

31 March 2025

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

Final Results 2024

*Accelerating client lifetime value and strengthened financial position
provide strong platform for long-term growth and cashflow generation*

Inspired (AIM: INSE), the UK's leading energy and sustainability advisor, announces its consolidated, audited final results for the year ended 31 December 2024.

Financial highlights

	2024	2023	% change
Revenue	£93.8m	£98.8m	(5.0)
Gross profit	£69.7m	£67.3m	3.6
Adjusted EBITDA ¹	£23.0m	£25.2m	(8.8)
Adjusted profit before tax ²	£11.9m	£15.8m	(24.7)
Statutory profit/(loss) before tax	£11.8m	£(6.2)m	-
Underlying cash generated from operations ³	£21.2m	£18.7m	13.0
Free cash flow	£3.9m	£3.2m	21.9
Adjusted diluted EPS ⁴	8.5p	13.4p	(36.5)
Diluted basic EPS	8.7p	(7.2p)	-
Net debt	£59.2m	£48.7m	21.6
Dividend per share	2.45p	2.90p	(15.5)

- Revenue of £93.8 million (2023: £98.8 million), with gross profit of £69.7 million (2023: £67.3 million), reflecting good underlying demand across all four divisions. Optimisation Services was impacted by delays to three large projects expected in 2024 now being delivered in H1 FY25.
- Adjusted EBITDA of £23.0 million (2023: £25.2 million), reflecting the impact of the reduction in revenues and associated lost gross profit.
- Adjusted PBT of £11.9 million (2023: £15.8 million), primarily driven by the reduction in Adjusted EBITDA, as well as increased finance costs.
- Free cash flow of £3.9 million (2023: £3.3 million), with an increase in cash generated from operations of £21.2 million (2023: £18.7 million), in part, offset by increase in finance expense and tax.
- Reported net debt at 31 December 2024 was 2.59x Adjusted EBITDA (2023: 1.93x), following final contingent consideration payments of £10.8 million (2023: £12.1 million). The Group has no outstanding contingent consideration liabilities.
- Following completion of the £26.7 million fundraising in January 2025, Group pro forma net debt/Adjusted EBITDA reduced to 1.47x5. The Group is on track to achieve a target consolidated net debt/EBITDA ratio of 1x by the end of FY256.
- Proposed final dividend of 1.0 pence, (2023: 1.5 pence), reflecting the increased share capital, resulting in full year dividend of 2.45 pence (2023: 2.90 pence) maintaining the absolute cash distribution levels.

Divisional operational and strategic highlights

- The Group has delivered growth across all its operational KPIs in 2024.
- 10-year Client Lifetime Value (CLV)7 potential has increased to £277,840, a 20% increase (2023: £231,160).
- Number of clients supported by multiple divisions has increased to 675 (2023: 615).

Assurance Services

- Revenues of £36.6 million (2023: £36.3 million) and Adjusted EBITDA of £14.8 million (2023: £15.0 million), at a margin of 41% (2023: 41%).
- Continued customer recruitment, strong retention rates and stabilisation of margins.
- Entered FY25 with 82% of expected 2025 revenues contracted, and c.10% of revenue anticipated from in-year renewals, with the remaining 8% expected from new wins in the year supported by a strong pipeline.

Optimisation Services

- Generated gross profit of £27.7 million (2023: £26.6 million), a 4% increase, reflecting product mix and with pass through costs, despite a 12% reduction in revenues to £47.3 million (2023: £54.0 million).
- Adjusted EBITDA of £13.0 million (2023: £15.2 million), at a margin of 28% (2023: 28%), reflecting opex costs associated with three large projects initially expected to be completed in 2024, but where gross profit shifted into FY25. All three projects have commenced and are planned to complete in H1 FY25.
- Demand continues to increase as customer pipelines grow and diversify.

ESG Services

- Revenue growth of 16% to £6.4 million (2023: £5.5 million) and Adjusted EBITDA contribution to the Group of £1.4 million (2023: £1.5 million), at a margin of 22% (2023: 27%) reflecting continued investment in talent within the division to capture further growth opportunities.

Software Services

- Revenues up 18% to £3.5 million (2023: £3.0 million). This was driven by new client acquisitions and an increase in revenue generated from retained customers; with more than 85% of expected revenues in FY25 are coming through renewals of existing customer licenses.
- Adjusted EBITDA of £2.2 million (2023: £1.8 million), at a margin of 62% (2023: 59%).
- 10 new modules were launched during the year.

Current trading and outlook

The FY25 financial year has started well and in line with management's expectations. The three significant Optimisation Projects are on track for delivery in H1 FY25 as anticipated. The Board remains confident for FY25.

As has been well reported, the economic outlook remains uncertain and geo-political instability continues to create volatility in energy prices. This market volatility and ongoing European ESG regulations remain key demand tailwinds for Inspired's services. The Group starts the year with a robust pipeline of new business and the benefit of high retention rates across all four divisions given the attractive ROI the Group provides to its clients, which provide high visibility on FY25 revenues and beyond.

The recent strengthening of the Group's balance sheet, combined with ongoing confidence in the growth potential of the Group, provide a strong platform for long-term profitable growth and cash flow generation. These underpin Inspired's continued ambition to double Adjusted EBITDA by YE 2027 alongside the additional ambition of approaching a debt free position for the Group by YE 2027.

Commenting on the results, Mark Dickinson, CEO of Inspired, said: "Our stronger balance sheet provides a firm foundation to deliver Inspired's growth strategy over the medium-term and our ambition to approach being debt free by year end 2027. As a Group, we have seen a significant number of new clients being signed up during the year and have grown our 10-year client lifetime value by 20%. We continue to offer our clients excellent service and material cost savings in their energy bills. The Group is trading in line with management expectations in the first quarter, with a strong pipeline across all four divisions, and has started the year with good momentum giving us confidence in our future prospects."

Note

1. Adjusted EBITDA is earnings before interest, taxation, depreciation, and amortisation, excluding exceptional items and share-based payments.
2. 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)
3. Underlying cash generated from operations is cash generated from operations, as adjusted to remove the impact of restructuring costs and fees associated with acquisitions.
4. 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).
5. Pro forma net debt/Adjusted EBITDA uses the 31 December 2024 debt and adds £25.4 million of net funds raised in January 2025, divided by the 2024 Adjusted EBITDA.
6. Net debt excludes the impact of £5m convertible loan notes issued as part of the fund raise in January 2025.
7. Client Lifetime Value (CLV) is calculated as the average annual revenue for each active client in a year between that year and 2020 multiplied by 10.

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Chairman's Statement

Overview of the year and the financial results

Inspired has delivered another year of good underlying progress, seeing positive momentum in both demand and our forward pipeline across all our divisions, albeit profits are below our initial expectations. I would like to thank everyone in the team for their hard work during the year. The Group remains well placed to service the growing demand from companies to reduce energy consumption, drive cost and operational efficiencies and comply with reporting requirements against progress relating to ESG.

The financial performance of 2024 reflects two main factors - the normalisation of the energy market after the extreme volatility seen in 2023 and a timing impact of three large Optimisation contracts, that have all since commenced in 2025. Both are short-term factors that do not impact the long-term value proposition of Inspired. Our Adjusted EBITDA and Adjusted PBT are in line with updated market expectations.

Inspired successfully completed a fundraise in January 2025, including £21.6m of new equity and £5m of convertible loan notes (before fees and expenses). With this additional capital, the Group's balance sheet has been transformed, and the Group is well placed to go after the material organic growth opportunities across our markets. I would like to thank our shareholders for supporting Inspired on this fundraise.

The Group's balance sheet was further strengthened by the termination of the Deed of Variation in August 2024, eliminating any remaining contingent payment obligations related to the Ignite acquisition. The Group enters FY25 with no further contingent payment liabilities.

Today, we are very well placed to take advantage of the structural growth opportunities across the Group, given its diverse product offering, high quality reputation and track record of offering clients attractive ROI. All four divisions offer high value products and services for clients, and all continue to contribute to driving higher client life-time value potential.

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 FY24, the Group made further progress towards its ESG objectives.

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 proposes a final dividend of 1.0 pence (2023: 1.5 pence), subject to shareholder approval at the AGM in June, resulting in a full year dividend of 2.45 pence (2023: 2.90 pence). The dividend represents a resetting of dividend per share after the new ordinary share placing in January 2025, whilst maintaining the expected absolute cash distribution levels. The dividend will be payable on 25 July 2025 to all shareholders on the register on 20 June 2025 and the shares will go ex-dividend on 19 June 2025.

Ahead of the interim results publication, the Board intends to review its capital allocation and future dividend policy in consultation with shareholders, acknowledging its ambition to be approaching a debt free position by YE27.

Summary and outlook

Inspired made good progress in FY24, and the Group radically enhanced its financial footing via its capital raise with no further contingent consideration payments outstanding. As a result, the Group is set up to deliver on its strategic growth plan, with all four divisions delivering positive momentum in 2024. The Group enters FY25 with strong pipeline across all divisions and year to date trading is in line with management expectations.

The additional financial ambition of becoming debt free demonstrates confidence in the long-term success of Inspired and our cash generation potential as we look ahead.

Richard Logan

Chairman

28 March 2025

Chief Executive Officer's Statement

Overview: Significant progress delivered in 2024

Inspired delivered another significant strategic step forward in 2024, with progress on all of our operational

Inspired delivered another significant strategic step forward in 2024, with progress on all of our operational KPIs, with our key KPI of 10-year client life-time value ('CLV') potential increased by 20% to £277,840. Equally importantly, we successfully completed a fundraise in January 2025, with the support of existing and new shareholders, to strengthen our financial position. With leverage addressed, the Group can focus on growth and cash generation and is on course to achieve a net debt/Adjusted EBITDA ratio of c.1.0x by the end of FY25 compared to 2.59x at YE2024. The Group is now well capitalised and will continue to execute on its long-term growth plans, investing to drive growth, improve profitability and ultimately deliver improved free cash flow.

Our 2024 financial performance somewhat masks the strong underlying momentum we have created across the Group. As notified in December 2024, the Group had three large contracts within the Optimisation division that were delayed and consequently had a negative impact on our revenues and Adjusted EBITDA for the year. All three contracts have commenced and will contribute to our H1 FY25 financial performance. Individual Optimisation projects can be significant individual contributors to the Group's performance today. As we look to scale up the volume and frequency of Optimisation projects, which we expect to start to happen in FY25, the impact of individual projects will diminish in future years as the Group benefits from a broader portfolio effect. The Group will continue to drive growth in the division to create long-term value.

There is positive momentum across Inspired which, with the support of our stronger balance sheet and dedicated team, enables us to provide critical solutions to clients as they adapt to the challenges of saving costs in their energy bills, compliance with ESG disclosure requirements, delivery of energy efficiency projects and meeting their obligations to achieve net zero. I would like to thank the team for their hard work, dedication and commitment to Inspired.

Strategy

At its heart, our strategy remains to drive growth and maximise client life-time value opportunities by consistently demonstrating that we are the leading energy and sustainability adviser in our end markets. The Group is well placed to take advantage of structural tailwinds around energy efficiency, ESG disclosure and net-zero.

We are focused on three priorities that will help us achieve our strategy - with a focus on customer recruitment, customer retention and delivering attractive ROI to our customers and consequently to our Group.

Recruitment: The Group has attractive organic growth opportunities in the short and medium term, having demonstrated a track record of taking advantage of the market tailwinds and establishing a reputation as a trusted adviser. Recruitment of new clients, either new to the Group or new to a division, drives our organic growth, which in turn is a key input to driving Inspired's client life-time value model.

During the year, we recruited 170 new clients to the Group, with 100 commencing with the Assurance Division, 59 with the ESG Division and 11 with both. In addition, the number of clients supported by multiple divisions increased to 675 from 615 in 2023. Our Assurance Division continues to be a vital source of cross-selling of clients into our Optimisation and ESG divisions.

Retention: Client retention is key for the Group's long-term success for value creation. By leveraging our proprietary software platform to manage our clients' data and by delivering first class service, efficiency improvements and cost savings, we retain clients. Client retention rates are among the best in the industry for our Assurance and Software Divisions, both of which have client retention rates at over 85%. While our ESG division is newer and seeing faster new client recruitment, our retention rates is also highly attractive. In Optimisation the client revenue is more transactional than the other divisions, with repeatable demand for services. During FY24 the number of repeat Optimisation clients was 244 (2023: 208).

As the Group becomes more embedded into our clients' processes, through our excellent customer service and trusted advisor position, we will build the average 10-year potential life-time value. Our strategy of enhancing C-suite relationships has helped improve retention across our portfolio. In 2024, 10-year potential CLV increased 20% to £277,840 (2023: £231,160).

ROI: Our focus on delivery of attractive return on investment is two-fold.

First - we apply relentless focus on delivering cost efficiency and cost avoidance for our clients across all four divisions. Delivering at attractive ROI to our clients is a key reason for our high retention rates. Across our Assurance division we achieved an average 5x ROI for the year for our clients.

Second - we are focused on delivering attractive ROI for the Group, through operational and capital efficiency. The Group delivered an improved performance in our central cost to sales ratio in 2024 on an underlying basis, although the revenue deferral into 2025 from three large Optimisation projects means the impact will only be seen in FY25.

Third - working capital is most of the capital employed in our business, and we have invested in it to support our Optimisation business in recent years, given the long-term growth potential for the division. The Optimisation pipeline has seen strong growth during the year, underpinning our confidence that this investment will deliver attractive returns. In 2024, our net working capital ('NWC') to sales ratio was 21% in 2024 (2023: 15%) as a result of the negative timing impact of the three large optimisation projects. The Group

2024 (2023: 15%) as a result of the negative timing impact of the three large optimisation projects. The Group continues to focus on improving cash conversion ratios, and in turn NWC sales ratio to drive an improvement in free cash flow.

The focus on these three strategic priorities has resulted in significant progress against all our operational KPIs during 2024, as summarised in the table below.

	2020	2021	2022	2023	2024
Number of clients supported by multiple divisions within Inspired	307	414	492	615	675
Number of clients generating >£50,000 in revenue	114	123	154	227	242
Number of >£50,000 revenue clients supported by more than one division	49	69	104	159	183
Average 10 Year CLV (£) potential per client ¹	102,468	119,079	161,109	231,160	277,840
Number of clients with Optimisation Projects in the FY	151	194	271	370	412
Number of repeat Optimisation clients ²	79	94	142	208	244

Notes:

1. 10 Year CLV is calculated as the average annual revenue for each active client in a year between that year and the 3 previous years multiplied by 10.
2. Clients that have used Inspired to undertake an optimisation project in previous financial years.

Assurance Services

Assurance Services helps businesses manage all aspects of energy and utility pricing data and accounting. In 2024, the division created strong momentum in new business generation, with low churn rates, to deliver revenue growth at stable margins. The division has access to some of the largest, most exciting companies, which we leverage through cross-selling opportunities to win further ESG reporting and Optimisation revenues from clients.

The delivery of a quality service to our clients meant we continue to expand our client base. During 2024, we were delighted with some new Assurance client wins including: Young & Co.'s Brewery, Student Roost, Paddy Power, Ideal Standard, and Eurosport in H1, in addition to Progress Housing Group, Butternut Box, MBA Polymers UK Ltd, University of Wolverhampton and Future Inns in H2.

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 adviser 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 85 large sustainability solutions to existing clients (2023: 69), of which 52% were clients that have previously procured Optimisation Services. A further 327 (2023: 301) existing Assurance and ESG clients procured smaller sustainability solutions, of which 61% were repeat demand from existing Optimisation Services. Further to the integration of the Ignite and Inspired Optimisation Divisions, our capacity to develop and design solutions that reduce energy consumption and carbon emissions for clients is significantly increased reflected in an increasing pipeline of Optimisation Solutions.

Our 2024 financial performance is not representative of the underlying momentum within Optimisation Services, which is underpinned by a growing pipeline. As announced in December 2024, three large contracts within the Optimisation Division were delayed, which consequently impacted on revenues and Adjusted EBITDA performance. All three contracts have commenced and will positively impact our H1 FY25 financial performance. As we continue to scale up our Optimisation Division and diversify our customer and project base, the irregular nature of the projects may, from time-to-time, cause volatility in the results of the division. As we continue to work to mitigate the concentration risk, broadening the project portfolio, it should be noted that the timing of these larger projects does not impact the underlying value of the Group.

Optimisation Services generated revenues amounting to £47.3 million (2023: £54.0 million), a reduction of 12%. Absolute gross profit growth of the division is a truer reflection of the Optimisation Services division's performance given the variance on revenue driven by product mix with pass through costs, and this grew marginally in the year to £27.7 million (2023: £27.0 million), despite the negative timing impact of the three delayed projects. This reflects the underlying progress for the division.

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

ESG Services

ESG Services helps businesses make revenue-critical ESG disclosures to retain their customers, comply with regulations and attract investment. The Group is uniquely positioned to implement the decarbonisation solutions we design through the Optimisation Services division, allowing our clients to achieve their net-zero ambitions.

ESG Services delivered 17% organic revenue growth with new client wins (including: Crest Nicholson Holdings, DPD Group, IMO Car Wash Group and, Giacom (Communications) Limited) and cross sells to existing Group customers (including Headlam Group, McAlpine & Co, British Car Auctions).

As we look ahead to 2025, we are committed to not only expanding our ESG division's client base but also to innovating new services that empower our clients to tackle the challenges and seize the opportunities presented by the Corporate Sustainability Reporting Directive (CSRD), the upcoming UK Sustainability Reporting Standards (SRS), and the Taskforce on Nature-related Financial Disclosures (TNFD), among others.

Our clients' journey towards low-carbon operations will be a top priority. We will focus on driving meaningful engagement with suppliers and fostering knowledge sharing throughout the entire value chain. By doing so, we aim to equip businesses with the tools they need to actively contribute to the UK's transition to a sustainable, low-carbon economy.

Software Services

Inspired's Assurance, ESG and Optimisation Services rely heavily on managing and processing 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. The Software division has delivered growth consistent with the prior period, with new client wins and high levels of client retention; it underpins the Group's delivery of broader services.

The Software Services division delivered 18% revenue growth and 25% growth in Adjusted EBITDA, reflecting the benefits from operating leverage of investment in prior periods.

The division is the go-to software platform of choice for large assurance providers, and we continue to focus on increasing the number of meters served by our SaaS platform.

Inspired's own ESG

As a service provider committed to enabling businesses to achieve market-leading ESG disclosures, the Group recognises the importance of leading by example in ESG performance. During FY24, we made remarkable progress towards our ESG objectives including

- 1. We re-submitted our revised Scope 1 and 2 net-zero targets, along with our long-term Scope 3 net-zero target, to the Science-Based Targets Initiative (SBTi), proudly receiving approval in early 2025.*
- 2. We prepared our first Integrated ESG Report, fully compliant with the latest EU legislation, specifically the Corporate Sustainability Reporting Directive (CSRD). This report includes our reporting under the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD), and it will feature our inaugural Taskforce on Nature-related Financial Disclosures (TNFD).*
- 3. We conducted biodiversity assessments across the Inspired Estate, laying the groundwork for our upcoming TNFD, featured in our Integrated ESG Report.*
- 4. We performed energy efficiency surveys throughout the Inspired Estate, unveiling opportunities for meaningful energy savings.*
- 5. We established a dynamic supplier engagement working group to craft our supplier engagement policy, fully aligned with our SBTi supplier engagement targets.*
- 6. We drafted our STEM policy for project implementation in the first half of 2025, setting the stage for a transformative STEM program.*
- 7. We launched the Inspired Benefits Platform, enhancing our commitment to our employees.*

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8. *We piloted the Peatbog charitable workday initiative, a powerful step towards our Inspired Charity Day Work Policy set for 2025.*

Current trading and outlook

The FY25 financial year has started well and in line with management's expectations. The three significant Optimisation Projects are on track for delivery in H1 FY25 as anticipated. The Board remains confident for FY25.

As has been well reported, the economic outlook remains uncertain and geo-political instability continues to create volatility in energy prices. This market volatility and ongoing European ESG regulations remain key demand tailwinds for Inspired's services. The Group starts the year with a robust pipeline of new business and the benefit of high retention rates across all four divisions given the attractive ROI we provide to our clients, which provide high visibility on FY25 revenues and beyond.

The recent strengthening of our balance sheet, combined with our ongoing confidence in the growth potential of the Group provide a strong platform for long-term profitable growth and cash flow generation. These underpin our continued ambition to double Adjusted EBITDA by YE 2027 alongside our additional ambition of approaching a debt free position for the Group by YE 2027.

Mark Dickinson

Chief Executive Officer

28 March 2025

Chief Financial Officer's Statement

I am pleased to report financial results for the year ended 31 December 2024, with the Group delivering a robust operational and financial performance during the year, whilst also making clear strategic and financial progress.

2024 was a year in which saw a 5% decrease in revenue, with total revenues of £93.8 million compared to £98.8 million in 2023, but a 4% increase in gross profit to £69.7 million (2023: £67.3 million). Group Adjusted EBITDA decreased by 9% to £23.0 million (2023: £25.2 million). In percentage terms, the Adjusted EBITDA margin was 25% (2023: 26%), reflecting an investment in operating costs to facilitate the expected growth impacted by delays in the Optimisation Services division as three large projects shifted into FY25.

Divisional performance

Assurance Services

Assurance Services delivered 39% of total Group revenues in 2024 (2023: 37%) at £36.6 million (2023: £36.3 million), an increase of 1%.

The division contributed Adjusted EBITDA in line with expectations of £14.8 million (2023: £15.0 million), with Adjusted EBITDA margins stabilising at 41% (2023: 41%), 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 entered FY25 with 82% of expected 2025 revenues contracted (2023: 81%), an expectation of 10% of revenue coming from in year renewals (2023: 14%), underpinned by customer retention rates during 2024 at 88% (2023: 90%), with the balancing 8% expected to come from new wins in year (2023: 5%). This provides confidence that the division will continue to contribute revenue growth in FY25.

The division already has 60% of its 2026 revenues contracted (2023: 56%), an expectation of a further 24% from renewals to be secured in 2025 and 2026 (2023: 32%), and 16% expected from new wins in 2025 and 2026 (2023: 12%).

Optimisation Services

Optimisation Services generated 50% of total Group revenues in 2024 (2023: 55%), amounting to £47.3 million (2023: £54.0 million), a reduction of 12%. Optimisation Services contributed gross profit in line with the prior year of £27.7 million (2023: £27.0 million) which we believe is a better measure of growth within this area. Adjusted EBITDA of £13.0 million (2023: £15.2 million), showed a reduction of 14%, as a result of an increase in staff costs and other operating expenditure as the division increased capacity in expectation of delivering gross profit and Adjusted EBITDA growth in the period prior to the deferral of gross profit contribution through the delay in deliver of the three large optimisation projects in H2 2024.

The division continues to see growth and diversification of the customer pipeline, benefitting from cross-selling and repeat demand from customers, with clients focusing on the beneficial impact of energy usage and demand reduction.

Adjusted EBITDA margin for 2024 was in line with prior year at 28% (2023: 28%), driven by product mix. Subject

to product mix, management's expectation is that the division will consistently generate Adjusted EBITDA margins of c.20-30%, noting that revenue growth and profit margins can vary due to product mix in any reporting period within the Optimisation Services division.

Demand for Optimisation Services continues to increase, with strong underlying drivers, including the drive to net-zero, and further accelerated by the high commodity prices. As the division is expected to continue to represent a greater proportion of Group revenues from FY25 onwards, Group margins will reflect the change in business mix.

ESG Services

ESG Services generated revenues of £6.4 million (2023: £5.5 million), delivering 17% growth. The ESG Services division delivered Adjusted EBITDA of £1.4 million (2023: £1.5 million), as the division continues to invest in talent to deliver further growth.

Within ESG Services, there was £1.7 million of revenue (2023: £1.9 million) from delivery of services in relation to the Energy Savings Opportunity Scheme (ESOS). The Group noted previously that this revenue is cyclical being based on the phases of the scheme, but we have continued to see this service line develop into a recurring revenue stream for the division. ESOS services contribute a lower GP margin than other ESG services at c.40%.

The ESG Services division delivered retention rates for recurring revenue services of 89% in 2024 (2023: 89%).

With these high levels of customer retention, and the division entering 2025 with over 65% of the 2025 forecast revenue already contracted (2023: 65%), the Group has confidence in the ESG Services division continuing its growth trajectory in 2025.

The increasing focus of 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 £3.5 million (2023: £3.0 million), 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 £2.2 million (2023: £1.8 million) and produced an Adjusted EBITDA margin of 62% (2023: 59%), reflecting the benefits of investment in capacity in prior periods.

The Software Services division delivered retention rates for recurring revenue services of 92% in 2024 (2023: 95%), with in excess of 85% of expected revenues in 2025 coming through renewals of existing customer licenses (2023: 80%).

Group results

Group central PLC costs were £8.4 million (2023: £8.2 million). As expected, the Group has seen a deceleration of PLC cost growth in 2024, as the Group benefits from operating leverage and improved productivity.

Overall, the Group generated Adjusted EBITDA for the year of £23.0 million (2023: £25.2 million); the Adjusted EBITDA margin was 25% (2023: 26%). This reduction is as a result of the increase in staff costs as we invested in increased capacity to support future growth and operating expenditure as the Optimisation division, increased capacity in expectation of delivering gross profit and Adjusted EBITDA growth in the period prior to the delay in deliver of three large optimisation projects in H2 2024.

After deducting charges for depreciation, amortisation of internally generated intangible assets and finance expenditure, the adjusted profit before tax for the year was £11.9 million (2023: £15.8 million). Finance costs of £5.8 million (2023: £4.5 million) were higher due to a higher level of average debt over the year.

Under International Financial Reporting Standard (IFRS) measures, the Group reported a profit before tax for the year of £11.8 million (2023: loss of £6.2 million), with reported profit before tax in the year impacted by changes in the fair value of contingent consideration, charges for the amortisation of intangible assets as a result of acquisitions, share-based payment charges and restructuring costs. A reconciliation of reported profit/(loss) before tax to adjusted profit before tax is calculated in the table below.

	2024	2023
	£000	£000
Reported profit/(loss) before income tax	11,769	(6,169)
Share-based payment cost	893	1,187
Amortisation of acquired intangible assets	1,475	2,272
Foreign exchange variance	12	(257)
Change in fair value of contingent consideration	(4,870)	14,621
Finance expenditure	-	482
Exceptional costs	2,571	3,620
Adjusted profit before income tax	11,850	15,756

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 £2.6 million (2023: £3.6 million) were incurred in the year. Exceptional costs include £0.6 million for the performance fees in relation to FY24 performance payable to the vendors of the Ignite business (as detailed below), £0.4 million in relation to the restructuring of the Group's Irish subsidiary Horizon Energy Group Limited, £0.4m settlement of claim and associated professional fees, £0.4 million in relation to acquisition activity, £0.2 million of onerous lease costs resulting from the Group's consolidation of its office portfolio, and £0.6 million in relation to restructuring costs.

Change in fair value of contingent consideration

The fair value of contingent consideration at the balance sheet date is a judgement of the contingent consideration which will become payable based on a weighted average range of performance outcomes of the acquired business during 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 £4.9 million gain (2023: loss of £14.6 million) in the period as a result of changes in the fair value of contingent consideration which was treated as exceptional. The gain was primarily driven by the Group accelerating the integration of Ignite and terminating the Deed of Variation (Deed of Termination) in relation to Ignite Energy LTD, and as a result has no outstanding contingent consideration payment obligations in relation to the Ignite Energy LTD transaction. Following payment of the final contingent consideration payment relating to the acquisition of Businesswise Solutions Ltd of £2.2m in H2 2024, the Group has no further contingent consideration payments to fund, and therefore contingent consideration on the balance sheet at 31 December 2024 is zero.

On entering the Deed of Termination, the Group has also entered into consultancy agreements with the vendors of Ignite for the period ending 31 May 2025 (Restructuring Period). The consultancy agreement contains a monthly fee payable to each consultant, which is equivalent to their previous employment contract and also includes a performance fee based on gross margin targets for Ignite during the Restructuring Period (Performance Fee). Based on Management's current expectations for the Ignite business, the total Performance Fee would be £1.1m, a reduction for initial expectation of £2.3m, following the deferral of the three significant optimisation projects the Performance Fee will be payable in two instalments over 2025.

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 £18.2 million (2023: £15.9 million), an increase of 14%. Excluding exceptional costs, cash generated from operations was £21.2 million (2023: £18.7 million). Underlying operating cash conversion ratios remain a key focus for management, acknowledging the need to facilitate the growth within the Optimisation Services division.

Free cash flow during the year was £3.9 million (2023: £3.2 million), with the increase in cash generated from operations, in part, offset by increase in interest and tax. Post the fundraise completed in January 2025, the Group is now well positioned to execute on its long-term growth plans to deliver improved profitability and free cash flow generation leading it to becoming debt free.

Trade and other receivables and deferred consideration increased 11% in the period to £51.7 million (2023: £46.5 million), with invoiced trade receivables reducing 27% to £12.9 million (2023: £17.6 million). This reduction in receivables was the result of the very high levels of project activity in Q4 2023 within the Optimisation Services division unwinding in early 2024 as expected; the comparative Q4 in 2024 delivered lower levels of Optimisation project activity year on year.

Accrued income increased in the period by 53% to £30.3 million (2023: £19.9 million), with £10.5 million (2023: £4.1 million) being recoverable in greater than 12 months, being driven by strong performance of share of savings revenue lines within Optimisation in 2024.

Trade and other payables increased £3.2 million (16%) to £23.1 million (2023: £19.9 million). There was a £2.4 million (37%) reduction in trade payables to £3.9 million (2023: £6.3 million) reflecting lower Optimisation activity levels in Q4 2024. This was offset by a £5.8 million increase in deferred income to £7.9 million (2023: £2.1 million) with a continued focus on improving payment terms; and accruals increased by 16% to £5.3 million (2023: £4.6 million). Working capital management remains a key focus for the Group in sustaining strong cash conversion.

The Group made payments to acquire intangible assets of £5.8 million in 2024 (2023: £5.6 million), and payments to acquire property, plant and equipment of £0.8 million (2023: £0.9 million).

Financial position and liquidity

At 31 December 2024, the Group's net debt was £59.2 million, excluding the impact of IFRS 16, increasing from £48.7 million at 31 December 2023, being a 20% increase. Adjusted EBITDA at year end 2024 (2023: £1.0m)

£48.7 million at 31 December 2023, being 2.59x Adjusted EBITDA at year-end 2024 (2023: 1.95x).

The Group held cash and cash equivalents of £5.2 million on hand as at 31 December 2024 (2023: £8.8 million).

In May 2024, the Group agreed an increase in the Revolving Credit Facility to £65.0m until 30 April 2025 to provide additional liquidity in the period in which the Group pays the final outstanding contingent consideration payments. The Group's £65.0m Revolving Credit Facility was fully drawn at 31 December 2024.

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. Interest Cover is not to be less than 4.00:1.00 across the term of the facility.

Subsequently, in November 2024, the Group agreed with its banking partners a resetting of the adjusted leverage and interest cover covenant for quarter ending 31 December 2024 to 3.00x and 3.50x respectively, increasing the headroom available to the Group from a covenant perspective. From 31 March 2025, covenant levels revert to those mentioned above.

In January 2025, the Group raised £21.66m in aggregate (before fees and expenses) through a placing of 54,150,535 placing shares at an issue price of 40.0p per placing share. In addition, the Company issued Convertible Loan Notes ('CLNs') with an aggregate principal amount of £5 million to Gresham House Asset Management and Regent Gas (its two largest shareholders), which can be converted into new Ordinary Shares in part or full at any time during the two year term of the CLNs at a conversion price of 80.0p per ordinary share.

The Group is utilising the proceeds of the placing and the CLN to strengthen its balance sheet, helping Inspired pursue and achieve a consolidated net debt/Adjusted EBITDA ratio towards 1:1 (on a LTM basis) by the end of FY25.

Summary

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

28 March 2025

Group statement of comprehensive income

For the year ended 31 December 2024

	Note	2024 £000	2023 £000
Revenue		93,791	98,757
Cost of sales		(24,085)	(31,460)
Gross profit		69,706	67,297
Administrative expenses		(52,169)	(69,000)
Analysed as:			
Adjusted EBITDA		22,992	25,212
Exceptional costs		(2,571)	(3,620)
Change in fair value of contingent consideration		4,870	(14,621)
Depreciation, impairment and loss on disposal	6/7	(1,378)	(1,920)
Amortisation of acquired intangible assets	8	(1,475)	(2,272)
Amortisation and impairment of internally generated intangible assets	8	(4,008)	(3,295)
Share-based payment cost		(893)	(1,187)
Operating profit/(loss)		17,537	(1,703)
Finance expenditure	3	(5,768)	(4,483)
Other financial items		-	17
Profit/(loss) before income tax		11,769	(6,169)
Income tax charge	4	(2,140)	(993)
Profit/(loss) for the year		9,629	(7,162)
Attributable to:			
Equity owners of the company		9,629	(7,162)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(148)	(32)
Total other comprehensive expense for the year		(148)	(32)
Total comprehensive income/(expense) for the year		9,481	(7,194)
Attributable to:			
Equity owners of the company		9,481	(7,194)
Basic earnings/(loss) per share attributable to the equity holders of the company (pence)	5	9.25	(7.20)
Diluted earnings/(loss) per share attributable to the equity holders of the company (pence)	5	8.72	(7.20)

Group statement of financial position

At 31 December 2024

	Note	2024 £000	2023 £000
ASSETS			
Non-current assets			
Investments		2,030	1,930
Goodwill	8	76,814	76,913
Other intangible assets	8	18,111	17,792
Property, plant and equipment	6	2,859	2,804
Right of use assets	7	2,330	2,291
Trade and other receivables	9	10,475	4,082
Non-current assets		112,619	105,812
Current assets			
Trade and other receivables	9	41,165	41,837
Deferred contingent consideration		101	615
Inventories		489	633
Cash and cash equivalents		5,186	8,782
Current assets		46,941	51,867
Total assets		159,560	157,679
LIABILITIES			
Current liabilities			
Trade and other payables	10	23,133	19,946
Lease liabilities		583	604
Contingent consideration		-	13,200
Current tax liability		3,694	3,488
Current liabilities		27,410	37,238
Non-current liabilities			
Bank borrowings		64,369	57,541
Lease liabilities		1,825	1,649
Contingent consideration		-	5,458
Deferred tax liability		1,129	910
Non-current liabilities		67,323	65,558
Total liabilities		94,733	102,796
Net assets		64,827	54,883
EQUITY			
Share capital		1,319	1,260
Share premium account		60,930	60,930
Merger relief reserve		26,111	23,563
Share-based payment reserve		10,191	9,298
Retained earnings		(21,774)	(28,363)
Investment in own shares		(25)	(28)
Translation reserve		(542)	(394)
Reverse acquisition reserve		(11,383)	(11,383)
Total equity		64,827	54,883

Group statement of changes in equity

For the year ended 31 December 2024

	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 reserve £000	Shareholders' equity £000
Balance at 1 January 2023	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
Profit for the year	-	-	-	-	9,629	-	-	-	9,629
Other comprehensive expense for the year	-	-	-	-	-	-	(148)	-	(148)
Total comprehensive income for the year	-	-	-	-	9,629	-	(148)	-	9,481
Share-based payment cost	-	-	-	893	-	-	-	-	893
Shares issued (22 January 2024)	1	-	-	-	-	-	-	-	1
Shares issued (28 March 2024)	52	-	2,548	-	-	-	-	-	2,600
Shares issued (22 May 2024)	3	-	-	-	-	-	-	-	3
Shares issued (24 June 2024)	-	-	-	-	-	-	-	-	-
Shares issued (19 November 2024)	-	-	-	-	-	-	-	-	-
Shares issued (20 December 2024)	2	-	-	-	-	-	-	-	2
Shares issued (22 December 2024)	1	-	-	-	-	-	-	-	1
Shares transferred	-	-	-	-	-	3	-	-	3
Dividends paid	-	-	-	-	(3,040)	-	-	-	(3,040)

Total transactions with owners	59	-	2,548	893	6,589	3	(148)	-	9,944
Balance at 31 December 2024	1,319	60,930	26,111	10,191	(21,774)	(25)	(542)	(11,383)	64,827

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 1,974,750 (2023: 2,204,750) shares.

Group statement of cash flows

For the year ended 31 December 2024

	2024 £000	2023 £000
Cash flows from operating activities		
Profit/(loss) before income tax	11,769	(6,169)
Adjustments		
Depreciation and impairment	1,378	1,920
Amortisation and impairment	5,483	5,567
Share-based payment cost	893	1,187
Finance expenditure	5,823	4,483
Exchange rate variances	(85)	222
Change in fair value of contingent consideration	(4,870)	14,621
Cash flows before changes in working capital	20,391	21,831
Movement in working capital		
Decrease/(increase) in inventories	144	(422)
Increase in trade and other receivables	(5,349)	(8,328)
Increase in trade and other payables	2,988	2,867
Cash generated from operations	18,174	15,948
Income taxes paid	(1,705)	(774)
Net cash flows from operating activities	16,469	15,174
Cash flows from investing activities		
Contingent consideration paid	(10,845)	(12,102)
Acquisition of subsidiaries and investments, net of cash acquired	(100)	(193)
Repayment of working capital facility to discontinued operation	-	375
Payments to acquire property, plant and equipment	(848)	(930)
Payments to acquire intangible assets	(5,809)	(5,644)
Net cash outflows from investing activities	(17,602)	(18,494)
Cash flows from financing activities		
New bank loans	6,575	7,850
Proceeds from issue of new shares	10	16
Interest paid on financing activities	(5,495)	(4,254)
Repayment of lease liabilities	(498)	(1,013)
Dividends paid	(3,040)	(2,754)
Net cash outflows from financing activities	(2,448)	(155)
Net decrease in cash and cash equivalents	(3,581)	(3,475)
Cash and cash equivalents brought forward	8,782	12,270
Exchange differences on cash and cash equivalents	(15)	(13)
Cash and cash equivalents carried forward	5,186	8,782

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 2024 but has been extracted from those financial statements. The annual financial statements for the year ended 31 December 2024 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 2023 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 2024 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 2023 and 2024; 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 28 March 2025.

The Consolidated Financial Statements of the Group as at and for the year ended 31 December 2024 (2024 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), Ensco 2025 Limited (formerly 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 2026, including the ability to adhere to banking covenants.

At 31 December 2024, the Group's net debt was £59.2 million, increasing from £48.7 million at 31 December 2023. In addition to cash and cash equivalents of £5.3 million on hand as at 31 December 2024 (2023: £8.8 million). In May 2024, the Group agreed an increase in the Revolving Credit Facility to £65.0m until 30 April 2025 to provide additional liquidity in the period in which the Group pays the final outstanding contingent consideration payments. The Group's £65.0m Revolving Credit Facility was fully drawn at 31 December 2024.

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. Interest Cover is not to be less than 4.00:1.00 across the term of the facility.

Subsequently, the Group agreed with its banking partners in November 2024 a resetting of the adjusted leverage and interest cover covenant for quarter ending 31 December 2024 (only) to 3.00x and 3.50x respectively, increasing the headroom available to the Group from a covenant perspective. From 31 March 2025 covenant levels revert to those mentioned above.

In January 2025, the Group raised £21.66m in aggregate (before fees and expenses) through a placing of 54,150,535 Placing Shares at the Issue Price of 40.0p per Placing Share. In addition, the Company issued Convertible Loan Notes with an aggregate principal amount of £5 million to GHAM and Regent Gas, which can be converted into new Ordinary Shares in part or full at any time during the term of the Convertible Loan Notes at a conversion price of 80.0p per Ordinary Share. The redemption date for the Convertible Loan Notes is expected to be the second anniversary of the date of the Convertible Loan Note Instrument, with a total term of 24 months.

The Group intends to utilise the proceeds of the Placing and the Convertible Loan Notes to strengthen the Group's balance sheet, helping Inspired pursue and achieve a consolidated net debt/adjusted EBITDA ratio towards 1:1 (on a LTM basis) by the end of FY25.

The Directors believe that subsequent to the fundraising, the Group has a strong balance sheet position with its existing banking facilities running through to October 2026.

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 the banking facility, 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 2024 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.

Software 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.

	2024						2023					
	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	36,604	47,252	3,530	6,405	-	93,791	36,313	53,989	2,979	5,476	-	98,757
Cost of sales	(3,412)	(19,557)	(155)	(961)	-	(24,085)	(3,456)	(27,005)	(85)	(914)	-	(31,460)
Gross profit	33,192	27,695	3,375	5,444	-	69,706	32,857	26,984	2,894	4,562	-	67,297
Administrative expenses	(19,537)	(14,793)	(1,179)	(4,128)	(5,671)	(45,308)	(20,255)	(12,509)	(1,149)	(3,080)	(24,520)	(61,513)
EBITDA	13,655	12,902	2,196	1,316	(5,671)	24,398	12,602	14,475	1,745	1,482	(24,520)	5,784
Analysed as:												
Adjusted EBITDA	14,827	13,030	2,196	1,382	(8,443)	22,992	14,956	15,169	1,757	1,493	(8,163)	25,212
Share-based payment cost	-	-	-	-	(893)	(893)	-	-	-	-	(1,187)	(1,187)
Exceptional costs	(1,172)	(128)	-	(66)	(1,205)	(2,571)	(2,354)	(694)	(12)	(11)	(549)	(3,620)
Change in fair value of contingent consideration	-	-	-	-	4,870	4,870	-	-	-	-	(14,621)	(14,621)
	13,665	12,902	2,196	1,316	(5,671)	24,398	12,602	14,475	1,745	1,482	(24,520)	5,784
Depreciation and impairment and loss on disposal						(1,378)						(1,920)
Amortisation and impairment						(5,483)						(5,567)
Finance expenditure						(5,768)						(4,483)
Other financial items						-						17
Profit/(loss) before income tax						11,769						(6,169)

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

3. Finance expenditure

	2024	2023
	£000	£000
Interest payable on bank borrowings	5,294	4,214
Interest payable on lease liabilities	60	90
Foreign exchange variance	12	(239)
Other interest	40	80
Loan facility fees	39	80
Amortisation of debt issue costs	323	258
	5,768	4,483

4. Income tax charge

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

	2024	2023
	£000	£000
Current tax		
Current tax expense	1,922	2,056
Adjustments in respect of prior years	-	(777)
	1,922	1,279
Deferred tax		
Origination and reversal of temporary differences	218	(372)
Adjustment in respect of prior years	-	86
	218	(286)
Total income tax charge	2,140	993

total income tax charge	2,140	993
Reconciliation of tax charge to accounting profit/(loss):		
Profit/(loss) on ordinary activities before taxation	11,769	(6,169)
Tax at UK income tax rate of 25% (2023: 23.5%)	2,942	(1,450)
Disallowable expenses	(436)	4,191
Exchange rate difference	(101)	(204)
Share options	192	(191)
Tax R&D credits	(931)	(276)
Effects of current year events on prior year balances	-	(690)
Movement in deferred tax asset not recognised	-	(229)
Movement in deferred tax in respect of business combinations	-	(568)
Excess of taxation allowances over depreciation on all non-current assets	-	263
Non-eligible intangible assets	474	147
Total income tax charge	2,140	993

The UK income tax rate of 23.5% in the prior year 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.

	2024	2023
	£000	£000
Profit/(loss) attributable to equity holders of the Group	9,629	(7,162)
Fees associated with acquisition	-	8
Restructuring costs	2,571	3,612
Exceptional finance expenditure	-	482
Changes in fair value of contingent consideration	(4,870)	14,621
Amortisation of acquired intangible assets	1,475	2,272
Foreign exchange variance	12	(257)
Deferred tax in respect of amortisation of intangible assets	(369)	(568)
Share-based payment cost	893	1,187
Adjusted profit attributable to owners of the Group	9,341	14,195
Weighted average number of ordinary shares in issue (000)	104,048	99,422
Dilutive effect of share options (000)	6,317	6,698
Diluted weighted average number of ordinary shares in issue (000)	110,365	106,120
Basic earnings/(loss) per share (pence)	9.25	(7.20)
Diluted earnings/(loss) per share (pence)	8.72	(7.20)
Adjusted basic earnings per share (pence)	8.98	14.28
Adjusted diluted earnings per share (pence)	8.46	13.38

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:

	2024	2023
	£000	£000
Profit/(loss) before income tax	11,769	(6,169)
Share-based payment cost	893	1,187
Amortisation of acquired intangible assets	1,475	2,272
Foreign exchange variance	12	(257)
Change in fair value of contingent consideration	(4,870)	14,621
Finance expenditure	-	482

Adjusted profit before tax on continuing operations	11,850	15,756
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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	Motor vehicles	Computer equipment	Leasehold improvements	Office equipment	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 January 2023	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)
At 31 December 2023	428	72	4,828	294	94	5,716
Foreign exchange variances	(7)	(2)	(3)	-	(5)	(17)
Additions	99	-	510	239	-	848
Disposals	(65)	(70)	(17)	-	-	(152)
At 31 December 2024	455	-	5,318	533	89	6,395
Depreciation						
At 1 January 2023	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)
At 31 December 2023	274	70	2,409	113	46	2,912
Charge for the year	64	1	648	50	8	771
Foreign exchange variances	(6)	(2)	(4)	-	-	(12)
Disposals	(52)	(69)	(14)	-	-	(135)
At 31 December 2024	280	-	3,039	163	54	3,536
Net book value						
At 31 December 2024	175	-	2,279	370	35	2,859
At 31 December 2023	154	2	2,419	181	48	2,804

7. Right of use assets

	Fixtures and fittings	Motor vehicles	Property Intangibles	Total
	£000	£000	£000	£000
Cost				
At 1 January 2023	255	421	3,334	4,311
Foreign exchange variances	-	-	18	18
Additions	116	47	1,683	1,846
Disposals	-	(283)	(2,329)	(2,612)
At 31 December 2023	371	185	2,706	3,563
Foreign exchange variances	-	3	(17)	(14)
Additions	199	187	210	653
Disposals	(255)	(120)	(159)	(534)
At 31 December 2024	315	255	2,740	3,668
Depreciation				
At 1 January 2023	158	310	2,252	2,770
Charge for the year	103	87	696	986
Foreign exchange variances	-	-	3	3
Disposals	-	(271)	(2,329)	(2,600)
At 31 December 2023	261	126	622	1,159
Charge for the year	74	66	348	607
Foreign exchange variances	(6)	(6)	(6)	(18)

Foreign exchange variances	-	-	(b)	-	(b)
Disposals	(255)	(121)	(159)	-	(535)
At 31 December 2024	80	71	805	269	1,225
Impairment					
At 1 January 2024	-	-	113	-	113
Charge for the year	-	-	-	-	-
At 31 December 2024	-	-	113	-	113
Net book value					
At 31 December 2024	235	184	1,822	89	2,330
At 31 December 2023	110	59	1,971	151	2,291

8. Intangible assets and goodwill

	Computer software - internally generated	Computer software - external	Trade name	Customer contracts	Customer relationships	Total other intangibles	Goodwill	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
At 1 January 2023	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)
At 31 December 2023	24,388	7,224	160	21,320	7,511	60,603	76,913	137,516
Additions	4,340	1,421	48	-	-	5,809	-	5,809
Foreign exchange variances	-	(8)	-	-	-	(8)	(99)	(107)
At 31 December 2024	28,728	8,637	208	21,320	7,511	66,404	76,814	143,218
Amortisation								
At 1 January 2023	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)
At 31 December 2023	15,230	2,465	53	19,502	5,561	42,811	-	42,811
Charge for the year	2,769	1,237	8	716	753	5,483	-	5,483
Foreign exchange variances	-	(1)	-	-	-	(1)	-	(1)
At 31 December 2024	17,999	3,701	61	20,218	6,314	48,293	-	48,293
Net book value								
At 31 December 2024	10,729	4,936	147	1,102	1,197	18,111	76,814	94,925
At 31 December 2023	9,158	4,759	107	1,818	1,950	17,792	76,913	94,705

9. Trade and other receivables

	Group	
	2024	2023
	£000	£000
Trade receivables	12,850	17,550
Other receivables	708	861
Deferred contingent consideration	101	615
Prepayments	7,711	7,596
Accrued income	30,371	19,912
	51,741	46,534

Deferred contingent consideration relates to the collection and run off of the SME division's accrued income balance at disposal. The Group does not hold any collateral as security (2023: none). Group debtor days were 42 days (31 December 2023: 44 days).

10. Trade and other payables

	Group	
	2024	2023
	£000	£000
Current		
Trade payables	3,937	6,261

2019	2018	2017
Social security and other taxes	5,445	6,393
Accruals	5,339	4,595
Deferred income	7,862	2,095
Other payables	550	602
	23,133	19,946

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