

26 March 2024

**Inspired PLC**  
("Inspired" or the "Group")

**Final Results 2023**

*Solid operational and financial performance with accelerating cross selling momentum*

Inspired (AIM: INSE), a technology-enabled service provider delivering solutions to enable businesses to transition to net-zero and manage their response to climate change, announces its consolidated, audited final results for the year ended 31 December 2023.

**Financial highlights**

	2023	2022	% change
Revenue	<b>£98.8m</b>	£88.8m	+11%
Gross profit	<b>£67.3m</b>	£57.7m	+17%
Adjusted EBITDA*	<b>£25.2m</b>	£21.0m	+20%
Adjusted profit before tax**	<b>£15.8m</b>	£14.0m	+13%
Statutory loss before tax	<b>(£6.2m)</b>	(£4.0m)	N/A
Underlying cash generated from operations***	<b>£18.7m</b>	£21.7m	-14%
Adjusted diluted EPS****†	<b>13.4p</b>	13.1p	+2%
Diluted basic EPS†	<b>(7.2p)</b>	(3.7p)	N/A
Net debt	<b>£48.7m</b>	£37.2m	+31%
Dividend per share‡	<b>2.9p</b>	2.7p	+7%

- Double digit revenue and Adjusted EBITDA growth reflects solid trading across all four divisions, in line with the Group's stated growth strategy.
- Adjusted PBT: £15.8m (2022: £14.0m), with the increase in adjusted EBITDA offset in part by an increase in finance costs.
- Underlying operating cash conversion was 75%, as a result of the increased number of Optimisation projects in H2 and the associated investment in working capital. The working capital investment unwound post period, with cash conversion for the 12 months to 29 February 2024 in excess of 100%.
- The Group paid £12.1m in contingent consideration fees, relating to the achievement of earnout targets by prior acquisitions. The majority of the final payments in relation to past acquisitions, being a further £10.6m in cash consideration, will be made in FY24. The only remaining potential payments of contingent consideration after 2024 will be up to the maximum amounts payable under the Deed of Variation with Ignite Energy LTD ("Ignite") of £2.3m per annum for 2024-2027 performance.
- Net debt increased to 1.95x Adjusted EBITDA, within the Board's stated objective to maintain it to less than 2.00x. The Group remains focused on reducing net debt as the performance fees conclude from the acquisitions completed in 2020 and 2021, with the Board's objective to reduce the level of net debt to Adjusted EBITDA to nearer to a 1 to 1 ratio through organic cash generation by the end of 2025.
- Proposed final dividend has increased 7% to 1.50p (2022: 1.40p) resulting in full year dividend of 2.90p in line with the stated policy and reflective of the confidence in the business.

**FY23 KPIs**

The Group has outlined its aspiration to double Adjusted EBITDA organically over the five years to 2027. This is primarily driven by the growth in Optimisation Services, which is a logical additional service for clients who utilise our Assurance Services or our ESG Services. The Group has made solid progress executing this strategy since 2021, with Optimisation Services now the largest revenue generator and contributing comparable Adjusted EBITDA to Assurance Services, which represents an inflection point in the Group's development.

The following KPIs have been developed to monitor the progress in cross selling across the Group's divisions

and to evidence the repeatable nature of demand for Optimisation Services: (see CEO statement for further detail and four prior years).

	2023	2022	Change (%)
Number of clients supported by multiple divisions within Inspired	615	492	25%
Number of clients generating >£50,000 revenue	227	154	47%
Number of £50,000 revenue clients supported by more than one division	159	104	53%
Number of clients with Optimisation Projects in the FY	370	271	37%

## Divisional operational and strategic highlights

### Assurance Services

- Revenues of £36.3m (2022: £36.0m) and Adjusted EBITDA of £15.0m (2022: £16.2m), at a margin of 41% (2022: 45%), margin was impacted by investment in headcount and wage inflation.
- Secured several new client wins, including Central England Co-operative Limited, Focus Hotels Management Limited and Rontec Roadside Retail Limited.
- Continued new business generation, improved churn rates and stabilisation of margins in FY24 and beyond.
- The Assurance Services Division enters 2024 with 81% of expected 2024 revenues contracted, with an expectation of 14% of revenue coming from in year renewals, having seen improved churn rates in 2023, and the balancing 5% from new wins in year. This provides confidence that the division will continue to contribute revenue growth in 2024, with an expectation that margins will stabilise.

### ESG Services

- Revenue growth of 112% to £5.5m (2022: £2.6m) and Adjusted EBITDA contribution to the Group of £1.5m (2022: Adjusted EBITDA loss of £0.6m), a pleasing result given it is only three years since launch.
- The division is an exciting opportunity for the Group as it brings in new clients and helps to meet an ever-growing statutory demand. The ESG Services division enters 2024 with in excess of 60% of expected 2024 revenues contracted.

### Optimisation Services

- Revenue growth of 13% to £54.0m (2022: £47.7m) and Adjusted EBITDA up 52% to £15.2m with a higher margin of 28% (2022: 21%), reflective of project mix and strong repeatable demand driven by existing clients.
- Delivered 69 large sustainability solutions to existing Assurance and ESG clients (2022: 35) of which 65% were clients that had previously procured Optimisation Services.
- Demand continues to increase, supported by the drive to net-zero and a desire by corporates to protect themselves from the risk of high commodity prices.

### Software Services

- Revenues up 18% to £3.0m (2022: £2.5m), driven by new client acquisition and an increase in revenue generated from existing customers, with in excess of 80% of expected revenues in 2024 coming through renewals of existing customer licenses.
- Planned launches of new modules in 2024 will help enhance the platform's capabilities and provide scope for further revenue growth within the division.

## Current trading and outlook

- The secular demand from companies to reduce energy consumption, drive efficiencies and report against progress remains unchanged and underpins demand for the Group's services.
- FY24 has started strongly, with the Group trading in line with expectations and with substantial cash generation as the working capital investment in Q4 2023 unwound.
- The growing demand, and demonstrable success, of selling into new and existing customers, underpins the Board's confidence in the outlook for FY24.

**Commenting on the results, Mark Dickinson, CEO of Inspired, said:** "FY23 was another year of solid strategic progress for Inspired, as the Group continues to benefit from the realisation by corporates of all sizes of the growing need for, and

tangible benefits of, effective management of energy costs and consumption. The solid organic growth we have continued to deliver, within the context of a challenging macro-economic backdrop, demonstrates the team's hard work to transition into a full suite, technology enabled, sustainability services provider.

"Our diverse service offering, and strong customer relationships underpin our organic growth strategy, supported by our growing cross-selling successes across our customer base as evidenced by our newly published non-financial KPIs. This, coupled with a supportive market backdrop, gives the Board confidence in achieving its long-term financial aspirations."

An overview video of the results, by CEO Mark Dickinson, is available to watch here:

<https://plcwebcast.uk/insefy23overview>

**Note**

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

*\*\*Adjusted profit before tax is earnings before tax, amortisation of intangible assets (excluding internally generated amortisation related to computer software and customer databases), exceptional items, share-based payments, the change in fair value of contingent consideration and foreign exchange gains/(losses) (A reconciliation of adjusted profit before tax to reported profit before tax can be found in note 5)*

*\*\*\*Underlying cash generated from operations is cash generated from operations, as adjusted to remove the impact of restructuring costs and fees associated with acquisitions.*

*\*\*\*\*Adjusted diluted earnings per share represents the diluted earnings per share, as adjusted to remove amortisation of intangible assets (excluding internally generated amortisation related to computer software and customer databases), exceptional items, share-based payments, the change in fair value of contingent consideration and foreign exchange gains/(losses).*

*†All per-share figures have been adjusted to reflect the 10:1 share consolidation undertaken on 3 July 2023.*

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**Notes to editors**

Inspired PLC is a leading B2B technology enabled service provider delivering solutions that enable corporate businesses to transition to net-zero carbon and manage their response to climate change in the UK and Ireland.

Founded in 2000, Inspired operates four divisions: Assurance Services, Optimisation Services, ESG Services and Software Services, providing expert energy advisory and sustainability services to over 3,500 businesses who typically spend more than £100,000 on energy and water per year. The Group's four divisions work together to help corporate businesses manage all aspects of their energy and sustainability programme through the lens of what the Group refers to as the 4Cs of Cost, Consumption, Compliance and Carbon.

Inspired has been recognised with the London Stock Exchange's Green Economy market since 2020 for its environmental and strategic advice, service, and support to customers and is also ranked as the UK's leading advisor by the independent energy market intelligence consultancy, Cornwall Insight.

**Chairman's Statement**

**Overview of the year and the financial results**

Inspired delivered a very good performance in FY23 as the secular demand from companies to reduce energy consumption, drive efficiencies and report against progress continued to grow. We have seen growing interest in our services across all four divisions this year, particularly in ESG Services and Optimisation Services, with demand for our Assurance Services expanding as new business opportunities remain high.

The financial performance reflects the resilience of our business, with Adjusted EBITDA and Adjusted EPS in line with market expectations. We remain focussed on cash generation and continue to take every opportunity to help customers across the UK and ROI mitigate the cost of energy and manage their energy consumption and carbon emissions within a challenging macroeconomic backdrop.

We have a resilient business model thanks to the strategy we adopted to diversify our product offering in 2019. This diverse offering has underpinned our performance this year and is the framework that gives us the ability to work towards our strategic aspiration, the organic doubling of Adjusted EBITDA by 2027. We have developed robust KPIs to track our progress in this regard and remain firmly on track in delivering our aspirations.

## ESG

As a service provider helping businesses deliver market leading ESG disclosures, it is important that the Group is at the forefront of ESG performance. During FY23, the Group made the following progress towards its ESG objectives:

1. Submitted our revised Scope 1 & 2 net-zero target, and our long-term Scope 3 net-zero target to the Science-Based Targets Initiative (SBTi).
2. Commenced the transition to a new head office, which will be a net-zero building once fully re-developed in 2024, where we will remove all gas boilers.
3. Started engagement with two of our tier 1 suppliers and two of our tier 2 suppliers.
4. Started the engagement process with our suppliers on their Life Cycle Assessments (LCAs).
5. Started to develop the foundations of our STEM programme.
6. Started our preparations for our first Task Force on Nature-Related Financial Disclosure.
7. Prepared our fifth Task Force on Climate-Related Financial Disclosure (TCFD).
8. Prepared our fifth voluntary ESG Report aligned to the Global Reporting Initiative (GRI).

## Dividend

Inspired has established a track record of delivering profitable and cash-generative growth which has facilitated a consistent and progressive dividend policy. Accordingly, the Board is pleased to propose a 7% increase in the final dividend to 1.5 pence (2022: 1.4 pence), subject to shareholder approval at the AGM in June, resulting in a full year dividend of 2.9 pence (2022: 2.7 pence). The dividend aligns with the Board's stated policy of a dividend cover of at least 3x earnings, with the objective of delivering progressive dividend growth over time and reflects the Board's confidence in the business. The dividend will be payable on 26 July 2024 to all shareholders on the register on 21 June 2024 and the shares will go ex-dividend on 20 June 2024.

## The Board / our people

In March 2023, we welcomed Peter Tracey, as a Non-Executive Director to the Board. Peter is Managing Director of Blackdown Partners Limited, an independent investment bank, and has over 25 years of capital markets experience, bringing a wealth of expertise to the Board. Peter has already proved to be an invaluable guide throughout the year and we are confident in the strength of our leadership team as we work towards another year of significant growth and development. The Board will continue to consist of three Executive Directors supported by a Non-Executive Chairman and three independent Non-Executive Directors, representing a broad mix of skills and diversity to align with the Group's evolving strategy.

On behalf of the Board, I would like to thank our colleagues, who continue to work tirelessly to support our customers. The Group's priority remains to help customers mitigate the rising cost of energy, manage their energy consumption and continue to reduce carbon emissions.

## Summary and outlook

Inspired made good progress in FY23, as the Group strengthened its financial footing, improving margins in Optimisation and increasing top-line growth, underpinning an Adjusted EBITDA performance in line with expectations. The Group remains focused on reducing net debt as the performance fees conclude from the acquisitions completed in 2020 and 2021, reflecting our commitment to financial prudence. We also successfully entered into a new £60.0m revolving credit facility to provide the Group with the headroom and flexibility to execute on our organic growth strategy. Momentum has carried over into the new financial year and is expected to continue, providing confidence in the long-term success of Inspired as we look ahead.

**Richard Logan**

*Chairman*

*25 March 2024*

## Chief Executive Officer's Statement

### Overview of the business in 2023

Inspired delivered another strong performance in FY23, successfully executing against our organic growth aspiration to double Adjusted EBITDA in the five years to 2027, achieving double digit Adjusted EBITDA growth of 20% to £25.2m. This reflects the anticipated strategic progress across all four divisions during the year.

The year saw an engraving of the critical need to manage energy costs and ESG within corporates of all sizes. In recent years, we have worked hard to transition into a full suite sustainability services provider and our performance this year, within the context of a challenging macroeconomic environment, demonstrates the multifaceted strengths of the Group. Revenue was 11% ahead of FY22 levels, with Optimisation Services delivering its contribution at better than expected. Gross Margin due to the mix of energy and carbon saving

delivering its contribution at a better-than-expected Gross Margin due to the mix of energy and carbon saving solutions to our clients during the year.

There is positive momentum across Inspired which, alongside our strong financial position and dedicated team, enables us to continue to provide increasingly mission critical solutions to clients as they adapt to the challenges of meeting their obligations to achieve net-zero.

### Strategy

The Government has estimated that the overall investment required to improve commercial buildings and industrial processes is £138bn between 2024 and 2050.<sup>[1]</sup> The delivery of net-zero is a critical requirement for society and Inspired has worked hard to position itself as a leading provider of practical sustainability solutions to help businesses meet this challenge in a structured and pragmatic way over the next 25 years.

Our substantial base of large clients, where we manage their energy and environmental data through our Assurance and ESG Services provides a structured way to increase our client lifetime value (CLV), the intrinsic value of which is embedded in the portfolio. Our strategy remains:

- *Deliver market opportunity afforded by three core macro themes (energy crisis defence, ESG and net-zero)*
- *Utilise our proprietary software platform to manage clients' sustainability data and deliver our services*
- *Evolve trusted adviser C-suite relationships with our clients*
- *Enhance C-suite relationships by managing their ESG disclosures*
- *Support clients in meeting their net-zero obligations and implement solutions that remove actual Carbon emissions*

Our focus on CLV growth underpins our aspiration to double Adjusted EBITDA organically over the five years to 2027. At our current momentum and with the scale of the market opportunity, we have the potential to outperform this objective but remain prudent in our planning assumptions.

The Group made good progress executing this strategy and is delighted to provide for the first time KPIs which demonstrate the progress made and underpin the Board's confidence in the delivery of the Group's objectives for 2027. The following KPIs set out the cross selling achieved over the last four years against its base of over 3,500 customers and evidence the repeatable nature of the demand for Optimisation Services and the growing lifetime value opportunity with respect for each client:

	2020	2021	2022	2023
Number of clients supported by multiple divisions within Inspired	307	414	492	615
Number of clients generating >£50,000 in revenue	114	123	154	227
Number of >£50,000 revenue clients supported by more than one division	49	69	104	159
Average 10 Year CLV (£) potential per client <sup>1</sup>	102,468	119,079	161,109	231,160
Number of clients with Optimisation Projects in the FY	151	194	271	370
Number of repeat Optimisation clients <sup>2</sup>	79	94	142	208

### Notes:

1. 10 Year CLV is calculated as the average annual revenue for each active client in a year between that year and 2020 multiplied by 10.
2. Clients that have used Inspired to undertake an optimisation project in previous financial years.

### Assurance Services

Our Assurance Services division helps businesses manage all aspects of energy and utility pricing data and accounting. The energy crisis of 2022 saw some of the most challenging energy markets seen in the history of the energy markets and energy crisis defence is now firmly on the Board Room agenda for businesses. The division delivered a record level of new client wins for the period including Central England Co-operative Limited, Focus Hotels Management Limited and Rontec Roadside Retail Limited. This was driven by a flight to quality as businesses look for differentiated solutions from a full suite sustainability services provider to help them navigate the energy crisis.

To execute effectively, our Assurance teams manage and process thousands of pieces of data through our proprietary software platform 'Unify'. Once this data is collected and audited, it provides the detail required to identify and deliver effective carbon action programmes and opportunities to implement Optimisation Services.

This year the Assurance Services division performed as expected delivering modest organic revenue growth of 1% to £36.3m at an Adjusted EBITDA margin of 41%. Assurance gives us access to some of the largest, most exciting companies which, when coupled with the interconnectivity of our divisions, helps boost our cross-selling opportunities to win further Carbon reduction, ESG reporting and Optimisation work with clients.

Looking ahead for the division, we continue to be prudent in our expectations, focusing on how the strong

Looking ahead for the division, we continue to be prudent in our expectations, focusing on how the strong cash generation, data management and mission critical services of this division provide the foundations of the cross sell of sustainability solutions to our clients to help them reach net zero.

### **ESG Services**

The ESG Services division supports businesses with the production of their ESG disclosures to meet their regulatory obligations which in turn lead to the provision of sustainability solutions to our clients to reduce carbon emissions and deliver net-zero.

Once a business has a robust process for making consistent ESG disclosures, its board has the information it needs to make more effective decisions and the data required to formulate a carbon action program and deliver any necessary Optimisation Services.

In the year, the ESG Services division achieved 112% revenue growth to £5.5m. We are particularly pleased that only three years after its organic entry into the market the division has made an Adjusted EBITDA contribution to the Group of £1.5m, having contributed an Adjusted EBITDA loss of (£0.6m) in 2022. The ESG Services division is becoming an increasingly exciting competitive opportunity for the Group as it helps to meet an ever-growing statutory demand and brings new clients to the Group.

Looking forward, the US SEC climate regulations and the Corporate Sustainability Reporting Directive (CSRD) will bring another c.62,000 businesses and their supply chains under direct regulatory obligation. This will open up the global market more broadly and align US requirements with operations overseas.

### **Optimisation Services**

The successful execution of our strategy to establish ourselves, through the provision of our data rich Assurance and ESG services, as a trusted advisor with the C-suite provides a platform to deliver sustainability solutions to existing clients through our Optimisation Services division.

In the year, the division delivered 69 large sustainability solutions to existing Assurance and ESG clients (2022: 35) of which 65% were clients that has previously procured Optimisation Services. A further 301 (2022: 236) existing Assurance and ESG clients procured smaller sustainability solutions of which 54% were repeat demand from existing Optimisation Services. The Group has over 3,000 clients for which its Optimisation Services are relevant providing ample scope for future growth within the current portfolio.

The strong demand in the year, more notably in the second half of FY23, delivered 13% revenue growth to £54.0m with adjusted EBITDA of £15.2m, up 52%. While on a month-to-month basis, average cash generation may fluctuate across the year due to the timing of Optimisation projects and resulting billing, the Group is pleased to report an average LTM cash generation of 84% during 2023. More recently, in the LTM to 29 February 2024, the Group achieved a cash conversion in excess of 100%.

The division reported an Adjusted EBITDA margin of 28% in the year (2022: 21%). The projects delivered in the period were of a higher margin than in FY22, which is a trend we expect will continue to vary due to the mix of projects delivered within the half year and full year periods.

Absolute gross profit contribution growth of the division is a truer reflection of the Optimisation Services division's performance, and I am pleased to report this grew by 33% to £27.0m this year. The steady progress made by the division led to the Board's decision to incentivise the Ignite vendors in the year, to build on the significant growth of the Optimisation division achieved to date and to deliver for the long term for Inspired PLC.

Looking forward and noting the proven capability of expanding our cross-sell opportunities, this division provides a gateway to the £138bn opportunity over the next 25 years for the delivery of net-zero for commercial buildings and industrial processes for the UK market.

### **Software Services**

The provision of Assurance, Optimisation and ESG services require significant management and processing of unstructured data which underpins our service delivery. The technology enablement of these solutions is provided by 'Unify' our proprietary software platform which has been significantly developed over recent years and provides a market leading platform.

Unify is helping to technologically enable a market and industry that has in the past been slow to react and incorporate digital solutions to improve efficiency and performance.

We are pleased with the progress being made by the Software Services division, as we achieved 18% organic revenue growth in the year to reach revenue of £3.0m, Adjusted EBITDA margins of 59% and EBITDA of £1.8m. The reduction in margin was driven by the allocation of central overheads. This division is becoming a market leading platform which is now supporting over 60 TPIs, reflecting its increasing integration into the fabric of the marketplace.

Looking ahead, we have a range of new modules to launch in 2024 which will help to further enhance the platform's capabilities and underpin the growth aspirations for the business.

### **M&A**

We have the potential to augment our organic growth aspiration to double Adjusted EBITDA over the next five years with acquisitions at the appropriate time and price.

In the near term, the Group is focused on reducing Net Debt to Adjusted EBITDA nearer to one times. Therefore, acquisitions will only be made on the basis that resulting net debt/EBITDA aligns with this objective.

#### **Inspired's own ESG**

In 2023, we progressed our ESG strategy. We revised our Scope 1 & 2 net-zero emissions target from 2035 to 2030 based on our 2019 baseline. We modelled our decarbonisation trajectory in alignment with a 1.5°C warming pathway and submitted our near-term and net-zero targets to the Science-Based Targets Initiative for validation. One of the essential components of our decarbonisation plan is to make our new head office in Kirkham a net-zero building for Scope 1 & 2 emissions. Our electric vehicle employee benefit scheme experienced a noticeable surge in participation during the year, contributing to a reduction in our Scope 3 emissions. Although our water and waste usage is low at our offices, we have made progress on our reduction plan to meet our 2025 target. In 2023, we published our fourth TCFD and GRI reports and signed the Taskforce on Nature-Related Financial Disclosures (TNFD) pledge in early January 2024. The development of our STEM and other social programmes made progress during the year, and we anticipate launching them later in 2024. Our responsible business section has more details on our ESG performance.

#### **Current trading and outlook**

We are better placed than ever as a full-service sustainability provider to support UK businesses to deliver net-zero and manage the estimated £138bn costs of doing so between 2024 and 2050. Managing energy and utility costs and ESG are now firmly embedded as operationally and commercially critical for most larger corporates. This continues to create sustained and increasing demand for Inspired's differentiated products and services across all divisions.

Trading in FY24 so far has been in line with expectations, with substantial cash generation as the working capital investment in Q4 2023 in Optimisation unwound, with LTM Operating Cash Conversion in excess of 100% for the 12 months ending 29 February 2024. Whilst the short term macro-economic environment for our customers remains challenging, our contracted revenues and pipeline of Optimisation projects means the Board remains confident in its expectations for 2024.

#### **Mark Dickinson**

*Chief Executive Officer*  
25 March 2024

#### **Chief Financial Officer's Statement**

We are pleased to report strong financial results for the year ended 31 December 2023. The Group delivered a solid operational and financial performance during the year, with Adjusted EBITDA and Adjusted EPS in line with market expectations and a continued focus on cash generation. Positive momentum in the second half of the year enabled the Group to deliver a strong overall trading performance for FY23, whilst also making clear strategic and financial progress.

2023 was a year in which we achieved an 11% increase in revenue organically, with total revenues of £98.8m compared to £88.8m in 2022. Group Adjusted EBITDA increased by 20% to £25.2m (2022: £21.0m). In percentage terms the Adjusted EBITDA margin was 26% (2022: 24%), reflecting a shift in product mix in the Optimisation Services division driving a higher margin contribution from the revenue generated in that division, offsetting the reduction in margin generated by the Assurance Services division.

#### **Divisional performance**

##### **Assurance Services**

Assurance Services delivered revenues in line with expectations, generating 37% of total Group revenues in 2023 (2022: 41%) at £36.3m (2022: £36.0m).

Assurance Services contributed Adjusted EBITDA in line with expectations of £15.0m (2022: £16.2m), a reduction of 7%, as expected, as a result of an increase in staff costs, with the division seeing an increase in FTE in 2023 to 349 (2022: 332, 2021: 320) combined with an 18% increase in average cost per FTE from 2021 to 2023, as the division responded to the impact of the energy crisis. As a result, the Adjusted EBITDA percentage margin was 41% (2022: 45%). The Board anticipates that margins will stabilise moving into 2024, as

we retain our objective to provide a first-class level of service to our Assurance clients, which we believe is essential to continue to be the market leaders in Assurance Services.

The Assurance Services division enters 2024 with 81% of expected 2024 revenues contracted, with an expectation of 14% of revenue coming from in year renewals, with customer retention rates returning to historic levels seen pre 2022 during 2023 at 90% (2022: 86%), with the balancing 5% from new wins in year. This provides confidence that the division will continue to contribute revenue growth in 2024. The division has 56% of 2025 revenues contracted, an expectation of 32% from renewals to be secured in 2024 and 2025, and 12% from new wins in 2024 and 2025.

### ***Optimisation Services***

Optimisation Services generated 55% of total Group revenues in 2023 (2022: 54%), amounting to £54.0m (2022: £47.7m), an increase of 13%, all of which was organic. The division continues to benefit from cross-selling and repeat demand from customers, with clients focusing on the beneficial impact of energy usage and demand reduction. Noting that revenue growth and profit margins can vary due to product mix within the Optimisation Services division, Optimisation Services delivered a 33% increase in gross profit, contributing £27.0m (2022: £20.3m), and contributed Adjusted EBITDA of £15.2m (2022: £10.0m), an increase of 52% and a resulting improvement in Adjusted EBITDA margin to 28% (2022: 21%) driven by product mix. Subject to product mix, management's expectation is that the division will consistently generate Adjusted EBITDA margins of c.20-25%.

In the financial years 2022 and 2023, the Optimisation Services division experienced higher activity levels in H2 compared to H1, caused by the timing of large customers' financial year ends and budget timings, driving spending patterns throughout the year. The Group is expecting the same weighting towards H2 activity in 2024.

The Optimisation Services division increased investment in FTE from 111 in 2021 to 166 in 2023 (2022: 133), enabling the growth in gross profit generation by the division during the period.

Demand for Optimisation Services continues to increase, with strong underlying drivers, including the drive to net-zero, and also further accelerated by the high commodity prices. As the division continues to represent a greater proportion of Group revenues, Group margins will reflect the change in business mix.

### ***ESG Services***

ESG Services generated revenues of £5.5m (2022: £2.6m), delivering 112% growth. The ESG Services division delivered Adjusted EBITDA of £1.5m (2022: Adjusted EBITDA loss of £0.6m).

Within ESG Services, revenue growth of £1.9m (2022: £0.5m) was from delivery of services in relation to the Energy Savings Opportunity Scheme (ESOS). The Group note that this revenue is cyclically based on the phases of the scheme which repeat every four years. The Group's exceptional performance in ESOS delivery during 2023 provides a platform to deliver significant Optimisation Services to clients and we note that ESOS phase 4 will contribute to Group revenues in 2027. ESOS services contribute a lower GP margin than other ESG services at c.35%.

The ESG Services division delivered retention rates for recurring revenue services of 89% in 2023 (2022: 83%).

With these high levels of customer retention and the division entering 2024 with over 65% of the 2024 forecast revenue already contracted, the Group has confidence in the ESG Services division continuing its growth trajectory in 2024.

The increasing focus of investors and businesses on net-zero targets, combined with mandatory requirements for businesses to make ESG disclosures, provides a favourable backdrop to continue to invest in the strategy for the ESG Services division.

### ***Software Services***

The Group's Software Services division continues to develop well, with revenues growing by 18% to £3.0m (2022: £2.5m), with the growth driven by new client acquisition and an increase in revenue generated from existing customers, as the Group continues to add additional modules to its existing platform.

Software Services generated Adjusted EBITDA of £1.8m (2022: £1.8m) and produced an Adjusted EBITDA



margin of 59% (2022: 70%) with the reduction in margin driven by the allocation of central overheads based on gross profit contribution.

The Software Services division delivered retention rates for recurring revenue services of 95% in 2023 (2022: 98%), with in excess of 80% of expected revenues in 2024 coming through renewals of existing customer licenses.

### Group results

Group central PLC costs were £8.2m (2022: £6.4m), driven by an increase in staff costs (both from an FTE and cost per head perspective), and an underlying increase in non-employment related overheads in the period due to the increase in the size of the Group. Investment in overhead costs has laid a solid foundation for Group growth and provides the required resources to underpin that growth. In 2023, the Group invested to make planned process changes, with a view to improving margins across all divisions. The Group expects a deceleration of PLC cost growth from 2023 onwards, as the Group looks to recognise the benefits of operating leverage and improved productivity.

Overall, the Group generated adjusted EBITDA for the year of £25.2m (2022: £21.0m); in percentage terms the adjusted EBITDA margin was 26% (2022: 24%). This increase is due to a shift in product mix within the Optimisation Services division driving a higher margin contribution, with Optimisation Services generating a greater proportion of Group revenue, ESG contributing a material increase in Adjusted EBITDA, a reduction in the Adjusted EBITDA margin from Assurance Services, and an increase in PLC costs.

After deducting charges for depreciation, amortisation of internally generated intangible assets and finance expenditure, the adjusted profit before tax for the year was £15.8m (2022: £14.0m). The increase in adjusted EBITDA was offset, in part, by an increase in finance costs. Finance costs were higher than in 2022 due to a combination of the company carrying a higher level of debt over the year and increased interest rates.

Under International Financial Reporting Standard (IFRS) measures, the Group reported a loss before tax for the year of £6.2m (2022: loss of £4.0m), with reported loss before tax in the year impacted significantly by substantial charges for changes in the fair value of contingent consideration, the amortisation of intangible assets as a result of acquisitions, share-based payment charges and restructuring costs. A reconciliation of reported loss before tax to adjusted profit before tax is calculated in the table below.

	2023	2022
	£000	£000
Loss before income tax	(6,169)	(3,957)
Share-based payment cost	1,187	1,732
Amortisation of acquired intangible assets	2,272	2,687
Foreign exchange variance	(257)	508
Change in fair value of contingent consideration	14,621	10,936
Finance expenditure	482	-
Exceptional costs	3,620	2,097
	<b>15,756</b>	<b>14,003</b>

### Alternative performance measures

Acquisition activity, non-recurring items and material items can significantly distort underlying financial performance from IFRS measures. The Board therefore considers it appropriate to report adjusted metrics, as well as IFRS measures, for the benefit of primary users of the Group's financial statements. Reconciliations to Adjusted Profit Before Tax and Adjusted Fully Diluted EPS can be found in note 5.

### Exceptional costs

Exceptional costs of £3.6m (2022: £2.1m) were incurred in the year. Exceptional costs include £1.5m in relation to a claim from a former Ignite customer, which the Group was protected from through the Share Purchase Agreement for acquisition of Ignite. Therefore, the cost of the settlement was paid by the Ignite vendors through a reduction in contingent consideration payable, resulting in a c.£1.5m reduction in fair value of contingent consideration payable. Exceptional costs also include a further £0.6m in relation to a write-off of a legacy debt balance within Ignite, against which the Group was again protected through a contingent consideration structure within the Deed of Variation entered in May 2023, resulting in a reduction in fair value of contingent consideration payable. The remaining £1.5m of exceptional costs includes £0.4m of onerous

lease costs resulting from the Group's consolidation of its office portfolio, and £1.1m in relation to restructuring costs, including restructuring programmes associated with the integration of businesses acquired prior to 2022.

For the purposes of calculating Adjusted Profit before Tax, there is an add back of £0.3m, relating to the accelerated amortisation of capitalised loan fees following the refinancing during the year end. There was a further £0.2m relating to the write-off of leasehold improvement costs relating to the former head office which the Group vacated in December 2023. Both have been shown as Finance expenditure in the table above.

#### **Change in fair value of contingent consideration**

Within the balance sheet as at 31 December 2023, the Group has a contingent consideration current liability of £13.2m to be paid in 2024, of which £5.2m relates to Ignite, payable as £2.6m of cash, and £2.6m by the issue of ordinary shares, and £8.0m to the vendors of Businesswise Solutions Limited, wholly payable in cash. There is also a non-current liability of £5.5m relating to the Deed of Variation entered into with Ignite.

The fair value of contingent consideration at the balance sheet date is a judgement of the contingent consideration which will become payable based on a weighted average range of performance outcomes of the acquired business during earn out periods reflecting uncertainty in future periods, which is subsequently discounted at a risk-free rate for the time value of money.

The Group recognised a £14.6m charge (2022: charge of £10.9m) in the period as a result of changes in the fair value of contingent consideration which was treated as exceptional.

Of the £14.6m charge, a total of £9.9m is in respect of payments due to the vendors of Ignite. Of this total, £2.7m relates to the increase in the liability for contingent consideration payable in respect of Ignite for 2023 EBITDA (excl. central overheads), as Ignite outperformed expectations by £1.9m EBITDA (excl. central overheads) in FY23, which was a key driver in the Group increasing Group EBITDA expectations on publication of the 2023 interim results, offsetting a £0.8m lower than expected contribution from Technical Services. In addition, a £3.2m charge relates to cash which was collected and generated from a Specific Optimisation Customer (rather than profit generation) as detailed in the Deed of Variation RNS (22 May 2023) and the settlement of the claim as set out above reduced this amount by £1.5m.

The remaining £5.5m of the £9.9m charge relating to Ignite, all of which is a non-current liability, relates to the Deed of Variation entered into with the vendors of Ignite in May 2023. The Deed of Variation relates to the performance of Ignite across the financial years 2024 to H1 2027. In arriving at the liability to be recognised in the Group balance sheet as at 31 December 2023, as required by the relevant IFRS accounting standard, the Group considered several scenarios of future performance, with consideration to visibility decreasing and risk of delivery increasing across the performance period. The Group considered a low performance case in which the Group pays minimal contingent consideration under the Deed, medium performance cases in which the Group pays c.55% of the contingent consideration due, and a high performance case in which the Group pays the c.£9.2m, being the full consideration which could be earned under the Deed of Variation. Based on historic performance of Ignite Energy LTD, the weightings within the model assume Ignite Energy LTD performances at the mid-high end of the scale in 2024 and 2025, and due to uncertainty over future visibility, and added risk through the length of the test period, an assumption Ignite will perform at low-mid end of the scale in 2026 and 2027. The weighted average performance outcome discounted assumes the Group will pay £1.9m in relation to 2024 performance, £1.5m in relation to 2025, £1.4m in relation to 2026 and £0.6m in relation to H1 2027. The Group continues to guide the market on the Ignite profit performance being at the low-mid range in 2024 and 2025 in recognition of the variable nature of their project revenues and risk around predicting future performance, with upside potential subject to delivery.

In total the consideration paid for Ignite to date is £32.8m for a business which has delivered £11.3m of Adjusted EBITDA contribution in FY23 representing a lookback multiple of 2.90 times Adjusted EBITDA. Since acquisition Ignite had delivered cumulative Adjusted EBITDA of £32.6 million (99% of the total consideration paid for the business).

In addition to the £9.9m charge relating to Ignite Energy LTD, of the £14.6m total charge for contingent consideration recognised by the Group, £3.4m relates to the increase in the liability for contingent consideration payable in respect of Businesswise Solutions Limited, of which £1.6m is as a result of performing to the high end of the range of possible EBITDA outcomes in FY23, and £1.8m as a result of a strong delivery on the order book in H2 2023 as contracted behaviour normalised as energy prices stabilised thus contributing to the greater visibility in revenues for FY24 and beyond.

The total consideration paid for Businesswise Solutions Limited since its acquisition in March 2021 has been £23.8m for a business which contributed £4.2m Adjusted EBITDA in FY23 representing a lookback multiple of 5.66 times Adjusted EBITDA. Since its acquisition, Businesswise Solutions Limited has cumulatively contributed £8.9m of Adjusted EBITDA (37% of the total consideration paid for the business).

The balance of £1.3m (of the £14.6m total contingent consideration charge) relates to the final payments made to the vendors of IU and LSI.

Exceptional costs: amortisation and impairment of internally generated intangible assets: charge based

Exceptional costs, amortisation and impairment of internally generated intangible assets, share based payment charges and changes in fair value of contingent consideration are considered by the Directors to be material and exceptional in nature; they, therefore, merit separate identification to give a true and fair view of the Group's result for the period.

#### Cash and working capital

Group cash generated from operations during the period was £15.9m (2022: £19.7m), a 19% reduction. Excluding exceptional costs, cash generated from operations was £18.7m (2022: £21.7m).

Underlying operating cash conversion ratios remain a key focus for management, acknowledging the need to facilitate the acceleration of growth within the Optimisation Services division. The Group review underlying operating cash conversion ratios on a Last Twelve Months (LTM) basis each month noting the impact the irregularity of Optimisation Services working capital movement can have on month- by- month cash conversion metrics. Due to the high levels of project activity in Q4 2023, and the associated investment in working capital, underlying operating cash conversion for the 12 months to 31 December 2023 was 75%. The working capital investment in the high levels of Q4 2023 Optimisation Services activity has unwound as expected, with LTM underlying operating cash conversion in the 12 months to 29 February 2024 was in excess of 100%.

Trade and other receivables and deferred consideration increased 20% in the period to £46.5m (2022: £38.6m), with invoiced trade receivables increasing 43% to £17.6m (2022: £12.3m) as a result of the very high levels of project activity in Q4 2023 within the Optimisation Services division with the balance unwinding in early 2024 as expected. Accrued income increased in the period by 7% to £19.9m (2022: £18.6m). Working capital management remains a key focus for the Group in sustaining strong cash conversion.

Trade and other payables increased 17% to £19.9m (2022: £17.1m), with a 5% increase in trade payables to £6.3m (2022: £6.0m) and accruals increased by 46% to £4.6m (2022: £3.1m) reflecting the increased activity levels.

The Group made payments to acquire intangible assets of £5.6m in 2023 (2022: £4.6m), and payments to acquire property, plant and equipment of £0.9m (2022: £1.1m).

The Group's net debt (defined as bank borrowings less cash and cash equivalents) increased by £11.5m (31%) in the year to £48.7m (2022: £37.2m), equating to 1.95x FY2023 Adjusted EBITDA. This level of net debt is in line with the Board's near-term objective to maintain net debt to less than 2.00x Adjusted EBITDA, subject to the short-term impact of acquisition payments. In 2025, through organic cash generation, it is the Board's intention to reduce the level of net debt to Adjusted EBITDA to nearer to a 1 to 1 ratio.

#### Financial position and liquidity

At 31 December 2023, the Group's net debt, excluding the impact of IRFS16, was £48.7m (2022: £37.2m). Cash and cash equivalents were £8.8m (2022: £12.3m).

Approximately £1.6m of the Group's £60.0m Revolving Credit Facility was undrawn at December 2023, with an additional £25.0m accordion option available to the Group, subject to covenant compliance.

The Group refinanced its banking facilities in November 2023 through to October 2026. Furthermore, on entering the current facility agreement with Santander and Bank of Ireland in November 2023, the Group has an option to extend the term of the facility from October 2026 to October 2028. Under the refinanced facility, the Group reset the Adjusted Leverage Covenant, with an increase in headroom to 2.75 : 1.00 through to June 2024, tapering to 2.50 : 1.00 from June 2024 to June 2025, and then tapering to 2.00 : 1.00 across the remainder of the facility. Interest Cover is not to be less than 4.00 : 1.00 across the term of the facility.

#### In summary

The strategic and financial initiatives delivered in the year have ensured the Group is well placed to deliver the effective implementation of our strategic growth plan. The strong growth of the Group's revenues, and adjusted EBITDA in the year, in a challenging environment coupled with a strengthened platform capable of generating long-term growth position leaves Inspired well placed to achieve its long-term financial goals.

#### Paul Connor

*Chief Financial Officer*

25 March 2024

### Group statement of comprehensive income For the year ended 31 December 2023

	Note	2023 £000	2022 £000
Revenue		98,757	88,776
Cost of sales		(31,460)	(31,070)
Gross profit		67,297	57,706
Administrative expenses		(69,000)	(58,524)

Analysed as:			
Adjusted EBITDA		25,212	21,000
Exceptional costs		(3,620)	(2,097)
Change in fair value of contingent consideration		(14,621)	(10,936)
Depreciation, impairment and loss on disposal	6/7	(1,920)	(1,827)
Amortisation of acquired intangible assets	8	(2,272)	(2,687)
Amortisation and impairment of internally generated intangible assets	8	(3,295)	(2,539)
Share-based payment cost		(1,187)	(1,732)
<b>Operating profit/(loss)</b>		<b>(1,703)</b>	<b>(818)</b>
Finance expenditure	3	(4,483)	(3,148)
Other financial items		17	9
<b>Loss before income tax</b>		<b>(6,169)</b>	<b>(3,957)</b>
Income tax (charge)/credit	4	(993)	329
<b>Loss for the year</b>		<b>(7,162)</b>	<b>(3,628)</b>
Attributable to:			
Equity owners of the company		(7,162)	(3,628)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Movement in deferred tax asset as a result of change in fair value of share options	4	-	(1,323)
Exchange differences on translation of foreign operations		(32)	119
<b>Total other comprehensive expense for the year</b>		<b>(32)</b>	<b>(1,204)</b>
<b>Total comprehensive expense for the year</b>		<b>(7,162)</b>	<b>(4,832)</b>
Attributable to:			
Equity owners of the company		(7,194)	(4,832)
Basic loss per share attributable to the equity holders of the company (pence)	5	(7.20)	*(3.72)
Diluted loss per share attributable to the equity holders of the company (pence)	5	(7.20)	*(3.72)

\*All per-share figures have been adjusted to reflect the 10:1 share consolidation undertaken on 3 July 2023.

## Group statement of financial position

At 31 December 2023

	Note	2023 £000	2022 £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments		1,930	1,737
Goodwill	8	76,913	76,960
Other intangible assets	8	17,792	17,716
Property, plant and equipment	6	2,804	3,216
Right of use assets	7	2,291	1,428
Trade and other receivables	9	4,082	2,697
<b>Non-current assets</b>		<b>105,812</b>	<b>103,754</b>
<b>Current assets</b>			
Trade and other receivables	9	41,837	34,823
Deferred contingent consideration		615	1,077
Inventories		633	211
Cash and cash equivalents		8,782	12,270
<b>Current assets</b>		<b>51,867</b>	<b>48,381</b>
<b>Total assets</b>		<b>157,679</b>	<b>152,135</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	19,946	17,079
Lease liabilities		604	869
Contingent consideration		13,200	13,056
Current tax liability		3,488	3,091
<b>Current liabilities</b>		<b>37,238</b>	<b>34,095</b>
<b>Non-current liabilities</b>			
Bank borrowings		57,541	49,462
Lease liabilities		1,649	552
Contingent consideration		5,458	5,699
Interest rate swap		-	17
Deferred tax liability		910	1,282
<b>Non-current liabilities</b>		<b>65,558</b>	<b>57,012</b>
<b>Total liabilities</b>		<b>102,796</b>	<b>91,107</b>
<b>Net assets</b>		<b>54,883</b>	<b>61,028</b>
<b>EQUITY</b>			
Share capital		1,260	1,220
Share premium account		60,930	60,930
Merger relief reserve		23,563	20,995
Share-based payment reserve		9,298	8,111
Retained earnings		(28,363)	(18,447)
Investment in own shares		(28)	(36)
Translation reserve		(394)	(362)
Reverse acquisition reserve		(11,383)	(11,383)
<b>Total equity</b>		<b>54,883</b>	<b>61,028</b>

Group statement of changes in equity  
For the year ended 31 December 2023

	Share capital £000	Share premium account £000	Merger relief reserve £000	Share-based payment reserve £000	Retained earnings £000	Investment in own shares £000	Translation reserve £000	Reserve acquisitions £000	shareholders' Total equity £000
Balance at 1 January 2022	1,219	60,923	20,995	6,379	(11,036)	(36)	(481)	(11,383)	66,580
Loss for the year	-	-	-	-	(3,628)	-	-	-	(3,628)
Other comprehensive expense for the year	-	-	-	-	(1,323)	-	119	-	(1,204)
Total comprehensive income/(expense) for the year	-	-	-	-	(4,951)	-	119	-	(4,832)
Share-based payment cost	-	-	-	1,732	-	-	-	-	1,732
Shares issued (12 April 2022)	-	7	-	-	-	-	-	-	7
Shares issued (7 December 2022)	1	-	-	-	-	-	-	-	1
Dividends paid	-	-	-	-	(2,460)	-	-	-	(2,460)
Total transactions with owners	1	7	-	1,732	(7,411)	-	119	-	(5,552)
Balance at 31 December 2022	1,220	60,930	20,995	8,111	(18,447)	(36)	(362)	(11,383)	61,028
Loss for the year	-	-	-	-	(7,162)	-	-	-	(7,162)
Other comprehensive expense for the year	-	-	-	-	-	-	(32)	-	(32)
Total comprehensive expense for the year	-	-	-	-	(7,162)	-	(32)	-	(7,194)
Share-based payment cost	-	-	-	1,187	-	-	-	-	1,187
Shares issued (5 May 2023)	3	-	-	-	-	-	-	-	3
Shares issued (25 May 2023)	32	-	2,568	-	-	-	-	-	2,600
Shares issued (21 June 2023)	1	-	-	-	-	-	-	-	1
Shares issued (5 October 2023)	3	-	-	-	-	-	-	-	3
Shares issued (17 November 2023)	1	-	-	-	-	-	-	-	1
Shares issued (21 December 2023)	-	-	-	-	-	-	-	-	-
Shares transferred	-	-	-	-	-	8	-	-	8
Dividends paid	-	-	-	-	(2,754)	-	-	-	(2,754)
Total transactions with owners	40	-	2,568	1,187	(9,916)	8	(32)	-	(6,145)
Balance at 31 December 2023	1,260	60,930	23,563	9,298	(28,363)	(28)	(394)	(11,383)	54,883

#### Merger relief reserve

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

#### Reverse acquisition reserve

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

#### Translation reserve

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

#### Share-based payment reserve

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

Investment in own shares equates to 2,204,750 (2022: \*2,911,500) shares.

\*All number of figures have been adjusted to reflect the 10:1 share consolidation undertaken on 3 July 2023.

#### Group statement of cash flows

##### For the year ended 31 December 2023

	2023 £000	2022 £000
<b>Cash flows from operating activities</b>		
Loss before income tax	(6,169)	(3,957)
<b>Adjustments</b>		
Depreciation and impairment	1,920	1,827
Amortisation and impairment	5,567	5,226
Share-based payment cost	1,187	1,732
Finance expenditure	4,483	3,139
Exchange rate variances	222	151
Change in fair value of contingent consideration	14,621	10,936
<b>Cash flows before changes in working capital</b>	<b>21,831</b>	<b>19,054</b>
<b>Movement in working capital</b>		
(Increase)/decrease in inventories	(422)	88
Increase in trade and other receivables	(8,328)	(3,995)
Increase in trade and other payables	2,867	4,602
<b>Cash generated from operations</b>	<b>15,948</b>	<b>19,749</b>
Income taxes paid	(774)	(421)
<b>Net cash flows from operating activities</b>	<b>15,174</b>	<b>19,328</b>
<b>Cash flows from investing activities</b>		
Contingent consideration paid	(12,102)	(10,790)
Acquisition of subsidiaries and investments, net of cash acquired	(193)	(1,233)
Disposal of investments	-	324
Repayment of working capital facility to discontinued operation	375	375
Payments to acquire property, plant and equipment	(930)	(1,137)
Payments to acquire intangible assets	(5,644)	(4,651)
<b>Net cash outflows from investing activities</b>	<b>(18,494)</b>	<b>(17,112)</b>
<b>Cash flows from financing activities</b>		
New bank loans	7,850	3,500
Proceeds from issue of new shares	16	8
Interest paid on financing activities	(4,254)	(3,032)
Repayment of lease liabilities	(1,013)	(1,048)
Dividends paid	(2,754)	(2,460)
<b>Net cash outflows from financing activities</b>	<b>(155)</b>	<b>(3,032)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,475)</b>	<b>(816)</b>

Cash and cash equivalents brought forward	12,270	12,994
Exchange differences on cash and cash equivalents	(13)	92
<b>Cash and cash equivalents carried forward</b>	<b>8,782</b>	<b>12,270</b>

## Notes to Final Results

### *Statement of compliance*

These Condensed Consolidated Financial Statements do not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006 for the financial year ended 31 December 2023 but has been extracted from those financial statements. The annual financial statements for the year ended 31 December 2023 have been prepared in accordance with UK adopted International Accounting Standards. These Condensed Consolidated Financial Statements do not include all the disclosures required in financial statements prepared in accordance with UK adopted International Accounting Standards and accordingly do not themselves comply with UK adopted International Accounting Standards.

The financial information for the period ended 31 December 2022 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The statutory accounts for the year ended 31 December 2023 will be delivered to the Registrar of Companies following the Company's annual general meeting. The auditors have reported on the financial statements for the years ended 31 December 2022 and 2023; their reports were unqualified, did not include any matters to which the auditor drew attention by way of emphasis and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

The Board of directors approved the Condensed Consolidated Financial Statements on 25 March 2024.

The Consolidated Financial Statements of the Group as at and for the year ended 31 December 2023 (2023 Annual Report) are available upon request from the Company Secretary, Inspired PLC, Calder House, St Georges Park, Kirkham, Lancashire, PR4 2DZ.

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

### **1. Basis of preparation**

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

The Group has taken advantage of the audit exemption for 18 of its subsidiaries, Independent Utilities Limited (company number 05658810), LSI Independent Utility Brokers Limited (04072919), Energy Team (UK) Limited (06285279), Energy Team (Midlands) Ltd (02913371), Waterwatch UK Limited (08854844), Inspired Energy EBT Limited (10807501), Energy Broker Solutions Limited (07355726), Flexible Energy Management Limited (10264309), Inspired 4U Limited (08895906), Squareone Enterprises Limited (05261796), Energy Cost Management Limited (03377082), STC Energy Management Limited (03094427), Professional Cost Management Group Limited (06511368), Energy and Carbon Management Limited (05498141), Inprova Energy Limited (04729586), General Energy Management Limited (07236859), I-Prophets Compliance Limited (04194486) and Digital Energy Limited (07369818) by virtue of s479A of the Companies Act 2006. The Group has provided parent guarantees to these 18 subsidiaries which have taken advantage of the exemption from audit.

#### *Going concern*

For the purposes of assessing the appropriateness of preparing the Group's accounts on a going concern basis, the Directors have considered the current cash position, available banking facility and the Group's base case financial forecast through to 31 December 2025, including the ability to adhere to banking covenants.

The Directors believe the Group has a strong balance sheet position, having refinanced its banking facility in November 2023 extending through to October 2026. Furthermore, on entering its current facility agreements with Santander and Bank of Ireland in November 2023, the Group has an option to further extend the term of each of the facilities from October 2026 to October 2028.

At 31 December 2023, the Group's net debt was £48.7 million, increasing from £37.2 million at 31 December 2022. In addition to cash and cash equivalents of £8.8 million on hand as at 31 December 2023 (2022: £12.3 million), approximately £1.6 million of the Group's £60.0 million revolving credit facility was undrawn with an additional £25.0 million accordion option also available to the Group, subject to covenant compliance. The facility is subject to two covenants, which are tested quarterly: adjusted leverage to adjusted EBITDA (Adjusted Leverage Covenant) and adjusted EBITDA to net finance charges (Interest Cover).

Under the refinanced facility, the Group reset the Adjusted Leverage Covenant, with an increase in headroom to 2.75:1.00 through to June 2024, tapering to 2.50:1.00 from June 2024 to June 2025, and then tapering to 2.00:1.00 across the remainder of the facility. The Interest Cover covenant is not to be less than 4.00:1.00 across the term of the facility.

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

### **2. Segmental information**

#### *Revenue and segmental reporting*

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Directors. Operating segments for the year to 31 December 2023 were determined on the basis of the reporting presented at regular Board meetings of the Group. The segments comprise:

#### *Assurance Services*

Key services provided are the review, analysis and negotiation of gas and electricity contracts on behalf of clients in the UK and ROI. To access this market, we have a professional bid response team, direct field sales team, and partnership channel.

#### *Optimisation Services*

This division focuses on the optimisation of a client's energy consumption. Services provided include forensic audits, energy efficiency projects and water solutions.

Energy project and water services.

#### Software Services

This division comprises the provision of energy management software to third parties.

#### ESG Services

Within this division, the Group manages the data collection and validation of consumption data to provide the resources for the creation of mandatory ESG disclosures, such as Streamlined Energy and Carbon Reporting (SECR) and Taskforce on Climate-related Financial Disclosure (TCFD) reporting.

#### PLC costs

This comprises the costs of running the PLC, incorporating the cost of the Board, listing costs and other professional service costs, such as audit, tax, legal and Group insurance.

Any charges between segments are made in line with the Group's transfer pricing policy. These amounts have been removed, via consolidation, for the purposes of the information shown below.

	2023						2022					
	Assurance	Optimisation	Software	ESG	PLC	Total	Assurance	Optimisation	Software	ESG	PLC	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue	36,313	53,989	2,979	5,476	-	98,757	35,972	47,710	2,514	2,580	-	88,776
Cost of sales	(3,456)	(27,005)	(85)	(914)	-	(31,460)	(3,231)	(27,427)	(157)	(255)	-	(31,070)
Gross profit	32,857	26,984	2,894	4,562	-	67,297	32,741	20,283	2,357	2,325	-	57,706
Administrative expenses	(20,255)	(12,509)	(1,149)	(3,080)	(24,520)	(61,513)	(17,410)	(10,373)	(596)	(2,935)	(20,157)	(51,471)
EBITDA	12,602	14,475	1,745	1,482	(24,520)	5,784	15,331	9,910	1,761	(610)	(20,157)	6,235
Analysed as:												
Adjusted EBITDA	14,956	15,169	1,757	1,493	(8,163)	25,212	16,177	9,979	1,768	(572)	(6,352)	21,000
Share-based payment cost	-	-	-	-	(1,187)	(1,187)	-	-	-	-	(1,732)	(1,732)
Exceptional costs	(2,354)	(694)	(12)	(11)	(549)	(3,620)	(846)	(69)	(7)	(38)	(1,137)	(2,097)
Change in fair value of contingent consideration	-	-	-	-	(14,621)	(14,621)	-	-	-	-	(10,936)	(10,936)
	12,602	14,475	1,745	1,482	(24,520)	5,784	15,331	9,910	1,761	(610)	(20,157)	6,235
Depreciation and impairment and loss on disposal						(1,920)						(1,827)
Amortisation and impairment						(5,567)						(5,226)
Finance expenditure						(4,483)						(3,148)
Other financial items						17						9
Loss before income tax						(6,169)						(3,957)

Segmental assets and liabilities are not reviewed separately by operating segment.

### 3. Finance expenditure

	2023	2022
	£000	£000
Interest payable on bank borrowings	4,214	2,268
Interest payable on lease liabilities	90	83
Foreign exchange variance	(239)	508
Other interest	80	20
Loan facility fees	80	153
Amortisation of debt issue costs	258	116
	4,483	3,148

### 4. Income tax charge/(credit)

The income tax charge/(credit) is based on the loss for the year and comprises:

	2023	2022
	£000	£000
<b>Current tax</b>		
Current tax expense	2,056	2,379
Adjustments in respect of prior years	(777)	(1,145)
	1,279	1,234
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(372)	(1,563)
Adjustment in respect of prior years	86	-
	(286)	(1,563)
<b>Total income tax charge/(credit)</b>	<b>993</b>	<b>(329)</b>
Reconciliation of tax charge/(credit) to accounting loss:		
Loss on ordinary activities before taxation	(6,169)	(3,957)

Tax at UK income tax rate of 23.5% (2022: 19%)	(1,450)	(752)
Disallowable expenses	4,191	2,490
Exchange rate difference	(204)	(99)
Share options	(191)	(628)
Tax R&D credits	(276)	-
Effects of current year events on prior year balances	(690)	(1,145)
Movement in deferred tax asset not recognised	(229)	(59)
Movement in deferred tax in respect of business combinations	(568)	-
Excess of taxation allowances over depreciation on all non-current assets	263	(320)
Non-eligible intangible assets	147	184
<b>Total income tax charge/(credit)</b>	<b>993</b>	<b>(329)</b>

The UK income tax rate of 23.5% is a blended rate based on 3 months at 19.0% and 9 months at 25.0%, based on the increase in the main rate of Corporation Tax which came into effect on 1 April 2023.

## 5. Earnings per share

The basic earnings per share is based on the net profit for the year attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding during the year.

	2023	2022
	£000	£000
Loss attributable to equity holders of the Group	(7,162)	(3,628)
Fees associated with acquisition	8	523
Restructuring costs	3,612	1,574
Exceptional finance expenditure	482	-
Changes in fair value of contingent consideration	14,621	10,936
Amortisation of acquired intangible assets	2,272	2,687
Foreign exchange variance	(257)	508
Deferred tax in respect of amortisation of intangible assets	(568)	(673)
Share-based payment cost	1,187	1,732
<b>Adjusted profit attributable to owners of the Group</b>	<b>14,195</b>	<b>13,659</b>
Weighted average number of ordinary shares in issue (000)	99,422	*97,507
Dilutive effect of share options (000)	6,698	*7,100
<b>Diluted weighted average number of ordinary shares in issue (000)</b>	<b>106,120</b>	<b>*104,607</b>
Basic loss per share (pence)	(7.20)	*(3.72)
Diluted loss per share (pence)	(7.20)	*(3.72)
Adjusted basic earnings per share (pence)	14.28	*14.01
Adjusted diluted earnings per share (pence)	13.38	*13.06

\*All per-share and number of figures have been adjusted to reflect the 10:1 share consolidation undertaken on 3 July 2023.

The weighted average number of shares in issue for the adjusted diluted earnings per share includes the dilutive effect of the share options in issue to senior staff of the Group.

Adjusted earnings per share represents the earnings per share, as adjusted to remove the effect of fees associated with acquisitions, restructuring costs, the amortisation of intangible assets (excluding internally generated amortisation related to computer software and customer databases), deferred tax in respect of amortisation of intangible assets, exceptional items and share-based payment costs which have been expensed to the Group statement of comprehensive income in the year, the unwinding of contingent consideration and foreign exchange variances. The adjustments to earnings per share have been disclosed to give a clear understanding of the Group's underlying trading performance.

Adjusted profit before tax on continuing operations is calculated as follows:

	2023	2022
	£000	£000
Loss before income tax	(6,169)	(3,957)
Share-based payment cost	1,187	1,732
Amortisation of acquired intangible assets	2,272	2,687
Foreign exchange variance	(257)	508
Change in fair value of contingent consideration	14,621	10,936
Finance expenditure	482	-
<b>Exceptional costs</b>	<b>3,620</b>	<b>2,097</b>
<b>Adjusted profit before tax on continuing operations</b>	<b>15,756</b>	<b>14,003</b>



Acquisition activity, non-recurring items and material items can significantly distort underlying financial performance from IFRS measures and therefore the Board deems it appropriate to report adjusted metrics as well as IFRS measures for the benefit of primary users of the Group financial statements.

## 6. Property, plant and equipment

	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Leasehold improvements £000	Office equipment £000	Total £000
<b>Cost</b>						
At 1 January 2022	720	107	3,004	806	-	4,637
Transfer between classes	(368)	42	92	386	415	567
Foreign exchange variances	5	-	4	-	-	9
Additions	8	32	1,094	-	3	1,137
Disposals	(30)	(66)	(60)	-	-	(156)
At 31 December 2022	335	115	4,134	1,192	418	6,194
Foreign exchange variances	(2)	(2)	(3)	-	(2)	(9)
Additions	153	-	697	79	1	930
Disposals	(58)	(41)	-	(977)	(323)	(1,399)
<b>At 31 December 2023</b>	<b>428</b>	<b>72</b>	<b>4,828</b>	<b>294</b>	<b>94</b>	<b>5,716</b>
<b>Depreciation</b>						
At 1 January 2022	664	38	1,042	441	-	2,185
Transfer between classes	(450)	38	281	70	293	232
Charge for the year	37	22	496	123	56	734
Foreign exchange variances	3	-	4	-	(33)	(26)
Disposals	(30)	(3)	(60)	(29)	(25)	(147)
At 31 December 2022	224	95	1,763	605	291	2,978
Charge for the year	77	6	660	119	72	934
Foreign exchange variances	(1)	(2)	(2)	-	-	(5)
Disposals	(26)	(29)	(12)	(611)	(317)	(995)
<b>At 31 December 2023</b>	<b>274</b>	<b>70</b>	<b>2,409</b>	<b>113</b>	<b>46</b>	<b>2,912</b>
<b>Net book value</b>						
<b>At 31 December 2023</b>	<b>154</b>	<b>2</b>	<b>2,419</b>	<b>181</b>	<b>48</b>	<b>2,804</b>
At 31 December 2022	111	20	2,371	587	127	3,216

## 7. Right of use assets

	Fixtures and fittings £000	Motor vehicles £000	Property £000	Intangibles £000	Total £000
<b>Cost</b>					
At 1 January 2022	623	353	3,689	-	4,665
Transfer between classes	-	(14)	(277)	-	(291)
Foreign exchange variances	-	1	(5)	-	(4)
Additions	-	86	360	301	747
Disposals	(368)	(5)	(433)	-	(806)
At 31 December 2022	255	421	3,334	301	4,311
Foreign exchange variances	-	-	18	-	18
Additions	116	47	1,683	-	1,846
Disposals	-	(283)	(2,329)	-	(2,612)
<b>At 31 December 2023</b>	<b>371</b>	<b>185</b>	<b>2,706</b>	<b>301</b>	<b>3,563</b>
<b>Depreciation</b>					
At 1 January 2022	282	146	1,944	-	2,372
Transfer between classes	-	19	25	-	44
Charge for the year	87	169	742	50	1,048
Foreign exchange variances	-	(2)	14	-	12
Disposals	(211)	(22)	(473)	-	(706)
At 31 December 2022	158	310	2,252	50	2,770
Charge for the year	103	87	696	100	986
Foreign exchange variances	-	-	3	-	3

Foreign exchange variances	-	-	-	-	-
Disposals	-	(271)	(2,329)	-	(2,600)
<b>At 31 December 2023</b>	<b>261</b>	<b>126</b>	<b>622</b>	<b>150</b>	<b>1,159</b>
<b>Impairment</b>					
At 1 January 2023	-	-	113	-	113
Charge for the year	-	-	-	-	-
<b>At 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>113</b>	<b>-</b>	<b>113</b>
<b>Net book value</b>					
<b>At 31 December 2023</b>	<b>110</b>	<b>59</b>	<b>1,971</b>	<b>151</b>	<b>2,291</b>
At 31 December 2022	97	111	969	251	1,428

## 8. Intangible assets and goodwill

	Computer software - internally generated £000	Computer software - external £000	Trade name £000	Customer contracts £000	Customer relationships £000	Total other intangibles £000	Goodwill £000	Total £000
<b>Cost</b>								
At 1 January 2022	17,273	4,044	160	21,575	7,511	50,563	76,111	126,674
Additions	3,873	778	-	-	-	4,651	-	4,651
Acquisitions through business combinations	-	-	-	-	-	-	730	730
Foreign exchange variances	-	-	-	-	-	-	119	119
At 31 December 2022	21,146	4,822	160	21,575	7,511	55,214	76,960	132,174
Additions	3,242	2,402	-	-	-	5,644	-	5,644
Foreign exchange variances	-	-	-	(255)	-	(255)	(47)	(302)
<b>At 31 December 2023</b>	<b>24,388</b>	<b>7,224</b>	<b>160</b>	<b>21,320</b>	<b>7,511</b>	<b>60,603</b>	<b>76,913</b>	<b>137,516</b>
<b>Amortisation</b>								
At 1 January 2022	10,207	1,192	37	16,796	4,040	32,272	-	32,272
Charge for the year	2,461	459	8	1,531	767	5,226	-	5,226
Foreign exchange variances	-	-	-	-	-	-	-	-
At 31 December 2022	12,668	1,651	45	18,327	4,807	37,498	-	37,498
Charge for the year	2,562	814	8	1,429	754	5,567	-	5,567
Foreign exchange variances	-	-	-	(254)	-	(254)	-	(254)
<b>At 31 December 2023</b>	<b>15,230</b>	<b>2,465</b>	<b>53</b>	<b>19,502</b>	<b>5,561</b>	<b>42,811</b>	<b>-</b>	<b>42,811</b>
<b>Net book value</b>								
<b>At 31 December 2023</b>	<b>9,158</b>	<b>4,759</b>	<b>107</b>	<b>1,818</b>	<b>1,950</b>	<b>17,792</b>	<b>76,913</b>	<b>94,705</b>
At 31 December 2022	8,478	3,171	115	3,248	2,704	17,716	76,960	94,676

## 9. Trade and other receivables

	Group	
	2023	2022
	£000	£000
Trade receivables	17,550	12,298
Other receivables	861	1,078
Deferred contingent consideration	615	1,077
Prepayments	7,596	5,524
Accrued income	19,912	18,620
	<b>46,534</b>	<b>38,597</b>

Deferred contingent consideration relates to the collection and run off of the SME division's accrued income balance at disposal.

Included within accrued income is an amount of £4,082,000 (2022: £2,697,000) which is recoverable after more than one year.

The Group does not hold any collateral as security (2022: none). Group debtor days were 54 days (31 December 2022: 42 days).

## 10. Trade and other payables

Group

	Group	
	2023	2022
	£000	£000
<b>Current</b>		
Trade payables	6,261	5,952
Social security and other taxes	6,393	5,117
Accruals	4,595	3,141
Deferred income	2,095	1,861
Other payables	602	1,008
	19,946	17,079

[1] Source: Company Information, Cornwall Insights, Fiscal Risks Report 2021

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