

**Inspirit Energy Holdings Plc**  
("Inspirit" or "the Company")

**ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2022**

**NOTICE OF ANNUAL GENERAL MEETING**

Inspirit Energy Holdings Plc today announces its audited results for the year ended 30 June 2022 (the "Accounts").

Copies of the Company's Annual Report and Accounts will be sent to shareholders along with a Notice of AGM and will be available on the Company's website [www.inspirit-energy.com](http://www.inspirit-energy.com) today.

The AGM will be held at 200 Aldersgate Street, London EC1A 4HD at 11 am on 22 February 2023.

Further copies may be obtained directly from the Company's Registered Office at Inspirit Energy Holdings plc, 200 Aldersgate Street, London EC1A 4HD. Extracts of the Accounts are set out below.

**CHAIRMAN'S STATEMENT**

Inspirit Energy Holdings plc (Inspirit) has successfully maintained its focus on the application of the Stirling engine in various sectors during the reporting year, and had been primarily working with its engineering partners on the fine details of the new Waste Heat Recovery (WHR) system for the application on the Volvo marine engine. The unit was built and tested in Poland and with the issues in neighbouring Ukraine, sourcing materials and components had been challenging.

Despite the global slowdown and access to materials, the operating Board believe that the Company has maintained positive progress over the last year in the alternative applications of the Stirling engine and there is strong evidence of the need to refocus our strategic objectives towards these areas that include marine and waste heat recovery. As mentioned last year, we wait to assess the impact on government's ban on oil and gas boilers on new build property from 2025, but there is no clear outcome with existing households gas boiler heating. It should be noted that this is by no means an abandonment of our MicroCHP boiler technology as the underlying technology for the Inspirit charger is applicable to the marine and waste heat recovery applications.

The Company's phase one trial in Poland managed by Inspirit's engineering team, using a non-branded automotive engine, regularly produced a power output of over 34kW during several weeks of testing. This trial was conducted using an automotive engine with the same horsepower as the Volvo Penta D13 Engine running at 2400 revolutions per minute.

Further phase two testing, again conducted in Poland, introduced the use of the Company's technology, the Helix Accelerator. Use of the Helix Accelerator resulted in a near doubling in the power output achieved to 64kW, using the same automotive engine as the phase one trial.

Further testing and development in Poland is currently being undertaken, with an emphasis on endurance and stress testing, simulating varying scenarios, which should be complete before the end of 2022. Our engineering team will be adding additional enhancements to the WHR system as part of this phase three trial programme, where further improvements in the power output are anticipated. To date the performance of the WHR system and its robustness have exceeded the Company's expectations and we look forward to shortly reporting on the results of the phase 3 trial.

Thereafter, Inspirit will seek to enter into a trial phase with Volvo Marine. The board are also actively pursuing commercial discussions with other parties that are active in the commercial automotive sector and WHR.

The board of Inspirit are very pleased with the team's achievements and the progress that has been made to date. Additionally, the board are investigating the potential for the unit to be incorporated as a retrofit for the commercial engine market and in particular certain applications in the haulage market. This includes widening the Company's traditional sphere of operation in Europe and also in Asia and North America.

The operating Board believe that the WHR technology and the application can be applied to marine, waste heat recycling from energy generation, refrigerated transport that uses diesel engines and many more applications.

As per previous years, the board are continuing to assess funding options for the development and commercialisation of our products and will continue to demonstrate prudence in our approach to managing our current resources whilst pushing forward with our product development.

I would like to thank my colleagues for their hard work and commitment to driving the business forward during these challenging times.

J Gunn  
**Chairman and Chief Executive Officer**

*This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014, as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement, this inside information is now considered to be in the public domain.*

**More information on Inspirit Energy can be seen at: [www.inspirit-energy.com](http://www.inspirit-energy.com)**

**For further information please contact:**

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STRATEGIC REPORT  
FOR THE YEAR ENDED 30 June 2022

The Directors present their Strategic Report on Inspirit Energy Holdings plc (the “Company”) and its subsidiary undertakings (together the “Group”) for the year ended 30 June 2022.

## REVIEW OF THE BUSINESS

Inspirit Energy Limited (IEL) continues to apply its expertise in the application of the Stirling engine technology in different sectors including Marine and Waste Heat Recovery.

The Company is also currently pursuing the development and commercialisation of a world-leading micro-Combined Heat and Power (“mCHP”) boiler for use in commercial and residential markets. The mCHP boiler is powered by natural gas or hydrogen and designed to produce hot water (for domestic hot water or central heating) and a simultaneous electrical output that can be used locally or fed back into the National Grid.

## DEVELOPMENTS DURING THE YEAR

Despite COVID 19 still having an impact during the beginning of the financial year with lockdowns, supply line issues and general movement in Europe, IEL has been working with its engineering partners on the fine details of the new WHR for the application on the Volvo marine engine.

In addition, IEL successfully assembled and applied the first phase of the WHR unit and with limited testing, the unit provided the highest recorded output of over 34 kW in the first stage build test period. The WHR is a major component in the application for the Volvo Marine engine and other heat recovery applications the Company has been working on whereby waste heat exhaust is recycled and converted to energy.

## PROMOTION OF THE COMPANY FOR THE BENEFIT OF THE MEMBERS AS A WHOLE

The Director’s believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006, as modified by the Companies ( Miscellaneous Reporting ) Regulations 2018 are outlined as follows:

a. Employee engagement

The quality, commitment and effectiveness of the Company's current and future employees are crucial to its continued success. Employee policies and programmes are designed to encourage employees to become interested in the Company's activities and to reward employees according to their contribution and capability and the Company's financial performance. Employee communications are a priority and regular briefings are used to disseminate relevant information.

Employment policies do not discriminate between employees or potential employees on the grounds of colour, race, ethnic or natural origin, sex, marital status, sexual orientation, religious beliefs or disability. If an employee were to become disabled whilst in employment and as a result was unable to perform his or her duties, every effort would be made to offer suitable alternative employment and assistance with retraining.

b. Suppliers and customers

The Company maintains an ongoing dialogue with its potential customers and suppliers and the Company engages in supplier face-to-face meetings, email and telephone conversations with directors and senior management of key suppliers. When selecting suppliers and materials, issues such as the impact on the community and the environment have actively been taken into consideration.

The Company pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders’ funds. The Executive Directors have agreed to accrue their fees in this reporting period (note 5).

c. Shareholders and investors

The Company is quoted on AIM and its members will be fully aware, through detailed announcements, shareholder meetings and financial communications, of the Board’s broad and specific intentions and the rationale for its decisions.

Other developments during the year:

On 2nd November 2021, the Company announced that it was in early-stage discussions with a view to entering into an agreement with a British certification company Enertek International Ltd. Enertek International have won several development contracts from the government (BEIS) and have gained a vast knowledge in developing backward compatible Hydrogen products such as: domestic and commercial cookers, domestic and commercial heating systems etc. They have now gained the knowledge which could be very beneficial to Inspirit in developing a Hydrogen product, with a view of also looking at our existing products to make them hydrogen powered backwards compatible without the need to redevelop the core technology.

On 27th June 2022 the company announced that on the first phase of the development of the WHR unit and with limited testing, the unit provided the highest recorded output of over 34 kW in the first stage build test period. The WHR is a major component in the application for the Volvo Marine engine and other heat recovery applications the Company had been working on whereby waste heat exhaust is recycled and converted to energy.

## BOARD CHANGES

None.

## RESULTS AND DIVIDENDS

The Group made a loss after taxation of £233,000 (2021: loss of £253,000) and net assets as at 30 June 2022 were £2,657,000 (2021: £2,890,000).

The Directors do not propose a dividend for the year to 30 June 2022 (2021: £nil).

## KEY PERFORMANCE INDICATORS

The key performance indicators (KPI) used by the Board to monitor the performance of the Group, are set out below:

	30 June 2022	30 June 2021
Net asset value	<b>£2,657,000</b>	<b>£2,890,000</b>
Net asset value - fully diluted per share	<b>0.062p</b>	<b>0.074p</b>
Closing share price	<b>0.06p</b>	<b>0.05p</b>
Market capitalisation	<b>£2,648,417</b>	<b>£2,135,820</b>

The Net asset value decreased but the Market capitalisation increased during the reporting period. The closing share price was 0.06p compared to 0.05p in 2021.

## COVID 19 ASSESSMENT

During the reporting period, the Company continued to develop its microCHP boiler, Marine engine and Waste Heat Recovery (WHR) application with its European partners. Specifically, the Company has spent time working to refine Inspirit's Stirling technology and are continually reviewing the potential supply chain and detailing the product specifics for potential commercial partners.

The Board recognises that these are still unprecedented times and the risk of COVID-19 still remains current and that this may still cause disruption to the economy and supply chain for components. As with all businesses, we are not immune to this risk. After disruption in the prior year to development and testing, this recommenced in the year.

To mitigate any future impact of COVID 19, the Company has maintained communication with its diversified supplier base with multiple suppliers in different countries. In the event that any country has further lock downs or restrictions we would be able to swap supplier with minimal impact on our project plan.

## KEY RISKS AND UNCERTAINTIES

Early stage product development carries a high level of risk and uncertainty, although the rewards can be outstanding. At this stage, there is a common risk associated with all pioneering technologically advanced companies in their requirement to continually invest in research and development. The Group has already made significant investments in addressing opportunities in the renewable energy sector.

Other risks and uncertainties within the Group are detailed in principle 4 of the Corporate Governance Report.

#### GOING CONCERN RISK

The Group requires financing to fund its operations through to commercialisation and the stage where it is profit generating and the Group will seek to raise such funds via placings and short term debt finance. There is the risk that the Group will not have access to sufficient funds to achieve this. The Group seek to mitigate through forecast preparation, monitoring and reducing discretionary costs. Further details are below.

#### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial risk faced by the Group is liquidity risk. The Group's financial instruments included borrowings and cash which it used to finance its operations. At the year end, borrowings did not include any borrowings supplied from the Group's principal bank, Barclays Bank Plc. More information is given in Note 3 to the Financial Statements. The Group has no significant concentrations of credit risk.

#### CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's and Company's ability to continue its activities and bring its products to market. Capital is defined based on the total equity of the Company. The Company monitors its level of cash resources available against future planned activities and may issue new shares in order to raise further funds from time to time.

#### MANAGEMENT AND KEY PERSONNEL

The risk of high turnover of staff and other specialist staff recruitment issues would have an impact on operation and reputation. The Board provides recognition and support for well performing existing employees and has implemented and monitors robust health and safety measures at the workplace.

#### TECHNOLOGY RISK

The Group's success is dependent on its technology and management's ability to market it successfully. There is the risk that the technology could become obsolete or a rival could develop an improved alternative. Management seek to mitigate this by constantly seeking to improve the product, closing watching its competitors and employing skilled personnel.

#### ASSESSMENT OF BUSINESS RISK

The Board regularly reviews operating and strategic risks. The Group's operating procedures include a system for reporting financial and non-financial information to the Board including:

- reports from management with a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- reports on the performance of its subsidiary;
- reports on selection criteria on the applications of its technology;
- discussion with senior personnel; and
- consideration of reports prepared by third parties.

Details of other financial risks and their management are given in Note 3 to the financial statements.

#### ON BEHALF OF THE BOARD

N Jagatia

**Director**

5 January 2023

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 June 2022

The Directors present their annual report on the affairs of the Group and Company, together with the audited financial statements for the year ended 30 June 2022.

## PRINCIPAL ACTIVITIES

The principal activity of the Group and Company is that of development and commercialisation of the mCHP boiler and application of the stirring technology in other sectors such as marine, waste energy recycling and automotive truck industries.

Details of the Group's principal activity can be found in the Strategic Report.

## GREENHOUSE GAS (GHG) EMISSIONS

The Group is aware that it needs to measure its operational carbon footprint in order to limit and control its environmental impact. However, given the very limited nature of its direct activities during the year under review, it has not been practical to measure its carbon footprint.

The Group only measures the impact of its direct activities, as the full impact of the entire supply chain of its suppliers cannot be measured practically.

## DIRECTORS

The Directors who held office in the period up to the date of approval of the Financial Statements and their beneficial interests in the Company's issued share capital at the beginning and end of the accounting year were:

	Number of		Number of		Number of	
	ordinary shares	% of issued	ordinary shares	% of issued	share options and warrants	
	30-Jun 2022	%	30-Jun 2021	%	30-Jun 2022	30-Jun 2021
J Gunn *	861,403,363	20.2%	861,403,363	20.2%	-	-
N Jagatia	44,857,142	1.1%	44,857,142	1.1%	-	-
A Samaha	-		-		-	-

\*861,403,363 Ordinary Shares (direct 657,981,981 Ordinary Shares and indirect via GIS 203,421,382 Ordinary Shares)

## SIGNIFICANT SHAREHOLDERS

### SIGNIFICANT SHAREHOLDINGS

On 4 January 2023 the following were interested in 3 percent. or more of the Company's share capital (including Directors, whose interests are also shown above):

Name of shareholder	Number of ordinary shares	% of ordinary share capital and voting rights
HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED	1,134,642,824	26.6%
HARGREAVES LANSDOWN (NOMINEES) LIMITED	922,014,505	21.6%
BARCLAYS DIRECT INVESTING NOMINEES LIMITED	426,287,014	10.0%
INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED	401,383,261	9.4%
LAWSHARE NOMINEES LIMITED	386,543,670	9.0%
HSDL NOMINEES LIMITED	306,566,806	7.2%
MONECOR(LONDON) LIMITED	260,000,000	6.1%
VIDACOS NOMINEES LIMITED	127,246,758	3.0%

## INDEMNITY OF OFFICERS

The Company maintains appropriate insurance cover against legal action brought against its Directors and officers.

## RESEARCH AND DEVELOPMENT

For details of the development activities undertaken in the year, please refer to principle 1 of the Corporate Governance Report.

## BOARD OF DIRECTORS

The Board is responsible for strategy and performance, approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring the Board procedures are followed and that applicable rules and regulations are complied with.

## COMMUNICATIONS WITH SHAREHOLDERS

Communications with shareholders are given a high priority. In addition to the publication of an annual report and an interim report, there is regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Executive Chairman and other members of the Board at the Annual General Meeting.

## INTERNAL CONTROL

The Directors acknowledge they are responsible for the Group's system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Group failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has well established procedures which are considered adequate given the size of the business.

## MATTERS COVERED IN THE STRATEGIC REPORT

The business review, results, review of KPI's and future developments are included in the Strategic Report and Chairman's Statement.

## GOING CONCERN

As at 30 June 2022 the Group had a cash balance of £160,000 (2021: £561,000), net current liabilities of £366,000 (2021: net current assets of £87,000) and net assets of £2,657,000 (2021: £2,890,000). The Group has maintained its core spend during the year whilst still managing to move its projects forward and post year end secured a \$250,000 loan facility. There can be no assurance that the Group's projects will become fully developed and reach commercialisation nor that there will be sufficient cash resources available to the Group to do so.

The Directors have reviewed a detailed forecast based on the funds expected to be raised and forecasted expenditure. Having made due and careful enquiry, the Directors acknowledge that funds will need to be raised within the next 12 months to enable the Group to meet its obligations as they fall due, however, the Directors are confident that the required funds will successfully be raised through the issue of equity and/or debt to fund its operations over the next 12 months.

The Directors, therefore, have made an informed judgement, at the time of approving financial statements, that the Group is a going concern but they acknowledge that the dependence on raising further funds during the next 12 months represents a material uncertainty. The Auditors have made reference to going concern by way of a material uncertainty.

## EVENTS AFTER THE REPORTING DATE

On 8th December 2022, the Company announced that it has entered into a short-term, un-secured debt facility of up to US\$250,000 (approximately £205,075) (the "Facility"). Under the Facility Inspirit initially drew down US\$80,000 (approximately £65,624) (the "Initial Advance"). The Facility is with Riverfort Global Opportunities PCC Limited, and the proceeds of the advance are for general working capital.

The Facility has a 12-month term and allows Inspirit to draw down funds ("Advances") which will be repayable within 6 months in either cash or shares at the Noteholders' discretion in respect of the Initial Advance and thereafter at the agreement of the Company and Riverfort. If the debt is repaid in shares, they will be repaid at 130% of the Reference Price being the average of the five (5) daily VWAPs preceding the Drawdown Date in respect of the relevant Advance (the "Fixed Premium Placing Price"). In the event that Inspirit completes any share placing during the Term of the relevant Advance and the share placing price is below the Fixed Premium Placing Price, the Fixed Premium Placing Price will be amended to be the relevant share placing price. Inspirit will issue the Noteholder with warrants in respect of each Advance so as to represent 50% of the value of the relevant Advance, divided by the relevant Reference Price; the warrants will have an exercise price of Fixed Premium Placing Price and a 48 month term.

Inspirit drew down US\$80,000 as the Initial Advance and issued Riverfort with warrants to the value of 50% of the Initial Advance at the reference price of 0.03376 pence being 97,191,943 warrants. These warrants will have a term of 48 months and will be exercisable at 130% of the reference price being 0.04388 pence.

The Facility will attract 1.5% interest per month based on the value of the outstanding indebtedness payable in cash and an implementation fee of 6% of any Advances if settled in cash or 8% if issued in Shares. Accordingly, Inspirit will issued 15,550,710 Ordinary Shares of 0.001p each ("Shares") at a price of 0.03376 pence each for the implementation fee in respect of the Initial Advance (the "Initial Shares"). The Facility contains a right of first refusal clause allowing Riverfort to match the terms of any alternative debt/ structured funding the Company may seek during the term of the Facility.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with UK-adopted international accounting standards. 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 parent company and of the profit or loss of the group and the parent company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the parent 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Company is compliant with AIM Rule 26 regarding the Company's website. See [www.inspirit-energy.com](http://www.inspirit-energy.com).

## DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each person who was a Director at the time this report was approved:

- so far as that director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- that director has taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## INDEPENDENT AUDITOR

A resolution that PKF Littlejohn LLP be re-appointed will be proposed at the annual general meeting. PKF Littlejohn LLP have indicated their willingness to continue in office.

## ON BEHALF OF THE BOARD

N Jagatia

**Director**

5 January 2023



Quoted Companies Alliance Code ("QCA Code")	
Principles:	Application:
<p>1) Strategy and business model to promote long-term values for shareholders</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>Inspirit Energy Holdings plc has maintained its focus on the application of the Stirling engine in various sectors as well as progressing the commercialisation efforts of the Group's micro combined heat and power ("mCHP") boilers and Waste Heat Recovery (WHR) applications. Inspirit achieved a number of significant milestones including increasing the output of its WHR to over 30kW.</p> <p>These milestones continue to demonstrate strategic direction as an R&amp;D company in this niche sector. The operating Board has worked throughout to identify differing potential applications for the technology where there is significant potential for growth, as well as considering the future strategy and funding of its operating subsidiary..</p> <p>The Directors believe that the positive progress over the last year in the alternative applications of the Stirling technology in the Marine and Waste Heat Recovery (WHR) sectors is strong evidence of the need to refocus our strategic objectives towards these areas. It should be noted that this is by no means an abandonment of our MicroCHP boiler technology - on the contrary, we are actively looking into the application of the technology in the rapidly emerging hydrogen market. Additionally, with the continued growth demand for electric cars, the Board will be looking at the automotive sector to utilise the Stirling engine to provide a source of power to charge electric motor cars.</p> <p>The Group will also potentially make investments in complementary areas and technologies that will utilise the Group's existing technical expertise.</p>
<p>2) Meeting and understanding shareholders needs and expectations</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>The Company has a close and ongoing relationship with its shareholders. The Company also places great importance on effective and timely communication with its shareholders. Shareholders are encouraged to attend the Company's meetings (including the Annual General Meeting) to provide feedback and to actively engage with the management on a regular basis. Furthermore, the INSP's shareholders and investors can keep themselves updated about the current Company's position by visiting the INSP's website <a href="http://www.inspirit-energy.com">http://www.inspirit-energy.com</a>.</p>
<p>3) Considering stakeholders and social responsibilities and their implications for long term success</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>The Board recognises that the long-term success of the Group is reliant on efforts of its employees, consultants, suppliers, regulators and stakeholders.</p> <p><b>Employees:</b> In order to support employees' growth and enforce social responsibilities the Board has implemented systems to monitor and evaluate employees' performance and to encourage well performing employees to progress further by supporting them to attend courses. Employees' performance is monitored through a process designed to encourage open and confidential communication between the management and the employees on a regular basis.</p> <p><b>Consultants:</b> The Board recognises that consultants play a vital part for INSP as they bring knowledge and expertise for specific areas, and in some instances, they also provide training for existing staff.</p> <p><b>Suppliers:</b> INSP maintains a good working relationship with its suppliers to provide for its growing business and to support its existing needs.</p> <p><b>Regulators:</b> The Board monitors and implements any legal or regulatory changes where possible both domestically and overseas and is fully committed to compliance.</p>

	<p>Stakeholders: INSP encourages its shareholders to actively participate in meetings and shareholders are provided with the opportunity to give feedback on a regular basis.</p>																				
<p>4) Risk Management</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>The risks in the Group are managed by the audit committee which is responsible to the Board to work closely with the executive directors to identify, implement and manage risks faced by the Group.</p> <p>INSP has robust controls and procedures in place to manage internal controls of the Company and these are considered to be appropriate to the size and complexity of the organisation. The audit committee has been set up to evaluate and manage significant risks faced by the Group.</p> <p>Control is established mainly through the Group's directors who monitor and support the day to day running of the Group and where possible comply with the Board's and shareholders concerns and requirements.</p> <p>INSP has identified and implemented the following risks and controls to mitigate risks:</p> <table border="1" data-bbox="496 824 1385 2105"> <thead> <tr> <th data-bbox="496 824 694 875">Activity:</th> <th data-bbox="694 824 940 875">Risk</th> <th data-bbox="940 824 1114 875">Impact</th> <th data-bbox="1114 824 1385 875">Control(s)</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 875 694 1178">Management</td> <td data-bbox="694 875 940 1178">High turnover of staff and other recruitment issues.</td> <td data-bbox="940 875 1114 1178">Operational and reputational impact.</td> <td data-bbox="1114 875 1385 1178"> <p>Recognition and support for well performing existing employees.</p> <p>Implementing and monitoring of robust health and safety measures at workplace.</p> </td> </tr> <tr> <td data-bbox="496 1178 694 1451">Regulatory / legal adherence</td> <td data-bbox="694 1178 940 1451">Non-compliance.</td> <td data-bbox="940 1178 1114 1451">Loss of licences resulting in inability to comply with the regulatory / legal requirements.</td> <td data-bbox="1114 1178 1385 1451"> <p>Robust policies and procedures to be followed.</p> <p>Maintaining effective communication with the Company's Auditors and NOMAD on a regular basis.</p> </td> </tr> <tr> <td data-bbox="496 1451 694 1671">Strategic</td> <td data-bbox="694 1451 940 1671">Failure of systems and controls.</td> <td data-bbox="940 1451 1114 1671">Loss of key data and inability to operate effectively.</td> <td data-bbox="1114 1451 1385 1671"> <p>Disaster recovery policy to be followed in case of crisis.</p> <p>Maintaining strong IT systems and controls in place.</p> </td> </tr> <tr> <td data-bbox="496 1671 694 2105">Financial</td> <td data-bbox="694 1671 940 2105"> <p>Internal: Inadequate systems and controls of accounting in place and liquidity risk.</p> <p>External: Market and credit crisis; Short term liquidity freezes; Commercialisation Brexit.</p> <p>Covid 19</p> </td> <td data-bbox="940 1671 1114 2105"> <p>Loss of business.</p> <p>Inability to continue trading as a going concern.</p> </td> <td data-bbox="1114 1671 1385 2105"> <p>The Board to regularly review operating and strategic risks.</p> <p>The audit committee to provide adequate and sufficient information to the Company's external auditors.</p> <p>Robust capital and liquidity levels in place alongside effective accounting systems and controls.</p> </td> </tr> </tbody> </table>	Activity:	Risk	Impact	Control(s)	Management	High turnover of staff and other recruitment issues.	Operational and reputational impact.	<p>Recognition and support for well performing existing employees.</p> <p>Implementing and monitoring of robust health and safety measures at workplace.</p>	Regulatory / legal adherence	Non-compliance.	Loss of licences resulting in inability to comply with the regulatory / legal requirements.	<p>Robust policies and procedures to be followed.</p> <p>Maintaining effective communication with the Company's Auditors and NOMAD on a regular basis.</p>	Strategic	Failure of systems and controls.	Loss of key data and inability to operate effectively.	<p>Disaster recovery policy to be followed in case of crisis.</p> <p>Maintaining strong IT systems and controls in place.</p>	Financial	<p>Internal: Inadequate systems and controls of accounting in place and liquidity risk.</p> <p>External: Market and credit crisis; Short term liquidity freezes; Commercialisation Brexit.</p> <p>Covid 19</p>	<p>Loss of business.</p> <p>Inability to continue trading as a going concern.</p>	<p>The Board to regularly review operating and strategic risks.</p> <p>The audit committee to provide adequate and sufficient information to the Company's external auditors.</p> <p>Robust capital and liquidity levels in place alongside effective accounting systems and controls.</p>
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Management	High turnover of staff and other recruitment issues.	Operational and reputational impact.	<p>Recognition and support for well performing existing employees.</p> <p>Implementing and monitoring of robust health and safety measures at workplace.</p>																		
Regulatory / legal adherence	Non-compliance.	Loss of licences resulting in inability to comply with the regulatory / legal requirements.	<p>Robust policies and procedures to be followed.</p> <p>Maintaining effective communication with the Company's Auditors and NOMAD on a regular basis.</p>																		
Strategic	Failure of systems and controls.	Loss of key data and inability to operate effectively.	<p>Disaster recovery policy to be followed in case of crisis.</p> <p>Maintaining strong IT systems and controls in place.</p>																		
Financial	<p>Internal: Inadequate systems and controls of accounting in place and liquidity risk.</p> <p>External: Market and credit crisis; Short term liquidity freezes; Commercialisation Brexit.</p> <p>Covid 19</p>	<p>Loss of business.</p> <p>Inability to continue trading as a going concern.</p>	<p>The Board to regularly review operating and strategic risks.</p> <p>The audit committee to provide adequate and sufficient information to the Company's external auditors.</p> <p>Robust capital and liquidity levels in place alongside effective accounting systems and controls.</p>																		

			Delays in activity internally and externally would lead to consumption of working capital	Large proportion of the development work is successfully complete.  Diversification of suppliers and partners to meet delivery of activity.
	Regulatory environment in domestic power market	External: Changes in legislation regarding domestic power market.	Potential to undermine microchip boiler product.	Understanding regulatory environment and adapting system accordingly.
	Product Risk	Internal: Failure to develop commercial product.	Potential for significant financial loss.	Testing of product Certification. Understanding of market place and competition.
	The above matrix is kept up to date and regularly reviewed as changes arise in order to mitigate risks.			
5) Maintain the board as a well-functioning and balanced team led by the chair	<p>This section does not comply with the requirements of the QCA Code as the board composition does not include a Non-Executive Chairman and two Non-Executive Directors.</p> <p>At the date of this publication the Board comprises of the Chairman (John Gunn), the Chief Financial Officer (Nilesh Jagatia) and the independent Non-Executive Director (Anthony Samaha). Further detail about the skills and capabilities of these directors are set out in principle six below.</p> <p>The letter of appointment of the Company's Directors and Secretary are available for inspection at the Company's registered office and all directors are subject to re-election at intervals of no more than three years.</p> <p>The Board is responsible for strategy and performance of major capital projects and the framework of internal controls. All directors have access to seek independent advice should they feel that their knowledge of the given task is insufficient. There is a clear balance between the executive director and the non-executive director.</p> <p>Furthermore, the directors liaise with the Company Secretary (Nilesh Jagatia), who is responsible for compliance with the Board procedures and that applicable rules and regulations are complied with.</p> <p>The Board meets quarterly. The Board established the following committees; Audit Committee and Remuneration Committee. All Directors are encouraged to participate and attend meetings on a regular basis and the attendance is closely monitored.</p> <p>Despite the QCA recommendation of having two independent directors INSP has opted to have only one non-executive director and a joint role of Chief Executive Director and the Chairman as they feel that this is appropriate to the current size and complexity of the organisation. INSP is still in the R&amp;D phase of its business cycle and therefore relies on a team of consultants in developing the product. Following conclusion of this process, certification is managed externally, and then commercial trials would commence. As such the role of the Board, at this stage, is to oversee this process, review strategy, hold high level discussions regarding possible commercial trials and ensure adequate funding. As such, the current Board is deemed sufficient. As and when the business develops beyond this stage the Board will review its requirements at this stage. The Group is actively looking to appoint an additional non-executive director to provide a balance of the non-executive directors and executives as per the QCA.</p>			
	This section complies with the requirements of the QCA Code.			

<p>6) Directors experience, skills and capabilities</p>	<p>The Chairman: John Gunn Mr Gunn is the founder of INSP and a 20.2% ( Direct and indirect) shareholder of the Company. Mr Gunn is also the managing director and majority shareholder of Global Investment Strategy UK Limited and a majority shareholder of Octagonal Plc. With a career spanning over 30 years in the financial services industry, Mr Gunn began his career in 1987 at Hoare Govett and has since worked at Carr Sheppards Limited, Assicurazioni Generali S.p.A. and Williams de Broe, where he was a senior investment manager until 2002.</p> <p>Chief Financial Officer: Nilesh Jagatia Mr Jagatia currently serves as Finance Director at INSP and also currently holds the Finance Director position with a Financial Services group Octagonal Ltd and AIM quoted Limitless Earth Plc (LME). Nilesh has been involved with several IPO's and was previously Group Finance Director of an AIM quoted Online Media and Publishing Company for a period of five years until July 2012. Nilesh has over 20 years' experience, including senior financial roles in divisions of both Universal Music Group and Sanctuary Group plc. He served as a Finance Director for an independent record label that expanded into the US. Nilesh is a qualified accountant and holds a degree in finance.</p> <p>Non-Executive Director: Anthony Samaha Mr Samaha is a Chartered Accountant (Australia) who has over 20 years' experience in accounting and corporate finance. Mr Samaha has worked for over 10 years with international accounting firms, including Ernst &amp; Young, principally in corporate finance, and mergers and acquisitions. He has extensive experience in the listing and management of AIM quoted companies and is currently Executive Director of AIM traded Reabold Resources Plc.</p> <p>In addition to the Board directors above INSP uses Beaumont Cornish Limited as their nominated adviser (NOMAD), Hill Dickinson LLP to assist with legal and regulatory matters and FTB ITC Services Ltd to support the IT systems.</p>
<p>7) Evaluation of the Board's performance</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>INSP is fully committed to uphold Directors' independence and to regularly evaluate their performance.</p> <p>Where appropriate, INSP sets targets which the Directors have to adhere to. Each Director is assigned with an individual target which is linked to the corporate and financial targets of the Group. Career support, development and training may also be provided to the Directors where necessary.</p>
<p>8) Promoting corporate culture, ethical values and behaviours</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>INSP is committed to ethical conduct and to the governance structures that ensure that the Group delivers long term value and earns the trust of its shareholders. The shareholders are encouraged at General Meetings to express their views and expectations in an open and respectful dialogue.</p> <p>The Board is fully aware that their conduct impacts the corporate culture of the Group as a whole and that this will impact the future performance of the Group. The Directors are invited to provide an open comprehensive dialogue and constructive feedback to the employees, and to promote ethical values and behaviours within the Group.</p> <p>INSP also believes that doing business honestly, ethically and with integrity helps to build long-term, trusting relationship with our employees, customers, suppliers and stakeholders. Our Code of business Conduct means that our employees understand that we pride ourselves in high ethical standards. INSP has zero tolerance for bribery and corruption among our employees.</p>
<p>9) Maintenance of governance structures and processes to support good decision making by the board</p>	<p>This section complies with the requirements of the QCA Code.</p> <p>The Board is responsible for the ultimate decision making, the structures and processes adopted by INSP. The Board is headed by the Chairman. In order to comply with the Companies Act 2006 or QCA code the Board recognises that it must comply with the following principles set out by the Act:</p>

	<ul style="list-style-type: none"> <li>- duty to exercise independent judgement;</li> <li>- duty to exercise reasonable care, skill and due diligence;</li> <li>- duty to avoid conflicts of interest;</li> <li>- duty not to accept benefits from third parties; and</li> <li>- duty to declare interest in a proposed transaction or arrangement.</li> </ul> <p>The Chairman is responsible for leading the Board, sets the agenda and ensures it is an effecting working group at the head of the Company. The Chairman is also responsible for promoting a culture of openness and effective communication with shareholders and to ensure that all board members receive accurate, timely and clear information.</p> <p>The Executive Directors are responsible for day to day running of the Company and effective communications with the Board and the Shareholders. They represent the Company to ensure quality of information provision, they challenge and monitor performance of the teams, and they set business plans and targets for the Company.</p> <p>Non-Executive Director: INSP has one Non-Executive Director who is an independent director. This is to reinforce the Group's commitment to a transparent and effective governance structure which encourages and provides ample opportunity for challenge and deliberation. The Non-Executive Director's objective is to scrutinise the performance of the Board and senior management as well as to monitor performance, agree goals and objectives. They will satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and fit for purpose. The Non-Executive Director is also closely working with the Remuneration Committee as they are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing / removing senior management.</p> <p>The Company established the following committees to help with processes, structures and support good decision making by the Board.</p> <p>Audit Committee - The Audit Committee is currently chaired by Anthony Samaha and its other member is Nilesh Jagatia. The Committee provides a forum for reporting by the Group's external auditors. The committee is also responsible for reviewing a wider range of matters, including half-year and annual results before their submission to the board, as well as monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Audit Committee will advise the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and it will also discuss the nature, scope and results of the audit with the external auditors. The committee will keep under review the cost effectiveness, the independence and objectivity of the external auditors.</p> <p>Remuneration Committee - The Remuneration Committee is currently chaired by Anthony Samaha and its other member is John Gunn. The Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and costs. The Remuneration Committee determines the contract terms, remuneration and other benefits for the Executive Directors, including performance related bonus schemes and compensation payments. The Board itself determines the remuneration of the non-executive directors.</p> <p>It is recognised that if the Group grows, it may be necessary to review the current structure in order to provide better segregation of the responsibilities and clear lines of reporting, that are consistent with industry standards.</p>
10) Shareholders communication	<p>This section complies with the requirements of the QCA Code.</p> <p>The Company recognises that its shareholders are imperative for future growth and prosperity of the Company. The Shareholders are treated equally both in relation to participation at meetings and in the exercising of voting rights. INSP's shareholders are encouraged to attend the annual general meetings and the Company provides regulatory news updates and any other matters the Board feels fit. The Company maintains the following website <a href="https://www.inspirit-energy.com/investors">https://www.inspirit-energy.com/investors</a> for investor relations.</p>

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF INSPIRIT ENERGY HOLDINGS PLC  
FOR THE YEAR ENDED 30 June 2022

## Opinion

We have audited the financial statements of Inspirit Energy Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 30 June 2022 and of the group's loss 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 UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and 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.

## Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the group incurred a loss of £233k during the year ended 30 June 2022, the group's current liabilities exceeded its total assets by £366k at that date and that the group and company are reliant on raising further finance in the next 12 months in order to fund forecasted expenditure over this period. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's 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 company's ability to continue to adopt the going concern basis of accounting included reviewing and challenging cashflow forecasts, and related key assumptions, prepared by management covering the going concern period, discussing their strategies regarding future fund raises and assessing the likelihood of the required funds being successfully raised by considering the funds required and the group and company's ability to raise such funds.

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

## Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In determining our overall audit strategy, we assessed the level of uncorrected misstatements that would be material for the financial statements as a whole.

Materiality for the consolidated financial statements was set as £79,000 (2021: £87,000) based upon net assets. Materiality has been based upon net assets which we determined, in our professional judgement, to be the key principal benchmark relevant to members of the parent company in assessing the financial performance of the

group due to the number of risks identified relating to assets within the Consolidated Statement of Financial Position and the relative size of gross assets, liabilities and equity compared to the Consolidated Statement of Comprehensive Income. Performance materiality and the triviality threshold for the consolidated financial statements was set at £63,200 (2021: £69,600) and £3,950 (2021: £4,350) respectively given our accumulated knowledge of the group, the number of risks identified and the assessed risk level.

Materiality for the parent company was set as £64,000 (2021: £86,000) based upon net assets. Net assets was considered to be an appropriate basis due to the fact that the parent company is non-revenue earning and holds significant material balances through investments in its subsidiaries and other assets and cash held. Performance materiality and the triviality threshold for the parent company was set at £51,200 (2021: £68,800) and £3,200 (2021: £4,300) respectively given our accumulated knowledge of the group, the number of risks identified and the assessed risk level.

We also agreed to report any other differences below that threshold that we believe warranted reporting on qualitative grounds.

### Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, such as the recoverable value of the capitalised development costs. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

A full scope audit was performed on the complete financial information of both components of the group.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
<p><b>Carrying value of Intangible Assets</b></p> <p>Carrying value of intangible assets of £3.0m (2021: £2.8m). Refer to Note 4: Critical Accounting Estimates.</p> <p>Intangible Assets is the largest asset within the financial statements and represents the asset (development of its Stirling technology) from which, if successful, the group will generate revenue.</p> <p>There is a risk that the development costs capitalised during the year do not meet the recognition criteria of IAS 38 <i>Intangible Assets</i>.</p> <p>Since the Group are still in the process of developing their technology and have not yet begun generating revenue from said technology, there is also the risk that the carrying value of the intangible asset is impaired.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>Obtaining management’s assessment of impairment and reviewing and challenging the key estimates and judgements used therein;</li> <li>Performing sensitivity analysis on the key areas of estimation/judgement and verifying to supporting documentation where possible including benchmarking against companies in the same industry;</li> <li>Substantive testing of the additions to intangible assets to ensure they are eligible to be capitalised under IAS 38; and</li> <li>Reviewing disclosures in the financial statements to ensure compliance with IFRS.</li> </ul> <p>The positive developments in the year with respect to the application of the Stirling technology to the marine industry demonstrated the commercial potential of Inspirit’s technology and thus indicate that the capitalised development costs as at 30 June 2022 are materially recoverable.</p> <p>Successful commercialisation of the group’s Stirling technology is reliant on project completion, the availability</p>

	<p>of sufficient funds (see the “Material uncertainty related to going concern” section above for our conclusion in respect of the directors’ use of the going concern basis of accounting in the preparation of the financial statements) and the required regulatory approvals being obtained. It is drawn to the users’ attention that none of these matters are certain. Failure to achieve the above may result in an impairment to the assets capitalised.</p>
<p><b>Carrying Value of Investment in Subsidiaries</b></p>	
<p><b>Carrying value of investment in subsidiaries of £2.4m (2021: £2.4m). Refer to Note 4: Critical Accounting Estimates.</b></p> <p><b>Investments in subsidiaries is the largest asset within the Parent Company’s Statement of Financial Position and represents its investment in the subsidiary whose principal activity is the development of its Stirling technology from which, if successful, the group will generate revenue.</b></p> <p><b>There is the risk that the carrying value of the investment in subsidiary is impaired since the subsidiary is loss making and has yet to become revenue generating.</b></p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>• Obtaining the directors’ assessment of impairment and reviewing and challenging the key estimates and judgements used therein; and</li> <li>• Performing sensitivity analysis on the key areas of estimation/judgement and verifying to supporting documentation where possible including benchmarking against companies in the same industry.</li> </ul> <p>The positive developments in the year with respect to the application of the Stirling technology to the marine industries demonstrated the commercial potential of Inspirit’s technology and thus indicate that the investment in the subsidiary, the entity conducting said development, as at 30 June 2022 is materially recoverable.</p> <p>Successful commercialisation of the group’s Stirling technology is reliant on project completion, the availability of sufficient funds (see the “Material uncertainty related to going concern” section above for our conclusion in respect of the directors’ use of the going concern basis of accounting in the preparation of the financial statements) and the required regulatory approvals being obtained. It is drawn to the users’ attention that none of these matters is certain. Failure to achieve the above may result in an impairment to the carrying value of investments.</p>

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company 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.

**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 the 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 statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group 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.

### **Auditor's 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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through management, industry research and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from UK Company Law, rules applicable to issuers on the AIM Market and UK-adopted international accounting standards.
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors. We considered the event of compliance with those laws and regulations as part of our procedures on the related financial statement items. We communicated laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit of the group.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - Discussions with management regarding compliance with laws and regulations by the parent company and the subsidiary;
  - Reviewing legal expenses incurred in the year;
  - Reviewing board minutes; and
  - Review of regulatory news announcements made.

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in relation to the impairment of capitalised development costs and investments in subsidiaries and we addressed this by challenging the assumptions and judgements made by management when auditing these significant accounting estimates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; discussing with management as to whether there had been any instances or suspicions of fraud within the subsidiaries and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Joseph Archer (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

05 January 2023

GROUP STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 June 2022

		2022	2021
	Note	£'000	£'000
CONTINUING OPERATIONS:			
Administrative expenses	7	(329)	(277)
OPERATING LOSS		(329)	(277)
LOSS BEFORE INCOME TAX		(329)	(277)
Income tax credit	8	96	24
NET LOSS AND TOTAL COMPREHENSIVE INCOME LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT		(233)	(253)
EARNINGS PER SHARE			
- Basic and diluted earnings per share (attributable to owners of the parent)	9	(0.005p)	(0.007p)

STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30 June 2022

Company Number: 05075088		GROUP		COMPANY	
		2022	2021	2022	2021
	Note	£'000	£'000	£'000	£'000
NON-CURRENT ASSETS					
Intangible assets	10	2,998	2,773	-	-
Property, plant and equipment	11	25	30	1	1
Investment in subsidiaries	12	-	-	2,440	2,440
		<b>3,023</b>	<b>2,803</b>	<b>2,441</b>	<b>2,441</b>
CURRENT ASSETS					
Trade and other receivables	13	107	37	6	7
Cash and cash equivalents	14	160	561	158	554
		<b>267</b>	<b>598</b>	<b>164</b>	<b>561</b>
TOTAL ASSETS		<b>3,290</b>	<b>3,401</b>	<b>2,605</b>	<b>3,002</b>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	15	2,103	2,103	2,103	2,103
Share premium	15	9,783	9,783	9,783	9,783
Merger reserve		3,150	3,150	3,150	3,150
Other reserves		3	3	3	3
Reverse acquisition reserve		(7,361)	(7,361)	-	-
Retained losses		(5,021)	(4,788)	(12,994)	(12,463)
TOTAL EQUITY		<b>2,657</b>	<b>2,890</b>	<b>2,045</b>	<b>2,576</b>
CURRENT LIABILITIES					
Trade and other payables	17	533	411	460	326
Borrowings	18	100	100	100	100
		<b>633</b>	<b>511</b>	<b>560</b>	<b>426</b>

TOTAL LIABILITIES	633	511	560	426
TOTAL EQUITY AND LIABILITIES	3,290	3,401	2,605	3,002

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company Statement of Comprehensive Income.

The loss for the Parent Company for the year was £531,000 (2021: loss of £331,000).

These Financial Statements were approved by the Board of Directors on 5 January 2023 and were signed on its behalf by

N Jagatia  
**Director**

GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 June 2022

	Attributable to the owners of the parent						
	Share capital	Share premium	Other reserves	Merger reserve	Reverse acquisition reserve	Retained losses	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>BALANCE AT 30 June 2020</b>	<b>1,967</b>	<b>9,192</b>	<b>3</b>	<b>3,150</b>	<b>(7,361)</b>	<b>(4,535)</b>	<b>2,416</b>
<b>Loss for the year</b>	-	-	-	-	-	(253)	(253)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	-	-	(253)	(253)
Share issues	136	621	-	-	-	-	757
Share issue costs	-	(30)	-	-	-	-	(30)
<b>TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY</b>	<b>136</b>	<b>591</b>	-	-	-	-	<b>727</b>
<b>BALANCE AT 30 June 2021</b>	<b>2,103</b>	<b>9,783</b>	<b>3</b>	<b>3,150</b>	<b>(7,361)</b>	<b>(4,788)</b>	<b>2,890</b>
<b>Loss for the year</b>	-	-	-	-	-	(233)	(233)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	-	-	(233)	(233)
<b>BALANCE AT 30 June 2022</b>	<b>2,103</b>	<b>9,783</b>	<b>3</b>	<b>3,150</b>	<b>(7,361)</b>	<b>(5,021)</b>	<b>2,657</b>

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 June 2022

	Attributable to equity shareholders					
	Share capital	Share premium	Merger Reserve	Other reserves	Retained losses	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>BALANCE AT 30 June 2020</b>	<b>1,967</b>	<b>9,192</b>	<b>3,150</b>	<b>3</b>	<b>(12,132)</b>	<b>2,180</b>
<b>Loss for the year</b>	-	-	-	-	(331)	(331)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	-	(331)	(331)
Share issues	136	621	-	-	-	757
Share issue costs	-	(30)	-	-	-	(30)
<b>TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY</b>	<b>136</b>	<b>591</b>	-	-	-	<b>727</b>
<b>BALANCE AT 30 June 2021</b>	<b>2,103</b>	<b>9,783</b>	<b>3,150</b>	<b>3</b>	<b>(12,463)</b>	<b>2,576</b>
<b>Loss for the year</b>	-	-	-	-	(531)	(531)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	-	-	-	-	(531)	(531)
<b>BALANCE AT 30 June 2021</b>	<b>2,103</b>	<b>9,783</b>	<b>3,150</b>	<b>3</b>	<b>(12,994)</b>	<b>2,045</b>

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 June 2022

		GROUP	GROUP	COMPANY	COMPANY
		2022	2021	2022	2021
	Note	£'000	£'000	£'000	£'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Loss after tax		(233)	(253)	(531)	(331)
Depreciation		5	7	-	1
Interco loan provision		-	-	258	85
Tax credit		(96)	(24)	-	-
Decrease/(increase) in trade and other receivables		3	(6)	2	(2)
Increase in trade and other payables		121	50	133	35
Tax received		24	42	-	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(176)</b>	<b>(184)</b>	<b>(138)</b>	<b>(212)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Development costs		(225)	(108)	-	-
Purchase of tangible fixed assets		-	(2)	-	(2)
Increase in loan to subsidiary		-	-	(258)	(85)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(225)</b>	<b>(110)</b>	<b>(258)</b>	<b>(87)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Gross proceeds from issue of shares		-	757	-	757
Share issue costs		-	(30)	-	(30)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>727</b>	<b>-</b>	<b>727</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(401)</b>	<b>433</b>	<b>(396)</b>	<b>428</b>
Cash and cash equivalents at the beginning of the year		561	128	554	126
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	14	<b>160</b>	<b>561</b>	<b>158</b>	<b>554</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2022

## 1 GENERAL INFORMATION

The principal activity of Inspirit Energy Holdings plc during the period was that of developing and commercialising the mCHP boiler and in the prior year started to refocus its expertise in the application of the Stirling engine technology in different sectors including Marine and Waste Heat Recovery.

These financial statements show the consolidated results of the Group for the year ended 30 June 2022 together with the comparative results for the year ended 30 June 2021.

Inspirit Energy Holdings plc is a company incorporated and domiciled in England and Wales and quoted on the Alternative Investment Market of the London Stock Exchange. The address of its registered office is 200 Aldersgate Street, London, EC1A 4HD.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

## BASIS OF PREPARATION

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention and are presented in GBP Pound Sterling, rounded to the nearest £1,000.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

## GOING CONCERN

As at 30 June 2022 the Group had a cash balance of £160,000 (2021: £561,000), net current liabilities of £366,000 (2021: net current assets of £87,000) and net assets of £2,657,000 (2021: £2,890,000). The Group has maintained its core spend during the year whilst still managing to move its projects forward and post year end secured a \$250,000 loan facility. There can be no assurance that the Group's projects will become fully developed and reach commercialisation nor that there will be sufficient cash resources available to the Group to do so.

The Directors have reviewed a detailed forecast based on the funds expected to be raised and forecasted expenditure. Having made due and careful enquiry, the Directors acknowledge that funds will need to be raised within the next 12 months to enable the Group to meet its obligations as they fall due, however, the Directors are confident that the required funds will successfully be raised through the issue of equity and/or debt to fund its operations over the next 12 months.

The Directors, therefore, have made an informed judgement, at the time of approving financial statements, that the Group is a going concern but they acknowledge that the dependence on raising further funds during the next 12 months represents a material uncertainty. The Auditors have made reference to going concern by way of a material uncertainty.

## BASIS OF CONSOLIDATION

Inspirit Energy Holdings plc, the legal parent, is domiciled and incorporated in the United Kingdom.

The Group Financial Statements consolidate the Financial Statements of Inspirit Energy Holdings plc and its subsidiary, Inspirit Energy Limited, made up to 30 June 2022.

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

The cost of acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition related costs are expensed as incurred. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

## STATEMENT OF COMPLIANCE

The new and amended standards and interpretations which were applied for the first time in the annual reporting period commencing 1 July 2021 have not had a material effect on the Group and Company financial statements.

## NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ADOPTED

The standards, amendments and interpretations which are in issue but not yet mandatorily effective are not expected to have a material effect on the Group or Company financial statements.

## SEGMENTAL REPORTING

Developing and commercialising the mCHP boiler and its related technology is the only activity in which the Group is engaged and is therefore considered as the only operating / reportable segment. The Group currently only operates in the UK. The financial information therefore of the single segment is the same as that set out in the Group Statement of Comprehensive Income and Group Statement of Financial Position.

## CURRENT AND DEFERRED INCOME TAX

The tax credit for the period comprises an estimated Research and Development taxation credit to be received in respect of Research and Development costs incurred during the year. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The current income tax credit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to or recoverable from the tax authorities.

## FOREIGN CURRENCY TRANSLATION

### a) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The consolidated Financial Statements are presented in Pounds Sterling (£), which is the Group's presentation and Company's functional currency.

### b) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within "Finance Income" or "Finance Costs".



## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation is calculated to allocate the cost of each class of asset to their residual values over their estimated useful lives, as follows:

- Plant and Equipment - 15% reducing balance
- Fixtures and Fittings - 20% reducing balance
- Motor Vehicles - 5 years, straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and are recognised within "Other (Losses)/Gains - Net" in the Statement of Comprehensive Income.

## INTANGIBLE ASSETS - DEVELOPMENT COSTS

Development costs relate to expenditure on the development of the mCHP boiler technology and applications of the underlying engine technology.

Development costs incurred on the project are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Directly attributable costs that are capitalised as part of the product include any employee costs directly related to the development of the asset and appropriate expenditure which directly furthers the development of the project.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

## IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. See note 4 for more information on the impairment assessment performed by management.

## FINANCIAL ASSETS

### a) CLASSIFICATION

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current assets. The Group's loans

and receivables comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

#### b) RECOGNITION AND MEASUREMENT

Financial assets are initially measured at fair value plus transactions costs.

Loans and receivables are subsequently carried at amortised cost using the effective interest method, except for short term receivables.

#### c) IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio; or
- for assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost.

#### ASSETS CARRIED AT AMORTISED COST

The amount of impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in the Statement of Comprehensive Income. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

#### CASH AND CASH EQUIVALENTS

In the consolidated Statement of Cash Flows, cash and cash equivalents comprise cash in hand and deposits held at call with bank.

#### 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. Financial liabilities are initially measured at fair value, net of transactions costs. They are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the Group or Company's contractual obligations expire, are cancelled or are discharged.

## SHAREHOLDERS' EQUITY

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Share option reserve" represents the cumulative cost of share based payments.
- "Merger reserve" and "Reverse Acquisition reserve" represents historical reserves formed upon previous Business Combinations entered into by the Company that fall outside the scope of IFRS 3.
- "Retained losses" represents retained losses.

## BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

## BORROWINGS COSTS

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

## SHARE BASED PAYMENTS

The Group operates equity-settled, share-based schemes, under which it receives services from employees or third-party suppliers as consideration for equity instruments (options and warrants) of the Group. The Group may also issue warrants to share subscribers as part of a share placing. The fair value of the equity-settled share based payments is recognised as an expense in the Statement of Comprehensive Income or charged to equity depending on the nature of the service provided or instrument issued. The total amount to be expensed or charged is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

In the case of warrants the amount charged to equity is determined by reference to the fair value of the services received if available. If the fair value of the services received is not determinable, the warrants are valued by reference to the fair value of the warrants granted as described previously.

Non-market vesting conditions are included in assumptions about the number of options or warrants that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Statement of

Comprehensive Income or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

## 3 FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated by the Board of Directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The main risks the Group is exposed to through its financial instruments are market risk (including market price risk), credit risk and liquidity risk.

#### MARKET PRICE RISK

The Group's exposure to market price risk mainly arises from potential movements in the pricing of its products. The Group manages this price risk within its long-term strategy to grow the business and maximise shareholder return.

#### CREDIT RISK

The Group's financial instruments that are subject to credit risk are cash and cash equivalents and loans and receivables. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions.

The Group's maximum exposure to credit risk is £267,000 (2021: £598,000) comprising cash and cash equivalents and loans and receivables.

#### LIQUIDITY RISK

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through maintaining a positive cash balance and controlling expenses and commitments. The Directors are confident that adequate resources exist to finance current operations.

The following table summarises the maturity profile of the Group's non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on contractual undiscounted cash flows based on the earliest repayment date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that the interest flows are floating rate, the undiscounted amount is derived from the interest rate curves at the balance sheet date:

Group	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying value
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 30 June 2022</b>						
Trade and other payables	533	-	-	-	533	533
Borrowings	100	-	-	-	100	100
<b>At 30 June 2021</b>						
Trade and other payables	411	-	-	-	411	411
Borrowings	100	-	-	-	100	100

#### CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Group's growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

#### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by

definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### RECOVERABLE VALUE OF R&D TAX DEBTOR

The Corporation tax receivable in Note 13 relates to the firm's Research & Development tax reclaim that the firm is expected to receive once it files its corporation tax returns. The directors have assessed the R&D tax debtor as being fully recoverable based on historic successful submissions and post year end the company recovered £28,000. The balance relates to R&D costs incurred in FY2022 for which the claim has not been filed and will be filed on the publication of the audited accounts and submission of its corporation tax return.

#### IMPAIRMENT OF DEVELOPMENT COSTS AND INVESTMENT IN SUBSIDIARIES

The Group tests annually whether development costs and investments in the subsidiaries, which have a carrying value of £2,998,000 and £2,440,000 respectively (2021: £2,773,000 and £2,440,000 respectively) have suffered any impairment in accordance with the accounting policy as stated in Note 2.

The core development to date on the mCHP and Stirling technology is the base technology that will be applied the Marine, Waste Heat Recovery, Hydrogen and automotive sectors that the company will be focusing on in the future.

When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates. As a result of their 2022 review management has concluded that no impairment is required.

The value-in-use calculations require management to estimate future cash flows expected to arise from the cash generating unit, once commercial production is achieved, and apply a suitable discount rate in order to calculate present value. These calculations require the use of estimates. See Note 10 for further details.

Following other sources of products interest during the year, management have focussed the value-in-use calculations on licensing sales rather than product sales. This has been done as management consider that the revenues are more near term in nature and note that it uses the same core developed technology. Given the product's nature, the core estimates have remained broadly consistent with prior years.

Note that the recoverability of the capitalised development costs and the investment in subsidiaries is dependent on sufficient funds being raised as and when required up to the point of commercialisation. Due to the dependence on raising further funds to meet forecasted expenditure over the next 12 months, the Auditors have made reference to going concern by way of a material uncertainty.

## 5 DIRECTOR'S AND KEY MANAGEMENT PERSONNEL EMOLUMENTS

	2022	2021
	£'000	£'000
Aggregate emoluments	144	144
Social security costs	6	6
	<b>150</b>	<b>150</b>

Name of director	Short Term	Other	Total	Total
	Benefits	Benefits	2022	2021
	£'000	£'000	£'000	£'000
J Gunn	80	-	80	80
N Jagatia	40	-	40	40
A Samaha	12	-	12	12
S Gunn*	12	-	12	12
	<b>144</b>	<b>-</b>	<b>144</b>	<b>144</b>

\*Key Management Personnel

The number of Directors who contributed to pension schemes during the year was nil (2021: nil).

## 6 EMPLOYEE INFORMATION

	2022	2021
	£'000	£'000
Wages and salaries	237	240
Social security costs	2	6
	<b>239</b>	<b>246</b>

Included in the above is a total of £92,885 (2021: £96,331) wages and salaries for employees which has been included in Development costs.

Average number of persons employed (including executive directors and excludes the Non Executive Director - Anthony Samaha):

	2022	2021
	Number	Number
Office and management	4	4

#### COMPENSATION OF KEY MANAGEMENT PERSONNEL

There are no key management personnel other than those disclosed in Note 5.

## 7 LOSS FOR THE YEAR

Loss for the year is arrived at after charging:

	2022	2021
	£'000	£'000
Salaries and wages (Note 6)	146	150
Audit and other fees	25	20
Depreciation	7	7
FX expense/credit	-	-

#### AUDITOR'S REMUNERATION

During the year the Group obtained the following services from the Company's auditor:

	2022	2021
	£'000	£'000
Fees payable to the Company's auditor for the audit of the parent company and the Group financial statements	25	20

## 8 Taxation

GROUP	2022	2021
	£'000	£'000
Deferred tax	-	-

Current tax	(96)	(24)
<b>Total current tax charge / (credit)</b>	<b>(96)</b>	<b>(24)</b>

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the average rate applicable to losses of the consolidated entities as follows:

	2022 £'000	2021 £'000
Loss before tax from continuing operations	(329)	(277)
Loss before tax multiplied by rate of corporation tax in the UK of 19% (2021: 19%)	(63)	(53)
Tax effects of:		
Expenses not deductible for tax purposes	-	-
Unrelieved tax losses carried forward	63	53
Research and development tax credit	(96)	(24)
<b>Total tax</b>	<b>(96)</b>	<b>(24)</b>

The Group has excess management expenses of approximately £5,781,000 (2021: £5,450,000), capital losses of £150,000 (2021: £150,000) and non-trade financial losses of approximately £119,000 (2021: £119,000) to carry forward against future suitable taxable profits. No deferred tax asset has been provided on any of these losses due to uncertainty over the timing of their recovery.

## 9 EARNINGS PER SHARE

Earnings per ordinary share has been calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of shares in issue during the year. The calculations of both basic and diluted earnings per share for the year are based upon the loss for the year of £233,000 (2021: £253,000). The weighted number of equity shares in issue during the year was 4,271,640,186 (2021: 3,399,326,136).

In accordance with IAS 33, basic and diluted earnings per share are identical as the effect of the exercise of share options and warrants would be to decrease the loss per share and therefore deemed anti-dilutive. Details of share options and warrants that could potentially dilute earnings per share in future periods are set out in Note 16.

## 10 INTANGIBLE ASSETS

GROUP	Development Costs £'000	Total £'000
<b>At 30 June 2020</b>	<b>2,666</b>	<b>2,666</b>
Additions	107	107
<b>At 30 June 2021</b>	<b>2,773</b>	<b>2,773</b>
Additions	225	225
<b>At 30 June 2022</b>	<b>2,998</b>	<b>2,998</b>

No amortisation has been recognised on development costs to date as the assets are still in the development stage and the related products are not yet ready for sale. As such, the value-in-use calculations to support the carrying value of development costs is directly reliant on the availability of future capital funding in order to achieve product accreditation and enter into commercial production. Additions during the year included £92,885 (2021: £96,331) of capitalised wages.

The recoverable amount of the above cash generating unit has been determined based on value-in-use calculations and includes revenue from stirling applications in marine, commercial truck, Inspirit Charger (boiler technology) with Hydrogen application and waste recycling activities. The value-in-use calculations use cash flow projections based on financial budgets approved by Management covering a five year period. The key estimates in the value-in-use calculation are:

Growth rate - Nonlinear year on year increases based on directors' estimations following discussion with a number of potential partners.

Discount rate - 30% Historically, the company used a discount rate of 15%, however in FY2021 the board took a prudent view of increasing the rate to 30% due to Covid-19 and the global downturn with it's impact on the economy. Although the global economic outlook has improved, the board have been prudent in maintaining the 30% discount rate.

The gross margin is derived from licensing the technology and it is remained consistent with the margin assumed in the 2021 impairment assessment.

## 11 PROPERTY, PLANT AND EQUIPMENT

GROUP	Plant and Equipment	Fixtures and fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
<b>COST</b>				
<b>As at 30 June 2020</b>	<b>84</b>	<b>15</b>	<b>1</b>	<b>100</b>
Additions	2	-	-	2
<b>As at 30 June 2021</b>	<b>86</b>	<b>15</b>	<b>1</b>	<b>102</b>
Additions	-	-	-	-
<b>As at 30 June 2022</b>	<b>86</b>	<b>15</b>	<b>1</b>	<b>102</b>
<b>DEPRECIATION</b>				
<b>As at 30 June 2020</b>	<b>53</b>	<b>11</b>	<b>1</b>	<b>65</b>
Charge for year	6	1	-	7
<b>As at 30 June 2021</b>	<b>59</b>	<b>12</b>	<b>1</b>	<b>72</b>
Charge for year	4	1	-	5
<b>As at 30 June 2022</b>	<b>63</b>	<b>13</b>	<b>1</b>	<b>77</b>
<b>NET BOOK VALUE</b>				
<b>As at 30 June 2022</b>	<b>23</b>	<b>2</b>	<b>-</b>	<b>25</b>
<b>As at 30 June 2021</b>	<b>27</b>	<b>3</b>	<b>-</b>	<b>30</b>



## 12 INVESTMENT IN SUBSIDIARIES

COMPANY	2022	2021
SHARES IN GROUP UNDERTAKINGS:	£'000	£'000
At 1 July	2,440	2,440
Increase in loan to subsidiary	258	75
Provision against the loan balance outstanding	(258)	(75)
	2,440	2,440

Included in the above is an amount of £3,304,595 (2021: £3,046,513) relating to the amount due to the Company by its subsidiary Inspirit Energy Limited. A provision of £3,304,595 (2021: £3,046,513) has been set against this loan balance outstanding.

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid.

Details of Subsidiary Undertakings are as follows:

Name of subsidiary	Registered address	Registered capital	Proportion of share capital held	Nature of business
Inspirit Energy Limited** Company No.07160673	c/o Niren Blake LLP 2nd Floor, Solar House, 915 High Road, London, England, N12 8QJ	Ordinary shares £15,230	100%	Product development

\*\*\* Inspirit Energy Limited (Co No 07160673) is entitled and has taken exemption under section 479a of the Companies Act 2006. No members of Inspirit Energy Limited have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006

## 13 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Corporation tax*	96	24	-	-
VAT recoverable	11	13	6	7
Other receivables	-	-	-	-
	107	37	6	7

\*The Corporation tax repayable relates to the R&D tax claim receivable from HMRC.

The Directors consider that the carrying amount of receivables is approximately equal to their fair value and under IFRS 9 that they are held at amortised cost

## 14 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents	160	561	158	554

The Directors consider the carrying amount of cash and cash equivalents approximates to their fair value. All of the Group and Company's cash and cash equivalents are held with institutions with an AA credit rating.

## 15 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Number of deferred shares	Ordinary shares £	Deferred shares £	New Deferred B shares £	Share premium £	Total £
At 30 June 2020	2,903,783,047	400,932	162,506	396,923	1,406,599	12,342,733	14,308,761
Issue of New Shares	1,367,857,139	-	136,786	-	-	620,714	757,500
Issue costs	-	-	-	-	-	(30,000)	(30,000)
At 30 June 2021	4,271,640,186	400,932	299,292	396,923	1,406,599	12,933,447	15,036,261
At 30 June 2022	4,271,640,186	400,932	299,292	396,923	1,406,599	12,933,447	15,036,261

Both the Deferred shares and the New Deferred B shares have no voting rights.

On 6 June 2018, the Company announced that members, at a General meeting on the same day, had approved the completion of a Capital Reorganisation which comprised the sub-division of shares whereby each existing Ordinary Share of 0.1 pence each in the capital of the Company was sub-divided into 1 New Ordinary Shares of 0.001 pence each and 1 Deferred B Share of 0.099 pence each. This resulted in 1,420,806,859 New Ordinary Shares and 1,420,806,859 Deferred B Shares in issue.

## 16 SHARE BASED PAYMENTS

Share options and warrants can be granted to selected Directors and third-party service providers.

Share options and warrants outstanding at the end of the year have the following expiry dates and exercisable prices:

	Weighted Average Exercise Price 2022	Options and warrants	Weighted Average Exercise Price 2021	Options and warrants
At 1 July				
Granted	-	-	0.00075	500,000,000
At 30 June	0.00075	500,000,000	0.00075	500,000,000

  

Grant date	Expiry date	Exercise price in £ per share	Number of options and warrants 2022	Number of options and warrants 2021
03-Jun-21*	02-Jun-23	0.00075	500,000,000	500,000,000
		0.00075	500,000,000	500,000,000

On 27th May 2021, the Company announced that it had raised a gross amount of £500,000 through the placing of 1,000,000,000 ordinary shares of 0.001 pence each in the share capital of the Company at 0.05 pence per Ordinary Share. For every two Placing Shares they subscribed to, placees will also receive one warrant over Ordinary Shares valid for 24 months from the date of issue exercisable at 0.075 pence per Ordinary Share. The warrants awarded did not fall under the scope of IFRS 2 therefore no share-based payment expense has been recognised in the year ended 30 June 2022.

## 17 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade payables	54	54	17	17
Other payables	56	56	57	55
Social security and other taxes	35	46	-	-
Accrued expenses	388	255	386	254
	<b>533</b>	<b>411</b>	<b>460</b>	<b>326</b>

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

## 18 BORROWINGS

	GROUP		COMPANY	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>Current</b>				
Drawdown facility (see Note 1 below)	100	100	100	100
Total current borrowings	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

### Note 1

The Drawdown facility relates to the facility entered into during 2017 with YA Global Master SPV Limited. The facility is unsecured and carries an implied interest rate of 10 per cent per annum, repayable in 12 equal monthly instalments and has now lapsed. The directors are seeking to renew.

On 30 April 2015, the Company issued warrants to subscribe for 9,283,364 new ordinary shares as part of the unsecured \$3,000,000 Debt facility arrangement with YA Global Master SPV Limited ("YA Global"). The issue of the warrants was triggered following the drawdown of the initial Tranche 1, being \$400,000, under the terms of the agreement. The terms of the issue of warrants are governed by the Debt Facility agreement, which specify that for every tranche drawn down, the Company is required to issue 25% of the value of the drawdown based on the interbank rate at the nearest possible date and using the average Volume Weighted Average Price ("VWAP") of the Company for the five trading days immediately prior the date of the agreement. Based on those terms, were the Company to drawdown the remaining \$2,600,000 they would be required to issue further warrants to subscribe for an estimated total of 99,622,448 new ordinary shares. The Directors do not expect to use the remaining facility in the foreseeable future.

## 19 ANALYSIS OF CHANGES IN NET DEBT

£000s	As at 1 July 2021	Cashflows	Acquired	Repayment	Non-Cash movement	As at 30 June 2022
Cash at bank and in hand	561	(401)	-	-	-	160
£000s	As at 1 July 2021	Cashflows	Acquired	Repayment	Non-Cash movement	As at 30 June 2022
Borrowings	100	-	-	-	-	100

## 20 FINANCIAL INSTRUMENTS BY CATEGORY

	2022	2021
	£'000	£'000
FINANCIAL ASSETS AT AMORTISED COST:		
Trade and other receivables (excluding prepayments, VAT and corporation tax)	-	-
Cash and cash equivalents	160	561
FINANCIAL LIABILITIES AT AMORTISED COST:		
Trade and other payables	54	54
Borrowings	100	100

The table providing an analysis of the maturity of the non-derivative financial liabilities has been included in Note 3.

## 21 ULTIMATE CONTROLLING PARTY

At the date of signing this report the Directors do not consider there to be one single ultimate controlling party.

## 22 RELATED PARTY TRANSACTIONS

See note 6 for details of director's remuneration in the year.

During the year, NKJ Associates Ltd, a company in which N Jagatia is a Director, charged consultancy fees of £40,000 (2021: £40,000). The amount owed to NKJ Associates Ltd at year end is £112,000 (2021: £72,000). Amount of fees due to John Gunn at 30 June 2021 was £240,000 (2021: £160,000) and the amount of fees due to Anthony Samaha at 30 June 2022 was £10,000 (2021: £18,000).

Both John Gunn and Nilesh Jagatia are Directors of Global Investment Strategy UK Limited (GIS) and GIS held cash in its Inspirit Energy Holdings Plc's client account at 30 June 2022 totalling £134,276 (2021: £183,000) and this balance is included in cash and cash equivalents.

## 23 EVENTS AFTER THE REPORTING DATE

On 8th December 2022, the Company announced that it entered into a short-term, un-secured debt facility of up to US\$250,000 (approximately £205,075) (the "Facility"). Under the Facility Inspirit initially draw down US\$80,000 (approximately £65,624) (the "Initial Advance"). The Facility is with Riverfort Global Opportunities PCC Limited, and the proceeds of the advance are for general working capital.

The Facility has a 12-month term and allows Inspirit to draw down funds ("Advances") which will be repayable within 6 months in either cash or shares at the Noteholders' discretion in respect of the Initial Advance and thereafter at the agreement of the Company and Riverfort. If the debt is repaid in shares, they will be repaid at 130% of the Reference Price being the average of the five (5) daily VWAPs preceding the Drawdown Date in respect of the relevant Advance (the "Fixed Premium Placing Price"). In the event that Inspirit completes any share placing during the Term of the relevant Advance and the share placing price is below the Fixed Premium Placing Price, the Fixed Premium Placing Price will be amended to be the relevant share placing price. Inspirit will issue the Noteholder with warrants in respect of each Advance so as to represent 50% of the value of the relevant Advance, divided by the relevant Reference Price; the warrants will have an exercise price of Fixed Premium Placing Price and a 48 month term.

Inspirit drew down US\$80,000 as the Initial Advance and issued Riverfort with warrants to the value of 50% of the Initial Advance at the reference price of 0.03376 pence being 97,191,943 warrants. These warrants will have a term of 48 months and will be exercisable at 130% of the reference price being 0.04388 pence. The Facility will attract 1.5% interest per month based on the value of the outstanding indebtedness payable in cash and an implementation fee of 6% of any Advances if settled in cash or 8% if issued in Shares. Accordingly, Inspirit will issue 15,550,710 Ordinary Shares of 0.001p each ("Shares") at a price of 0.03376 pence each for the implementation fee in respect of the Initial Advance (the "Initial Shares"). The Facility contains a right of first refusal clause allowing Riverfort to match the terms of any alternative debt/ structured funding the Company may seek during the term of the Facility.