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If you have sold or otherwise transferred all of your Existing Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, the distribution of this document into jurisdictions other than the UK may be restricted by law and such documentation should not be mailed, distributed, forwarded to or transmitted in or into the United States, Australia, New Zealand, Canada, the Republic of Ireland, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.**

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made for the Placing Shares to be admitted to trading on AIM. Subject to, amongst other things, the Placing Resolutions being passed, it is expected that Admission will become effective and dealings in the Placing Shares will commence on AIM on 28 December 2018. The Placing Shares being issued pursuant to the Placing will, on Admission, rank in full for all dividends and other distributions thereafter declared, made or paid on the Ordinary Shares of the Company and will rank *pari passu* in all other respects with the Existing Ordinary Shares.

This document contains no offer of transferable securities to the public within the meaning of section 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by the FCA or any other competent authority.

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# Inspired Energy PLC

*(Incorporated in England and Wales under the Companies Act 2006 with registered number 7639760)*

## Proposed acquisition of Inprova Finance

### Placing of 115,151,516 new Ordinary Shares at 16.5 pence per Ordinary Share

and

### Notice of General Meeting

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**Your attention is drawn to the letter from the Chairman of the Company which is set out on page 8 of this document and which contains the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting.**

**Notice of a general meeting, to be held at the offices of Shore Capital Stockbrokers Limited, The Corn Exchange, Fenwick Street, Liverpool, L2 7RB on 27 December 2018 at 10.00 a.m., is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by no later than 10.00 a.m. on 21 December 2018. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.**

If you have any questions relating to return of the Form of Proxy, please telephone the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, on +44 (0) 371 384 2030 from within the UK, or on +44 (0) 121 415 7047 from outside of the UK and calls will be charged at the applicable international rate. Lines are open between 9.00 a.m. and 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. Different charges may apply to calls from mobile telephones. The helpline cannot provide advice on the merits of the Acquisition and Placing nor give any financial, legal or tax advice.

The Directors, whose names and details are set out on page 8 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. A copy of this document is available at the Company's website (<https://inspiredplc.co.uk/>). Nothing in this document shall be effective to limit or exclude any liability for fraud or which, by law or regulation, cannot otherwise be so limited or excluded.

Shore Capital and Corporate Limited ("SCC"), which is authorised and regulated by the FCA, is acting as nominated adviser to the Company for the purposes of the AIM Rules. Shore Capital Stockbrokers Limited ("SCS"), which is a member of the London Stock Exchange and is authorised and regulated by the FCA, is acting as joint broker to the Company in the United Kingdom for the purposes of the AIM Rules. Persons receiving this document should note that SCC and SCS are acting exclusively for the Company and no one else and will not be responsible to anyone, other than the Company, for providing the protections afforded to customers of SCC and SCS or for advising any other person on the transactions and arrangements described in this document. No representation or warranty, express or implied, is made by SCC or SCS as to any of the contents of this document in connection with the Acquisition and Placing, or otherwise.

Peel Hunt LLP ("Peel Hunt"), which is a member of the London Stock Exchange and is authorised and regulated by the FCA, is acting as joint broker to the Company in the United Kingdom for the purposes of the AIM Rules. Persons receiving this document should note that Peel Hunt is acting exclusively for the Company and no one else and will not be responsible to anyone, other than the Company, for providing the protections afforded to customers of Peel Hunt or for advising any other person on the transactions and arrangements described in this document. No representation or warranty, express or implied, is made by Peel Hunt as to any of the contents of this document in connection with the Acquisition and Placing, or otherwise.

## IMPORTANT NOTICE

### Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors' current intentions, beliefs or expectations concerning, amongst other things, the Enlarged Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the Enlarged Group's markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events, and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Enlarged Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to release publicly the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

### Notice to overseas persons

The distribution of this document and/or the Form of Proxy in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

### Basis on which information is presented

In this document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

### References to defined terms

Certain terms used in this document are defined and explained in the section of this document headed "Definitions".

All dates and times referred to in this document are, unless otherwise stated, references to the date in London and to London time, respectively.

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## Definitions

<b>“Acquisition”</b>	the proposed acquisition by Inspired of Inprova Finance pursuant to the Acquisition Agreement;
<b>“Acquisition Agreement”</b>	the conditional agreement dated 6 December 2018 between (1) the Vendor, (2) warrantors as defined therein and (3) Inspired;
<b>“Act”</b>	the Companies Act 2006;
<b>“Adjusted EBITDA”</b>	earnings before interest, taxation, depreciation and amortisation, excluding exceptional items, central costs and share-based payments;
<b>“Adjusted EPS”</b>	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 and share-based payment costs which have been expensed to the Group;
<b>“Admission”</b>	admission of the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
<b>“AIM”</b>	the AIM market operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time;
<b>“Brokers”</b>	Shore Capital and Peel Hunt;
<b>“Chairman”</b>	the non-executive chairman whose name is set out on page 8 of this document;
<b>“Consideration”</b>	the £19.5 million due in cash on completion of the Acquisition;
<b>“Company” or “Inspired”</b>	Inspired Energy PLC, a company incorporated and registered in England and Wales with registered number 7639760;
<b>“Cornwall Insight”</b>	Cornwall Insight Limited, a company incorporated in England and Wales with registered number 5379768;
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations);
<b>“CREST Manual”</b>	the CREST reference manual available from <a href="https://www.euroclear.com/site/public/EUI">https://www.euroclear.com/site/public/EUI</a> ;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755);
<b>"Directors" or "Board"</b>	the directors of the Company whose names are set out on page 8 of this document, or any duly authorised committee thereof;
<b>“EBITDA”</b>	earnings before interest, taxation, depreciation and amortisation;
<b>“Enlarged Group”</b>	the Group as enlarged by the Acquisition;
<b>“Enlarged Share Capital”</b>	the issued share capital of the Company as enlarged by the Placing Shares;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>“Existing Ordinary Shares”</b>	the 598,821,924 ordinary shares of 0.125 pence each in the capital of the Company in issue at the date of this document;

<b>“FCA”</b>	the UK Financial Conduct Authority;
<b>“Form of Proxy”</b>	the form of proxy for use in connection with the General Meeting, which accompanies this document;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000;
<b>“FY”</b>	financial year to 31 December;
<b>“GAAP”</b>	Generally Accepted Accounting Principles;
<b>“General Meeting” or “GM”</b>	the general meeting of the Company to be held at Shore Capital Stockbrokers Limited, The Corn Exchange, Fenwick Street, Liverpool, L2 7RB on 27 December 2018 at 10.00 a.m., notice of which is set out at the end of this document;
<b>“Group”</b>	the Company and its subsidiaries as at the date of this document;
<b>“H1”</b>	six months to 30 June;
<b>“Inprova Group”</b>	Inprova Group Limited, a company incorporated in England and Wales with registered number 4729586;
<b>“Inprova Finance” or “IFL”</b>	Inprova Finance Limited, a company incorporated in England and Wales with registered number 7818875;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting which is set out at the end of this document;
<b>“Ordinary Shares”</b>	ordinary shares of 0.125 pence each in the capital of the Company;
<b>“Peel Hunt”</b>	Peel Hunt LLP, the Company’s joint broker for the purposes of the AIM Rules;
<b>“Placing”</b>	the conditional placing of the Placing Shares by Shore Capital and Peel Hunt, as agents on behalf of the Company, pursuant to the Placing Agreement, further details of which are set out in this document;
<b>“Placing Agreement”</b>	the conditional agreement dated 6 December 2018 and made between (1) SCC, (2) SCS, (3) Peel Hunt, and (4) the Company in relation to the Placing, further details of which are set out in this document;
<b>“Placing Price”</b>	16.5 pence per Placing Share;
<b>“Placing Resolutions”</b>	Resolutions 1 and 2;
<b>“Placing Shares”</b>	the 115,151,516 new Ordinary Shares to be issued and allotted by the Company pursuant to the Placing;
<b>“Procurement Corporate Order Book”</b>	the aggregate revenue expected by the Group in respect of signed contracts between an Inspired client and an energy supplier for the remainder of such contracts (where the contract is live) or for the duration of such contracts (where the contract has yet to commence);
<b>“Prospectus Rules”</b>	the prospectus rules made by the FCA pursuant to section 73A of the FSMA;
<b>“Q1”</b>	three months to 31 March;
<b>“Registrars”</b>	Equiniti Limited;
<b>“Resolutions”</b>	the resolutions set out in the Notice of General Meeting;

<b>“SCC”</b>	Shore Capital and Corporate Limited, the Company’s nominated adviser for the purposes of the AIM Rules;
<b>“SCS”</b>	Shore Capital Stockbrokers Limited, the Company’s joint broker for the purposes of the AIM Rules;
<b>“Shareholders”</b>	holders of Existing Ordinary Shares;
<b>“Shore Capital”</b>	SCC and/or SCS, as the context requires;
<b>“SME”</b>	small and medium-sized enterprises;
<b>“TPI”</b>	third party intermediary;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland; and
<b>“Vendor”</b>	Inprova Group.

Note: Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it. Words importing the singular include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2018

Announcement of the proposed Acquisition, the Placing and publication of this document	7 December
Latest time and date for receipt of Forms of Proxy for the General Meeting	By 10.00 a.m. on 21 December
General Meeting	10.00 a.m. on 27 December
Admission, completion of the Acquisition, the Placing and commencement of dealings in the Placing Shares	8.00 a.m. on 28 December
CREST accounts credited	28 December
Dispatch of share certificates in respect of the Placing Shares (if applicable)	In week commencing 14 January 2019

## STATISTICS RELATING TO THE ACQUISITION AND PLACING

Number of Existing Ordinary Shares	598,821,924
Number of Placing Shares	115,151,516
Enlarged Share Capital on Admission	713,973,440
Placing Price	16.5p
Placing Shares expressed as a percentage of the Enlarged Share Capital on Admission	16.1%
Gross proceeds of the Placing receivable by the Company	£19.0 million
Market capitalisation of the Company at the Placing Price on Admission	£117.8 million

## LETTER FROM THE CHAIRMAN

### Inspired Energy PLC



(Incorporated in England and Wales under the Companies Act 2006 with registered number 07639760)

#### Directors:

#### Registered office:

Michael Fletcher	<i>Non-Executive Chairman*</i>	29 Progress Business Park
Mark Dickinson	<i>Chief Executive Officer</i>	Orders Lane
Paul Connor	<i>Finance Director</i>	Kirkham
Matthew Thornton	<i>Non-Executive Director</i>	Lancashire
Richard Logan	<i>Non-Executive Director*</i>	PR4 2TZ
Gordon Oliver	<i>Non-Executive Director*</i>	

*\*Independent Non-Executive Director*

7 December 2018

Dear Shareholder,

**Proposed acquisition of Inprova Finance**  
**Placing of 115,151,516 new Ordinary Shares at 16.5 pence per Ordinary Share**  
**and**  
**Notice of General Meeting**

#### 1. Introduction

The Company today announced that it has entered into an agreement with the Vendor to acquire the issued share capital of Inprova Finance for £19.5 million in cash, on a debt free cash free basis. In addition, the Company is proposing to raise an aggregate of £19.0 million (before expenses) through a placing of 115,151,516 Placing Shares at the Placing Price. The Placing Shares are being placed conditionally, amongst other things, on the passing of the Placing Resolutions at the GM and Admission. Completion of the Acquisition is conditional, amongst other matters, on the receipt of the subscription monies relating to the Placing Shares. The Placing has not been underwritten.

Following the issue of the Placing Shares, the Board expects the Acquisition to be enhancing to Adjusted EPS in FY 2019 and beyond. Further details of the terms of the Acquisition and the Placing are set out below under the headings "Principal terms of the Acquisition" and "Details of the Placing and the use of proceeds".

**The main purpose of this document is to set out the reasons for and details of the Acquisition and the Placing, to explain why the Directors consider that they are in the best interests of the Company and its Shareholders as a whole, and to recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.**

#### 2. Information on Inspired

Inspired was established in 2000 and its core focus is providing expert energy consultancy services to large industrial and commercial clients, including effective buying strategies, market intelligence and extensive management solutions, along with a range of services across the life of each supply contract, including energy accounting, supply chain management, audit/compliance support and monitoring and optimisation services. In July 2018, Cornwall

Insight, an independent consultancy to the UK energy market, which provides research, insight and intelligence to market participants, released its Q1 2018 update '*TPIs in the Business and Industrial Energy Supply Markets*' (the "**Cornwall Report**"). Within the Cornwall Report, Inspired was ranked as the leading TPI in the Industrial & Commercial ("**I&C**") sector.

The Company is organised into two divisions, being the Corporate division and the SME division. The Corporate division's core services include the review, analysis, negotiation and bureau of gas and electricity contracts. The Corporate division benefits from a trading team, who actively focus on high-volume customers, providing more complex, long-term energy frameworks based on agreed risk management strategies. The division has been organised to operate under a unified "Inspired" brand with the service offering segmented into four broad categories of customer focus being:

- Energy intensive;
- Commercial/estate intensive;
- Public services; and
- Corporate.

The Corporate division focuses on clients who require a highly tailored offering to simplify, verify, inform, protect and optimise significant and complex energy requirements, which may encompass a number of products or services. To meet its clients evolving needs, the Group is continuing to expand its service and solution offering, with the current focus on the following strategic areas:

- **Optimisation Services:** Expansion of the Optimisation Services division to match client's increasingly sophisticated needs with respect to monitoring, targeting and efficiency;
- **Software Solutions:** Creation of a Software Services division to provide software solutions across the energy value chain; and
- **Research and Development:** Creation of an 'Inspired Incubator' to allow Inspired to support early stage energy and utility solutions, which have the potential to add value to energy consumers in the future.

In FY 2017, the Corporate division generated revenues of £21.46 million and Adjusted EBITDA of £10.20 million. In H1 2018, revenues increased 50 per cent. to £13.76 million contributing 85 per cent. of Group revenues for the period. Adjusted EBITDA in the period increased 50 per cent. to £6.43 million. As at 30 June 2018, the Procurement Corporate Order Book stood at £40.1 million, having increased from £39.0 million as at 31 December 2017.

The SME division employs energy consultants who contact prospective SME clients to offer reduced tariffs and contracts based on the situation of the customer. Leads are generated and managed by the Group's customised customer relationship management and case management IT system. Tariffs are offered from a range of suppliers and the Group is actively working with new suppliers to increase the range of products available to SME clients.

In FY 2017, the SME division generated revenues of £6.00 million and Adjusted EBITDA of £2.46 million. In H1 2018, revenues declined by 17 per cent. to £2.48 million as a result of the Board taking the decision to streamline the focus of the division and discontinue the non-profit generating revenue streams. The reorganisation of the division has allowed it to continue to contribute strong profits and cash in the period, delivering Adjusted EBITDA of £0.94m (H1 2017: £1.01m), with increased margins enabling the division to contribute materially to the cash generation of the Group.

## 2.1. Strategy

The Board has an established acquisition strategy in place and has, since admission to trading on AIM in 2011, successfully executed 13 acquisitions. The Board believes that it now has a scaleable platform for further organic and acquisitive expansion supported by an established operating structure and integrated IT platforms. The Board has a clear strategy that it believes will enable the Group to continue to build on its success by continuing to grow its share in the UK and Irish TPI market, together with increasing the breadth and complexity of its offering to clients. The Board believes that it can achieve this by:

- Recognising that the UK and Irish energy markets have a known number of energy consumers and these consumers occupy buildings and infrastructure with a series of meter points;
- Understanding that different types of business have different needs at their meter points and each meter point represents an opportunity for Inspired to service the specific needs of the client ("**Units of Opportunity**");

- Expanding the number of Units of Opportunity the Group has a transactional or commercial relationship with through acquisitive and organic growth of the Group's client base;
- Broadening the service offering of the Group and in turn the value Inspired can add to a client at each meter point ("**Accessible Revenue**"); and
- Quantifying the bank of cross-selling opportunities into the Group's existing client base on a case by case basis and systematically engaging with clients to maximise their utilisation of relevant services.

In order meet its strategic objectives of growing the Group's access to Units of Opportunity and increasing Accessible Revenue from retained clients, the Board requires any target business to fulfil one or more of the following criteria:

- Additional technical and/or service capability;
- Sector specialism and diversification;
- Increased geographic footprint (both regional and international); and/or
- Earnings accretive.

The Board will continue to seek acquisition opportunities which fit with the Group's strategy in order to augment the Group's services, products or markets.

### 3. Market overview

#### 3.1. Corporate market overview

The corporate market consists of 1,177,000 meters, being potential Units of Opportunity for the Group, of which c. 925,000 are electricity meters with the balance of 252,000 being gas meters with a total market value of c. £1.2 billion. Based on the data provided by Cornwall Report there are four service areas currently of relevance to the Group, which could provide additional Units of Opportunity and the table below sets out both the estimated market value and the current levels of market penetration within each segment:

Service area	Market value (£'m)	Service area	Available unpenetrated "Blue Ocean"
Procurement	£254	Procurement	23%
Energy Accounting	£64	Energy Accounting	26%
Compliance	£70	Compliance	36%
Optimisation	£812	Optimisation	85%
Total Market Value	£1,199	Average "Blue Ocean"	66%

Source: Data points extracted from the Cornwall Report

#### 3.2. The Group's current market position

The Group's current penetration within the four service areas is as follows:

Service area	Share of total market	Share of penetrated market
Procurement	7%	9%
Energy Accounting	12%	16%
Compliance	1%	1%
Optimisation	0%	1%
Total Market Value	2%	7%

Source: Data points extracted from the Cornwall Report

A key focus of the Board is to increase the Accessible Revenue per Unit of Opportunity thus broadening the Group's service offering and increasing the conversion of sales of the Group's various services into each meter point.

#### **4. Current trading and prospects**

On 4 September 2018 the Company announced its results for the six months ended 30 June 2018. Momentum within the Corporate division from a strong H1 has carried into the second half with continuing organic growth. In addition, the benefits of streamlined focus within the SME division have continued into the second half, reflected in robust margins and cash generation.

The acquisitions from H1 are now fully integrated into the Group and performing in line with management's expectations. On 11 September 2018, the Group announced the acquisition of Professional Cost Management Group Limited, a national cost recovery specialist, for an aggregate consideration of up to £700,000 payable in cash. The Group expects to shortly make its first investment in an incubator project, a software development group with a focus on energy related systems, which will provide the Group with access to its services and an option to acquire the business on pre-agreed terms. The Board remains confident in meeting full year market expectations.

#### **5. Information on Inprova Group**

The Inprova Group is headquartered in Warrington and consists of two divisions being the Energy division and Services division. The Services Division provides a range of procurement support to clients, including property and construction, facilities management and maintenance, fleet and logistics. Under the Acquisition Agreement the Company will acquire the Energy division which resides in Inprova Finance, with the Services division remaining in Inprova Group.

##### *5.1. Overview of Inprova Finance*

IFL is a provider of energy procurement and consulting services that has expanded significantly through acquisition. In 2015, Inprova Group acquired three businesses to bolster IFL: Energy Team (UK) Limited, ENER-G Limited and UES Energy Group Limited. Subsequently, in January 2018, Inprova Group acquired E&CM Holdings Limited. As a result of these acquisitions Inprova Group's Energy division was ranked joint eighth in the I&C sector index rankings of the Cornwall Report.

The Energy division operates primarily from two sites in Surrey and a site in South Wales, employing a total of 92 staff. The business is focussed on servicing four sectors which it believes have attractive long-term growth dynamics, being data centres, social housing, education and construction.

##### *5.1.1. Services*

###### *Energy Procurement*

IFL provides energy procurement services to its customers analysing usage data to recommend the appropriate options. Contracts are offered on a fixed price or flexible risk managed basis alongside the provision of bureau and bill validation services. Risk managed contracts are tailored to the end customers' specific requirements to create a bespoke energy purchasing strategy. In addition, IFL utilises collective purchasing agreements to enable smaller organisations to purchase fixed price contracts whilst benefitting from volume purchase discounts.

Revenues are generated either via commission payable by the energy supplier based on energy consumption of the customer or by way of a fixed fee arrangement with IFL for energy procurement ("**Procurement Revenues**"). Procurement Revenues represented 96.8 per cent. of IFL's revenues in the financial year ended 30 June 2018.

###### *Energy Services*

IFL also provides consultancy services to its customers to enable customers to buy energy efficiently and monitor and reduce their carbon footprint. Services offered include energy audits, identification of energy-saving opportunities, tenant billing, data circuit monitoring, training programmes and meter installation and maintenance. These consultancy services can assist customers in complying with the UK government's Energy Saving Opportunity

Scheme regulations. Energy Services Revenues represented 3.2 per cent. of IFL's revenues in the financial year ended 30 June 2018.

## 6. Summary financial results of IFL

Set out below are extracts from IFL's unaudited financial statements which were prepared under UK GAAP. The Company has a 30 June year end. In 2018, IFL generated revenues of £7.84 million. The top ten customers in 2018 represented 16.2 per cent. of revenues.

<i>Profit and Loss</i>			<i>Balance Sheet</i>		
£'000	FY 2017	FY 2018	£'000	FY 2017	FY 2018
Revenue	7,222	7,844	Gross assets	10,227	12,109
EBITDA	2,459	2,910	Net assets	8,490	8,108
Profit after tax*	1,343	2,406			
<i>EBITDA margin</i>	<i>34.0%</i>	<i>37.0%</i>			

\*Before exceptional items

As at 30 June 2018, IFL's order book stood at c.£11.6 million of which c.£11.2 million relates to Procurement Revenues with the balance relating to Energy Services Revenues. IFL states that the order book represents committed contracts that have an average duration of 2.2 years and an average time remaining of 14.7 months.

## 7. Background to and reasons for the Acquisition

The Acquisition of IFL will be consistent with Inspired's stated strategy of generating growth organically or through acquisition. IFL is a significant operator within the UK TPI market and IFL has confirmed that as at July 2018 it had over 1,000 customers representing over 19,000 meter points. IFL is therefore a complementary acquisition to Inspired's core Corporate division and further extends the Group's geographical footprint and sector specialism. The Board believes that consolidation of the first and eighth ranked TPIs in the I&C sector will further strengthen the Group's market position.

The Acquisition, will provide an increased Unit of Opportunity base for the Enlarged Group. The Acquisition will provide Inspired with the opportunity to leverage off its existing platform to cross-sell the broader range of capabilities and services that the Group provides into IFL's customer base.

In the year to 30 June 2018, IFL generated EBITDA of £2.91 million at a margin of 37.0 per cent., reflecting the value-added nature of IFL's services as well as its focus on I&C customers with complex energy requirements. This compares with the Group's EBITDA margin for FY 2017 of 40.0 per cent., with the Corporate division generating an EBITDA margin of 47.5 per cent.. The Board believes that IFL's margins are capable of being brought into line with those of the Group and, that there is scope to generate operational efficiencies across the enlarged Group through economies of scale and the dilution of central costs as well as operational synergies through the alignment of internal IT systems, procedures and processes.

## 8. Principal terms of the Acquisition

### 8.1. Acquisition Agreement

Under the terms of the Acquisition Agreement, Inspired has agreed to acquire the entire issued share capital of Inprova Finance from the Vendor for the Consideration, upon Completion. Completion of the Acquisition is conditional, amongst other things, on the receipt of the subscription monies relating to the Placing Shares.

The Acquisition Agreement contains warranties and indemnities in favour of Inspired customary for a transaction of this nature. The warranties relating to the Vendor's title to the shares being sold and its capacity to sell such shares were given on signing of the Acquisition Agreement and will be repeated prior to completion of the Acquisition ("**Completion**") and Completion is conditional on such warranties not having been breached. The remaining warranties relating to the business of Inprova Finance were also given on signing of the Acquisition Agreement and will be repeated prior to Completion.

The existing management of IFL, who are not related to the Vendor, will be retained by the Group. The managing director of IFL has been with the business over two years and is well known to executive management of Inspired.

The managing director will remain with the Enlarged Group and the Board intends to incentivise him and other key employees of IFL by granting share options in the Group following Completion. The Group has also, conditional on Completion, entered into a transitional service agreement with Inprova Group which will extend for up to two years.

## 9. Details of the Placing and use of proceeds

The Placing will raise, in aggregate, £19.0 million (before commissions and expenses) through the conditional placing of the Placing Shares at a price of 16.5 pence per share with institutional and other investors.

The Placing Shares, when issued, will represent approximately 16.1 per cent. of the Enlarged Share Capital immediately following Admission. The Placing Shares will rank in full for all dividends with a record date on or after the date of Admission and otherwise equally with the Ordinary Shares in issue from the date of Admission.

The Placing (which is not being underwritten) is conditional, amongst other things, upon:

- (a) the Placing Agreement becoming unconditional in all respects as regards the Placing (Admission occurring) and not having been terminated in accordance with its terms prior to Admission;
- (b) the Placing Resolutions set out in the Notice of General Meeting being approved by the Shareholders; and
- (c) Admission of the Placing Shares becoming effective on or before 8.00 a.m. on 28 December 2018 or such later date as the Company, Shore Capital and Peel Hunt may agree, being no later than 8.00 a.m. on 31 January 2019.

The Placing is not conditional on the Acquisition completing and therefore there is a risk, albeit the Directors consider it highly unlikely, that the Placing will complete and the Acquisition does not complete. The Directors believe that if Admission occurs and therefore the Placing completes, it is very unlikely that the Acquisition will not complete. Consequently, given the nature of the risk, the Directors have not considered it necessary to consider alternative uses for the net proceeds from the Placing if the Acquisition does not complete apart from that it would use the net proceeds in a way which is in the best interests of the Shareholders as a whole.

### 9.1. The Placing Agreement

Pursuant to the terms of the Placing Agreement, the Brokers have conditionally agreed to use their reasonable endeavours, as agents for the Company, to procure subscribers for the Placing Shares at the Placing Price with certain institutional and other investors.

The Placing Agreement contains warranties from the Company in favour of the Brokers in relation to, amongst other things, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Shore Capital and Peel Hunt in relation to certain liabilities they may incur in respect of the Placing. The Brokers have the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties given in the Placing Agreement, the failure of the Company to comply in any material respect with its obligations under the Placing Agreement, the occurrence of a *force majeure* event which in the Brokers' opinion may be material, or a material adverse change affecting the financial position or business or prospects of the Company.

### 9.2. Settlement and dealings

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on 28 December 2018, subject to the passing of the Placing Resolutions at the GM.

The Placing Shares being issued pursuant to the Placing will, on Admission, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will otherwise rank *pari passu* in all respects with the issued Ordinary Shares.

### 9.3. Use of proceeds

The Company intends to use the net proceeds of the Placing to finance the Consideration and will utilise its existing bank facilities to finance the balance of the Consideration and associated advisory fees relating to the Acquisition.

## 10. Irrevocable undertakings

The Company has received irrevocable undertakings to vote in favour of the Resolutions from all Directors who hold ordinary shares, and certain Shareholders who hold, or are interested in, an aggregate of 98,609,979 Existing Ordinary Shares, representing approximately 16.47 per cent. of the Company's current issued share capital.

## 11. General Meeting

Set out at the end of this document is a notice convening the General Meeting to be held at the offices of Shore Capital Stockbrokers Limited, The Corn Exchange, Fenwick Street, Liverpool, L2 7RB on 27 December 2018 at 10.00 a.m, at which the Resolutions will be proposed as ordinary or special resolutions as summarised below:

### *Ordinary Resolution*

1. THAT, the Directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Act 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 (such shares and rights being together referred to as relevant securities) in connection with the Placing up to an aggregate nominal value of £143,939.40,

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); and

### *Special Resolution*

2. THAT, if resolution 1 above is passed, the Directors of the Company be authorised to allot equity securities for cash under the authority given by that resolution 1 as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to the allotment of equity securities in connection with the Placing up to an aggregate nominal amount of £143,939.40, representing approximately 16.1 per cent. of the Enlarged Share Capital of the Company,

such authority to expire at the end 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);

### *Ordinary Resolution*

3. THAT, in substitution for all existing and unexercised authorities and powers (other than as set out in Resolutions 1 and 2 above), the Directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Act:
  - a. 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 (such shares and rights being together referred to as relevant securities) up to an aggregate nominal value of £294,514.05 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of association of the Company); and further
  - b. to allot equity securities up to an aggregate nominal value of £589,028.09 (such amount to be reduced by the nominal value of any relevant securities allotted pursuant to the authority in paragraph 3a. above) in connection with a rights issue or similar offer in favour of ordinary shareholders,

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); and

### *Special Resolution*

4. THAT, if resolution 3 above is passed, the Directors of the Company be authorised to allot equity securities for cash under the authority given by that resolution 3 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:
  - a. the allotment of equity securities or sale of treasury shares in connection with a rights issue or similar offer in favour of ordinary shareholders; and

- b. the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 4a. above) up to an aggregate nominal amount of £44,623.34, representing approximately 5 per cent. of the Enlarged Share Capital of the Company on Admission,

such authority to expire at the end 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).

## **12. Action to be taken**

The Form of Proxy for use at the General Meeting by Shareholders holding Existing Ordinary Shares in certificated form accompanies this document. Whether or not you intend to be present at the meeting, the Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 27 December 2018. Alternatively, CREST members who wish to appoint a proxy or proxies via CREST may do so in accordance with the procedures set out in the Notice of General Meeting and described in the CREST Manual. **The completion and return of a Form of Proxy or appointment of a proxy via CREST will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.**

## **13. Recommendation**

**The Directors consider the Placing to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend that Shareholders vote in favour of the Resolutions as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 50,762,099 Existing Ordinary Shares, representing approximately 8.48 per cent. of the current issued share capital of the Company.**

Yours faithfully

**Michael Fletcher**

*Non-Executive Chairman*

# Inspired Energy PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 07639760)

## Notice of General Meeting

**Notice** is hereby given that a general meeting (**Meeting**) of Inspired Energy PLC (**Company**) will be held at the offices of Shore Capital Stockbrokers Limited, The Corn Exchange, Fenwick Street, Liverpool, L2 7RB on 27 December 2018 at 10.00 a.m., for the purpose of considering and, if thought fit, passing the following resolutions (**Resolutions**), of which resolutions 1 and 3 will be proposed as ordinary resolutions and resolutions 2 and 4 will be proposed as a special resolutions:

In this notice words and defined terms shall have the same meanings as words and defined terms in the circular to the holders of Ordinary Shares dated 7 December 2018 to which this notice is attached.

### *Ordinary Resolution*

1. THAT, the Directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Act 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 (such shares and rights being together referred to as relevant securities) in connection with the Placing up to an aggregate nominal value of £143,939.40 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of association of the Company),

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 to be allotted after the expiry of such period and the Directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired; and

### *Special Resolution*

2. THAT, if resolution 1 above is passed, the Directors of the Company be authorised to allot equity securities for cash under the authority given by that resolution 1 as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to the allotment of equity securities in connection with the Placing up to an aggregate nominal amount of £143,939.40, representing approximately 16.1 per cent. of the Enlarged Share Capital of the Company,

such authority to expire at the end 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 if, prior to its expiry, the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted after the authority expires, and the Directors of the Company may allot equity securities under any such offer or agreement as if the authority had not expired;

### *Ordinary Resolution*

3. THAT, in substitution for all existing and unexercised authorities and powers (other than as set out in Resolutions 1 and 2 above), the Directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Act:
  - a. 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 (such shares and rights being together referred to as relevant securities) up to an aggregate nominal value of £294,514.05 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of association of the Company); and further
  - b. to allot equity securities up to an aggregate nominal value of £589,028.09 (such amount to be reduced by the nominal value of any relevant securities allotted pursuant to the authority in paragraph 3a. above) in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interest 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; and

*Special Resolution*

4. THAT, if resolution 3 above is passed, the Directors of the Company be authorised to allot equity securities for cash under the authority given by that resolution 3 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:
- a. 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
  - b. the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 4a. above) up to an aggregate nominal amount of £44,623.34, representing approximately 5 per cent. of the Enlarged Share Capital of the Company on Admission,

such authority to expire at the end 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 if, 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.

By order of the board

Michael Fletcher

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**Notes:**

- (i) Voting will take place by means of a show of hands, unless a poll vote is demanded.
- (ii) A shareholder may appoint one or more proxies to exercise their voting rights at the General Meeting (“GM”), so long as each proxy is appointed to exercise voting rights attached to different shares. A proxy need not be a member of the Company.
- (iii) 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 on 21 December 2018. 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
- (iv) 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.
- (v) Appointing a proxy will not prevent you from attending the GM and voting in person. However, if you decide to do so, any proxy previously appointed by you will not also be able to attend, speak and vote on your behalf.
- (vi) 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.
- (vii) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders listed in the register of members of the Company as at 6.30 p.m. on 21 December 2018 shall be entitled to attend and vote at the GM in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is the close of business on the day preceding the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (viii) In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (ix) Copies of directors’ service contracts and the letters of appointment of the non-executive directors will be available for inspection at the registered office of the Company, Inspired Energy PLC, 29 Progress Business Park, Orders Lane, Kirkham, Lancashire PR4 2TZ, during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the GM.
- (x) As at the date of this Notice the Company’s issued share capital comprises 598,821,924 ordinary shares of 0.125p each. Each ordinary share carries one vote and therefore the total number of voting rights at 7 December 2018 was 598,821,924.