 2021, no RIDDOR and no work-related fatalities. There were six referrals during 2021 to occupational health for a work-related issue.
Human rights	Sets out our policy with respect to the Group's commitment to human rights.	There have been no complaints or reported incidents with respect to human rights.
Modern slavery and human trafficking	Sets our our zero tolerance approach to modern slavery or human trafficking.	There have been no complaints or reported incidents with respect to modern slavery or human trafficking.
Privacy notice	Sets out our policies on data protection and retention with respect to third parties.	There have been no complaints or reported incidents with respect to our privacy policy, data protection or data retention.
Recognition of ILO Conventions	Recognises our commitment to operate in accordance with the ILO Conventions.	There have been no complaints or reported incidents with respect to failure to comply with the ILO Conventions.
Supplier code of conduct	Sets out our expectations with respect to the conduct of our supply chain.	There have been no reported breaches of our supplier code of conduct during 2021.
Whistleblower protection	Sets out our policy with respect to the treatment of whistleblowers.	There have been no incidents of whistleblowing or matters of significant concern raised during 2021.

An overview of ESG

We believe that responding to the interconnected challenges of sustainability, climate change and economic development is vital for companies, investors and society to prosper. Environmental, social and governance (ESG) are core pillars of our business, ensuring our operations are sustainable for people and the planet.

It is important to be transparent in what we are doing to benchmark our ESG performance as we aim to continuously improve year on year. In 2021, we published our first ESG report for financial year 2020, guided by the Global Reporting Initiative (GRI) Standards. This section of the annual report is an overview of our achievements and performance in 2021, which are detailed in full in our 2021 ESG report.

Our ESG strategy and commitment

Businesses have a vital role to play in helping the UK achieve its net-zero ambition. We aim to lead by example, embedding net-zero and ESG objectives into our daily operations. We aim to provide exemplary ESG services to our clients and are committed to helping them achieve their decarbonisation goals."

Mark Dickinson
Chief Executive Officer

We are committed to doing our part in creating a sustainable world. We approach this from two angles: improving our own operations and supporting clients in managing their ESG impacts. For both, we consider sustainability to be a journey, starting with legal compliance and benchmarking, followed by building a robust strategy, processes and reporting, always with the goal of net-zero in mind.

In 2020, we assessed our current position, as laid out in our TCFD and ESG reports. We found that while, as a business, our overall environmental impact is minimal, there are still areas for improvement. We are now in the phase of putting in the foundations that will allow us to transform those ambitions into reality. Unfortunately, the ongoing COVID-19 pandemic has disrupted some of our plans, but we are proud to report on our progress this year and look forward to improving further in 2022.

Our ESG strategy is informed by both mandatory and voluntary ESG disclosures, which are published on our website, https://inspiredplc.co.uk/. These include:

- a **Streamlined Energy and Carbon Reporting (SECR)** disclosure which outlines our energy use, Scope 1 and 2 carbon emissions and carbon intensity, as well as how we are improving energy efficiency within the business;
- a **gender pay gap** report detailing the gender pay differences across the business as a whole and within each level of the company;
- a voluntary **Task Force on Climate-Related Financial Disclosures (TCFD)** report which explains our assessment of climate-related risks and opportunities for Inspired and our strategic response to climate change; and
- a voluntary **ESG report**, which is guided by the Global Reporting Initiative standards and provides detailed information on the topics of economic and strategy, environment, governance and social.

We consider it important to support and partner with leading organisations in our industry. Currently, we have the following ESG memberships and partnerships:

- **Principles for Responsible Investment (PRI)**: we are a service provider signatory as we advise asset owners and investment managers on ESG topics and support them in submitting PRI reports.
- **Global Reporting Initiative (GRI)**: we are a member of the GRI Community and support its mission to empower decision makers everywhere, through GRI Sustainability Reporting Standards and its multi-stakeholder network, to take action towards a more sustainable economy and world.

GRI | COMMUNITY MEMBER

- **Global Real Estate Sustainability Benchmark (GRESB)**: we are a Data and Premier Partner as we help clients report asset data directly to the GRESB Portal.
- **edie**: we have had a relationship with edie since 2018 and collaborate on a range of activities to educate and inform its readership about topics including energy management, compliance reporting, data management and sustainable reporting.
- **UK Business Council for Sustainable Development (UKBCSD)**: we became a member of the UKBCSD in 2021. It aims to lead sustainable business growth, supporting technological innovation and advocating for the role of sustainable development.

ESG governance

The successful integration of ESG principles into a business requires both Board support and employee engagement. Our CEO, Mark Dickinson, is driven to create a better world in the face of the climate emergency. The Board shares responsibility for approving the ESG strategy and reviewing performance with the ESG Performance Committee. It plays a crucial role in the company's governance by providing an external and independent perspective, ensuring there are adequate internal controls and risk management measures in place.

Executive remuneration

We want ESG to be a core part of how we do business and in 2021 we introduced an ESG component to our executive remuneration. For 2022, we have overhauled our remuneration policy for executives and created the Inspired Incentive Plan; within this, ESG targets will have a weighting of 20%.

An overview of ESG continued

ESG Performance Committee

The ESG Performance Committee sits alongside the Audit, Remuneration and Nominations Committees. It is responsible for holding the Executive Directors to account concerning all aspects of ESG. It had its inaugural meeting in 2021 to discuss and finalise our plans for 2022.

ESG Advisory Committee

The ESG Advisory Committee will include independent experts to ensure that we are in a thought leadership position for our ESG-related products and services. In 2021, we identified and contracted candidates for the ESG Advisory Committee, which will launch during 2022.

Environmental and Social Action Committees

Now we have a strong governance structure in place for ESG within Inspired, we are aiming to increase employee engagement with sustainability topics. Due to the delayed return to the offices after the COVID-19 pandemic, we have not yet established our employee Environmental and Social Action Committees. However, we have already had volunteers for them and are in the process of writing the terms of reference to ensure the purpose and structure are clear. They will consist of representatives from each business area and report into the ESG Performance Committee.

Green Economy Mark

We are pleased to have received the London Stock Exchange's Green Economy Mark. It recognises those companies that are contributing to a greener and more sustainable economy and allows greater visibility for investors interested in green economy activities. To receive it, companies must generate at least 50% of their revenue from green revenue streams as defined by FTSE Russell's Green Revenues taxonomy. We first received it in 2020 and are pleased to have exceeded 50% green revenue again this year, as shown in the table below.

Table 1: Green revenue for Inspired PLC in 2020 and 2021, split by services and division

	Service	Description	**2021 revenue £000**	**2021 green revenue £000**	2020 revenue £000	2020 green revenue £000
Corporate	Procurement	Consultancy and advisory services on placing energy supply contracts for corporate consumers. Focusing on the management of renewable obligations, feed-in tariffs and climate change levies	**24,443**	**24,443**	20,966	20,966
	Energy accounting	Verification of energy invoices and charges for corporate energy consumers, including validation of consumption data which forms the basis of submissions for sustainability reporting and voluntary schemes such as the Carbon Disclosure Project	**5,965**	**5,965**	5,006	5,006
	Monitoring and targeting	Monitoring of site energy consumption to reduce energy and water waste and drive energy-efficient behaviour from employees	**7,039**	**7,039**	5,836	5,836
	ESG	Production of net-zero carbon action programmes and setting of science-based targets. Creation of TCFD and SECR disclosures and ESG reports	**966**	**966**	494*	494*
	Forensic audit	Historical cost recovery relating to consumer energy and water invoices	**3,093**	**–**	3,798	–
	TRIAD alerts	Forecasting and notifying of TRIAD periods to energy consumers	**127**	**–**	157	–
	Optimisation services	Consumption reduction management through energy efficiency, demand-side response and onsite renewable generation	**26,308**	**26,308**	9,852*	9,852*
		Total	**67,942**	**64,721**	46,110**	42,154
		% green revenues		**95%**		91%**

* Restated due to reallocation of revenues from optimisation services to ESG based on adoption of segmental reporting.

** Restated due to disposal of the SME business to reflect continuing operations.

Task Force on Climate-Related Financial Disclosures report (TCFD)

This is a summary of our climate-related risk management processes and results according to the TCFD framework. The TCFD recommendations provide a framework for disclosures on climate-related risks and opportunities. There are four components that integrate into our existing business structures: governance, strategy, risk management and metrics and targets.

Overview

In building a sustainable business, it is essential that climate-related risks and opportunities are considered to create a resilient strategy. We adopted the TCFD recommendations and developed an internal Climate Risk Management Framework to help us integrate climate change considerations into our regular planning, risk management and disclosure processes.

We published our first voluntary TCFD report in 2021 for financial year 2020. This was a statement of our commitment to transparency in disclosing climate-related information to our stakeholders, and in 2021 we have expanded our climate scenario analysis.

The TCFD presents two main risk categories: physical risks, such as extreme weather events or rising mean temperatures, and transitional risks, such as increasing reporting requirements and carbon pricing. For Inspired, the transition to a low-carbon economy is associated with the highest risks and the greatest opportunities. We are growing our net-zero and ESG disclosure services in response to business demand, supporting companies in complying with UK laws and aligning with the Nationally Determined Contributions which form part of the Paris Agreement. In terms of physical risk, we are particularly aware of the potential impacts of flooding and heatwaves and are monitoring these.

Governance

As described above, management and responsibility for climate-related risks and TCFD reporting fall within our broader ESG governance framework. All disclosures are subject to our internal governance processes with executive responsibility and Board oversight. The CEO, Mark Dickinson, has overall responsibility for ensuring climate-related risks, opportunities and responses are integrated into the business strategy. Consideration of how climate-related risks may impact the company's financial performance is the responsibility of the CFO, Paul Connor. Climate change is a standing agenda item for the ESG Performance Committee, which is responsible for reviewing and validating the strategy.

Strategy

Our approach

We recognise the reality of climate change and are adapting our business to minimise our impact and climate-related risks and to maximise the identified opportunities. As recommended by the TCFD, we use climate scenario analysis to understand the risk levels over the short, medium and long term, considering three different possible futures in terms of climate and governmental response, as follows.

Forward-looking analysis

Whilst we know that the climate is changing, the extent differs over time and depends on the actions taken to mitigate it on a global level. The greatest physical impacts will be felt on a timescale beyond traditional business planning and investment cycles. That is why we are using climate scenarios to model potential futures over the period 2020–2050. From that information, we can assess potential business impacts and resilience, as well as identify possible opportunities.

Climate scenarios

When running our climate scenario analysis for our first report in 2020, we considered two potential futures over two time horizons. In 2021, we ran the scenarios for three potential futures and three time horizons to add more granularity to our assessment. The scenarios were:

- proactive: <2°C by 2100: this is associated with high levels of transitional risks but limited physical risks;
- reactive: 2–3°C by 2100: this would see the highest level of transitional risks with some physical risks; and
- inactive: >3°C by 2100: this would bring limited transitional risks but the highest level of physical risks.

We used IPCC accredited external datasets, including the CORDEX, CLIMADA and IAM models. We ran the analysis for each of our seven offices. Full details will be available in our standalone 2021 TCFD report.

Risk management

Our internal risk management is based on the UK Government's Green Leaves III Environmental Risk Management Practices which have four interconnected processes to identify, assess and address potential risks. Our Climate Risk Framework considers the potential risks to our business for each of the categories outlined by the TCFD recommendations. We are able to assess these using the data from our climate scenario analysis and calculating the associated financial risk. Once material risks have been identified, we appraise the options for managing the risk and address any remaining residual risk.

Our results

As a primarily office-based company, with most operations in the UK and Ireland, our environmental impact and physical climate-related risks are low. Our highest risks lay in the transition to a low-carbon economy. However, there are also opportunities for our business too. Our results suggest a similar financial impact across all three scenarios, with minimal differences for some business categories.

An overview of ESG continued

Our results continued

Table 2: Risks and opportunities for Inspired PLC split by business category

Business category	2021 value £m	2020 value £m	Risk	Opportunity
Technology providers	1.2	1.2	X	
Transport	0.4	0.3	X	
Energy and utility costs	–	0.1	X	
Capital markets	0.4	0.4	X	
Bank finance	1.9	1.9	X	
Engineering contractors	4.8	2.3	X	X
Offices	0.6	0.9	X	X
Asset values	83.0	73.2	X	
Robotic process automation	0.3	0.2	X	
Capital equipment	0.9	1.6	X	
IT development	3.0	2.4	X	
M&A execution	0.5	5.0	X	
Labour	32.5	25.8*	X	
Energy assurance services	35.0	29.8	X	X
Energy optimisation services	29.6	14.3	X	X
ESG disclosure services	0.9	0.4	X	X
Software solutions	2.4	2.1	X	X
ESG impact services	–	–		
Equipment manufacturers	5.6	1.6	X	X

* Restatement of error in 2020 initial voluntary assessment.

Once we have established the associated financial impact for each business category, we create a risk and opportunity materiality ranking, as shown in the tables below.

Table 3: Top material risks

				2021		2020	
Category	Key area	Materiality risk ranking	Business category	Value of impact area £m	Risk value £m	Value of impact area £m	Risk value £m
Transition	Market	1	Asset values	83.0	4.2	73.2	3.7
Transition	Reputation	2	Labour	32.5	3.2	25.8	2.1*
Physical	Chronic	3	Energy assurance services	35.0	0.5	29.8	0.4

* Restatement of risk based on error in 2020 initial voluntary assessment.

As well as risks, we also identified three material opportunities. For our Energy Optimisation Services, the increasing pricing of GHG emissions offers increasing opportunities to support clients in managing their energy use. For our Energy Assurance and ESG Disclosure departments, increasing reporting obligations allows us to expand our offering in terms of disclosure preparation and energy reduction strategies for clients.

Our results continued

Table 4: Top material opportunities

Category	Key area	Materiality risk ranking	Business category	2021 Value of impact area £m	2021 Opportunity value £m	2020 Value of impact area £m	2020 Opportunity value £m
Physical	Chronic	1	Energy assurance services	**35.0**	**4.3**	29.8	3.7
Transition	Market	2	ESG disclosure services	**0.9**	**6.8**	0.4	3.0
Transition	Reputation	3	Energy optimisation services	**29.6**	**4.6**	14.3	2.2

Metrics and targets

As a provider of ESG disclosure services to businesses, we aim to lead by example. Since 2020, we have achieved carbon neutrality through offsets for Scope 1 and 2 and operational Scope 3 emissions. Expanding our offsetting to include Scope 3 emissions associated with our operational supply chain provides a further incentive to improve emissions from our suppliers. We are currently working with our suppliers to better understand their emissions and improve our data collection. This will allow us to reduce our Scope 3 emissions, starting our path to net-zero.

Table 5: Key targets

Target year	Key performance indicators	Progress	Next steps
2022	Commit to submitting science-based targets to SBTi	• Preparing targets for submission • Scope 3 (supply chain) inventory fully quantified	• Officially commit to SBTi • Submit targets and book validation slot • Improved Scope 3 data collection
2030	Reduce our carbon footprint by 50% (on a location basis) compared to a 2019 baseline	• Scope 1 and 2 carbon neutrality achieved in 2021 plus operational Scope 3 • Tamper-proof heating and cooling controls have been implemented in the occupied office spaces • Rationalising office estate for 2023	• LED refit in offices currently utilising fluorescent lighting • Installation of automatic meter reading (AMR) meters • Once office estate is finalised, identify future energy efficiency measures
2035	Achieve net-zero Scope 1 and 2 emissions (on a location basis)		
2050	Achieve net-zero Scope 1, 2 and 3 emissions		

Our streamlined carbon and energy report and carbon balance sheet, below, lay out all our carbon emissions, broken down by scope and subcategory.

Our environmental impact

Streamlined carbon and energy report

Total greenhouse gas emissions

The total consumption (kWh) figures for energy supplies reportable by Inspired PLC are as follows:

Table 6: Inspired PLC total consumption (kWh) figures

Utility and scope	2021 UK consumption (kWh)	2021 global (excluding UK) consumption (kWh)	2021 UK consumption (kWh)	2021 global (excluding UK) consumption (kWh)
Gaseous and other fuels (Scope 1)	**357,413**	**—**	233,402	—
Transportation (Scope 1)	**168,213**	**—**	191,234	—
Grid-supplied electricity (Scope 2)	**327,431**	**14,826**	440,769	16,288
Transportation (Scope 3)	**409,733**	**—**	382,175	—
Total	**1,262,790**	**14,826**	1,247,579	16,288

An overview of ESG continued

Our environmental impact continued

Streamlined Carbon and Energy Report continued

Total greenhouse gas emissions continued

The total emissions (tCO_2e) figures for energy supplies reportable by the Group are as follows. These have been calculated utilising both location-based and market-based conversion factors. The market-based emissions also reflect the carbon savings achieved through the purchase of REGO backed electricity and Green Gas Certificates. Conversion factors utilised in these calculations are detailed in the methodology below.

Table 7: Inspired PLC total location-based emissions (tCO_2e) figures

Utility and scope	2021 UK consumption (tCO_2e) Location based	2021 global (excluding UK) consumption (tCO_2e) Location based	2020 UK consumption (tCO_2e) Location based	2020 global (excluding UK) consumption (tCO_2e) Location based
Scope 1 total	**105.31**		88.86	
Gaseous and other fuels (Scope 1)	**65.46**	**—**	42.92	—
Transportation (Scope 1)	**39.84**	**—**	45.94	—
Scope 2 total	**69.52**		102.76	
Grid-supplied electricity (Scope 2)	**69.52**	**4.39**	102.76	3.80
Scope 3 total	**95.01**		89.85	
Transportation (Scope 3)	**95.01**	**—**	89.85	—
Total	**269.84**	**4.39**	281.47	3.80

Table 8: Inspired PLC total market-based emissions (tCO_2e) figures

Utility and scope	2021 UK consumption (tCO_2e) Market based	2021 global (excluding UK) consumption (tCO_2e) Market based	2020 UK consumption (tCO_2e) Market based	2020 global (excluding UK) consumption (tCO_2e) Market based
Scope 1 total	**39.98**		46.02	
Gaseous and other fuels (Scope 1)[1]	**0.14**	**—**	0.08	—
Transportation (Scope 1)	**39.84**	**—**	45.94	—
Scope 2 total	**—**		—	
Grid-supplied electricity (Scope 2)	**—**	**—**	—	—
Scope 3 total	**95.01**		89.85	
Transportation (Scope 3)	**95.01**	**—**	89.85	—
Total	**134.99**	**—**	135.88	—

1 Natural gas market-based emissions have been calculated taking into account carbon dioxide savings from the purchase of Green Gas Certificates. 2020 market-based natural gas tCO_2e emissions have been recalculated in line with this update in methodology, increasing the market-based emissions for 2020 from 0 to 0.08 tCO_2e.

Intensity metric

An intensity metric of tCO_2e per FTE has been applied for the annual total consumption of the Group. This methodology is compliant with SI 2008/410 7 Sch 15(3), and the results of this analysis are as follows.

Table 9: Inspired PLC emissions intensity metrics

Intensity metric	2021 intensity metric	2020 intensity metric
Total FTE	**608**	556[2]
tCO_2e/FTE (location based)	**0.45**	0.51
tCO_2e/FTE (market based)	**0.22**	0.24

2 2020 FTE figures and associated carbon intensity have been recalculated following the divestment of the Energisave division of the Group in December 2020. FTEs used for 2020 intensity metric calculations have decreased from the originally stated 608 FTEs to 556 FTEs. This includes 521 statutory FTEs from continuing operations, and an estimated 35 FTEs who were not furloughed from non-continuing operations.

Intensity metric continued

Electricity and natural gas emissions for Inspired have decreased from 2020 levels by over 6% in 2021. While the business has begun to resume office operations, a smaller number of office sites are operational, with work undertaken to ensure that unoccupied offices are not consuming energy unnecessarily. Measures have also been taken to ensure that offices that are open are operating in the most efficient way possible, in particular with heating and cooling controls, reflected in reduced emissions for these utilities. It has been noted that there has been some reconciliation of billing resulting from the correction of estimated meter readings while there was restricted access to sites in the previous period, which has contributed to a small reduction in reported emissions.

However, with resumption of normal operations also comes a slight increase in emissions associated with business travel. The business promotes the hosting of virtual meetings, and travel wherever possible on public transport; however, in efforts to prevent transmission of COVID-19, the business was accommodating to personal preference to travel in personal or company vehicles for business purposes where this was required. This is an area where Inspired looks to improve as COVID-19 infection levels decrease, and demonstrate a reduction through 2022.

Inspired has one subsidiary that qualifies for SECR as an individual entity in 2021. The consumption and emission figures for this subsidiary for the 2021 reporting year are shown below:

Table 10: Inspired Energy Solutions total consumption (kWh) figures

Utility and scope	**2021 consumption (kWh)**	2020 consumption (kWh)
Gaseous and other fuels (Scope 1)	**9,220**	94,406
Transportation (Scope 1)	**7,691**	15,416
Grid-supplied electricity (Scope 2)	**128,391**	283,446
Transportation (Scope 3)	**109,422**	68,532
Total	**254,724**	461,800

Table 11: Inspired Energy Solutions total location-based emissions (tCO_2e) figures

Utility and scope	**2021 consumption (tCO_2e)**	2020 consumption (tCO_2e)
Gaseous and other fuels (Scope 1)	**1.69**	17.36
Transportation (Scope 1)	**1.82**	3.71
Grid-supplied electricity (Scope 2)	**27.26**	66.08
Transportation (Scope 3)	**25.37**	16.10
Total	**56.14**	103.25

Energy efficiency improvements

Inspired PLC is committed to year-on-year improvements in its operational energy efficiency. As such, a register of energy efficiency measures available to the Group has been compiled, with a view to implementing these measures in the next five years.

Measures ongoing and undertaken through 2021:

Scope 3 (supply chain) inventory has been reviewed in order to understand the full extent of Inspired's GHG emissions, taking into account the supply chain of our operations.

Heating and cooling controls have been reviewed over the reporting year, with the implementation of tamper-proof controls in the occupied office spaces. This ensures that heating and cooling are not operational outside of standard office occupation hours, or operating at temperatures in excess of the required level of service.

Environmental, social and governance (ESG) performance has been emphasised throughout all business operations throughout 2021. Sustainable Development Goals (SDGs) achievement has been introduced throughout business operations, with voluntary tracking for all employees through our app (SDGme), highlighting where staff can support sustainability in their professional and personal lives. We have also published our TCFD and ESG performance voluntarily for 2021 and will continue to publish this alongside our annual accounts moving forwards.

Net-zero targets have been set for the business in accordance with the principles of the Science-Based Targets initiative (SBTi), alongside aligning our strategy with the UK Government's Nationally Determined Contribution 2020 (NDC) to keep the increase in global average temperature to well below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature increase to 1.5°C.

Measures prioritised for implementation in 2022:

LED refit in offices currently utilising fluorescent lighting.

Installation of automatic meter reading (AMR) meters to be implemented throughout the portfolio. This will improve the data quality of consumption measured by Inspired for reporting and allow for monitoring and targeting to be undertaken to further reduce out-of-hours and unnecessary energy consumption.

An overview of ESG continued

SECR methodology

Scope 1, 2 and 3 consumption and CO_2e emissions data has been calculated in line with the 2019 UK Government environmental reporting guidance. BEIS Greenhouse Gas Reporting Conversion Factors 2021 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO_2e emissions factors relevant for reporting period 1 January 2021 to 31 December 2021.

Estimations undertaken to cover missing billing periods for properties directly invoiced to Inspired PLC were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 28% of reported consumption.

For properties where Inspired PLC is indirectly responsible for utilities (i.e. via a landlord or service charge), an average kWh/m^2 consumption was calculated at meter level and was applied to the properties with similar operations with no available data. Where floor area was unknown, an estimate of kWh/FTE was calculated per utility and applied to the known number of employees in occupation.

These full year estimations were applied to five electricity supplies and one gas supply for Inspired PLC.

Natural gas market-based emissions have been calculated taking into account carbon dioxide savings from the purchase of Green Gas Certificates. 2020 market-based natural gas emissions have been recalculated in line with this update in methodology.

Intensity metrics have been calculated using total tCO_2e figures and the selected performance indicator agreed with Inspired PLC for the relevant reporting period.

Full time equivalents (FTE) 2021: 608 (2020: 556).

Carbon balance sheet

GHG inventory

When considering metrics and targets for TCFD disclosures, businesses should set out their full carbon footprint, covering Scopes 1, 2 and 3, with respect to the GHG Protocol. Some companies choose which categories of the GHG Protocol to disclose in their carbon footprint on a materiality basis. However, we believe this methodology does not provide the full picture of a company's emissions footprint compared to disclosing all 15 Scope 3 categories. As such, we review every category of the GHG Protocol and report on all that are applicable to our business. This ensures the highest standard of transparency for our disclosure.

Our carbon footprint, calculated on a location basis, is set in Table 12. Overall our total emissions for all scopes increased by 64% between 2020 and 2021 and 99% of them come from Scope 3. This was driven mainly by a 172% increase in the energy used by products we sold to third parties, which is by far the largest category for Inspired and represents 59% of the Group's total emissions. Inspired provides energy saving solutions to other businesses that help them to reduce their Scope 1 and 2 emissions. However, these products still consume energy and the GHG Protocol indicates that we need to account for the emissions associated with the energy this equipment consumes within our GHG inventory. On this basis, the more energy saving products we sell to help our clients decarbonise and manage their response to climate change, the higher our Scope 3 emissions will become.

When we consider this growth in the context of the increasing scale of our operations on both a revenue and employee basis, we are becoming more effective in our emissions management. However, it should be remembered that the objective of net-zero is to deliver absolute reductions in emissions and intensity metrics only serve to show a direction of travel.

Operational analysis

As an organisation we seek to not only make ourselves carbon neutral for our Scope 1 and Scope 2 emissions, but also for the Scope 3 emissions we have consumed in the provision of our operations. Our operational analysis shows that our carbon cost of operations reduced by an absolute 9% during 2021. We procured 5,692 tCO_2e of offsets to achieve carbon neutrality across our operations.

We purposefully achieve carbon neutrality for our operations to ensure there is a commercial cost associated with our emissions, in order to provide a commercial incentive to make improvements our business.

While we see carbon neutrality as a useful tool in the short term to both help fund sustainable projects and put a price on our emissions, we are ultimately aiming to reduce the emissions we produce across our operations and achieve net-zero.

Analysis of carbon benefits to customers

Where we provide energy consuming products to our customers to help them reduce their emissions, such as LED light bulbs and heat pumps, we aim to see the return on investment through the net carbon impact of those products. The analysis of carbon benefits to customers shows that we are saving our customers more emissions than those associated with the products themselves, i.e. embedded in the raw materials of the products or from their end of life treatment. This results in a positive net carbon impact for our customers. In 2021 we invested 540 tCO_2e, in Categories 1 and 12-related emissions, to help our customers to save 10,658 tCO_2e, an increase of 223% over 2020.

Carbon balance sheet continued

Table 12: 2021 carbon balance sheet

Emissions scope and Scope 3 category	GHG inventory						Operational analysis		
	Location-based tCO_2e			Market-based tCO_2e			Carbon cost of operations tCO_2e		
	2021	Restated 2020	% change	**2021**	Restated 2020	% change	**2021**	2020	% change
Scope 1	**105**	89	18%	**40**	46	(13%)	**40**	46	(13%)
Natural gas	**65**	43	51%	**—**	—	0%	**—**	—	0%
Transportation (excluding grey fleet)	**40**	46	(13%)	**40**	46	(13%)	**—**	—	0%
Scope 2	**74**	107	(31%)	**—**	—	0%	**—**	—	0%
Scope 3	**16,111**	9,643	67%	**16,111**	9,643	67%	**5,513**	6,037	(9%)
1. Purchased goods and services	**5,860**	5,368	9%	**5,860**	5,368	9%	**4,829**	5,185	(7%)
Energy consuming products for resale	**539**	183	195%	**539**	183	195%			0%
Other goods and services	**4,829**	5,185	(7%)	**4,829**	5,185	(7%)	**4,829**	5,185	0%
2. Capital goods	**192**	414	(54%)	**192**	414	(54%)	**192**	414	(54%)
3. Fuel-related emissions	**63**	65	(3%)	**63**	65	(3%)	**63**	65	(3%)
4. Upstream transportation and distribution	**56**	3	1,900%	**56**	3	1,900%	**56**	3	1,900%
5. Waste generated in operations	**1**	1	(9%)	**1**	1	(9%)	**1**	1	(9%)
6. Business travel	**146**	105	39%	**146**	105	39%	**146**	105	39%
7. Employee commuting	**226**	263	(14%)	**226**	263	(14%)	**226**	263	(14%)
8. Upstream leased assets	**—**	—	0%	**—**	—	0%	**—**	—	0%
9. Downstream transportation and distribution	**—**	—	0%	**—**	—	0%	**—**	—	0%
10. Processing of sold products	**—**	—	0%	**—**	—	0%	**—**	—	0%
11. Use of sold products	**9,567**	3,512	172%	**9,567**	3,512	172%	**—**	—	0%
12. End-of-life treatment of sold products	**1**	—	400%	**1**	—	400%	**—**	—	0%
13. Downstream leased assets	**—**	—	0%	**—**	—	0%	**—**	—	0%
14. Franchises	**—**	—	0%	**—**	—	0%	**—**	—	0%
15. Investments	**—**	—	0%	**—**	—	0%	**—**	—	0%
Total all scopes	**16,290**	9,928	64%	**16,151**	9,689	67%	**5,553**	6,083	(9%)
All scopes $kgCO_2e$ per £ (revenue)	**0.24**	0.22	11%	**0.24**	0.21	13%	**0.08**	0.13	(38%)
All scopes tCO_2e per employee	**26.8**	17.9	50%	**26.6**	17.4	52%	**9.1**	10.9	(17%)

	Analysis of carbon benefits from customer use of energy consuming products								
	Carbon cost of energy consuming products sold to customers tCO_2e			Carbon saving from use of energy consuming products by customers tCO_2e			Customers net carbon impact from use of energy consuming products tCO_2e		
	2021	2020	% change	**2021**	Restated 2020	% change	**2021**	2020	% change
Scope 1	**—**	—	0%	**—**	—	0%	**—**	—	0%
Natural gas	**—**	—	0%	**—**	—	0%	**—**	—	0%
Transportation (excluding grey fleet)	**—**	—	0%	**—**	—	0%	**—**	—	0%
Scope 2	**—**	—	0%	**—**	—	0%	**—**	—	0%
Scope 3	**540**	183	195%	**10,658**	3,302	223%	**10,118**	3,119	224%
1. Purchased goods and services	**—**	—	0%	**—**	—	0%	**—**	—	0%
Energy consuming products for resale	**539**	183	195%	**—**	—	0%	**(539)**	(183)	0%
Other goods and services	**—**	—	0%	**—**	—	0%	**—**	—	0%
2. Capital goods	**—**	—	0%	**—**	—	0%	**—**	—	0%
3. Fuel-related emissions	**—**	—	0%	**—**	—	0%	**—**	—	0%
4. Upstream transportation and distribution	**—**	—	0%	**—**	—	0%	**—**	—	0%
5. Waste generated in operations	**—**	—	0%	**—**	—	0%	**—**	—	0%
6. Business travel	**—**	—	0%	**—**	—	0%	**—**	—	0%
7. Employee commuting	**—**	—	0%	**—**	—	0%	**—**	—	0%
8. Upstream leased assets	**—**	—	0%	**—**	—	0%	**—**	—	0%
9. Downstream transportation and distribution	**—**	—	0%	**—**	—	0%	**—**	—	0%
10. Processing of sold products	**—**	—	0%	**—**	—	0%	**—**	—	0%
11. Use of sold products	**—**	—	0%	**10,658**	3,302	223%	**10,658**	3,302	223%
12. End-of-life treatment of sold products	**1**	—	400%	**—**	—	0%	**(1)**	—	400%
13. Downstream leased assets	**—**	—	0%	**—**	—	0%	**—**	—	0%
14. Franchises	**—**	—	0%	**—**	—	0%	**—**	—	0%
15. Investments	**—**	—	0%	**—**	—	0%	**—**	—	0%
Total all scopes	**540**	183	195%	**10,658**	3,302	223%	**10,118**	3,119	224%
All scopes $kgCO_2e$ per £ (revenue)	**0.01**	—	99%	**0.16**	0.07	118%	**0.15**	0.07	119%
All scopes tCO_2e per employee	**0.9**	0.3	170%	**17.5**	5.9	195%	**16.6**	5.6	197%

Please see 'Adjustment Table' within Table 15 for original & re-calculated 2020 values and rationale for amendments.

An overview of ESG continued

Environment

We acknowledge the climate emergency and are committed to mitigating our impact on the environment. We have a climate change and environment policy that states this commitment and outlines the steps we are taking. This includes reducing our waste and energy use, utilising video conferencing technology to reduce our business travel and assessing the environmental impact of new products and processes before we introduce them. We also encourage our clients and suppliers to do the same.

Our overarching environmental target is to reach net-zero on a location basis by 2035. We are in the process of setting our interim goals to ensure that this is met. Further emissions and environmental targets are detailed in the metrics and targets section of the TCFD summary.

Waste and water

Our water use and waste production are relatively low and, with an increase in homeworking due to the COVID-19 pandemic, have reduced in recent years. We have set the targets below to reduce our water usage and waste in the short term. We are currently in the process of determining where we can use metering equipment to monitor and reduce our water consumption.

Table 13: Waste and water targets

	Target	Progress
Water	25% reduction in water use by 2025	Metering equipment to be installed where possible
Waste	Replace or remove single-use plastic by 2025 Reduce paper usage by 50% by 2025 Recycle 90% of paper by 2025	DocuSign is used to reduce printing of documents

Suppliers

We are also keen to work with our suppliers to improve their environmental impact. We ask that all suppliers work to environmental standards consistent with our own and review their environmental policies during our onboarding process. We are currently improving our screening processes to include more detail on environmental and social topics. To further improve our knowledge of how suppliers are engaging with the topic of climate change, we have set ourselves a target of having 80% of suppliers, by spend, making a TCFD or equivalent disclosure by 2025.

Table 14: Supplier targets

	Target	Progress
Vendor engagement	Achieve 80% of suppliers by spend making a TCFD disclosure or equivalent by 2025	Suppliers were consulted in 2021, and engagement is ongoing

SDGme

We want to embed the UN SDGs into our organisational culture through our SDGme app. This encourages employees to record actions that save carbon and contribute to specific Sustainable Development Goals. It aims to foster employee engagement and shape individual behaviour around global social and environmental issues.

This year the app was offered to all our employees, and there are currently over 100 active users. Since its launch in November 2021, over 4,400 actions have been logged, saving a total of 58.8 tCO_2e. Actions include choosing active travel over driving, conserving energy by turning off devices at night and shopping locally. We are in the early stages of testing the app with clients and look forward to rolling it out fully in 2022.

Our people

Inspired recognises that our people are fundamental to the delivery of our strategy. We support our employees in their professional development and health and wellbeing through internal training and providing access to external resources. We also aim to attract the best new talent and have an internal talent acquisition team of industry experts who develop a talent pool of high-quality candidates. In 2021, we created 91 additional roles, and 87 of these were filled by the end of December.

Employee Engagement Committee

The Employee Engagement Committee consists of over 20 employees from across the business and our offices. It runs charity fundraising and engagement initiatives. Each month it writes and sends out a newsletter celebrating employee fundraising, sharing sustainability tips and encouraging engagement. Below are a few highlights from 2021:

Buzzing bee bombs

We sent out wildflower seed bombs for our colleagues to help provide nectar-rich habitats for bees, butterflies, and insects across the country.

Divine donations

Our Kirkham and St Albans offices collected donations of food items for Amazing Graze in Blackpool and Open Door at St Albans.

Employee wellbeing

We want to ensure our employees are thriving. This year, we added two new external initiatives to support them: an Employee Assistance Programme through our health insurer and the Unmind app.

Employee Assistance Programme

The Employee Assistance Programme offers support for various issues, including health problems, finances and personal or work life concerns. It is available as an app and as telephone support from experienced counsellors and advisors.

Unmind app

Unmind provides various expert tools based on neuroscience, cognitive behaviour therapy, mindfulness, and positive psychology. It is confidential and free to use. This year, 160 Inspired employees have registered with Unmind.

Learning and development

All Inspired employees have access to our Eloomi training portal, which has modules on topics from around the business. Our core modules, which are taken each year, include Equality and Diversity, Health and Safety and Cyber Security.

Blanchard training

We use the Blanchard situation awareness training to ensure that all our managers speak the same language when supporting employees and setting targets. By offering training in this, we also aim to bridge the organisational language between senior management and junior employees. In 2021, 45 employees completed this training, and we will continue this in 2022.

Gender diversity

Gender diversity is an area of focus for Inspired, especially at the higher levels of the company. In 2021, our Group gender diversity was 46%, and we also achieved our 2020 target of ensuring each gender represents at least 37.5% of the Board's composition.

An overview of ESG continued

Gender diversity continued

We believe in equal pay for equal experience and performance to support this diversity. At each level of the organisation, men and women are paid the same under these conditions. Overall, there is a 27% Group gender pay gap due to the low level of diversity in senior leadership positions. We are aware of this and working to improve it. Our steps for improvement can be summarised as:

a. set gender and diversity targets for every business level at 37.5%;.

b. regularly review HR processes to ensure gender diversity bias is removed;.

c. continue to provide access to additional leadership training for women in the organisation; and

d. develop a Science, Technology, Engineering and Mathematics (STEM) scholarship programme for girls and young women in Inspired PLC's local communities.

The ratio of the basic pay of our most senior executive is 7.5 times that of average UK employees.

Our full gender pay gap report can be found on our website.

Health and safety

As a primarily office-based service provider, the potential for work-related injuries is relatively low compared to many organisations. However, we do provide some onsite services and take health and safety very seriously. That is why our management system is BS ISO 45001:2018 certified. Furthermore, we are registered with the Achilles Utilities Vendor Database (UVDB) scheme, which aims to manage and mitigate risks in the supply chain.

In 2021, there were no HSE-reportable injuries or fatalities for the fifth consecutive year. There was one lost-time incident, two incidents requiring medical treatment, two incidents requiring first aid and one near hit/miss. Work-related hazards are reviewed monthly by the office management team to minimise risk.

Restated 2020 figures

Due to complications from COVID 19, changes to the structure of the Group and amendments to our calculation methodologies, some figures reported in our 2020 report have been restated, including TCFD, SECR and the carbon balance sheet (CBS). These amendments and the rationale for the changes are outlined in Table 12.

Table 15: 2020 restated figures

Line item	Original 2020	Restated 2020	Rationale
Full time employee (FTE) number (SECR and CBS)	608	556	2020 FTE figures have been recalculated following the divestment of the Energisave division of the Group in December 2020. Therefore, the FTE number used for 2020 intensity metric calculations has decreased from the originally stated 608 FTEs to 556 FTEs. This includes 521 statutory FTEs from continuing operations, and an estimated 35 FTEs who were not furloughed from non-continuing operations (Energisave). This provides a more realistic view of the business size for the intensity metrics.
Scope 3 Category 1: Energy consuming products for resale (CBS)	344	183	Quantis 2018 conversion factors used in original 2020 calculations. However, BEIS 2011 conversion factors were agreed to be more acceptable for UK-based spend as Quantis is an American conversion and BEIS is from the UK government.
Scope 3 Category 11: Carbon saving from use of energy consuming products (CBS)	6,815	3,302	Alternative methodology for quantifying the benefit of lower energy products agreed. Previous calculations included total emissions from use of incumbent product whereas the recalculated figures look specifically at the carbon saving between the incumbent and Inspired products.
Business category: Labour (TCFD)	21.2	25.8	This was an administrative error in the production of the initial voluntary 2020 disclosure.

Group Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Principal activities

Inspired is focused on the creation of shareholder value through a leading technology enabled service supporting businesses in their drive to net-zero, controlling energy costs and managing their response to climate change.

Review of business and future developments

The Board has continued the commercial development of the business and is pleased with the progress made as noted in further detail in the Chief Executive Officer's statement and strategic report.

The review of business and commentary on future developments have been included in the strategic report on pages 2 to 38.

Directors and their shareholdings

The Directors who served during the year and their interests in the shares of the Group as recorded in the register of Directors' interests at the balance sheet date were as follows:

	Number of shares	%
Mark Dickinson	2,539,310	0.26
Paul Connor	1,000,000	0.10
Richard Logan	459,828	0.05
Sangita Shah	128,205	0.01
Dianne Walker	—	—
Sarah Flannigan	—	—

There has been no change in the interests in shares of the company by the Directors as at 30 March 2022.

Dividends

The Board is delighted to propose a final dividend of 0.13 pence per share subject to approval at the Annual General Meeting of the Group. Following the payment of an interim dividend of 0.12 pence per share, the total dividend payable for the year ended 31 December 2021 is 0.25 pence per share (2020: 0.22 pence per share). The dividend will be payable on 26 July 2022 to all shareholders on the register on 17 June 2022 and the shares will go ex-dividend on 16 June 2022.

Going concern

For the purposes of assessing the appropriateness of preparing the Group's accounts on a going concern basis, the Directors have considered the current cash position, available banking facilities and the Group's base case financial forecast through to 31 December 2023, including the ability to adhere to banking covenants.

The Directors believe the Group has a strong balance sheet position, having refinanced its banking facilities in October 2019 through to October 2023. Furthermore, on entering the current facility agreement with Santander and Bank of Ireland in October 2019, the Group had an option to extend the term of the facility from October 2023 to October 2024. The Group exercised that option in September 2021, taking the term of the existing facility to October 2024.

At 31 December 2021 the Group's net debt was £32.9 million, increasing from £18.8 million at 31 December 2020. In addition to cash and cash equivalents of £12.9 million on hand as at 31 December 2021, approximately £14.0 million of the Group's £60.0 million revolving credit facility is undrawn with an additional £25.0 million accordion option available, subject to covenant compliance. The facility is subject to two covenants, which are tested quarterly, adjusted leverage to adjusted EBITDA and adjusted EBITDA to net finance charges. Following the onset of the COVID-19 pandemic in March 2020, the Group agreed with its banking partners in May 2020 a resetting of the adjusted leverage covenant for quarters ending 30 June 2020 through to 30 June 2021.

In March 2021, the Board agreed with its lenders to amend the definition of adjusted net leverage to apply from 1 July 2021, to reverse the impact of the adoption of IFRS 16, and the definition of contingent consideration to only include deferred consideration or crystallised contingent consideration. Collectively, these changes reduced the net adjusted leverage of the Group and significantly increased the headroom available to the Group from a covenant perspective.

Furthermore, subsequent to the year end, the Group has agreed with the lenders to defer the tapering of the adjusted net leverage covenant from 2.50:1.00 to 2.00:1.00, which was due to commence in the quarter ending 31 December 2022 for twelve months to 31 December 2023 to align with the extension of the facility.

The future likely impact on the Group of the COVID-19 pandemic has been considered as part of the consideration of the going concern basis of preparation, and the Board is comfortable that the base case represents the Group returning to a business as usual status.

Group Directors' report continued

Going concern continued

Noting the impacts of the war in the Ukraine and the resulting volatility and uncertainty across commodity and energy markets, from a going concern perspective, the Group considered a number of scenarios in relation to Gazprom Marketing and Trading Retail Limited ceasing trading in the UK, from which the Group is forecast to collect revenue during 2022 and 2023. The Board is comfortable that in a severe scenario, the Group would have sufficient headroom under its banking covenants.

Therefore, the Directors believe that the Group is well placed to manage its business risks and, after making enquiries including a review of forecasts and scenarios, taking account of the potential impact of the macro-economic uncertainty created by the war in Ukraine and reasonably possible changes in trading performances in the next twelve months and considering the available liquidity, including banking facilities, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next twelve months following the date of approval of these financial statements. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Corporate governance

The Directors are committed to maintaining high standards of corporate governance. Further information can be found on pages 39 to 42 in the statement of corporate governance.

Board responsibilities

The Board is responsible for the overall strategy and direction of the Group and for approving acquisitions and disposals, management performance, major capital and development expenditure, and significant financial matters. It monitors exposure to key business risks and reviews the strategic direction of the Group, its annual budgets, its progress against those budgets and its development programmes. The Board also considers employee issues and key appointments.

The Board has an Audit & Risk Committee, a Remuneration Committee, an ESG Performance Committee and a Nominations Committee. Each Committee operates within defined terms of reference.

The Remuneration Committee

The members of the Remuneration Committee during the year were Richard Logan, Sarah Flannigan, Sangita Shah (from the date of her appointment on 1 July 2021), and Mike Fletcher (until his resignation on 30 June 2021). The Remuneration Committee was chaired by Mike Fletcher until his resignation on 30 June 2021 and is now chaired by Sangita Shah from the date of her appointment on 1 July 2021.

The Remuneration Committee met on two occasions in 2021. All members of the Remuneration Committee were in attendance.

The Audit & Risk Committee

The members of the Audit & Risk Committee during the year were Dianne Walker, Richard Logan, Sangita Shah, Sarah Flannigan (until 4 August 2021) and Mike Fletcher (resigned on 30 June 2021).

The Audit & Risk Committee is chaired by Dianne Walker following her appointment to the Board on 4 August 2021. Dianne has recent and relevant experience. She is authorised by the Board to conduct any activity within its terms of reference and to seek any information it requires from any employee.

The Audit & Risk Committee met on two occasions in 2021. All members of the Audit & Risk Committee were in attendance.

The Audit & Risk Committee has written terms of reference, which are available on request, and include reviewing and monitoring:

- interim and annual reports, including consideration of the appropriateness of accounting policies;
- material assumptions and estimates adopted by management;
- developments in accounting and reporting requirements;
- external auditors' plans for the year-end audit of the Group, the company and its subsidiaries;
- the effectiveness of the Committee;
- the performance and independence of the external auditors concluding in a recommendation to the Board on the reappointment of the auditors by shareholders at the Annual General Meeting;
- non-audit fees charged by the external auditors; and
- the formal engagement terms entered into with the external auditors.

The Audit & Risk Committee is also responsible for ensuring that risk management and the related controls in place have been effective during the year.

At the invitation of the Committee, meetings may be attended by the Chief Executive Officer and the Chief Financial Officer. Representatives of the external auditors, RSM UK Audit LLP, also attend certain meetings during the year. The Chairman of the Committee also meets separately with the external auditors.

Under its terms of reference, the Audit & Risk Committee is responsible for monitoring the independence, objectivity and performance of the external auditors and for making a recommendation to the Board regarding the appointment of external auditors on an annual basis.

The Audit & Risk Committee continued

The auditors have confirmed to the Committee that in relation to their services to the company they comply with UK regulatory and professional requirements, including Ethical Standards issued by the Auditing Practices Board, and that their objectivity is not compromised.

The auditors are required each year to confirm in writing that they have complied with the independence rules of their profession and regulations governing independence. Before RSM UK Audit LLP take on any engagement for other services from the company, careful consideration is given as to whether the project could conflict with their role as auditors or impair their independence.

Responsibilities of the Committee also include oversight of the Group's risk management processes and reviews of the scope and effectiveness of the Group's internal controls, including financial, operational and compliance controls (systems established by management to identify, assess, manage and monitor key risks).

The ESG Performance Committee

The members of the ESG Committee during the year were Sarah Flannigan, Richard Logan, Sangita Shah and Dianne Walker. The ESG Committee is chaired by Sarah Flannigan.

The ESG Committee met on one occasion in 2021. All members of the ESG Committee were in attendance.

Substantial shareholdings

At 14 February 2022, notification had been received of the following interests which exceed a 3% interest in the issued share capital of the Group, in addition to those of the Directors referred to on page 65.

	Number of shares	%
Gresham House Asset Management	210,524,075	21.59
Slater Investments	79,845,321	8.19
Fidelity International	79,316,309	8.14
Premier Miton Investors	75,278,294	7.72
Business Growth Fund	74,566,162	7.65
Regent Gas Holdings Limited	72,687,101	7.46
Tellworth Investments	59,532,239	6.11
Chelverton Asset Management	58,300,000	5.98
Otus Capital Management	35,759,833	3.67

Approach to risk

Risk is an accepted part of doing business. The real challenge for any business is to identify the principal risks and to develop and monitor appropriate controls. A successful risk management process balances risk and reward and relies on a sound judgement of their likelihood and consequence. The principal risks identified by the Executive management were reviewed by the Board of Directors and the Audit & Risk Committee.

Financial risk management

The Group uses various financial instruments, which include loans, cash and other items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks. These include liquidity risk, credit risk and interest rate risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs, by the use of bank facilities and loans, and to invest cash assets safely and profitably.

Credit risk

The Group's trade receivables relate to amounts owed by UK and ROI corporate businesses, public sector organisations and energy suppliers. Given the size and stability of the core receivables, the Directors do not believe that credit risk to the Group is significant. However, the Directors monitor any default risk on an ongoing basis.

Interest rate risk

The Group has sought to manage its interest rate risk by undertaking an interest rate swap. A GBP (£) interest rate swap is against three-month SONIA to cover £7.3 million of its total indebtedness at an interest rate of 1.39% for the term of the loan. This interest rate swap was entered into following the refinancing in July 2017.

The Group continues to assess the correct hedging position for its debt facility. The Group does not adopt the principles of hedge accounting.

Group Directors' report continued

Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and company financial statements for each financial year. The Directors have elected under company law and the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The Group and company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the company and the financial performance of the Group and the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group for that period.

In preparing each of the Group and company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with UK-adopted International Accounting Standards; and

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Inspired PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Section 172 statement

Detail of engagement with suppliers, customers, and others in a business relationship with the company can be found in the section 172 (1) statement on pages 35 to 38.

Detail of engagement with employees of the company during the year can be found in the section 172 (1) statement on pages 35 to 38.

Directors' liability insurance

The Group maintains liability insurance for the Directors and officers of all Group companies. The Directors and officers have also been granted a qualifying third provision under section 236 of the Companies Act 2006. Neither the Group's indemnity nor insurance providers cover in the event that a Director or officer is proved to have acted fraudulently or dishonestly.

Post-balance sheet event

Details of post-balance sheet events can be found in note 29 on page 113.

Auditors

RSM UK Audit LLP, having expressed their willingness to continue in office, will be proposed for reappointment for the next financial year, at the AGM, in accordance with section 489 of the Companies Act 2006.

Streamlined Energy and Carbon Reporting (SECR)

The Group's SECR report can be found on pages 57 to 60.

On behalf of the Board

Mark Dickinson
Chief Executive Officer
29 March 2022

Independent auditors' report

To the members of Inspired PLC

Opinion

We have audited the financial statements of Inspired PLC (the "parent company") and its subsidiaries (the "Group") for the year ended 31 December 2021 which comprise the Group statement of comprehensive income, Group and company statements of financial position, Group and company statements of changes in equity, Group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach	
Key audit matters	**Group** • Revenue recognition and accrued income No key audit matters are identified with respect to the parent company.
Materiality	**Group** • Overall materiality: £618,000 (2020: £408,000) • Performance materiality: £377,000 (2020: £306,000) **Parent company** • Overall materiality: £617,000 (2020: £100,000) • Performance materiality: £462,000 (2020: £75,000)
Scope	Our audit procedures covered 96% of revenue, 91% of total assets and 94% of adjusted EBITDA.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditors' report continued

To the members of Inspired PLC

Key audit matters continued

Revenue recognition and accrued income	
Key audit matter description	*(Refer to note 2.3 for details of the Group's revenue recognition policies and note 2.3 for details of the value and measurement of accrued income at the year end)* The Group earns revenues from a range of customers and contractual arrangements and there are inherent complexities in the application of IFRS 15 Revenue from Contracts with Customers as a result. Due to the nature of the billing patterns in the business the value of accrued income at the year end is significant. There is a risk that the accrued income may not be appropriately recognised due to inaccuracies in its calculation or because the recoverability of the accrued income has not been sufficiently and appropriately assessed.
How the matter was addressed in the audit	The Group's revenue recognition policies were reviewed and compared to the requirements of IFRS 15 Revenue from Contracts with Customers to consider whether they were appropriate based on the nature of contractual arrangements in the Group. The measurement of revenue based on these policies was tested through a combination of data analytics and substantive tests of detail. In respect of accrued income balances, our testing included substantive tests of detail performed on a sample basis. Customer contracts were obtained and contract information was scrutinised to determine whether the year-end balance was measured appropriately. A sample of post-year-end cash receipts was scrutinised to evidence the existence and valuation of accrued income.

Our application of materiality

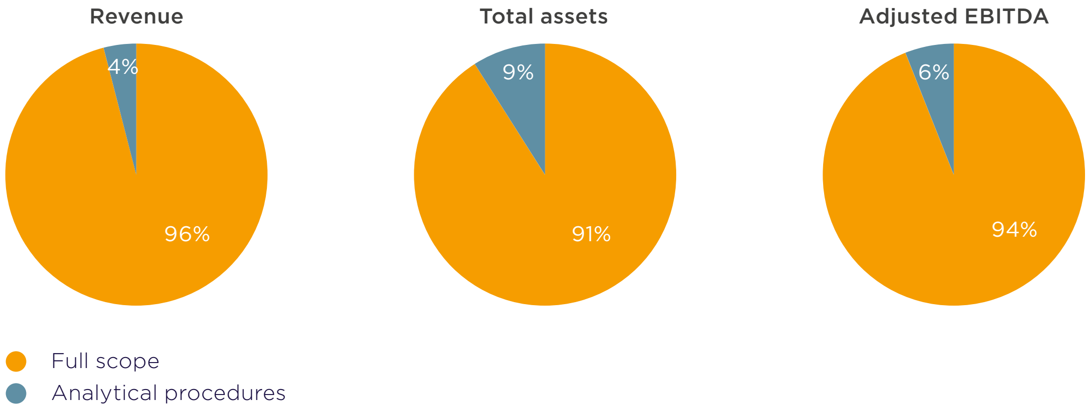
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£618,000 (2020: £408,000)	£617,000 (2020: £100,000)
Basis for determining overall materiality	4% of adjusted EBITDA	2% of total assets
Rationale for benchmark applied	EBITDA is considered the key metric for the Group as it is indicative of the underlying profitability and growth of the business.	Total assets are considered the key metric as this is a non-trading holding company with investments in its trading subsidiaries.
Performance materiality	£377,000 (2020: £306,000)	£462,000 (2020: £75,000)
Basis for determining performance materiality	61% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit & Risk Committee	Misstatements in excess of £30,900 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £30,800 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of 29 components, all of which are based in the UK with the exception of one entity located in the Republic of Ireland.

The coverage achieved by our audit procedures was:



Full scope audits were performed for 12 components and analytical procedures at Group level for the remaining 17 components.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- consideration of management's assessment of the entity's ability to continue as a going concern for at least twelve months after the date of approval of the financial statements;
- assessment of the available financing facilities including nature of facilities and forecast and historical compliance with covenants;
- review of the mathematical integrity and accuracy and appropriateness of the model used to prepare the assessment;
- assessment and challenge of the assumptions used in the forecasts;
- assessment of the historical accuracy of forecasts prepared by management;
- consideration of management's sensitivity analysis; and
- assessment of the disclosures made within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report continued

To the members of Inspired PLC

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 68, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

The extent to which the audit was considered capable of detecting irregularities, including fraud continued

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and parent company operate in and how the Group and parent company are complying with the legal and regulatory frameworks;
- enquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation/regulation	Additional audit procedures performed by the Group audit engagement team included:
IFRS, FRS 101 and the Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Additional audit procedures performed by the Group audit engagement team included:
Revenue recognition	Transactions posted to nominal ledger codes outside of the normal revenue cycle were identified using a data analytic tool and investigated.
Management override of controls	Testing the appropriateness of journal entries and other adjustments. Assessing whether the judgements made in making accounting estimates are indicative of a potential bias. Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ALASTAIR JOHN RICHARD NUTTALL (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

29 March 2022

Group statement of comprehensive income

For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Continuing operations			
Revenue	6	**67,941**	46,110
Cost of sales		**(17,249)**	(7,210)
Gross profit		**50,692**	38,900
Administrative expenses		**(47,823)**	(40,723)
Analysed as:			
Adjusted EBITDA		**19,791**	12,767
Exceptional costs	4	**(2,318)**	(2,356)
Change in fair value of contingent consideration	4	**(4,735)**	(1,157)
Depreciation and impairment	12/13	**(1,870)**	(1,173)
Amortisation of acquired intangible assets	14	**(4,415)**	(6,038)
Amortisation and impairment of internally generated intangible assets	14	**(2,554)**	(2,268)
Share-based payment cost	25	**(1,030)**	(1,598)
Operating profit/(loss)		**2,869**	(1,823)
Finance expenditure	5	**(1,860)**	(2,678)
Other financial items		**105**	(35)
Profit/(loss) before income tax	4	**1,114**	(4,536)
Income tax credit	9	**524**	251
Profit/(loss) for the year from continuing operations		**1,638**	(4,285)
Profit/(loss) for the year from discontinued operations	10	**—**	(6,740)
Profit/(loss) for the year		**1,638**	(11,025)
Attributable to:			
Non-controlling interest		**—**	1,448
Equity owners of the company		**1,638**	(12,473)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(753)**	364
Total other comprehensive (expense)/income for the year		**(753)**	364
Total comprehensive income/(expense) for the year		**885**	(10,661)
Total comprehensive income/(expense) from continuing operations		**885**	(3,921)
Total comprehensive income/(expense) from discontinued operations		**—**	(6,740)
Attributable to:			
Non-controlling interest		**—**	1,448
Equity owners of the company		**885**	(12,109)
Continuing operations			
Basic earnings per share attributable to the equity holders of the company (pence)	11	**0.17**	(0.52)
Diluted earnings per share attributable to the equity holders of the company (pence)	11	**0.16**	(0.52)
Continuing and discontinued operations			
Basic earnings per share attributable to the equity holders of the company (pence)	11	**0.17**	(1.34)
Diluted earnings per share attributable to the equity holders of the company (pence)	11	**0.16**	(1.34)

The notes on pages 78 to 113 form part of these financial statements.

Group statement of financial position

At 31 December 2021

	Note	2021 £000	2020 £000
ASSETS			
Non-current assets			
Investments	15	**1,461**	898
Goodwill	14	**76,111**	63,776
Other intangible assets	14	**18,291**	16,351
Property, plant and equipment	12	**2,452**	2,322
Right of use assets	13	**2,180**	2,593
Non-current assets		**100,495**	85,940
Current assets			
Trade and other receivables	18	**33,448**	18,841
Deferred contingent consideration	18	**4,529**	6,925
Inventories	17	**300**	119
Cash and cash equivalents	16	**12,944**	26,884
Current assets		**51,221**	52,769
Total assets		**151,716**	138,709
LIABILITIES			
Current liabilities			
Trade and other payables	19	**12,315**	8,230
Lease liabilities	20	**860**	992
Contingent consideration	23	**14,586**	7,741
Current tax liability		**1,823**	2,456
Current liabilities		**29,584**	19,419
Non-current liabilities			
Bank borrowings	22	**45,847**	45,730
Lease liabilities	20	**993**	1,679
Contingent consideration	23	**7,165**	4,198
Interest rate swap	22	**25**	130
Deferred tax liability	21	**1,522**	1,278
Non-current liabilities		**55,552**	53,015
Total liabilities		**85,136**	72,434
Net assets		**66,580**	66,275
EQUITY			
Share capital	24	**1,219**	1,202
Share premium account	24	**60,923**	67,000
Merger relief reserve	24	**20,995**	20,995
Share-based payment reserve		**6,379**	5,349
Retained earnings		**(11,036)**	(10,418)
Investment in own shares		**(36)**	(6,742)
Translation reserve		**(481)**	272
Reverse acquisition reserve		**(11,383)**	(11,383)
Equity attributable to shareholders		**66,580**	66,275
Non-controlling interest		**—**	—
Total equity		**66,580**	66,275

The financial statements were approved and authorised for issue by the Board of Directors on 29 March 2022 and were signed on its behalf by:

Mark Dickinson
Chief Executive Officer

Paul Connor
Chief Financial Officer

Company registration number: 07639760.

The notes on pages 78 to 113 form part of these financial statements.

STRATEGIC REPORT
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Group statement of changes in equity

For the year ended 31 December 2021

	Share capital £000	Share premium account £000	Merger relief reserve £000	Share-based payment reserve £000	Retained earnings £000	Investment in own shares £000	Translation reserve £000	Reverse acquisition reserve £000	Non-controlling interest £000	Total shareholders' equity £000
Balance at 1 January 2020 (as restated)	892	37,422	15,535	3,523	6,719	(6,742)	(92)	(11,383)	13,465	59,339
(Loss)/profit for the year	—	—	—	—	(12,473)	—	—	—	1,448	(11,025)
Other comprehensive income for the year	—	—	—	—	—	—	364	—	—	364
Total comprehensive (expense)/ income for the year	—	—	—	—	(12,473)	—	364	—	1,448	(10,661)
Share-based payment cost	—	—	—	1,598	—	—	—	—	—	1,598
Shares issued (2 June 2020)	6	—	—	—	—	—	—	—	—	6
Shares issued (10 July 2020)	89	10,620	—	—	—	—	—	—	—	10,709
Shares issued (17 July 2020)	40	—	5,460	—	—	—	—	—	—	5,500
Shares issued (28 July 2020)	172	18,958	—	—	—	—	—	—	—	19,130
Shares issued (15 September 2020)	3	—	—	—	—	—	—	—	—	3
Acquisition of subsidiary undertaking	—	—	—	—	(3,740)	—	—	—	(14,163)	(17,903)
Disposal of subsidiary undertaking (note 10)	—	—	—	228	—	—	—	—	—	228
Dividends paid	—	—	—	—	(924)	—	—	—	(750)	(1,674)
Total transactions with owners	310	29,578	5,460	1,826	(17,137)	—	364	—	(13,465)	6,936
Balance at 31 December 2020	1,202	67,000	20,995	5,349	(10,418)	(6,742)	272	(11,383)	—	66,275
Profit for the year	—	—	—	—	1,638	—	—	—	—	1,638
Other comprehensive expense for the year	—	—	—	—	—	—	(753)	—	—	(753)
Total comprehensive income/ (expense) for the year	—	—	—	—	1,638	—	(753)	—	—	885
Share-based payment cost	—	—	—	1,030	—	—	—	—	—	1,030
Shares issued (8 April 2021)	13	376	—	—	—	—	—	—	—	389
Shares issued (22 June 2021)	1	114	—	—	—	—	—	—	—	115
Shares issued (28 July 2021)	1	62	—	—	—	—	—	—	—	63
Shares issued (15 September 2021)	1	53	—	—	—	—	—	—	—	54
Shares issued (21 December 2021)	1	12	—	—	—	—	—	—	—	13
Shares issued to EBT*	—	(6,694)	—	—	—	6,706	—	—	—	12
Dividends paid	—	—	—	—	(2,256)	—	—	—	—	(2,256)
Total transactions with owners	17	(6,077)	—	1,030	(618)	6,706	(753)	—	—	305
Balance at 31 December 2021	**1,219**	**60,923**	**20,995**	**6,379**	**(11,036)**	**(36)**	**(481)**	**(11,383)**	**—**	**66,580**

Merger relief reserve

The merger relief reserve represents the premium arising on shares issued as part or full consideration for acquisitions, where advantage has been taken of the provisions of section 612 of the Companies Act 2006.

Reverse acquisition reserve

The reverse acquisition reserve relates to the reverse acquisition between Inspired Energy Solutions Limited and Inspired PLC on 28 November 2011 and arises on consolidation.

Translation reserve

The translation reserve comprises translation differences arising from the translation of the financial statements of the Group's foreign entities into GBP (£).

Share-based payment reserve

The share-based payment reserve is a reserve to recognise those amounts in equity in respect of share-based payments.

Non-controlling interest

The non-controlling interest represented the outstanding 60% of the issued share capital of Ignite Energy LTD (IGN) held by third parties. IGN was consolidated and treated as a subsidiary in 2019 as the Group had an exclusive one-way call option to acquire the outstanding 60% of the issued share capital. The Directors recognised a non-controlling interest as the Share Purchase Agreement (SPA) was structured in such a way that the Group was deemed to have substantive control. On 17 July 2020, IGN became 100% owned and as such a non-controlling interest was no longer held.

The notes on pages 78 to 113 form part of these financial statements.

* During 2021, the valuation of the investments in own shares was reassessed and revised to the nominal value of the shares held. This resulted in a transfer of £6,694,000 from share premium to investment in own shares. There is no impact upon total equity as a result of this transfer between reserves.

Group statement of cash flows

For the year ended 31 December 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Profit/(loss) before income tax	**1,114**	(11,276)
Adjustments		
Depreciation and impairment	**1,870**	1,173
Amortisation and impairment	**6,969**	8,306
Share-based payment cost	**1,030**	1,598
Loss for the year from discontinued operations	**—**	6,740
Finance expenditure	**1,755**	2,678
Exchange rate variances	**266**	(323)
Change in fair value of contingent consideration	**4,735**	1,157
Cash flows before changes in working capital	**17,739**	10,053
Movement in working capital		
Increase in inventories	**(180)**	(43)
(Increase)/decrease in trade and other receivables	**(9,841)**	154
Dividends declared to NCI	**—**	(900)
Increase/(decrease) in trade and other payables	**185**	(925)
Cash generated from operations	**7,903**	8,339
Income taxes paid	**(869)**	(2,222)
Net cash flows from operating activities	**7,034**	6,117
Cash flows from investing activities		
Contingent consideration paid	**(1,086)**	(3,800)
Acquisition of subsidiaries, net of cash acquired (note 26)	**(7,268)**	(5,866)
Provision of working capital facility to discontinued operation	**(500)**	(250)
Payments to acquire property, plant and equipment	**(998)**	(1,925)
Payments to acquire intangible assets	**(5,866)**	(3,716)
Net cash flows used in investing activities	**(15,718)**	(15,557)
Cash flows from financing activities		
New bank loans	**—**	7,000
Proceeds from issue of new shares	**645**	29,848
Interest on financing activities	**(2,069)**	(2,273)
Repayment of lease liabilities	**(1,443)**	(918)
Dividends paid to NCI	**—**	(1,650)
Dividends paid	**(2,256)**	(924)
Net cash flows (used in)/from financing activities	**(5,123)**	31,083
Net (decrease)/increase in cash and cash equivalents	**(13,807)**	21,643
Cash and cash equivalents brought forward	**26,884**	5,241
Exchange differences on cash and cash equivalents	**(83)**	—
Cash and cash equivalents carried forward	**12,994**	26,884

The notes on pages 78 to 113 form part of these financial statements.

Notes to the Group financial statements

1. General information

Inspired PLC (the "company") and its subsidiaries (together, the "Group" or "Inspired") provide energy consultancy services to corporate business energy users. Through optimising energy procurement strategies, Inspired enables clients to achieve greater certainty or cost efficiency in respect of their energy costs. Inspired PLC is limited by shares. The address of its registered office and principal place of business is 29 Progress Business Park, Orders Lane, Kirkham, Lancashire PR4 2TZ.

Inspired PLC is a company registered and domiciled in England and Wales.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Group financial statements are set out below.

2.1 Basis of preparation

The Group financial statements have been prepared in accordance with the Companies Act 2006 and UK adopted International Financial Reporting Standards. They have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments measured at fair value.

The Group has taken advantage of the audit exemption for 23 of its subsidiaries, Independent Utilities Limited (company number 05658810), LSI Independent Utility Brokers Limited (04072919), Energy and Carbon Management Holdings Limited (09974219), Energy Team (UK) Limited (06285279), Energy Team (Midlands) Ltd (02913371), UES Energy Group Ltd (07741114), UES Holdings Ltd (06903390), Waterwatch UK Limited (08854844), Wholesale Power UK Limited (02717985), Informed Business Solutions Limited (04943661), Inspired Energy EBT Limited (10807501), Energy Broker Solutions Limited (07355726), BWS Holdco Limited (13027713), Direct Energy Purchasing Limited (03529303), Utility Management Holdings Limited (06969480), Churchcom Limited (05343736), Flexible Energy Management Limited (10264309), Inspired 4U Limited (08895906), Squareone Enterprises Limited (05261796), Energy Cost Management Limited (03377082), STC Energy Management Limited (03094427), Inprova Finance Ltd (07371389) and Professional Cost Management Group Limited (06511368) by virtue of s479A of the Companies Act 2006. The Group has provided parent guarantees to these 23 subsidiaries which have taken advantage of the exemption from audit.

Going concern

For the purposes of assessing the appropriateness of preparing the Group's accounts on a going concern basis, the Directors have considered the current cash position, available banking facilities and the Group's base case financial forecast through to 31 December 2022, including the ability to adhere to banking covenants.

The Directors believe the Group has a strong balance sheet position, having refinanced its banking facilities in October 2019 through to October 2023. Furthermore, on entering the current facility agreement with Santander and Bank of Ireland in October 2019, the Group had an option to extend the term of the facility from October 2023 to October 2024. The Group exercised that option in September 2021, taking the term of the existing facility to October 2024.

At 31 December 2022 the Group's net debt was £32.9 million, increasing from £18.8 million at 31 December 2020. In addition to cash and cash equivalents of £12.9 million on hand as at 31 December 2021, approximately £14.0 million of the Group's £60.0 million Revolving Credit Facility is undrawn with an additional £25.0 million accordion option available, subject to covenant compliance. The facility is subject to two covenants, which are tested quarterly, adjusted leverage to Adjusted EBITDA and Adjusted EBITDA to net finance charges. Following the onset of the COVID-19 pandemic in March 2020, the Group agreed with its banking partners in May 2020 a resetting of the adjusted leverage covenant for quarters ending 30 June 2020 through to 30 June 2021.

In March 2021, the Board agreed with their lenders to amend the definition of Adjusted Net Leverage to apply from 1 July 2021, to reverse the impact of the adoptions of IFRS 16 and the definition of contingent consideration to only included deferred consideration or crystallised contingent consideration. Collectively, these changes reduce the Net Adjusted Leverage of the Group and significantly increased the headroom available to the Group from a covenant perspective.

Furthermore, subsequent to the year end, the Group has agreed with the lenders to defer the tapering of the Adjusted Net Leverage covenant from 2.50:1.00 to 2.00:1.00, which was due to commence in the quarter ending 31 December 2022 for twelve months to 31 December 2023 to align with the extension of the facility.

2. Summary of significant accounting policies continued

2.1 Basis of preparation continued

Going concern continued

The future likely impact on the Group of the COVID-19 pandemic has been considered as part of the consideration of the going concern basis of preparation, and the Board is comfortable that the base case represents the Group returning to a business-as-usual status.

Noting the impacts of the war in the Ukraine and the resulting volatility and uncertainty across commodity and energy markets, from a going concern perspective, the Group considered a number of scenarios in relation to Gazprom Marketing and Trading Retail Limited ceasing trading in the UK, from whom the Group is forecast to collect revenue during 2022 and 2023. The Board is comfortable that in a severe scenario, the Group would have sufficient headroom under its banking covenants.

Therefore, the Directors believe that the Group is well placed to manage its business risks and, after making enquiries including a review of forecasts and scenarios, taking account of the potential impact of the macro-economic uncertainty created by the war in Ukraine and reasonably possible changes in trading performances in the next twelve months and considering the available liquidity, including banking facilities, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next twelve months following the date of approval of these financial statements. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. Item (v) is considered a critical judgement:

i. Goodwill impairment

The Group assesses whether goodwill arising on acquisitions is impaired on at least an annual basis. This requires an estimation of the 'recoverable amount' – the higher of 'value in use' and fair value less costs to sell – of the seven cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires the Directors to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows (see note 14). The actual cash flows may be different from the Directors' estimates, which could impact the carrying value of the goodwill and, therefore, operating results negatively. However, stringently conservative estimates were applied to revenue growth along with a range of pre-tax discount rates, up to 15.0%, and no impairment was noted at any level. The value of goodwill at 31 December 2021 is £76,111,000 (2020: £63,776,000).

ii. Share-based incentive arrangements

Share-based incentive arrangements are provided to management and certain employees. In addition to share options granted under the Inspired PLC Share Option Scheme 2011, the Group implemented a Long Term Incentive Plan (LTIP) in July 2017, with awards to date made in July 2017 and May and December 2018. The price to be paid for any awards under the scheme depends on the share price of the options available to the recipient.

Graded vesting is applicable for some options. Management has to exercise judgement over the likely exercise period, the expected number of individuals who will leave the company such that their incentives do not vest and also the probability of the Group achieving earnings targets upon which otherwise the options would not vest. These items involve a large degree of estimation and actual results may differ. The charge recognised in the current year in respect of these arrangements is £1,030,000 (2020: £1,598,000).

iii. Intangible assets acquired

On acquisition, specific intangible assets are identified and recognised separately from goodwill and then amortised over their estimated useful lives. An external expert is engaged to assist with the identification of the intangible assets and their estimated useful lives. These include items such as brand names and customer lists, to which value is first attributed at the time of acquisition. The capitalisation of these assets and the related amortisation charges are based on judgements about the value and economic life of such items.

The economic lives for customer relationships, contracts, databases and computer software are estimated at between two and five years. The economic life of trade names included within acquisition intangibles is estimated at 20 years. The value of intangible assets, excluding goodwill, at 31 December 2021 is £18,291,000 (2020: £16,351,000).

Notes to the Group financial statements continued

2. Summary of significant accounting policies continued

2.1 Basis of preparation continued

Key sources of estimation uncertainty continued

iv. Contingent consideration

An element of consideration relating to six of the business acquisitions made is contingent on the future revenue/EBITDA targets being achieved by the acquired businesses. On acquisition, estimates are made of the expected future revenue/EBITDA based on forecasts prepared by management. These estimates are reassessed at each reporting date and adjustments are made where necessary. Amounts of deferred consideration payable after one year are discounted. The carrying value of contingent consideration, after discounting, at 31 December 2021 is £21,751,000 (2020: £11,939,000). The estimated undiscounted consideration payable is £23.3 million, producing an increase of £1.6 million of increased liability as at 31 December 2021.

Any gain or loss on revaluation of contingent consideration is treated as an exceptional item.

v. Revenue recognition – Assurance Division

When assessing the measurement of progress towards complete satisfaction of the performance obligation of the corporate sector revenue within the Assurance Division, management deemed that the input method best depicted the transfer of the services to the customer.

After thorough assessment of the Group's costs-to-serve model, consideration of tendering costs and costs to obtain a contract that do not contribute to the Group's progress in satisfying the performance and additional services provided over the life of a corporate sector contract, management judged that recognition of 10% (2020: 10%) of the expected full contract value at the time the contract starts was suitable recognition of the proportion of time spent on the contract relative to the total expected inputs to the complete satisfaction of the performance obligation. The timing of satisfaction of this performance obligation is considered to be a significant judgement by management.

Key judgements

i. Investments

The carrying value of investments is shown at cost less provision for impairment in value.

2.2 Basis of consolidation and business combinations

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2021. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the Group statement of comprehensive income after or up to the date that control passes, respectively. All acquisitions acquired from 1 January 2021 have been consolidated from the legal completion date.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the non-controlling interests based on their respective ownership interest.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date about facts or circumstances existing at the acquisition date.

Changes in contingent consideration arising from additional information, obtained within one year of the acquisition date, about facts or circumstances that existed at the acquisition date, are recognised as an adjustment to goodwill.

All intra-group transactions and balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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2. Summary of significant accounting policies continued

2.3 Revenue recognition/cost of sales

Revenue

Revenue is comprised of fees received from customers or commissions received from energy suppliers, net of value-added tax.

To the extent that invoices are raised to a different pattern than the revenue recognition described below, appropriate adjustments are made through deferred and accrued revenue to account for revenue when performance obligations have been met.

Revenue is comprised of the following four segments:

Assurance revenue

The Assurance Division's core services are the review, analysis and negotiation of gas and electricity contracts and bill validation on behalf of UK and Irish clients (Assurance revenue).

Assurance revenue is generated by way of fees received directly from customers or commissions received from energy suppliers, largely based upon the energy usage of the customer.

Where the Group receives revenue via fees received directly from customers, this revenue is recognised on a straight-line basis over the life of the contract.

Where the Group receives revenue via commissions received from energy suppliers, the Group is considered to be the agent and the consideration received is variable as it is dependent on the energy consumption of the customer across the life of the contract.

The Group subcategorises the Assurance Division into the following sectors, and given the differing service offerings provided by each, the measurement and recognition of procurement revenue should be assessed individually:

1. Industrial and commercial clients.
2. Public sector clients.
3. Key account clients.

Industrial and commercial and public sector clients

Within these sectors, there are a number of promises made within a contract, including, but not limited to, development of a risk management strategy, budgeting and forecasting, bill validation, ongoing market intelligence and ongoing account management. The various promises made within each contract are not distinct and each of the promises made are inputs into the combined output that each customer has contracted for, being a cost-effective energy management solution. Thus, there is considered to be one performance obligation within each contract.

Industrial and commercial and public sector clients are provided with an outsourcing arrangement that requires significant input over the life of a contract. The customer receives the benefits of the services provided as Inspired performs, and revenue is recognised evenly over time.

Key account clients

Key account clients require less input from Inspired over the life of the contract than the outsourcing arrangements provided to industrial and commercial and public sector clients. Key account clients are provided with energy reviews, bill validation and account management, which are implied services, over the life of a contract. These promises are not distinct from the promise to provide procurement and therefore are combined into a single performance obligation.

The profile of revenue recognition, using a cost-based input method, should reflect the performance of the company, with the more labour-intensive contract negotiation being recognised up front.

After assessment of the costs to serve a key account customer, we judged that an element of revenue proportional to the progress towards complete satisfaction of the performance obligation should be recognised upon contract live date.

The revenue recognised is constrained by the proportion of the revenue that is expected to reverse over the life of the contract, due to consumption variances and contract attrition. This amount is calculated by comparing total amount realised versus total amount expected across all completed contracts within the portfolio.

The expected value of the contract recognised on the go-live date is 10% of the total contract value. The remaining 90% is recognised evenly over the life of the contract.

Optimisation revenue

Optimisation revenue encompasses separate works carried out for customers, including, but not limited to, energy audits, infrastructure and metering services and project work. Each assignment is a separate engagement and each engagement is a separate performance obligation.

Revenue is generated by way of fees received directly from customers and recognised as the service is provided. Each engagement that requires significant input over the life of a contract. The customer receives the benefits of the services provided as Inspired performs, and revenue is recognised evenly over time.

Notes to the Group financial statements continued

2. Summary of significant accounting policies continued

2.3 Revenue recognition/cost of sales continued

Industrial and commercial and public sector clients continued

Project revenue

Project revenue is generated by way of fees received directly from customers. The contract consideration is the cost of goods transferred plus a mark-up for installation and consultancy services provided, as well as consideration for benefits to be realised by the customer. Revenue is recognised on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services promised under the contract. Progress is measured via surveys of work completed. Where expected revenue is in excess of billed revenue in respect of a given contract, an adjustment is made to recognise additional revenue and the difference between expected and billed revenue is recognised as accrued revenue within current assets. Similarly, where expected revenue is less than billed revenue in respect of a given contract, an adjustment is made to reduce revenue and the difference between expected and billed revenue is recognised as deferred revenue within current liabilities.

Software revenue

Software revenue comprises the provision of energy management software to third parties.

Revenue is generated by way of fees received directly from customers and recognised as the service is provided.

ESG revenue

ESG revenue comprises the provision of mandatory ESG disclosures such as streamlined energy and carbon reporting (SECR) and Taskforce on Climate-related Financial Disclosure (TCFD) reporting.

Revenue is generated by way of fees received directly from customers and recognised as the service is provided.

Cost of sales

Cost of sales represents commissions paid and project cost of sales and is recognised as follows:

Commissions

Commissions paid are expenses evenly over the life of the contact. The value of capitalised commissions as at 31 December 2021 is £1.7 million (2020: £1.05 million).

Project cost of sales

Cost of sales represents costs of goods transferred, installation and consultancy costs. At contract inception, expected total project costs are calculated and, in conjunction with the output method above, these costs are recognised over the life of the project.

2.4 Exceptional costs

Exceptional costs represent those costs/(items) that are considered by the Directors to be either material in nature or non-recurring and that require separate identification to give a true and fair view of the Group's profit/(loss) for the year.

2.5 Investments

Investments are stated at cost, less any provision for impairment.

2.6 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition.

Upon the acquisition of subsidiaries, goodwill is separately recognised after isolating and recognising other intangible assets acquired.

Goodwill is recognised as an asset and reviewed for impairment at least annually unless an indicator of impairment triggers a review of impairment; any impairment is recognised immediately in the Group statement of comprehensive income and is not subsequently reversed. Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated. This is calculated as the higher of the value in use and the fair value less cost to sell. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal, along with the net book value of assets disposed and costs incurred in the disposal process.

2. Summary of significant accounting policies continued

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and any provision for impairment. Depreciation of assets is calculated using either the straight-line or reducing balance method to allocate their cost over their estimated useful lives as follows:

- Fixtures and fittings: 15–25% reducing balance
- Motor vehicles: 25% reducing balance
- Computer equipment: 25% reducing balance
- Leasehold improvements: ten years straight line

Material residual value estimates are updated as required but are reviewed at least annually. Gains and losses on disposal are determined by comparing net proceeds with the carrying amount and are included in the Group statement of comprehensive income.

2.8 Impairment of non-financial assets

The carrying values of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Where an indicator exists, an impairment test is performed and the recoverable amount of the asset or cash-generating units (CGUs) is calculated.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

An impairment loss represents the difference between the recoverable amount and the carrying value and is recognised in the Group statement of comprehensive income whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

2.9 Other intangible assets

Customer relationships, customer contract and databases, computer software and trade names acquired as part of a business combination are initially measured at fair value and are amortised over their expected lives. Customer relationships and customer contracts have both been valued using the excess earnings approach, which calculates the value as the sum of the present value of projected cash flow in excess of returns on contributory assets. The valuation of technology-based intangible assets is based on both an income and cost (replacement cost) approach, whilst trade names have been valued by means of the royalty savings (relief-from-royalty) method of income approach. Separate values are not attributed to internally generated customer and supplier relationships.

Internally developed computer software costs are recognised as intangible assets, during the development phase, provided that they meet the following criteria:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Group intends to and has sufficient resources to complete the project;
- the Group has the ability to use or sell the software; and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria are expensed as incurred. Directly attributable costs include employee (other than Directors) costs incurred on software development along with an appropriate portion of relevant overheads.

Amortisation is calculated to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

- Customer contracts – two to five years straight line
- Computer software – five years straight line
- Customer databases – two years straight line
- Trade name – twenty years straight line
- Customer relationships – four to seven years straight line

2.10 Current tax

The tax currently payable is based on the taxable profit/(loss) for the period. Taxable profit/(loss) differs from profit/(loss) as reported in the Group statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Notes to the Group financial statements continued

2. Summary of significant accounting policies continued

2.11 Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax is not recognised on temporary differences associated with shares in subsidiaries. In addition, tax losses available to be carried forward are assessed for recognition based on their recoverability.

Deferred tax liabilities that are recognised are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Group statement of comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

2.12 Share-based payments

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values using a Black-Scholes model. Where employees are rewarded using share-based payments the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date.

Share options were previously valued by an external expert. This gave a methodology for carrying out future valuations.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital and where appropriate share premium account.

2.13 Leases

Initial and subsequent measurement of the right of use asset

A right of use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs obtaining the lease and any lease payments made at or before the lease asset is available for use by the Group. The right of use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation policy adopted is as follows:

Leased property	– On a straight-line basis over the shorter of the lease term and the useful life (years)
Fixtures and fittings	– On a straight-line basis over the shorter of the lease term and the useful life of three to five years
Motor vehicles	– On a straight-line basis over the shorter of the lease term and the useful life of three to five years

Leases – Group as lessee

When the Group enters a contract giving them the right to use an asset for a period of time in exchange for consideration, a right of use asset and corresponding lease liability are recognised unless the lease qualifies as:

- short-term leases – where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term; or
- leases of low value assets – for leases where the underlying asset is low value, lease payments are recognised as an expense on a straight-line basis over the lease term.

Initial and subsequent measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease or the incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined.

The incremental borrowing rate of 3% is the rate of interest the Group would have to pay to borrow over a similar term to fund the asset.

The lease term is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise.

Interest on the lease liability is recognised in the Group statement of comprehensive income.

The lease liability is adjusted for changes that alter the lease term of the lease payments. The changes in amounts payable are recognised when the changes take effect and are discounted at the original discount rate. The property leases held by the Group do not contain any variable consideration.

2. Summary of significant accounting policies continued

2.14 Recently issued accounting pronouncements

The following new accounting standards, interpretations and amendments to existing standards have been published and are mandatory for the accounting period beginning on 1 January 2022 or later. The Group has not early adopted them.

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before intended use.
- Amendments to IFRS 3 Reference to the Conceptual Framework.
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract.
- Annual Improvements to IFRS Standards 2018–2020: Including amendments to IFRS 9 Financial Instruments and IFRS 16 Leases.

2.15 Newly applicable accounting standards

There are no new accounting standards which have been adopted for the year ended 31 December 2021.

2.16 Financial assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

After initial recognition, the Group's cash and cash equivalents, trade and most other receivables are measured at amortised cost using the effective interest method, less provision for impairment. Deferred contingent consideration receivables are measured at fair value through the profit or loss as described in note 23. Discounting is omitted where the effect of discounting is immaterial. Deferred contingent consideration is measured at fair value through the profit or loss.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits together with other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Short-term deposits are defined as deposits with an initial maturity of three months or less.

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all value of raw materials and consumables purchased. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

2.19 Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instruments. The Group's financial liabilities comprise bank loans, an interest rate swap, contingent consideration, trade and other payables and lease liabilities.

Financial liabilities categorised as at fair value through profit or loss are remeasured at each reporting date at fair value, with changes in fair value being recognised in the Group statement of comprehensive income. Items within this category relate to derivative financial instruments (interest rate swaps) and contingent consideration. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the Group statement of comprehensive income. Amortised cost liabilities are also initially recognised at fair value.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

2.20 Foreign currency

Functional currency and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in round thousand GBP (£000).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the date of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

Notes to the Group financial statements continued

2. Summary of significant accounting policies continued

2.20 Foreign currency continued

Translation of Group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated from their functional currency to GBP (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of Group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Goodwill and fair value adjustments on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.21 Employee Benefit Trust

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Group financial statements. Any assets held by the EBT cease to be recognised on the Group balance sheet when the assets vest unconditionally in identified beneficiaries.

The costs of purchasing own shares held by the EBT are shown as a deduction within shareholders' equity. The proceeds from the sale of own shares are recognised in shareholders' equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the income statement.

2.22 Business combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. Any contingent consideration payable is recognised at fair value at the acquisition date. Implied interest cost of deferred consideration is accounted as finance cost. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

3. Segmental information

Revenue and segmental reporting

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Directors. Operating segments for the year to 31 December 2021 were determined on the basis of the reporting presented at regular Board meetings of the Group. The segments comprise:

Assurance Division

Key services provided are the review, analysis and negotiation of gas and electricity contracts on behalf of clients in the UK and ROI. To access this market we have a professional bid response team, direct field sales team, and partnership channel.

Optimisation Division

This division focuses on the optimisation of a client's energy consumption. Services provided include forensic audits, energy efficiency projects and water solutions.

Software Division

This division comprises the provision of energy management software to third parties.

ESG Division

Within this division the Group manages the data collection and validation of consumption data to provide the resources for the creation of mandatory ESG disclosures, such as Streamlined Energy and Carbon Reporting (SECR) and Task Force on Climate-related Financial Disclosures (TCFD) reporting.

PLC costs

This comprises the costs of running the PLC, incorporating the cost of the Board, listing costs and other professional service costs, such as audit, tax, legal and Group insurance.

Any charges between segments are made in line with the Group's transfer pricing policy. These amounts have been removed, via consolidation, for the purposes of the information shown below.

Prior to 2021, the Group reported under three segments, namely the SME Division, the Corporate Division and PLC costs. These divisions were derived according to the nature and size of the customer and the level of procurement advice provided. Following the disposal of the SME Division in December 2020, the Board was presented with a more granular view of the Corporate Division driven by the evolution of the service offerings which has resulted in the following reportable segments being disclosed: Assurance, Optimisation, Software, ESG and PLC.

3. Segmental information continued

Revenue and segmental reporting continued

PLC costs continued

	2021					
	Assurance £000	Optimisation £000	Software £000	ESG £000	PLC £000	Total £000
Revenue	35,521	29,059	2,395	966	—	67,941
Cost of sales	(2,856)	(14,328)	(65)	—	—	(17,249)
Gross profit	32,665	14,731	2,330	966	—	50,692
Administrative expenses	(16,407)	(9,852)	(608)	(935)	(11,182)	(38,984)
EBITDA	16,258	4,879	1,722	31	(11,182)	11,708
Analysed as:						
Adjusted EBITDA	17,015	4,961	1,770	31	(3,986)	19,791
Share-based payment cost	—	—	—	—	(1,030)	(1,030)
Exceptional costs	(757)	(82)	(48)	—	(1,431)	(2,318)
Change in fair value of contingent consideration	—	—	—	—	(4,735)	(4,735)
	16,258	4,879	1,722	31	(11,182)	11,708
Depreciation and impairment						(1,870)
Amortisation and impairment						(6,969)
Finance expenditure						(1,860)
Other financial items						105
Profit before income tax						1,114

	2020					
	Assurance £000	Optimisation £000	Software £000	ESG £000	PLC £000	Total £000
Revenue	29,608	13,892	2,117	493	—	46,110
Cost of sales	(1,696)	(5,467)	(47)	—	—	(7,210)
Gross profit	27,912	8,425	2,070	493	—	38,900
Administrative expenses	(14,209)	(8,916)	(634)	(400)	(7,085)	(31,244)
EBITDA	13,703	(491)	1,436	93	(7,085)	7,656
Analysed as:						
Adjusted EBITDA	14,336	(465)	1,436	93	(2,633)	12,767
Share-based payment cost	—	—	—	—	(1,598)	(1,598)
Exceptional costs	(633)	(26)	—	—	(1,697)	(2,356)
Change in fair value of contingent consideration	—	—	—	—	(1,157)	(1,157)
	13,703	(491)	1,436	93	(7,085)	7,656
Depreciation and impairment						(1,173)
Amortisation and impairment						(8,306)
Finance expenditure						(2,678)
Other financial items						(35)
Loss before income tax						(4,536)

Notes to the Group financial statements continued

4. Profit/(loss) before income tax

Profit/(loss) before income tax is attributable to the principal activity of the Group, which is carried out entirely in the United Kingdom.

	2021 £000	2020 £000
Profit/(loss) before income tax is stated after charging:		
Amortisation and impairment of intangible assets	**6,969**	8,306
Depreciation and impairment:		
– owned	**816**	191
– right of use assets	**1,054**	982
Interest rate swap (credit)/charge	**(105)**	35
Auditors' remuneration:		
– fees payable for the audit of the company's annual accounts	**10**	10
– fees payable in respect of the audit of the company's subsidiaries, pursuant to legislation	**331**	310
– taxation compliance services	**—**	2
– other non-audit services	**2**	4
Exceptional costs:		
– fees associated with acquisitions	**1,038**	1,366
– restructuring costs	**1,280**	990
– change in fair value of contingent consideration	**4,735**	1,157
	7,053	3,513

Exceptional costs

One-off costs include costs of £1,280,000 relating to restructuring programmes associated with the integration of businesses acquired in 2020 and 2021. These costs are considered by the Directors to be either material in nature or non-recurring and therefore require separate identification to give a true and fair view of the Group's result for the year. Fees associated with acquisitions of £1,038,000 have been incurred which would not normally be seen as costs or income relating to the underlying principal activities of the Group. The change in fair value of contingent consideration relates to the revaluation of contingent consideration at the balance sheet date.

The change in fair value of contingent consideration includes £2,960,000 (2020: £1,157,000) relating to contingent consideration payable and £1,775,000 (2020: £nil) relating to deferred contingent consideration receivable.

The fair value of contingent consideration at the balance sheet date are a judgement of the contingent consideration which will become payable based on a weighted average range of performance outcomes of the acquired business during the earn out period, which is subsequently discounted for the time value of money. The size of the change in the fair value of contingent consideration in the period is representative of the ongoing economic recovery post the significant impact on trading of COVID, in effect, representing a more conservative view of the potential performance of acquisitions completed pre-31 December 2020.

The reduction in the expected recovery of the deferred contingent consideration from the SME disposal completed in December 2020. The reduction in expected recovery is reflective of the impact of failed suppliers during the period, most notably CNG, and the impact of prolonged under consumption and sight closures within the SME portfolio.

5. Finance expenditure

	2021 £000	2020 £000
Interest payable on bank borrowings	**1,485**	1,766
Interest payable on lease liabilities	**177**	288
Foreign exchange variance	**(325)**	253
Other interest	**46**	30
Loan facility fees	**361**	225
Amortisation of debt issue costs	**116**	116
	1,860	2,678

6. Revenue

	2021 £000	2020 £000
Rendering of services	**67,941**	46,110

The Group has not earned revenue from one customer which represented more than 10% of the Group's revenues in the current year. In the prior year, the Group earned revenue from one energy supplier which represented more than 10% of the Groups' revenue being £5,028,000.

All revenues were earned in markets that do not differ substantially so disclosure of turnover by geographical market was not considered necessary.

7. Directors' remuneration

	2021 £000	2020 £000
Remuneration	**1,112**	640
Pension contributions	**4**	6
	1,116	646
Share-based payment	**221**	355
	1,337	1,001
The emoluments of Directors disclosed above include the following:		
In respect of the highest paid Director:		
– Directors' remuneration	**550**	275
– employer's pension contributions	**1**	3
	551	278
– share-based payments	**141**	231

* Historically, cash bonuses paid to the Chief Executive Officer and Chief Financial Officer have been recognised within costs to the Group statement of comprehensive income in the year in which they have been paid, and the figures in this table have reflected this approach. However, from 2021 onwards to align with the disclosure requirements of Schedule 5 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as well as the approach Main Market companies are required to take in the 'Single Figure Table of Remuneration', the bonus included in the table above reflects the bonus earned in respect of the relevant financial year. No bonus was payable in respect of 2020 in recognition of the impact of the COVID-19 pandemic on the trading performance of the Group and the decision taken by the Board not to pay a final 2019 dividend during 2020. The 2020 figure has been restated to zero, removing the 2019 bonus (paid during 2020) that was included last year.

In the current year two Directors (2020: two Directors) were accruing benefits under a defined contribution pension scheme.

Paul Connor is the only Director to have an interest in the share options (2020: Paul Connor) of the company. Both Paul Connor and Mark Dickinson have been granted interests in a LTIP.

Notes to the Group financial statements continued

8. Employee benefit expense

	2021 £000	2020 £000
Wages and salaries	**28,192**	22,619
Social security costs	**3,208**	2,437
Pension contributions	**1,105**	810
	32,505	25,866

	No.	No.
Average number of persons (including Executive Directors) employed:		
Management	**48**	50
Energy procurement services	**479**	416
Administration and finance	**81**	55
	608	521

The key management personnel disclosure is contained within note 28.

9. Income tax credit

The income tax credit is based on the profit/(loss) for the year and comprises:

	2021 £000	2020 £000
Current tax		
Current tax expense	**1,756**	575
Adjustments in respect of prior years	**(1,739)**	—
	17	575
Deferred tax		
Origination and reversal of temporary differences	**(542)**	(826)
	(542)	(826)
Total income tax credit	**(525)**	(251)
Reconciliation of tax expense/(credit) to accounting profit/(loss):		
Profit/(loss) on ordinary activities before taxation	**1,114**	(4,536)
Tax at UK income tax rate of 19% (2020: 19%)	**212**	(862)
Disallowable expenses	**1,141**	501
Exchange rate difference	**(112)**	(145)
Share options	**(820)**	164
Effects of current year events on prior year balances	**(1,739)**	—
Movement in deferred tax asset not recognised	**(201)**	(271)
Adjust closing deferred tax to reflect change in tax rate	**645**	—
Non-eligible intangible assets	**349**	362
Total income tax credit	**(525)**	(251)

10. Discontinued operations

On 10 December 2020, the Group completed the sale of the SME Division, consisting of subsidiaries Energisave Online Limited, KWH Consulting Limited and Simply Business Energy Limited, to its management team by way of a management buyout.

The loss on sale of discontinued operation was £6,488,000. For full disclosure please see FY20 annual report.

11. Earnings per share

The basic earnings per share is based on the net profit/(loss) for the year attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding during the year.

	2021 £000	2020 £000
Profit/(loss) attributable to equity holders of the Group	**1,638**	(11,025)
Fees associated with acquisition	**1,038**	1,366
Restructuring costs	**1,280**	990
Changes in fair value of contingent consideration	**4,735**	1,157
Loss on disposal of subsidiary entities	**—**	6,740
Amortisation of acquired intangible assets	**4,415**	6,038
Impairment of right of use asset	**113**	—
Foreign exchange variance	**(339)**	253
Deferred tax in respect of amortisation of intangible assets	**(783)**	(1,025)
Share-based payment cost	**1,030**	1,598
Adjusted profit attributable to owners of the Group	**13,127**	6,092
Weighted average number of ordinary shares in issue (000)	**970,589**	824,647
Dilutive effect of share options (000)	**40,870**	49,107
Diluted weighted average number of ordinary shares in issue (000)	**1,011,459**	873,754
Basic earnings per share (pence)	**0.17**	(1.34)
Diluted earnings per share (pence)	**0.16**	(1.34)
Adjusted basic earnings per share (pence)	**1.35**	0.74
Adjusted diluted earnings per share (pence)	**1.30**	0.70

	2021 £000	2020 £000
Profit/(loss) attributable to equity holders of the Group	**1,638**	(11,025)
Profit from discontinued operations	**—**	6,740
Underlying profit/(loss) from continuing operations attributable to equity holders of the Group	**1,638**	(4,285)
Weighted average number of ordinary shares in issue (000)	**970,589**	824,647
Dilutive effect of share options (000)	**40,870**	49,107
Diluted weighted average number of ordinary shares in issue (000)	**1,011,459**	873,754
Basic earnings/(loss) per share from continuing operations (pence)	**0.17**	(0.52)
Diluted earnings/(loss) per share from continuing operations (pence)	**0.16**	(0.52)

The weighted average number of shares in issue for the adjusted diluted earnings per share includes the dilutive effect of the share options in issue to senior staff of the Group.

Adjusted earnings per share represents the earnings per share, as adjusted to remove the effect of fees associated with acquisitions, restructuring costs, the amortisation of intangible assets (excluding internally generated amortisation related to computer software and customer databases), exceptional items and share-based payment costs which have been expensed to the Group statement of comprehensive income in the year, the unwinding of contingent consideration and foreign exchange variances. The adjustments to earnings per share have been disclosed to give a clear understanding of the Group's underlying trading performance.

Notes to the Group financial statements continued

11. Earnings per share continued

Adjusted profit before tax on continuing operations is calculated as follows:

	2021 £000	2020 £000
Profit/(loss) before income tax	**1,114**	(4,536)
Share-based payment cost	**1,030**	1,598
Amortisation of acquired intangible assets	**4,415**	6,038
Impairment of right of use asset	**113**	—
Foreign exchange variance	**(339)**	253
Exceptional costs:		
– fees associated with acquisition	**1,038**	1,366
– restructuring costs	**1,280**	990
– change in fair value of contingent consideration	**4,735**	1,157
	13,386	6,866

Acquisitional activity can significantly distort underlying financial performance from IFRS measures and therefore the Board deems it appropriate to report adjusted metrics as well as IFRS measures for the benefit of primary users of the Group financial statements.

12. Property, plant and equipment

	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Leasehold improvements £000	Total £000
Cost					
At 1 January 2020	843	141	2,683	1,047	4,714
Acquisitions through business combinations	22	—	—	—	22
Assets transferred to disposal group	(12)	—	(11)	(17)	(40)
Assets transferred to intangible assets (note 14)	—	—	(1,338)	—	(1,338)
Foreign exchange variances	—	3	1	1	5
Additions	200	29	1,624	72	1,925
Disposals	(116)	(15)	(547)	(511)	(1,189)
At 31 December 2020	937	158	2,412	592	4,099
Acquisitions through business combinations (note 26)	—	—	—	222	222
Foreign exchange variances	(4)	(5)	(11)	(5)	(25)
Additions	15	—	981	2	998
Disposals	(228)	(46)	(378)	(5)	(657)
At 31 December 2021	**720**	**107**	**3,004**	**806**	**4,637**
Depreciation					
At 1 January 2020	617	60	1,097	256	2,030
Charge for the year	221	21	75	254	571
Charge for the year transferred to intangible assets	—	—	(380)	—	(380)
Assets transferred to disposal group	(10)	—	(10)	(8)	(28)
Disposals	(85)	(11)	(144)	(176)	(416)
At 31 December 2020	743	70	638	326	1,777
Charge for the year	88	4	604	120	816
Disposals	(167)	(36)	(200)	(5)	(408)
At 31 December 2021	**664**	**38**	**1,042**	**441**	**2,185**
Net book value					
At 31 December 2021	**56**	**69**	**1,962**	**365**	**2,452**
At 31 December 2020	194	88	1,774	266	2,322
At 31 December 2019	226	81	1,586	791	2,684

13. Right of use assets

	Fixtures and fittings £000	Motor vehicles £000	Property £000	Total £000
Cost				
At 1 January 2020	472	319	3,869	4,660
Acquisitions through business combinations	—	—	156	156
Remeasurement of finance leases	—	—	(347)	(347)
Assets transferred to disposal group	—	(66)	—	(66)
Additions	23	225	—	248
Disposals	(5)	(164)	(352)	(521)
At 31 December 2020	490	314	3,326	4,130
Acquisitions through business combinations	—	4	44	48
Remeasurement of finance lease	—	—	(17)	(17)
Additions	133	106	386	625
Disposals	—	(71)	(50)	(121)
At 31 December 2021	**623**	**353**	**3,689**	**4,665**
Depreciation				
At 1 January 2020	69	103	778	950
Charge for the year	69	125	788	982
Assets transferred to disposal group	—	(56)	—	(56)
Disposals	—	(86)	(253)	(339)
At 31 December 2020	138	86	1,313	1,537
Charge for the year	144	116	681	941
Disposals	—	(56)	(50)	(106)
At 31 December 2021	**282**	**146**	**1,944**	**2,372**
Impairment				
At 1 January 2021	—	—	—	—
Impairment for the year	—	—	113	113
At 31 December 2021	**—**	**—**	**113**	**113**
Net book value				
At 31 December 2021	**341**	**207**	**1,632**	**2,180**
At 31 December 2020	352	228	2,013	2,593

The impairment during the year of £113,000 relates to vacation of property and early exit of a lease.

Notes to the Group financial statements continued

14. Intangible assets and goodwill

	Computer software £000	Trade name £000	Customer databases £000	Customer contracts £000	Customer relationships £000	Total other intangibles £000	Goodwill £000	Total £000
Cost								
At 1 January 2020	11,945	115	1,654	17,210	7,511	38,435	61,627	100,062
Additions	3,615	—	101	—	—	3,716	—	3,716
Acquisitions through business combinations	37	—	—	583	—	620	3,241	3,861
Transfer from property, plant and equipment	1,338	—	—	—	—	1,338	—	1,338
Impairment	(188)	—	—	—	—	(188)	—	(188)
Assets transferred to disposal group	(432)	—	(1,755)	—	—	(2,187)	(1,208)	(3,395)
Foreign exchange variances	—	—	—	283	—	283	116	399
At 31 December 2020	16,315	115	—	18,076	7,511	42,017	63,776	105,793
Additions	5,821	45	—	—	—	5,866	—	5,866
Acquisitions through business combinations (note 26)	—	—	—	3,491	—	3,491	12,494	15,985
Adjustments to previous business combinations	—	—	—	8	—	8	—	8
Disposals	(819)	—	—	—	—	(819)	—	(819)
Foreign exchange variances	—	—	—	—	—	—	(159)	(159)
At 31 December 2021	**21,317**	**160**	**—**	**21,575**	**7,511**	**50,563**	**76,111**	**126,674**
Amortisation								
At 1 January 2020	5,983	24	1,571	9,560	2,410	19,548	—	19,548
Charge for the year	2,895	6	—	4,022	815	7,738	—	7,738
Charge for the year transferred from property, plant and equipment	380	—	—	—	—	380	—	380
Assets transferred to disposal group	(429)	—	(1,571)	—	—	(2,000)	—	(2,000)
At 31 December 2020	8,829	30	—	13,582	3,225	25,666	—	25,666
Charge for the year	2,933	7	—	3,214	815	6,969	—	6,969
Disposals	(363)	—	—	—	—	(363)	—	(363)
At 31 December 2021	**11,399**	**37**	**—**	**16,796**	**4,040**	**32,272**	**—**	**32,272**
Net book value								
At 31 December 2021	**9,918**	**123**	**—**	**4,779**	**3,471**	**18,291**	**76,111**	**94,402**
At 31 December 2020	7,486	85	—	4,494	4,286	16,351	63,776	80,127
At 31 December 2019	5,962	91	83	7,650	5,101	18,887	61,627	80,514

Computer software is a combination of assets internally generated and assets acquired through business combinations. The amortisation charge in the period to 31 December 2021 associated with computer software acquired through business combinations is £381,000 (2020: £1,195,000). The additional £2,552,000 (2020: £2,080,000) charged in the period relates to the amortisation of internally generated computer software. The total amortisation charged in the period to 31 December 2021 associated with intangible assets acquired through business combinations is £4,415,000 (2020: £6,038,000). Amortisation is charged to administrative expenses for both financial years.

Annual test for impairment

The consolidation of relevant subsidiaries into Assurance, Optimisation and Software CGUs better reflects the business undertaking. For the year ended 31 December 2020, and prior periods, goodwill had been allocated to divisional CGUs, namely the Corporate Division and the SME Division. However, following the disposal of the SME Division in December 2020, the Corporate Division was further divided to reflect the evolution of the Group service offerings.

14. Intangible assets and goodwill continued

Annual test for impairment continued

The Group has seven CGUs, being the Assurance Division, the Optimisation Division, the Software Division, the ESG Division, Horizon Energy Group Limited, Ignite Energy LTD and Businesswise Solutions Ltd.

The goodwill resulting from the acquisitions of Direct Energy Purchasing Limited, Wholesale Power UK Limited, Flexible Energy Management Limited, Churchcom Limited, Bluebell Energy Supply Limited, Squareone Enterprises Limited, LSI Independent Utility Brokers Limited and General Energy Management Limited has been wholly allocated to the Assurance Division CGU.

The goodwill resulting from the acquisitions of Professional Cost Management Group Limited, Waterwatch UK Limited and Independent Utilities Limited has been wholly allocated to the Optimisation Division CGU.

The goodwill resulting from the acquisitions of SystemsLink 2000 Limited and Energy Broker Solutions Limited has been wholly allocated to the Software Division CGU.

The goodwill resulting from the acquisitions of STC Energy and Carbon Holdings Limited, Informed Business Solutions Limited, Energy Cost Management Limited and Inprova Finance Limited has been split between the Assurance Division CGU and the Optimisation Division CGU according to the expected revenue to be generated by these divisions in FY22.

The goodwill resulting from the acquisitions of Horizon Energy Group Limited, Ignite Energy LTD and Businesswise Solutions Ltd have not been allocated as the CGU performance is monitored separately.

For the purpose of annual impairment testing, goodwill is allocated to the CGUs expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows:

	2021 £000
Assurance Division	**33,133**
Optimisation Division	**9,829**
Software Division	**2,486**
Horizon Energy Group Limited	**5,461**
Ignite Energy LTD	**14,481**
Businesswise Solutions Ltd	**10,721**
	76,111

In the prior year, goodwill was allocated to the CGUs expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows:

	2020 £000
Corporate Division	43,681
Horizon Energy Group Limited	5,614
Ignite Energy LTD	14,481
SME Division	—
	63,776

The Group tests goodwill annually for impairment in accordance with IAS 36 Impairment of Assets, or more frequently if there is indication that the goodwill might be impaired.

The recoverable amounts of the CGU have been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering the next five-year period. The key assumptions in the value in use calculation are those regarding the discount rate, growth rate and expected changes to the selling prices, volumes and direct costs.

Notes to the Group financial statements continued

14. Intangible assets and goodwill continued

Discount rates

The discount rate has been calculated using the capital asset pricing model (CAPM), which takes into account the required rate of return of the asset and market risk as well as the expected return of the market. The pre-tax discount rate range of 5.0–20.0% (2020: 5.0–20.0%) is consistent with the rate of return expected by the market considering the CGU forecast cash flow amounts, timing and risk profile.

Cash flow assumptions

Cash flows for the six-year period to 2027 have been extrapolated assuming no further growth aside from Horizon Energy Group Limited which assumed 5% revenue growth from 2024 to 2027. The Group considers that this is a conservative growth rate based upon current rates of inflation, the Group's targeted growth rates and the rate of growth that the Directors believe to be achievable from the market. Despite adopting a conservative approach there is no indication of impairment.

The Directors do not believe that any reasonably possible changes in the value of the key assumptions noted above would cause the CGU carrying amount to exceed its recoverable amount.

15. Investments

	Investments £000
Cost/valuation	
At 1 January 2021	898
Additions	563
At 31 December 2021	**1,461**

The Group had an interest in the following entities as at 31 December 2021:

Name of undertaking	Country of registration	Description of investment held
Information Prophets Limited	United Kingdom	Convertible loan
Switchd Ltd	United Kingdom	Shareholding (4.7%)
Industrial and Commercial Operations Network Ltd	United Kingdom	Convertible loan
Zestec Asset Management Limited	United Kingdom	Shareholding (10%)

The Group holds a convertible loan to acquire 25% equity value in Information Prophets Limited. The balance of the outstanding loan at 31 December 2021 was £600,000. Furthermore, the Group holds an exclusive call option to acquire the entire share capital of Information Prophets Limited on a fair value measure at an agreed multiple of adjusted EBITDA. The call option period commences in January 2022 and ends on 31 December 2023. As the option period is three years from completion of the initial investment, the Group is deemed not to have substantive control over the investee prior to the option period commencing.

The Group holds a shareholding in Switchd Ltd of 87,790 ordinary shares of £0.000001 within the company for an aggregate subscription price of £489,000 providing a 4.7% shareholding.

The Group holds a convertible loan to acquire 25% equity value in Industrial and Commercial Operations Network Ltd. The balance of the outstanding loan at 31 December 2021 was £48,000. Furthermore, the Group holds an exclusive call option to acquire the entire share capital of Industrial and Commercial Operations Network Ltd on a fair value measure at an agreed multiple of adjusted EBITDA. The call option period commences in April 2022 and ends in April 2024. As the option period is three years from completion of the initial investment, the Group is deemed not to have substantive control over the investee prior to the option period commencing.

The Group holds a shareholding in Zestec Asset Management Limited of 53,763 ordinary shares of £1 within the company for an aggregate subscription price of £324,000 providing a 10% shareholding.

16. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	**12,944**	26,884
	12,944	26,884

17. Inventories

Inventories consist of the following:

	2021 £000	2020 £000
Raw materials and consumables	**300**	119
	300	119

18. Trade and other receivables

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade receivables	**16,492**	6,995	**—**	—
Other receivables	**1,472**	297	**848**	50
Deferred contingent consideration	**4,529**	6,925	**4,529**	6,925
Prepayments	**3,802**	2,764	**305**	191
Accrued income	**11,682**	8,785	**—**	—
	37,977	25,766	**5,682**	7,166

Deferred contingent consideration relates to the collection and run-off of the SME Division's accrued income balance at disposal.

The Group does not hold any collateral as security (2020: none). Group debtor days were 74 days (31 December 2020: 46 days).

The ageing of trade receivables was as follows (£000):

	0-30 days	31-60 days	61-90 days	Older	Total
31 December 2021	**10,951**	**2,169**	**1,592**	**1,780**	**16,492**
31 December 2020	4,314	1,065	595	1,021	6,995

As at 31 December 2021, £3,372,000 (31 December 2020: £1,616,000) of the trade receivables had gone beyond their terms of 60 days.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables and accrued income as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables and accrued income have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected credit loss is considered immaterial in the current year; therefore, no impairment loss has been recognised (2020: £nil). The trade and other receivables are stated at amortised cost which approximates to fair value. Deferred contingent consideration receivable is measured at fair value through profit or loss.

Notes to the Group financial statements continued

19. Trade and other payables

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Current				
Trade payables	**4,154**	1,943	**301**	349
Social security and other taxes	**3,504**	4,162	**750**	393
Accruals	**1,502**	866	**756**	39
Deferred income	**1,268**	745	**—**	—
Other payables	**1,887**	514	**138**	43
	12,315	8,230	**1,945**	824

Trade payables are paid under normal commercial terms.

Revenue totalling £745,000 has been recognised during the year ended 31 December 2021 relating to amounts included in deferred income at the beginning of the period (2020: £3,676,000).

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Current		Non-current	Total
	Within 6 months £000	6–12 months £000	1–5 years £000	£000
31 December 2021				
Trade payables	**4,154**	**—**	**—**	**4,154**
Accruals	**1,502**	**—**	**—**	**1,502**
Bank borrowings	**802**	**802**	**49,058**	**50,662**
Lease liabilities	**435**	**504**	**1,006**	**1,945**
Interest rate swaps	**—**	**—**	**25**	**25**
Contingent consideration	**13,081**	**1,959**	**8,269**	**23,309**
	19,974	**3,265**	**58,358**	**81,597**
31 December 2020				
Trade payables	1,943	—	—	1,943
Accruals	866	—	—	866
Bank borrowings	—	—	45,730	45,730
Lease liabilities	519	473	1,679	2,671
Interest rate swaps	—	—	130	130
Contingent consideration	595	7,146	4,198	11,939
	3,923	7,619	51,737	63,279

20. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Non-current liabilities				
Lease liability – motor vehicles	**95**	180	**34**	—
Lease liability – property	**763**	1,397	**364**	1,227
Lease liability – fixtures and fittings	**135**	102	**135**	—
	993	1,679	**533**	1,227
Current liabilities				
Lease liability – motor vehicles	**112**	135	**41**	—
Lease liability – property	**667**	740	**435**	177
Lease liability – fixtures and fittings	**81**	117	**73**	15
	860	992	**549**	192

The lease liabilities are secured by the related underlying assets.

The lease liability for motor vehicles covers ten vehicles at 31 December 2021 and leases are typically two years when they will then terminate.

Total cash outflows from lease arrangements are £1,339,000 (2020: £918,000).

21. Deferred tax liability

Deferred taxation is calculated at a tax rate of 25% (2020: 19%) and is set out below:

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Liability brought forward	**1,278**	1,993	**—**	—
Credited to income for the year	**(542)**	(826)	**—**	—
Deferred tax liability acquired through business combinations	**122**	—	**—**	—
Movement arising from business combinations	**664**	111	**—**	—
Liability carried forward	**1,522**	1,278	**—**	—

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Excess of taxation allowances over depreciation on all non-current assets	**667**	379	**—**	—
Share options	**(1,286)**	(467)	**—**	—
Trading losses carried forward	**—**	(372)	**—**	—
Temporary differences on intangible assets	**2,141**	1,738	**—**	—
	1,522	1,278	**—**	—

Corporation tax for the year ended 31 December 2021 was calculated at 19% of profits for the year.

Deferred taxation at the period end is analysed as follows:

	2021 £000	2020 £000
Deferred tax liability	**1,522**	1,278
	1,522	1,278

Notes to the Group financial statements continued

22. Bank borrowings

Bank borrowings are repayable as follows:

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Within one year	**(116)**	(116)	**(116)**	(116)
One to two years	**(116)**	(116)	**(116)**	(116)
Two to five years	**46,104**	46,092	**46,104**	46,092
	45,872	45,860	**45,872**	45,860

The figures above include debt issue costs being amortised over the life of the borrowings, and also includes an interest rate swap of £25,000 (2020: £130,000). In the current year borrowings total £46,195,000 with total debt issue costs being £348,000.

The above facility is for the principal sum of £60,000,000 (2020: £60,000,000).

As at 31 December 2021, the Group had a cash balance of £12.9 million and outstanding balances on its senior term debt facilities of £45.9 million.

Per the facility agreement entered in October 2019, in calculating adjusted net leverage, net debt equates to bank debt less cash and cash equivalents, plus lease liabilities (including those as a result of the adoption of IFRS 16), and the contingent consideration liability at the test date.

As at 31 December 2021, net debt stood at £32.9 million, which is an increase of £14.1 million in comparison to 31 December 2020.

In October 2019, the Group entered into a new facility agreement with Santander and the Bank of Ireland in order to refinance its borrowings and to provide further headroom to support the continued acceleration of the Group's growth and acquisition strategy.

The facility consists of a £60.0 million revolving credit facility, of which £45.9 million was drawn at 31 December 2021 (2020: £45.9 million), running to October 2023, with the Group having an option to extend the term for a further year to October 2024. The Group exercised the option to extend the term of the facility in September 2021, taking the term of the existing facility to October 2024. Furthermore, the facility is supplemented by a £25.0 million accordion option enabling a total commitment of up to £85.0 million.

The facility has an interest rate ranging from 2.00% to 3.25% over SONIA, with the applicable interest rate dependent on the adjusted net leverage of the facility in the prior quarter.

The covenants attached to the facility are interest cover, which is not to be less than 4.00:1.00 during the term of the facility, and adjusted net leverage of the Group, which on entering the facility is limited to not exceed 2.75:1.00 and then tapers to 2.00:1.00 across the term of the facility. The Group has agreed with the lenders to defer the tapering of the adjusted net leverage covenant from 2.50:1.00 to 2.00:1.00, which was due to commence in the quarter ending 31 December 2022 for twelve months to 31 December 2023 to align with the extension of the facility.

In March 2021, the Board agreed with its lenders to amend the definition of adjusted net leverage to apply from 1 July 2021, to reverse the impact of the adoptions of IFRS 16 and the definition of contingent consideration to only included deferred consideration or crystallised contingent consideration. Collectively, these changes reduce the net adjusted leverage of the Group.

The increase in net debt reflects a year in which the cash generation of the Group was offset by the payment of £7.5 million initial cash consideration for BWS and GEM, and £1.1 million of contingent cash consideration to the vendors of ECM, PCMG and LSI. As at 31 December 2021, £21.2 million of contingent consideration is held payable to the vendors of Ignite, ECM, PCMG, LSI, GEM and BWS.

22. Bank borrowings continued

	Long-term borrowings £000	Lease liabilities £000	Total £000
At 1 January 2020	38,709	3,720	42,429
Cash flows			
Repayment	—	(1,297)	(1,297)
Proceeds	7,000	—	7,000
Non-cash			
Additions to right of use assets	—	248	248
Interest rate swap revaluation	35	—	35
Debt issue costs releases	116	—	116
At 31 December 2020	45,860	2,671	48,531
Cash flows			
Repayment	—	(1,443)	(1,443)
Non-cash			
Additions to right of use assets	—	625	625
Interest rate swap revaluation	(104)	—	(104)
Debt issue costs releases	116	—	116
At 31 December 2021	**45,872**	**1,853**	**47,725**

23. Financial instruments

The Group holds or issues financial instruments in order to achieve two main objectives, being:

(a) to finance its operations; and

(b) to manage its exposure to interest risk arising from its operations and from its sources of finance.

Transactions in financial instruments result in the Group assuming or transferring to another party one or more of the financial risks described below.

Credit risk

The Group monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers and energy suppliers, including outstanding receivables and committed transactions. For banks, only independently rated parties with a minimum rating of AA are accepted. Credit assessments are carried out when accepting new customers. Amounts shown in the statement of financial position best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

The Group monitors its available cash resources and aims to keep credit funds available for operational strategic goals.

Currency risk

The Group monitors any foreign exchange rate risks through regular Euro trades as and when deemed necessary.

Fair values of financial assets and liabilities

The book value of financial instruments held or issued to finance the Group's operations is not materially different from the fair value of those instruments.

Notes to the Group financial statements continued

23. Financial instruments continued

23.1 Capital risk management

The Group's main objective when managing capital is to generate returns to shareholders by investing in line with its approved investment strategy whilst safeguarding the Group's ability to continue as a going concern. The Group aims to maintain a strong credit rating and headroom whilst optimising return to shareholders through an appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it with regard to the risks inherent in the business and in light of changes to economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may in the future issue new shares, raise additional debt finance, sell assets to reduce debt, adjust the amount of dividends paid to shareholders or return capital to shareholders.

Capital is managed by maximising retained profits. Working capital is managed in order to generate maximum conversion of these profits into cash and cash equivalents.

Capital includes share capital, share premium, merger relief reserve and retained earnings. There were no changes to the Group's approach to capital management during the year.

23.2 Categories of financial instrument

Financial assets

	Amortised cost £000	**Non-financial assets £000**	**Total £000**
31 December 2021			
Inventories	**—**	**300**	**300**
Trade receivables	**16,492**	**—**	**16,492**
Other receivables	**1,472**	**—**	**1,472**
Deferred contingent consideration	**4,529**	**—**	**4,529**
Prepayments	**—**	**3,802**	**3,802**
Accrued income	**11,682**	**—**	**11,682**
Cash and cash equivalents – Sterling	**9,224**	**—**	**9,224**
Cash and cash equivalents – Euros	**3,720**	**—**	**3,720**
Current assets	**47,119**	**4,102**	**51,221**

	Amortised cost £000	Non-financial assets £000	Total £000
31 December 2020			
Inventories	—	119	119
Trade receivables	6,995	—	6,995
Other receivables	297	—	297
Deferred contingent consideration	6,925	—	6,925
Prepayments	—	2,764	2,764
Accrued income	8,785	—	8,785
Cash and cash equivalents – Sterling	24,630	—	24,630
Cash and cash equivalents – Euros	2,254	—	2,254
Current assets	49,886	2,883	52,769

23. Financial instruments continued

23.2 Categories of financial instrument continued

Financial liabilities

	Other liabilities (amortised cost) £000	Fair value through profit or loss £000	Liabilities not within scope of IFRS 9 £000	Total £000
31 December 2021				
Trade payables	**4,154**	**—**	**—**	**4,154**
Social security and other taxes	**—**	**—**	**3,504**	**3,504**
Accruals	**1,502**	**—**	**—**	**1,502**
Other payables	**1,887**	**—**	**—**	**1,887**
Lease liabilities	**1,853**	**—**	**—**	**1,853**
Bank borrowings – Sterling	**45,847**	**—**	**—**	**45,847**
Current tax liability	**—**	**—**	**1,823**	**1,823**
Contingent consideration	**—**	**21,751**	**—**	**21,751**
Interest rate swap	**—**	**25**	**—**	**25**
Deferred tax liability	**—**	**—**	**1,522**	**1,522**
	55,243	**21,776**	**6,849**	**83,868**

	Other liabilities (amortised cost) £000	Fair value through profit or loss £000	Liabilities not within scope of IFRS 9 £000	Total £000
31 December 2020				
Trade payables	1,943	—	—	1,943
Social security and other taxes	—	—	4,162	4,162
Accruals	866	—	—	866
Other payables	514	—	—	514
Lease liabilities	2,671	—	—	2,671
Bank borrowings – Sterling	45,730	—	—	45,730
Current tax liability	—	—	2,456	2,456
Contingent consideration	—	11,939	—	11,939
Interest rate swap	—	130	—	130
Deferred tax liability	—	—	1,278	1,278
	51,724	12,069	7,896	71,689

23.3 Interest rate sensitivity

The following table illustrates the sensitivity of the profit for the period and equity to a reasonably possible change in interest rates of 1% with effect from the beginning of the period. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's borrowings and the Group's cash and cash equivalents held at the statement of financial position date. All other variables are held constant.

	Year ended 31 December 2021		Year ended 31 December 2020	
	+1%	**-1%**	+1%	-1%
Profit/(loss) for the year	**329**	**(329)**	189	(189)
Equity	**329**	**(329)**	189	(189)

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Notes to the Group financial statements continued

23. Financial instruments continued

23.3 Interest rate sensitivity continued

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 December 2021 and 31 December 2020:

31 December 2021	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Deferred contingent consideration	—	—	4,529	4,529
Total assets	—	—	4,529	4,529

31 December 2020	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Deferred contingent consideration	—	—	6,925	6,925
Total assets	—	—	6,925	6,925

The following table shows the levels within the hierarchy of financial liabilities measured at fair value on a recurring basis at 31 December 2021 and 31 December 2020:

31 December 2021	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities				
Interest rate swaps	—	25	—	25
Contingent consideration	—	—	21,751	21,751
Total liabilities	—	25	21,751	21,776

31 December 2020	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities				
Interest rate swaps	—	130	—	130
Contingent consideration	—	—	11,939	11,939
Total liabilities	—	130	11,939	12,069

There were no transfers between Level 1 and Level 2 in 2021 or 2020.

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The valuation techniques used for instruments categorised in Levels 2 and 3 are described below:

Interest rate swaps (Level 2)

The Group's interest rate swap contracts are not traded in active markets. These have been fair valued using observable interest rates corresponding to the maturity of the contract, through direct confirmation from the provider of the contract.

23. Financial instruments continued

Measurement of fair value of financial instruments continued

Contingent consideration (Level 3)

The fair value of contingent considerations at 31 December 2021 related to the acquisitions of Energy Cost Management Limited, Professional Cost Management Group Limited, Ignite Energy LTD, LSI Independent Utility Brokers Limited, General Energy Management Limited and Businesswise Solutions Ltd and is estimated using a present value technique. The £21,751,000 fair value is measured by reference to the future cash outflows. The cash outflows reflect management's best estimate of the amount payable.

The contingent consideration for Energy Cost Management Limited of £300,000 was settled in January 2022.

The contingent event for Professional Cost Management Group Limited covers the period ending 31 December 2028. The consideration will be an amount equal to £0.30 for every £1.00 of adjusted EBITDA in each relevant financial year and is subject to an aggregate cap of £550,000.

The contingent event for Ignite Energy LTD comprises four earn out tranches as follows. The First Earn Out Consideration of £3,400,000 is payable on delivery of £5.22 million of last twelve months' EBITDA before the deduction of central overheads, with the test period running from completion on 17 July 2020 to 31 December 2023. The Second Earn Out Consideration of up to £5,200,000 is payable as £1.50 consideration for every £1.00 growth in EBITDA before deduction of central overheads from FY21 over FY19. The Third Earn Out Consideration of up to £5,200,000 is payable as £1.50 consideration for every £1.00 growth in EBITDA before deduction of central overheads from FY22 over FY21. The Fourth Earn Out Consideration of up to £5,200,000 is payable as £1.50 consideration for every £1.00 growth in EBITDA before deduction of central overheads from FY23 over FY22. Any payments due under the Second, Third and Fourth Earn Out Consideration payments are payable in 50% cash and 50% ordinary shares of Inspired PLC.

The contingent event for LSI Independent Utility Brokers Limited comprises three earn out tranches as follows. Of the aggregate contingent consideration of £6,000,000, up to £1,750,000 is payable based on conversion of the order book of LSI at completion to cash, up to £2,250,000 is payable as twelve months' value of contract renewals completed within three years of completion, and up to £2,000,000 is payable as twelve months' value of contracted new business generated within three years of completion.

The contingent event for General Energy Management Limited comprises two tranches as follows. Of the aggregate contingent consideration of £500,000, the first tranche of £250,000 was settled in January 2022. The second tranche of up to £250,000 is payable based on achieving a target level of £250,000 of contracted future revenues.

The contingent event for Businesswise Solutions Ltd comprises several tranches as follows. Of the aggregate £23,500,000, contingent consideration may become payable in cash, subject to the achievement of challenging EBITDA and order book growth targets for the years ending 31 December 2021, 2022 and 2023. To achieve the earn out in full, the entity would be required to generate EBITDA of £5.0 million for the year ending 31 December 2023 and have a closing order book in excess of £19.0 million.

The contingent consideration liability is included within the Inspired PLC single entity and Group accounts.

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	Contingent consideration	
	2021 £000	2020 £000
Balance as at 1 January	**11,939**	4,591
Arising on business combinations	**6,279**	10,054
Consideration paid	**(1,086)**	(3,800)
Change in fair value of contingent consideration (included within administrative expenses)	**4,619**	1,094
Balance at 31 December	**21,751**	11,939
Analysed as:		
– current liability	**14,586**	7,741
– non-current liability	**7,165**	4,198

Deferred contingent consideration (Level 3)

The deferred contingent consideration is receivable in respect of the disposal of the SME segment of the business as described in note 10 and is measured at fair value through the profit or loss. The consideration is contingent upon collection of accrued income at the disposal date. The fair value is estimated using a present value technique. The £5,121,000 fair value is measured by reference to the future cash inflows. The cash inflows reflect management's best estimate of the amount receivable and are discounted at an appropriate rate.

Notes to the Group financial statements continued

24. Share capital and reserves

Group and company

	Number of shares	Share capital £000	Share premium £000	Merger relief reserve £000
Issued and fully paid				
Ordinary shares of 0.125p each as at 1 January 2020	713,973,440	892	37,422	15,535
Ordinary shares of 0.125p each as at 31 December 2020	961,944,047	1,202	67,000	20,995
Ordinary shares of 0.125p each as at 31 December 2021	**974,942,194**	**1,219**	**60,923**	**20,995**

On 8 April 2021, the company issued 10,477,677 new ordinary shares. 9,627,000 new ordinary shares of 17.00 pence were issued to satisfy the exercise of options granted under the Group's 2011 Share Option Scheme at 0.125 pence each and 850,677 new ordinary shares of 14.60 pence were issued to satisfy the exercise of options under the Save As You Earn share scheme at 0.125 pence each.

On 22 June 2021, the company issued 805,703 new ordinary shares of 14.60 pence to satisfy the exercise of options granted under the Save As You Earn share scheme at 0.125 pence each.

On 28 July 2021, the company issued 560,000 new ordinary shares of 11.25 pence to satisfy the exercise of options granted under the Group's 2011 Share Option Scheme at 0.125 pence each.

On 15 September 2021, the company issued 1,075,500 new ordinary shares of 19.00 pence to satisfy the exercise of options granted under the Group's 2011 Share Option Scheme at 0.125 pence each.

On 21 December 2021, the company issued 79,267 new ordinary shares of between 10.84 pence and 16.52 pence to satisfy the exercise of options granted under the Save As You Earn share scheme at 0.125 pence each.

25. Share-based payments

Approved share options

The company has granted equity-settled share options to selected employees. The exercise price is the market value of the shares at the date of grant. The vesting periods are between 18 months and three years. If the options remain unexercised after a period of ten years from the date of grant the options expire.

Details of the share options outstanding during the year are as follows:

	2021		2020	
	Number of share options	**Weighted average exercise price p**	Number of share options	Weighted average exercise price p
Outstanding at the beginning of the period	**59,874,643**	**4.53**	62,061,848	4.45
Granted during the period	**2,392,294**	**10.01**	9,482,980	6.32
Expired during the period	**(3,895,337)**	**6.90**	(4,527,185)	14.15
Exercised during the period	**(12,998,147)**	**4.82**	(7,143,000)	0.16
Outstanding at the end of the period	**45,373,453**	**4.57**	59,874,643	4.53
Exercisable at the end of the period	**17,217,439**	**6.40**	19,983,605	8.77

The options outstanding at 31 December 2021 had a weighted average exercise price of 4.57 pence (2020: 4.53 pence) and a weighted average remaining contractual life of one year (2020: one year).

25. Share-based payments continued

Approved share options continued

The following summarises the approved share options:

Date of grant	Subscription price	Expiry date	Number of shares for which rights are exercisable	Total number of shares for which rights are exercisable at the end of the period
Approved share options				
1 December 2012	4.25p	1 December 2022	11,000,000	—
15 January 2014	8.75p	15 January 2024	5,050,000	—
18 March 2014	10.00p	18 March 2024	5,000,000	—
16 April 2015	11.25p	16 April 2025	7,100,000	1,175,000
31 July 2015	10.75p	31 July 2025	6,000,000	2,500,000
22 December 2015	13.38p	22 December 2025	3,000,000	3,000,000
7 April 2016	12.50p	7 April 2026	1,750,000	1,750,000
17 July 2017	0.13p	17 July 2027	8,700,000	1,842,500
15 February 2018	19.85p	15 February 2028	600,000	—
1 January 2019	0.13p	1 January 2029	19,440,255	5,293,921
30 June 2019	0.13p	30 June 2029	11,390,000	—
1 July 2019	0.13p	1 July 2029	250,000	230,000
15 August 2019	0.13p	15 August 2029	300,000	—
22 October 2019	0.13p	22 October 2029	100,000	—
31 December 2020	0.13p	31 December 2030	4,000,000	1,000,000

On 24 May 2018 a grant of awards under the LTIP was made to the 13 members of the senior management team (SMT).

A combined 23,400,000 LTIP share options were granted on 24 May 2018. These ordinary shares were issued to Inspired Energy EBT Limited as trustee of the Inspired Energy PLC Employee Benefit Trust (EBT). These shares (JSOP (Joint Share Ownership Plan) Award) will be held by the trustee for the joint benefit of itself and the Executives. The JSOP Award vests in three separate tranches which are individually governed by achievement of adjusted EPS performance targets over a three-year period, as set out in the table below. Should there be a change in control of the company, by way of an offer for the entire issued share capital of the company, during the award period the JSOP Award will automatically vest in full.

	EPS target set	FY2018	FY2019	FY2020	**FY2021**	FY2022	FY2023	Total
Tranche 1	Target for three years ended Dec 2020, set at 1 Jan 2018	1,950,000	1,950,000	1,950,000	**—**	—	—	5,850,000
Tranche 2	Target for three years ended Dec 2021, set at 1 Jan 2019	—	1,950,000	1,950,000	**1,950,000**	—	—	5,850,000
Tranche 3	Target for three years ended Dec 2022, set at 1 Jan 2020	—	—	1,950,000	**1,950,000**	1,950,000	—	5,850,000
Tranche 4	Target for three years ended Dec 2022, set at 1 Jan 2021	—	—	—	**1,950,000**	1,950,000	1,950,000	5,850,000
		1,950,000	3,900,000	5,850,000	**5,850,000**	3,900,000	1,950,000	23,400,000

The SMT will benefit from the growth in value of its respective JSOP Award from the date of grant. The SMT also holds a nil-cost option over the EBT's interest in the JSOP Award which may be exercised in certain circumstances. The subscription monies for these ordinary shares have been satisfied in cash advanced by the company to the EBT.

Notes to the Group financial statements continued

25. Share-based payments continued

Approved share options continued

Adjusted earnings per share ("adjusted EPS")

The JSOP Award vests subject to the achievement of adjusted EPS performance targets. Adjusted EPS will be calculated by taking the net attributable profit and adjusting by:

- adding back acquisition-related amortisation items;
- adding back exceptional items;
- adding back share-based payments charge; and
- removing any impact (positive or negative) of any deferred tax.

The resultant figure is then divided by the number of ordinary shares in issue on a fully diluted basis.

Vesting performance conditions

Tranches 2, 3 and 4

The Remuneration Committee will, on 1 January 2019, 1 January 2020 and 1 January 2021 respectively, determine the adjusted EPS targets for Tranches 2 to 4 respectively. The Adjusted EPS targets will be set by the Remuneration Committee on 1 January each year, with Tranche 2 covering the three financial years ending 31 December 2021, Tranche 3 covering the three financial years ending 31 December 2022 and Tranche 4 covering the three financial years ending 31 December 2023. The targets set by the Remuneration Committee for all tranches represent a target below which none of the award will vest to the SMT for that financial period (the "threshold targets").

For all tranches, the criteria for full vesting of awards will be set at 110% of the threshold targets (the "maximum targets") for each financial year within each tranche, with the amount vesting rising on a straight-line basis between the threshold targets and the maximum targets.

Exercise and hold period

The SMT will only become fully entitled to the JSOP Award in respect of each tranche at the end of the three-year period relating to that tranche. The SMT will be empowered to sell up to 50% of the JSOP Award at the end of the three-year period with the balance being subject to an undertaking that the members will not dispose of any further ordinary shares subject to that award for a period of twelve months, except in very limited circumstances. Accordingly, 50% of Tranche 1 awards could be sold in FY21 and a further 50% in FY22 or beyond. Similarly, the earliest sale date of the Tranche 4 JSOP Award would be in FY24 in respect of 50% of the award and FY25 or later in respect of the remaining 50% of the award.

Unapproved Options were granted on 1 January 2019 at their nominal value of 0.13 pence per share to 123 employees over a total of 22,695,255 shares in aggregate.

These options became/will become exercisable in four unequal tranches on the following dates:

(i) the date on which the company published its audited accounts for the year ending 31 December 2019;

(ii) the date on which the company published its audited accounts for the year ending 31 December 2020;

(iii) the date on which the company publishes its audited accounts for the year ending 31 December 2021; and

(iv) the date on which the company publishes its audited accounts for the year ending 31 December 2022.

Unapproved Options were granted on 30 June 2019 at their nominal value of 0.13 pence per share to 63 employees over a total of 11,390,000 shares in aggregate.

These options became/will become exercisable in six unequal tranches on the following dates:

(i) the date on which the company published its audited accounts for the year ending 31 December 2019;

(ii) the date on which the company published its unaudited interim accounts for the period ending 30 June 2020;

(iii) the date on which the company published its audited accounts for the year ending 31 December 2020;

(iv) the date on which the company publishes its audited accounts for the year ending 31 December 2021;

(v) the date on which the company publishes its unaudited interim accounts for the period ending 30 June 2022; and

(vi) the date on which the company publishes its audited accounts for the year ending 31 December 2022.

Unapproved Options were granted on 1 July 2019 at their nominal value of 0.13 pence per share to one employee over a total of 250,000 shares in aggregate.

25. Share-based payments continued

Approved share options continued

Exercise and hold period continued

These options will become exercisable in one tranche on the following date:

(i) the date on which the company publishes its audited accounts for the year ending 31 December 2022.

Unapproved Options were granted on 15 August 2019 at their nominal value of 0.13 pence per share to two employees over a total of 300,000 shares in aggregate.

These options will become exercisable in one tranche on the following date:

(i) the date on which the company publishes its audited accounts for the year ending 31 December 2022.

Unapproved Options were granted on 22 October 2019 at their nominal value of 0.13 pence per share to one employee over a total of 100,000 shares in aggregate.

These options will become exercisable in one tranche on the following date:

(i) the date on which the company publishes its audited accounts for the year ending 31 December 2022.

Unapproved Options were granted on 31 December 2020 at their nominal value of 0.13 pence per share to four employees over a total of 4,000,000 shares in aggregate.

These options will become exercisable in two unequal tranches on the following date:

(i) the date on which the company published its unaudited interim accounts for the period ending 30 June 2021; and

(ii) the date on which the company publishes its unaudited interim accounts for the period ending 30 June 2023.

In addition to the options listed above interests granted under a LTIP are discussed in note 7.

The fair value of options granted under the scheme is measured by use of the Black-Scholes model. The inputs into the Black-Scholes model are as follows:

	2021	2020
Share price (pence)	**15.70–18.50**	15.70–18.50
Exercise price (pence)	**0.125**	0.125
Expected volatility (%)	**29.6–39.7**	29.6–39.7
Risk-free rate (%)	**0.28–1.19**	0.28–1.19
Dividend yield (%)	**2.4–3.7**	2.4–3.7

Expected volatility was based upon the historical volatility over the expected life of the schemes. The vesting period is based upon vesting restrictions, as detailed above.

The Group recognised total expenses of £1,030,000 (2020: £1,598,000) in the statement of comprehensive income relating to equity-settled share-based payment transactions in the period in respect of the options disclosed in this note and note 7.

In 2017, the Group launched a Save As You Earn share scheme for all eligible employees. Share options were issued in 2017, 2018, 2019, 2020 and 2021 and at the balance sheet date, the number of outstanding options was 8,333,698. The share option charge pertaining to the Save As You Earn share scheme was deemed to be immaterial and was not posted.

Notes to the Group financial statements continued

26. Business combinations

Businesswise Solutions Ltd (BWS)

On 3 March 2021, the Group acquired 100% of the issued share capital and voting rights of BWS, a company based in the United Kingdom. BWS provides assurance services and incremental optimisation services to its corporate customer bases across a range of sectors complementing the services already provided by the Group.

The acquisition of BWS was completed for a total consideration of up to £14,045,000. The initial £6,562,000 was satisfied in cash. The additional £7,483,000 comprises several tranches as follows: of the aggregate £23,500,000, contingent consideration may become payable in cash, see note 23 for further details.

The fair value of the contingent consideration of £7,483,000 was estimated by calculating the present value of the future cash flows and discounted using a rate of 15%.

The details of the business combination are as follows:

Recognised amounts of identifiable net assets

	Book value £000	Provisional fair value adjustment £000	Provisional fair value £000
Property, plant and equipment	222	—	222
Intangible assets	431	2,561	2,992
Trade and other receivables	785	—	785
Cash and cash equivalents	1,302	—	1,302
Total assets	2,740	2,561	5,301
Trade and other payables	1,175	—	1,175
Current tax liability	119	—	119
Deferred tax liability	122	568	690
Total liabilities	1,416	568	1,984
Provisional fair value of identifiable net assets			3,317
Provisional goodwill			10,728
Fair value of consideration transferred			14,045
Satisfied by:			
– cash consideration paid			6,562
– contingent consideration			7,483
			14,045
Net cash outflow arising from business combinations:			
– cash consideration paid			6,562
– cash and cash equivalents acquired			(1,302)
Net cash outflow			5,260

Trade and other receivables included £275,000 of gross trade receivables.

Since acquisition BWS has contributed £3,870,000 to revenue and £1,672,000 to profit before income tax. If the acquisition had taken place at the start of the financial period, BWS would have contributed £4,644,000 to revenue and £1,680,000 to profit before income tax.

Goodwill

The goodwill arising on this acquisition is attributable to niche market expertise enabling cross-selling opportunities achieved from combining the acquired customer bases and trade with the existing Group.

Identifiable net assets

A provisional fair value exercise to determine the fair value of assets and liabilities acquired in relation to BWS has been carried out. Fair values are provisional as they are still within the twelve-month hindsight period to adjust fair values.

The fair value of the customer contracts included within intangible assets was calculated to be £2,992,000.

The Group estimates costs incurred in relation to the transaction to be £320,000. These costs are included within exceptional costs in the Group statement of comprehensive income and included within operating activities in the Group statement of cash flows.

26. Business combinations continued

General Energy Management Limited (GEM)

On 3 March 2021, the Group acquired 100% of the issued share capital and voting rights of GEM, a company based in the United Kingdom. GEM provides assurance services to its corporate customer bases across a range of sectors complementing the services already provided by the Group.

The acquisition of GEM was completed for a total consideration of up to £2,471,000. The initial £2,008,000 was satisfied in cash. The additional £463,000 comprises two tranches as follows. Of the aggregate contingent consideration of £500,000, the first tranche of £250,000 was settled in January 2022. The second tranche of up to £250,000 is payable based on achieving a target level of £250,000 of contracted future revenues.

The fair value of the contingent consideration of £463,000 was estimated by calculating the present value of the future cash flows and discounted using a rate of 16%.

The details of the business combination are as follows:

Recognised amounts of identifiable net assets

	Book value £000	Provisional fair value adjustment £000	Provisional fair value £000
Intangible assets	—	506	506
Trade and other receivables	234	—	234
Cash and cash equivalents	368	—	368
Total assets	602	506	1,108
Trade and other payables	98	—	98
Current tax liability	59	—	59
Deferred tax liability	1	96	97
Total liabilities	158	96	254
Provisional fair value of identifiable net assets			854
Provisional goodwill			1,617
Fair value of consideration transferred			2,471
Satisfied by:			
– cash consideration paid			2,008
– contingent consideration			463
			2,471
Net cash outflow arising from business combinations:			
– cash consideration paid			2,008
– cash and cash equivalents acquired			(368)
Net cash outflow			1,640

Trade and other receivables included £41,000 of gross trade receivables.

Since acquisition GEM has contributed £473,000 to revenue and £256,000 to profit before income tax. If the acquisition had taken place at the start of the financial period, GEM would have contributed £568,000 to revenue and £274,000 to profit before income tax.

Goodwill

The goodwill arising on this acquisition is attributable to niche market expertise enabling cross-selling opportunities achieved from combining the acquired customer bases and trade with the existing Group.

Notes to the Group financial statements continued

26. Business combinations continued

General Energy Management Limited (GEM) continued

Identifiable net assets

A provisional fair value exercise to determine the fair value of assets and liabilities acquired in relation to GEM has been carried out. Fair values are provisional as they are still within the twelve-month hindsight period to adjust fair values.

The fair value of the customer contracts included within intangible assets was calculated to be £506,000.

The Group estimates costs incurred in relation to the transaction to be £61,000. These costs are included within exceptional costs in the Group statement of comprehensive income and included within operating activities in the Group statement of cash flows.

A reconciliation of acquisition of subsidiaries, net of cash acquired is as follows:

	£000
BWS – net cash outflow (per above)	5,260
GEM – net cash outflow (per above)	1,640
Investment in Zestec Asset Management Limited	250
Investment in Switchd Ltd	118
Acquisition of subsidiaries, net of cash acquired	7,268

27. Business combinations – prior year

LSI Energy Holdings Limited (LSI)

As disclosed in the 31 December 2020 annual report and accounts the Group acquired 100% of the issued share capital and voting rights of LSI.

The provisional fair value of identifiable net assets of £3,622,000 was carried out and no adjustment is to be made following the completion of the twelve-month hindsight period. Within the net assets were property, plant and equipment of £1,000, intangible assets of £583,000, trade and other receivables of £254,000, current tax asset of £365,000 and cash and cash equivalents of £3,064,000. Also included are trade and other payables of £534,000 and a deferred tax liability of £111,000.

28. Related party transactions

The Directors consider that as there is no controlling shareholder there is no ultimate controlling party of the Group.

Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

Details of the transactions between the Group and other related parties are disclosed below:

Information Prophets Limited is a company in which the Group holds an investment as detailed in note 15. Wholly owned subsidiaries of Information Prophets Limited invoiced £1,027,000 (2020: £525,000) for services provided, and expenses incurred, to Inspired PLC. As at 31 December 2021, the balance outstanding was £88,000 (31 December 2020: £6,000).

In the prior year, the Group completed a formal sale agreement to dispose of the SME Division, consisting of subsidiaries Energisave Online Limited, KWH Consulting Limited and Simply Business Energy Limited by way of a management buyout. The Group has provided a loan and £750,000 was outstanding as at 31 December 2021. Also, the Group invoiced £284,000 (2020: £41,000) for services provided and at 31 December 2021 a balance of £36,000 (2020: £nil) was outstanding.

The below shows the amounts of dividends paid to Directors (and spouse/children) or companies in which a Director has an interest:

	2021 £000	2020 £000
Praetura Ventures (1) LLP	**—**	5
Mark Dickinson	**6**	1
Paul Connor	**2**	—
Richard Logan	**1**	1
Sangita Shah	**1**	—
	10	7

28. Related party transactions continued

Key management personnel remuneration

The remuneration of the key management personnel, the Directors, in the year ended 31 December 2021 is set out below:

	2021 £000	2020 £000
Short-term employee benefits		
Employee emoluments	**950**	475
Social security costs	**125**	59
Post-employment benefits	**3**	6
Share-based payments	**221**	355
	1,299	895

The aggregate dividends paid to Directors in the year were £8,000. The shareholdings of the Directors are disclosed within the Directors' remuneration report on pages 48 to 51.

Mark Dickinson and Paul Connor are the only Directors of the Group accruing benefit in respect of the Group's defined contribution pension scheme.

29. Post-balance sheet events

On 28 February 2022, the Group acquired 100% of the issued share capital and voting rights of I-Prophets Compliance Limited and Digital Energy Limited, for aggregate consideration of £600,000. I-Prophets Compliance Limited and Digital Energy Limited were two trading subsidiaries of Information Prophets Limited, with whom the Group carried an investment value at 31 December 2021.

The option to buy the remaining subsidiaries of Information Prophets Limited still exists, however, as part of the transaction to acquire I-Prophets Compliance Limited and Digital Energy Limited, the option to acquire Information Prophets Limited the Group entered in 2019 was amended to reflect the Group acquiring two of the trading subsidiaries of Information Prophets Limited. The Group has not given full disclosure of the fair value at acquisition as it was considered impractical to do so within the reporting timeframe.

On 31 January 2022, Inspired PLC sold its investment in Zestec Asset Management Limited for £324,000, realising a profit on disposal of £74,000.

Following the Russian invasion of Ukraine on 24 February 2022, the Group have assessed the potential impact on the Group balance sheet at 31 December 2021 of Gazprom Marketing and Trading Retail Limited ("Gazprom"), a subsidiary of the Gazprom Group, a Russian majority state-owned multinational energy corporation, ceasing to trade in the UK. Following the year end, the working capital cycle of receipts from Gazprom has remained unchanged and, as a result, the Group's current exposure to non-recovery of the trade receivables and accrued income balances in relation to Gazprom, which were outstanding at 31 December 2021, is considered to be immaterial.

Company statement of financial position

At 31 December 2021

	Note	2021 £000	2020 £000
Non-current assets			
Investments	31	**125,225**	107,123
Intangible assets	32	**43**	—
Right of use assets	33	**1,082**	1,462
Non-current assets		**126,350**	108,585
Current assets			
Trade and other receivables	18	**1,153**	241
Deferred contingent consideration	18	**4,529**	6,925
Amounts owed from subsidiary undertakings		**39,036**	39,875
Cash and cash equivalents		**2,035**	11,986
Current assets		**46,753**	59,027
Total assets		**173,103**	167,612
Current liabilities			
Trade and other payables	19	**1,945**	824
Lease liabilities	20	**549**	192
Amounts owed to subsidiary undertakings		**11,180**	10,136
Contingent consideration	23	**14,586**	7,741
Current tax liability		**364**	575
Current liabilities		**28,624**	19,468
Non-current liabilities			
Bank borrowings	22	**45,847**	45,730
Contingent consideration	23	**7,165**	4,198
Lease liabilities	20	**533**	1,227
Interest rate swap	22	**25**	130
Non-current liabilities		**53,570**	51,285
Total liabilities		**82,194**	70,753
Net assets		**90,909**	96,859
Share capital	24	**1,219**	1,202
Share premium account	24	**60,923**	67,000
Merger relief reserve	24	**20,995**	20,995
Share-based payment reserve		**6,151**	5,121
Retained profit		**1,621**	2,541
Equity attributable to shareholders		**90,909**	96,859

The company generated a profit of £1,336,000 during the financial year (2020: £267,000). As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own statement of comprehensive income. Inspired PLC reported a profit for the financial year.

The financial statements were approved and authorised for issue by the Board of Directors on 29 March 2022 and were signed on its behalf by:

Mark Dickinson
Director

Paul Connor
Director

Company registration number: 07639760.

The notes on pages 116 to 119 form part of these company financial statements.

Company statement of changes in equity

For the year ended 31 December 2021

	Share capital £000	Share premium account £000	Merger relief reserve £000	Share-based payment reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020	892	37,422	15,535	3,523	3,198	60,570
Profit and total comprehensive income for the period	—	—	—	—	267	267
Share-based payment cost	—	—	—	1,598	—	1,598
Shares issued (2 June 2020)	6	—	—	—	—	6
Shares issued (10 July 2020)	89	10,620	—	—	—	10,709
Shares issued (17 July 2020)	40	—	5,460	—	—	5,500
Shares issued (28 July 2020)	172	18,958	—	—	—	19,130
Shares issued (15 September 2020)	3	—	—	—	—	3
Dividends paid	—	—	—	—	(924)	(924)
Total transactions with owners	310	29,578	5,460	1,598	(657)	36,289
Balance at 31 December 2020	1,202	67,000	20,995	5,121	2,541	96,859
Profit and total comprehensive income for the period	—	—	—	—	1,336	1,336
Share-based payment cost	—	—	—	1,030	—	1,030
Shares issued (8 April 2021)	13	376	—	—	—	389
Shares issued (22 June 2021)	1	114	—	—	—	115
Shares issued (28 July 2021)	1	62	—	—	—	63
Shares issued (15 September 2021)	1	53	—	—	—	54
Shares issued (21 December 2021)	1	12	—	—	—	13
Shares issued to EBT	—	(6,694)	—	—	—	(6,694)
Dividends paid	—	—	—	—	(2,256)	(2,256)
Total transactions with owners	17	(6,077)	—	1,030	(920)	(5,950)
Balance at 31 December 2021	**1,219**	**60,923**	**20,995**	**6,151**	**1,621**	**90,909**

* During 2021, the valuation of the investments in own shares was reassessed and revised to the nominal value of the shares held. This resulted in a transfer of £6,694,000 from share premium.

Notes to the company financial statements

30. Accounting policies (parent company)

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company's financial statements are presented in round thousand GBP (£000), which is the functional currency.

The principal accounting policies adopted by the company are set out below.

Accounting policies

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021.

The company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:

- (i) paragraph 79(a)(iv) of IAS 1; and
- (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;

(b) the requirements of paragraphs 10(d) and 134–136 of IAS 1 Presentation of Financial Statements and the requirements of IAS 7 Statement of Cash Flows;

(c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

(e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and

(f) the requirements of IFRS 7 to disclose financial instruments.

As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account. Inspired PLC reported a profit for the financial period of £1,336,000 (2020: £267,000).

A summary of the material accounting policies is set out below.

Investments

Investments are stated at cost, less any provision for impairment. Where partial consideration for the acquisition of shares in subsidiaries is settled through an issue of the company's own shares then that cost is determined as the fair value of shares issued. Cost is determined as the fair value of shares issued and the consideration paid.

Intercompany balances

Amounts due from Group companies are initially recognised at fair value being the present value of future interest and capital receipts discounted at the market rate of interest for a similar financial asset. When the face value of the loan exceeds the fair value of the loan on initial recognition this difference is treated as follows:

- if the loan is to a parent company the difference is shown as a deduction from equity;
- if the loan is to a fellow subsidiary the difference is shown as a deduction from equity; and
- if the loan is due from a subsidiary the difference is added to the investment in that subsidiary.

The company assesses the expected credit loss in respect of Group receivables based on its ability to repay and recover the balance. In the absence of agreed terms this consideration is given over the expected period of repayment and any expected credit loss. The expected credit loss is considered immaterial in the current year; therefore, no impairment loss has been recognised (2020: £nil).

Intercompany balances are unsecured, interest free and repayable on demand.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

30. Accounting policies (parent company) continued

Accounting policies continued

Share-based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date.

Share options are valued at the date of grant using the Black-Scholes option pricing model. In accordance with IFRS 2 Share-based Payment, the resulting cost is charged to the profit and loss account over the vesting period of the plans.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium account.

Equity-settled share-based payments issued to employees of subsidiary undertakings are treated in the financial statements of the company as an increase in investment in subsidiary companies, together with a corresponding increase in equity, over the vesting period based on the Group's estimate of shares which will eventually vest.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

i. Investments

The company assesses whether investments held in subsidiaries are impaired on at least an annual basis. This requires an estimation of the 'recoverable amount' – the higher of 'value in use' and fair value less costs to sell – of the investment. The value of investments in subsidiaries on 31 December 2021 is £125,225,000 (2020: £107,123,000).

Merger relief reserve

Merger relief reserve represents the premium arising on shares issued as part or full consideration for acquisitions.

31. Investments

	£000
Cost and net book value	
At 31 December 2020	107,123
Additions – acquisition of subsidiaries (note 26)	17,072
Share-based payments charge	1,030
At 31 December 2021	**125,225**

The principal investment comprises shares at cost in the following companies, all of which are registered in England and Wales, except where stated below. The registered address of the following companies is the same as the Group except where stated below. The principal activity of all companies is energy procurement and management.

	Percentage held	Nominal value	Number of shares
Inspired Group Holdings Limited*	100%	£1	484
Inspired Energy Solutions Limited**	100%	£1	142
Direct Energy Purchasing Limited*	100%	£1	2
Inspired 4U Limited*	100%	£1	2
Wholesale Power UK Limited*	100%	£1	100
STC Energy and Carbon Holdings Limited*	100%	£1	1,000
STC Energy Management Limited**	100%	£1	103
Informed Business Solutions Limited*	100%	£1	367
Flexible Energy Management Limited*	100%	£1	1
Churchcom Limited*	100%	£1	100
Bluebell Energy Supply Limited*	100%	£1	1
Horizon Energy Group Limited* (registered in Republic of Ireland)***	100%	€1	245
Inspired Energy EBT Limited*	100%	£1	1

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Notes to the company financial statements continued

31. Investments continued

	Percentage held	Nominal value	Number of shares
SystemsLink 2000 Limited*	100%	£1	1,229
Energy Cost Management Limited*	100%	£1	2
Squareone Enterprises Limited*	100%	£1	100
Professional Cost Management Group Limited*	100%	£1	10,804,202
Inprova Finance Limited*	100%	£1	1,000
Energy and Carbon Management Holdings Limited**	100%	£0.23	637,640
Utility Management Holdings Limited**	100%	£1	636,364
Energy and Carbon Management Limited**	100%	£1	300,001
Energy Team (UK) Limited**	100%	£0.01	115,840
Energy Team (Midlands) Limited**	100%	£1	100
Inprova Energy Limited**	100%	£1	50,100
UES Energy Group Limited**	100%	£1	478,085
UES Holdings Limited**	100%	£0.01	38,240
Waterwatch UK Limited*	100%	£1	100
Amer Holdings (SW) Limited**	100%	£1	2
Amer (UK) Limited**	100%	£1	2
Independent Utilities Limited*	100%	£0.001	1,200,000
LSI Energy Holdings Limited*	100%	£1	4,790,833
LSI Independent Utility Brokers Limited**	100%	£1	101
Information Prophets Limited	Convertible loan (25%)	N/A	N/A
Switchd Ltd	4.7%	£0.000001	87,790
Zestec Asset Management Limited	10%	£1	53,763
Industrial and Commercial Operations Network Ltd	Convertible loan (25%)	N/A	N/A
Energy Broker Solutions Limited*	100%	£1	100
Ignite Energy LTD*	100%	£1	760
BWS Holdco Ltd*	100%	£0.00001	208,800
Businesswise Solutions Limited**	100%	£0.00001	200,000
General Energy Management Limited*	100%	£1	1,002

* Directly held subsidiary.

** Indirectly held subsidiary.

*** Horizon Energy Group Limited is registered in the Republic of Ireland and has a registered address of 4400 Airport Business Park, Cork, Republic of Ireland T12 N84F.

32. Intangible assets

	Trade name £000
Cost	
At 1 January 2021	—
Additions	45
At 31 December 2021	**45**
Amortisation	
At 1 January 2021	—
Charge for the year	2
At 31 December 2021	**2**
Net book value	
At 31 December 2021	**43**
At 31 December 2020	—

33. Right of use assets

	Motor vehicles £000	Fixtures and fittings £000	Property £000	Total £000
Cost				
At 31 December 2020	—	159	2,111	2,270
Additions	103	119	—	222
At 31 December 2021	**103**	**278**	**2,111**	**2,492**
Depreciation				
At 31 December 2020	—	23	785	808
Charge for the year	35	85	482	602
At 31 December 2021	**35**	**108**	**1,267**	**1,410**
Net book value				
At 31 December 2021	**68**	**170**	**844**	**1,082**
At 31 December 2020	—	136	1,326	1,462

34. Employee benefit expense

	2021 £000	2020 £000
Wages and salaries	**4,531**	2,965
Social security costs	**569**	349
	5,100	3,314

	No.	No.
Average number of persons employed:		
Management	**2**	2
Administration and finance	**65**	51
	67	53

35. Dividends paid

	2021 £000	2020 £000
Dividends paid on equity capital – 0.12p per share (2020: 0.10p)	**2,256**	924

During 2021, the Group paid dividends of £2,256,000 (2020: £924,000) to its equity shareholders. This represents a payment of 0.12 pence per share (2020: 0.10 pence per share). Also, during 2021, the Directors proposed the payment of a final dividend of 0.13 pence per share (2020: nil pence per share). As the distribution of dividends by the Group requires approval at the shareholders' meeting, no liability in this respect is recognised in the 2021 consolidated financial statements.

36. Related party transactions

The company has taken advantage of the exemption in FRS 101 and has not disclosed transactions with wholly owned Group undertakings.

Refer to note 28 for details of other related party transactions entered into in the year.

Inspired PLC

Company number: 07639760

Notice of Annual General Meeting

NOTICE IS GIVEN that the Annual General Meeting (AGM) of Inspired PLC will be held at 10.00 a.m. on 30 June 2022 at Ship Canal House, 98 King Street, Manchester M2 4WU, to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 10 (inclusive) will be proposed as ordinary resolutions and resolutions 11 and 12 will be proposed as special resolutions.

Ordinary resolutions

1. To receive the company's annual reports and accounts for the financial year ended 31 December 2021.
2. To declare a final dividend recommended by the Directors of 0.13 pence per ordinary share for the financial year ended 31 December 2021 to be paid on 26 July 2022 to members whose names appear on the register at the close of business on 16 June 2022.
3. To re-elect Paul Connor, who retires by rotation under article 28.1.2.2 of the company's articles of association and who, being eligible, offers himself for re-election as a Director.
4. To re-elect Dianne Gillian Davies Walker who was appointed during the year and retires under article 28.1.2.1 of the company's articles of association and who, being eligible, offers themself for re-election as a Director.
5. To re-elect Sangita Vadilal Manilal Shah who was appointed during the year and retires under article 28.1.2.1 of the Company's articles of association and who, being eligible, offers themself for re-election as a director.
6. To reappoint RSM UK Audit LLP as auditors of the company.
7. To authorise the Directors to determine the remuneration of the auditors of the company.
8. That in substitution for all existing and unexercised authorities and powers, the Directors of the company be generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the "Act"):

   8.1 to exercise all or any of the powers of the company to allot shares of the company or to grant rights to subscribe for, or to convert any security into, shares of the company (those shares and rights being together referred to as Relevant Securities) up to an aggregate nominal value of £401,124 to those persons at the times and generally on the terms and conditions as the Directors may determine (subject always to the articles of association of the company); and

   8.2 to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of £802,248 (that amount to be reduced by the nominal value of any Relevant Securities allotted pursuant to the authority in paragraph 8.1 above) in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory,

   PROVIDED THAT this authority shall, unless previously renewed, varied or revoked by the company in general meeting, expire at the conclusion of the next Annual General Meeting or on the date which is six months after the next accounting reference date of the company (if earlier) save that the Directors of the company may, before the expiry of such period, make an offer or agreement which would or might require Relevant Securities or equity securities (as the case may be) to be allotted after the expiry of such period and the Directors of the company may allot Relevant Securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.
9. That, subject to the passing of the ordinary resolution numbered 8 above and the special resolution numbered 11 below, the Directors of the company be authorised, pursuant to article 32.11 of the company's articles of association:

   9.1 to exercise the power contained in article 32.11 so that, to the extent and in the manner determined and announced by the Directors, the holders of ordinary shares (excluding shareholders holding any ordinary shares as treasury shares) may be permitted to elect to receive new ordinary shares of £0.00125 each in the capital of the company, credited as fully paid, instead of all or part of any interim or final dividends which shall be declared before the conclusion of the next Annual General Meeting of the company after the passing of this resolution; and

   9.2 to capitalise the appropriate amount of new ordinary shares falling to be allotted pursuant to any elections made as aforesaid out of profits, or sums standing to the credit of any share premium account or capital reserves of the company, to apply such sums in paying up such new ordinary shares and to allot such new ordinary shares to the members of the company making such elections in accordance with their respective entitlements.
10. THAT the Directors' remuneration report for the financial year ended 31 December 2021 be approved.

Special resolutions

11. That if resolution 8 above is passed, the Directors of the company be authorised to allot equity securities (as defined in section 560 of the Act) for cash under the authority given by that resolution 8 and/or to sell ordinary shares held by the company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:

    11.1 the allotment of equity securities or sale of treasury shares in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory; and

    11.2 the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 9.1 above) up to an aggregate nominal amount of £121,553, representing approximately 10% of the current share capital of the company, such authority to expire at the end of the next Annual General Meeting of the company (or, if earlier, at the close of business on 23 September 2023) but, in each case, prior to its expiry the company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors of the company may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

12. THAT the company be authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of its ordinary shares of £0.00125 each provided that:

    12.1 the maximum number of ordinary shares authorised to be purchased is 97,242,173;

    12.2 the minimum price which may be paid for any such ordinary share is £0.00125;

    12.3 the maximum price which may be paid for an ordinary share shall be the higher of:

        12.3.1 an amount equal to 105% of the average middle market quotations for an ordinary share as taken from the London Stock Exchange Daily Official List for the five business days immediately before the day on which the ordinary share is contracted to be purchased; and

        12.3.2 the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out; and

    12.4 this authority will expire at the end of the next Annual General Meeting of the company, but the company may enter into a contract for the purchase of ordinary shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

By order of the Board

Mark Dickinson
29 March 2022

Registered office:
29 Progress Park
Orders Lane
Kirkham
Lancashire
PR4 2TZ

Inspired PLC

Notice of Annual General Meeting continued

Notes

1. A member of the company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to exercise any of his rights to attend, speak and vote at that meeting on his behalf. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the company.
2. A proxy may only be appointed using the procedures set out in these notes and the notes to the proxy form. To appoint a proxy, a member may complete, sign and date the enclosed proxy form and deposit it at the office of the company's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, by 10.00 a.m. on 28 June 2022. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
3. In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his intention to revoke his proxy appointment and deposit it at the office of the company's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, before the time stated in this notice as being the start date and time of the AGM.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(s) of that meeting, by utilising the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the company's Registrars, Equiniti (whose CREST ID is RA19), by the latest time for receipt of proxy appointments specified in note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. Any corporation which is a member of the company may authorise one or more persons (who need not be a member of the company) to attend, speak and vote at the meeting as the representative of that corporation. A certified copy of the Board resolution of the corporation appointing the relevant person as the representative of that corporation in connection with the meeting must be deposited at the office of the company's Registrars prior to the commencement of the meeting.
6. The right to vote at the meeting shall be determined by reference to the register of members of the company. Only those persons whose names are entered on the register of members of the company at 6.30 p.m. on 28 June 2022 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.

Explanatory notes

Resolution 1 – Receiving the annual report and accounts

The Directors will present the audited financial statements of the company for the period ended 31 December 2021 together with the Directors' report and the auditors' report on those financial statements.

Resolution 2 – Declaration of dividend

The Directors are recommending a final dividend of 0.13 pence per ordinary share in respect of the year ended 31 December 2021 which, if approved, will be payable on 26 July 2022 to the shareholders on the register of members on 17 June 2022.

Resolutions 3 to 5 – Director resignations

To comply with best practice, the Directors are offering themselves for annual re-election as Directors of the company, to take effect at the conclusion of the AGM.

Resolution 6 – Appointment of auditors

The auditors of a company must be reappointed at each general meeting at which accounts are laid, to hold office until the conclusion of the next such meeting. It is proposed that RSM UK Audit LLP be reappointed as auditors of the company to hold office from the conclusion of this AGM until the conclusion of the next general meeting at which the accounts are laid.

Resolution 7 – Remuneration of auditors

This resolution authorises the Directors to fix the auditors' remuneration.

Resolution 8 – Directors' power to allot Relevant Securities

Under section 551 of the Act, Relevant Securities may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising the Directors to issue shares without further reference to the shareholders. This resolution authorises the general issue of shares up to an aggregate nominal value of £401,124, which is equal to 33% of the nominal value of the current ordinary share capital of the company and a further issue of shares up to an aggregate nominal value of £802,248, which is equal to a further 66% of the nominal value of the current share capital of the company for the purposes of fully pre-emptive rights issues. Such authorities will expire at the conclusion of the next Annual General Meeting of the company or the date which is six months after the next accounting reference date of the company (whichever is the earlier).

Resolution 9 – Directors' power to offer new ordinary shares in lieu of cash dividends

The articles of association of the company provide that the Directors of the company may, if authorised to do so by ordinary resolution of the members in general meeting, offer members the right to elect to receive new ordinary shares credited as fully paid in lieu of cash dividend entitlements. The shareholders are asked to approve this resolution which grants the Directors that authority. The authority will be kept under review and the company will only exercise this authority after careful consideration and when the company is satisfied that to do so is in the best interests of the company and its shareholders under the circumstances.

Resolution 10 – Approval of Directors' remuneration report

This resolution approves the Directors' remuneration report.

Resolution 11 – Disapplication of pre-emption rights on equity issues for cash

Section 561 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. This resolution excludes that statutory procedure as far as rights issues are concerned. It also enables the Directors to allot shares up to an aggregate nominal value of £121,553, which is equal to 10% of the nominal value of the current ordinary share capital of the company, subject to resolution 7 being passed. The Directors believe that the limited powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplication will expire on the conclusion of the next Annual General Meeting of the company or on the date which is 15 months after the resolution being passed (whichever is the earlier).

Inspired PLC

Notice of Annual General Meeting continued

Explanatory notes continued

Resolution 12 – Authority to make market purchases of own shares

The shareholders are asked to approve this resolution which grants the company the ability to purchase its own shares. The authority will be limited for the company to make market purchases of up to 97,242,173 ordinary shares, being 10% of the issued share capital as at 29 March 2022, being the latest practicable date before publication of this document. The authority will be kept under review and the company will only exercise the power of purchase after careful consideration and when the company is satisfied that to do so is in the best interests of the company and its shareholders under the circumstances. The authority granted by this resolution will expire at the conclusion of the next Annual General Meeting of the company.

Inspired PLC

Proxy form for use at Annual General Meeting

Please insert full name and address

I/We..

of ....
(please use block letters)

....

being (a) member(s) of Inspired PLC (the "company") appoint the Chairman of the Annual General Meeting or (see notes 1 and 2)

....
(please use block letters)

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held at 10.00 a.m. on 30 June 2022 at Ship Canal House, 98 King Street, Manchester M2 4WU, and at any adjournment of that meeting.

I/We request such proxy to vote on the following resolutions in the manner specified below (see note 3).

Resolutions		For	Against	Withheld
1.	To receive the company's annual accounts for the financial year ended 31 December 2021.			
2.	To authorise the Directors to declare a final dividend.			
3.	To re-elect Paul Connor as a Director.			
4.	To re-elect Dianne Gillian Davies Walker as a Director.			
5.	To re-elect Sangita Vadilal Manilal Shah as a Director.			
6.	To reappoint RSM Audit UK LLP as auditors.			
7.	To authorise the Directors to determine the remuneration of the auditors.			
8.	To authorise the Directors to allot securities pursuant to section 551 of the Companies Act 2006.			
9.	To authorise the Directors to allot new securities in lieu of cash dividends.			
10.	To authorise the Directors' remuneration report.			
11.	To authorise the Directors to allot securities pursuant to section 570 of the Companies Act 2006 and disapply pre-emption rights on equity issues for cash.			
12.	To authorise the company pursuant to section 701 of the Companies Act 2006 to make market purchases of its ordinary shares.			

Signature .... (see note 4)

Date ....

Joint holders (if any) (see note 9)

Name: .... Name: ....

Name: .... Name: ....

Please cut along the dotted line

Inspired PLC

Proxy form for use at Annual General Meeting continued

Notes

1. If you wish to appoint someone other than the Chairman as your proxy, please insert his/her name and address, and strike out and initial the words 'the Chairman of the Annual General Meeting or'. A proxy need not be a member of the company. Appointing a proxy will not preclude you from personally attending and voting at the meeting (in substitution for your proxy vote) if you subsequently decide to do so. If no name is entered on this form, the return of this form, duly signed, will authorise the Chairman of the meeting to act as your proxy.
2. You may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please return a separate form in relation to each proxy, clearly indicating next to the name of each proxy the number and class of shares in respect of which he is appointed. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
3. To direct your proxy how to vote on the resolutions, please mark the appropriate box next to each resolution with an 'X'. If no voting instruction is given, your proxy will vote or abstain from voting as he sees fit in his absolute discretion in relation to each resolution and any other matter which is put before the meeting.
4. In the case of:
   - 4.1 an individual, this proxy form must be signed by the relevant member appointing the proxy or a duly appointed attorney on behalf of such member; and
   - 4.2 a corporation, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or a duly appointed attorney for the company.
5. To appoint a proxy using this form, the form must be:
   - 5.1 completed and signed;
   - 5.2 sent or delivered to the Registrars of the company, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; and
   - 5.3 received by the Registrars no later than 48 hours (excluding non-working days) before the time appointed for the meeting, or adjourned meeting, at which it is to be used.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(s) of that meeting, by utilising the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the company's Registrars, Equiniti (whose CREST ID is RA19), by the latest time for receipt of proxy appointments specified in note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
8. Any alteration to this proxy form must be initialled by the person in whose hand it is signed or executed.
9. If, after returning a duly completed proxy form, you wish to revoke your proxy appointment you must sign and date a notice clearly stating your intention to revoke that proxy appointment and deposit it at the registered office of the company before the time appointed for the meeting.
10. In the case of joint holders:
    - 10.1 where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted; and
    - 10.2 the vote of the most senior holder who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of all other joint holders.

    Seniority is determined by the order in which the names of the joint holders appear in the company's register of members in respect of the joint holding (the first-named being the most senior).
11. The right to vote at the meeting shall be determined by reference to the register of members of the company. Only those persons whose names are entered on the register of members of the company at 6.30 p.m. on 28 June 2022 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.

Directors, Secretary and advisors to the Group

Directors

Richard Logan (Non-Executive Chairman)

Mark Dickinson (Chief Executive Officer)

Paul Connor (Chief Financial Officer)

Sarah Flannigan (Non-Executive Director)

Sangita Shah (Non-Executive Director)

Dianne Walker (Non-Executive Director)

Company Secretary

Gateley Secretaries Limited

Registered office

29 Progress Park
Orders Lane
Kirkham
Lancashire PR4 2TZ

Nominated advisor

Shore Capital and Corporate Limited

Bond Street House
14 Clifford Street
London W1S 4JU

Joint brokers

Shore Capital Stockbrokers Limited

Bond Street House
14 Clifford Street
London W1S 4JU

Peel Hunt LLP

Moor House

120 London Wall
London EC2Y 5ET

Auditors

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3 Hardman Street
Manchester M3 3HF

Registrars

Equiniti

Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Company website

www.inspiredplc.co.uk

Financial PR

Alma PR

71–73 Carter Lane
London EC4V 5EQ

Notes

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Inspired PLC's commitment to environmental issues is reflected in this annual report, which has been printed on Novatech Silk, an FSC® certified material. This document was printed by L&S using its environmental print technology, which minimises the impact of printing on the environment, with 99% of dry waste diverted from landfill. Both the printer and the paper mill are registered to ISO 14001.

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