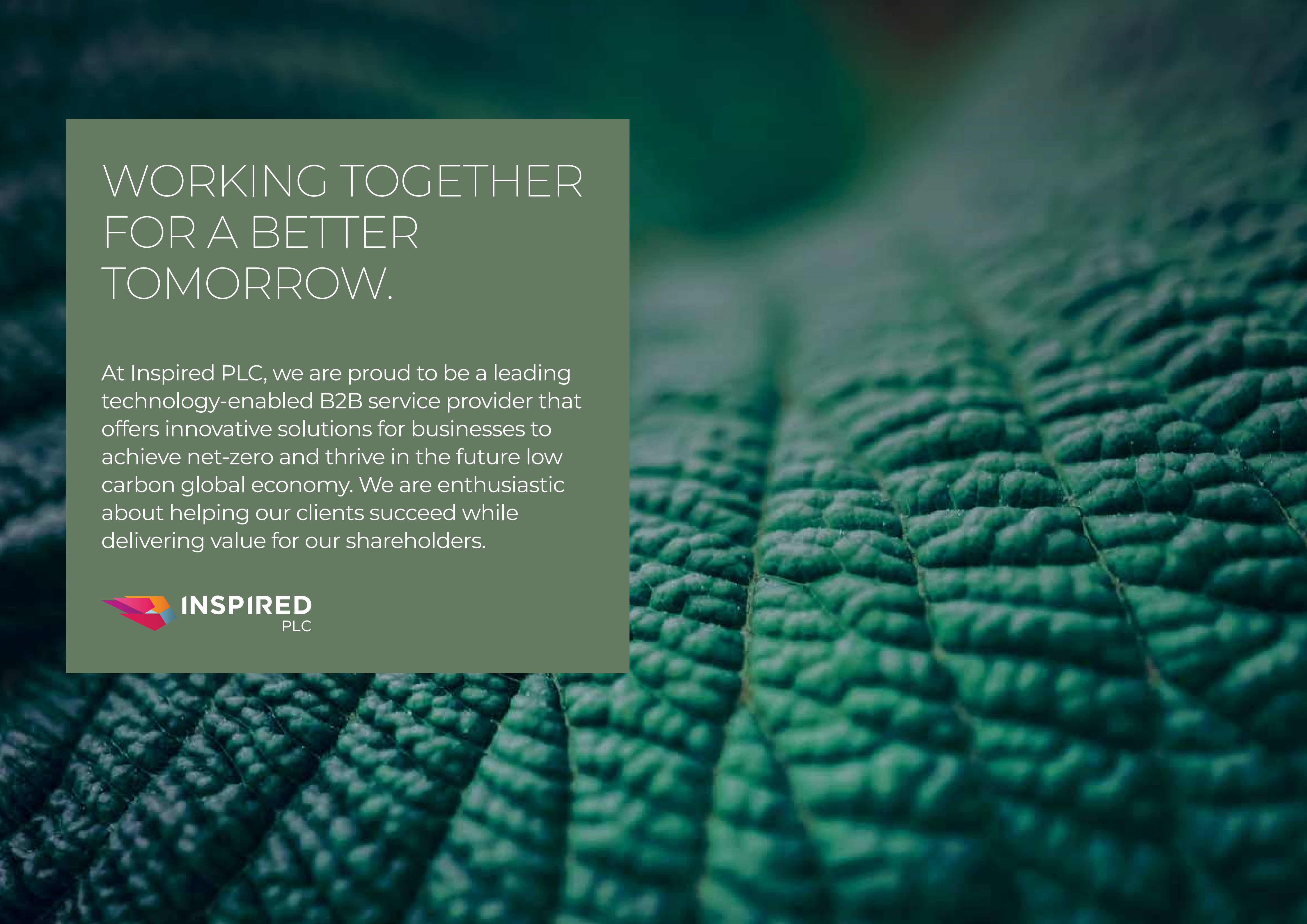
TODAY'S PARTNER FOR A BETTER TOMORROW

INSPIRED PLC

Annual Report & Accounts 2023



WORKING TOGETHER FOR A BETTER TOMORROW.

At Inspired PLC, we are proud to be a leading technology-enabled B2B service provider that offers innovative solutions for businesses to achieve net-zero and thrive in the future low carbon global economy. We are enthusiastic about helping our clients succeed while delivering value for our shareholders.

INSPIRED
PLC

In this report

Strategic Report

Corporate Governance

Financial Statements

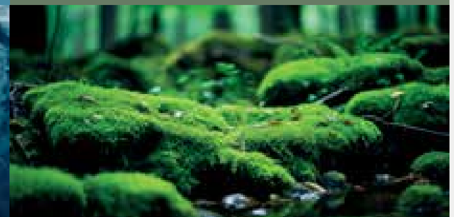
Explore our divisions

ASSURANCE SERVICES

See page 28

ESG SERVICES

See page 30



OPTIMISATION SERVICES

See page 32

SOFTWARE SERVICES

See page 34

2023 Group financial highlights

£98.8m ▲11%

Revenue
2022: £88.8m; 2021: £67.9m

£18.7m ▼14%

Cash generated
2022: £21.7m; 2021: £10.3m

£25.2m ▲20%

Adjusted EBITDA[1]
2022: £21.0m; 2021: £19.8m

£15.8m ▲13%

Adjusted profit before income tax[3]
2022: £14.0m; 2021: £13.4m

£48.7m

Net debt[2]
2022: £37.2m; 2021: £32.9m)

1.50p

Final dividend per share
2022: 1.40p; 2021: 2.50p[4]

(£6.2m)

Reported (loss)/profit before income tax
2022: (£4.0m); 2021: (£1.1m)

2023 Non-financial highlights

227

Number of clients spending over £50,000
2022: 154; 2021: 123

159

Number of £50,000 revenue clients supported by more than one division
2022: 104; 2021: 69

370

Number of clients with Optimisation Services projects in year
2022: 271; 2021: 194

208

Number of repeat Optimisation Services clients in year
2022: 142; 2021: 94

£231,160

Average client lifetime value per client (CLV) – CLV assessed over a 10-year period
2022: £161,109; 2021: £119,079

3,258CO_2e

Carbon neutrality for operating emissions
2022: 5,485CO_2e; 2021: 5,692 CO_2e

702

Total number of employees
2022: 641; 2021: 608

86%

Employee retention
2022: 85%; 2021: 89%

1 Adjusted EBITDA is earnings before interest, taxation, depreciation, and amortisation, excluding exceptional items, share-based payments and changes in fair value of contingent consideration.
2 Net debt is bank borrowings less cash and cash equivalents.
3 Adjusted profit before income 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 10).
4 All per-share figures have been Adjusted to reflect the 10:1 share consolidation undertaken on 3 July 2023.

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.

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, providing confidence that the division will continue to contribute organic revenue growth in 2024, with an expectation margins will stabilise.

£36.3m

revenue

ESG SERVICES

Revenue growth of 112% to £5.5m (2022: £2.6m) and Adjusted EBITDA contribution to the Group of £1.5m (2022: loss of £0.6m) in just 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.

£5.5m

revenue

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 produce 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, which has accelerated as a result of high commodity prices and underpins our confidence for future growth.

£54.0m

revenue

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.

£3.0m

revenue

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.

Q1 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.

Q&A with our CEO

We are a full-suite sustainability service provider that is well-positioned in exciting macro themes, which are expected to be prevalent in the market over the years to come."

Mark Dickinson
Chief Executive Officer,
25 March 2024

1: What do you see as Inspired's greatest achievements in FY2023?

I think delivering double-digit organic revenue and Adj. EBITDA growth as we said we would when we set about transforming the business from a procurement-focused energy advisor into a full-suite sustainability services provider in 2017.

Having endured Covid and the energy crisis, the business now has diversified revenue which is aligned to some of the most relevant macro themes that are facing to society today; energy crisis defence, ESG and net-zero.

We have achieved this whilst pursuing our own ESG agenda, improving the Group's societal impact, trebling Adj. EBITDA and increasing revenue by 260% over the last six years.

2: In which divisions do you see the most growth opportunities in the year ahead?

The benefit of our diversified revenue means that the business has multiple growth opportunities in multiple divisions, which can be summarised as:

Assurance is the heritage of the business, a solid foundation providing strong recurring revenues and cash generation. We forecasted this division conservatively for 2024, but there is opportunity for upside as we aim to generate operational leverage from further roll out of Robotic Process Automation during 2024 and into 2025.

ESG is delivering exceptional growth. We delivered a strong performance on the Energy Savings Opportunity Scheme (ESOS) Phase 3, a mandatory obligation for many businesses that repeats every four years. The division increased the number of clients served by 72% compared to Phase 2, which provides a strong platform to grow our Optimisation Services. As ESOS repeats every four years, absolute growth in ESG is likely to appear more modest in FY24 but like-for-like growth in ESG disclosures and net-zero solutions is expected to be c. 50%.

Software not only underpins both our Assurance and ESG Divisions, it provides an industry leading platform used by c.65 TPIs and 200 direct clients. On a business-as-usual basis we expect double-digit organic growth, but with a number of new modules now available there is potential for additional upside in software revenue.

Optimisation is the growth powerhouse of the business, providing a gateway to help businesses with the £139bn challenge to deliver net-zero between now and 2050.

We have grown the number of clients where we actively provide optimisation projects by 245% since 2020 and 58% of these are repeatable demand where Inspired is the trusted advisor helping the client answer the question 'what is the next best thing I should do to marginally reduce my carbon emissions and my energy consumption?' – and this division really underpins our 5-year strategy to double EBITDA from 2022 to 2027.

3: During 2023 you commenced your strategy to deliver your five year aspiration to double EBITDA by 2027. What are the key drivers to you delivering this?

We have been creating the platform capable of achieve this aspiration since 2017 and had all pieces on the board by the end of 2019. With what then followed, we lost three years to two rare macroeconomic headwinds; Covid and the energy crisis. It is now just about execution.

We are positioned to help with some of the largest societal challenges; we are diversified into complementary business units, underpinned by our own proprietary technology.

In order to double EBITDA organically in five years (2022 to 2027) the primary drivers can be summarised as:

1. Continue to maintain our client base for Assurance Services adding ESG Services where appropriate.
2. Increase the number clients we bring to the Group through ESG Services.
3. Use the data processed from providing ESG and Assurance Services to data mine opportunities for or clients to reduce energy consumption and carbon emissions allowing them to implement their action plan for net-zero.
4. Deliver those solutions via our Optimisation Services division.

With consideration to the Group's objective to reduce net debt, we will consider opportunistic M&A that helps consolidate the market where capital is available and are earnings enhancing within one year.

4: With sustainability being a key pillar for Inspired, what have been the Group's main achievements in the year?

We are particularly pleased with how the Group is walking the talk with respect to its own ESG and sustainability journey.

It starts with best-in-class disclosures which are provided to a standard which underpins our award-winning service. This was recognised for Alliance Pharmaceuticals disclosures, created by the Inspired team and recognised for the "Best Communication of Sustainability" from the Investor Relations Society.

During 2023, we focused a lot of our attention on our decarbonisation plan and our journey to net-zero. As a result the Board decided to revise our Scope 1 & 2 net-zero target to make it more ambitious by bringing it forward from 2025 to 2030. This will be achieved through the decarbonisation of our estate, our Kirkham Head Office is set to be a net-zero building as part of our phase 2 development during 2024.

5: What should investors' take away be for the year ahead for Inspired?

The company share price performance has been far from satisfactory in recent years, especially in the context of the strong organic growth in revenue and Adj. EBITDA which have been delivered.

Whilst the Group has delivered on its strategy communicated to shareholders in 2020 to make acquisitions during Covid on strong contingent consideration structures, finance that contingent consideration through its balance sheet until 2024 and maintain net debt at c. two times Adj. EBITDA, the markets view of leverage has shifted.

As a Group we shall continue to focus on executing our strategy to deliver double digit revenue and Adj EBITDA Growth through increasing the number of clients supported by multiple divisions and their client lifetime value.

Mark Dickinson
Chief Executive Officer

> Having endured Covid and the energy crisis, the business now has a diversified revenue line which is aligned to some of the most relevant macro themes that are facing to society today; energy crisis defence, ESG and net-zero."

Our business at a glance

About us

Inspired PLC provide market-leading commercial energy and sustainability advisory services to help our clients to manage and benefit from the global transition to net-zero.

Our services range from utility data management, and procurement to consumption reduction and intelligent ESG strategies.

We offer a full range of integrated sustainability solutions through our four divisions.

How we support our customers

We offer customised and practical solutions to our clients, which help them manage risks and succeed in the future net-zero economy. Energy is a mission-essential item for all businesses, playing a crucial role in achieving business goals and reducing carbon emissions with the transition to net-zero.

Therefore, our focus is on helping our clients improve cost control, reduce energy consumption and carbon emissions, and comply with regulations. We call these challenges the 4Cs and we believe they are essential to our clients' success.

About our divisions

ASSURANCE SERVICES

Our Assurance Services Division helps our clients better manage their utility data and costs.

ESG SERVICES

Our ESG Services Division specialises in supporting businesses to make revenue-critical ESG disclosures to retain customers, comply with regulations and attract investment.

OPTIMISATION SERVICES

Our Optimisation Services Division delivers innovative solutions to help our clients transition to net-zero by reducing carbon emissions, cutting costs and optimising utility usage.

SOFTWARE SERVICES

Our Software Services Division delivers technology to manage the vast amounts of data that underpin our services. Inspired's software is also licenced by third parties.

Our 4Cs approach

Cost control

Businesses without professional energy procurement advice face the risk of failing to manage high energy price risks or failing to capitalise on low-cost opportunities. Inspired's procurement specialists offer detailed insights and expert risk management strategies to help clients navigate the volatile commodity markets more effectively, protecting against price shocks and taking advantage of any price drops. Our energy accounting analysts challenge and validate every bill component, interfacing directly with clients' accounting systems, ensuring accurate payment to suppliers in accordance with customer requirements.

Consumption reduction

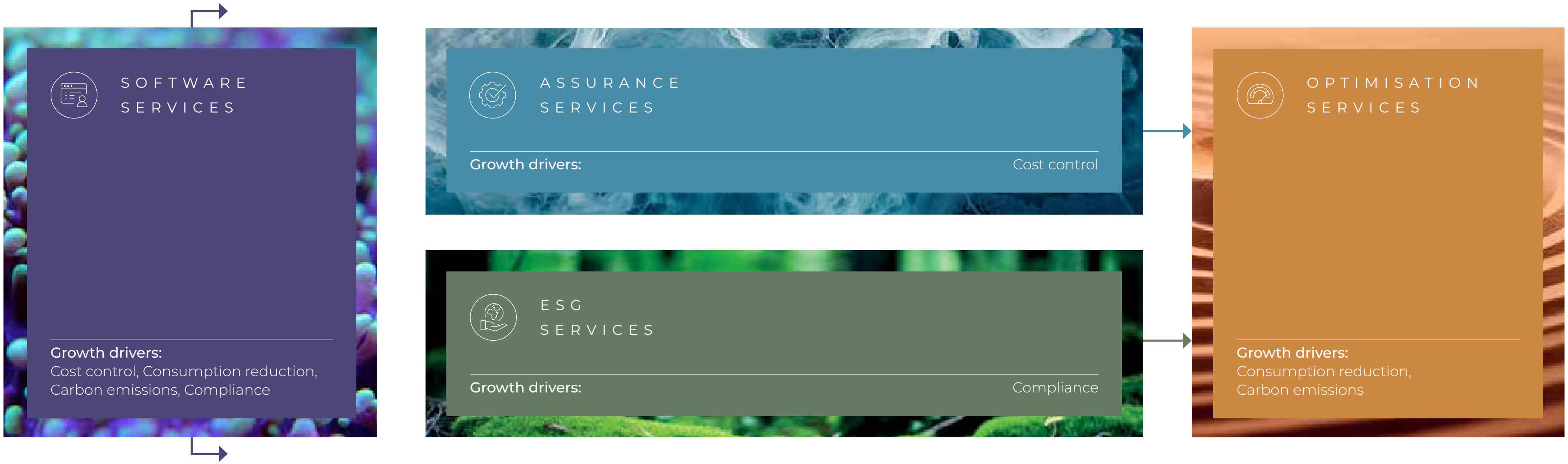
The risk of rising prices and energy crisis defence have made reducing consumption more important than ever. With technology evolving rapidly, it's a challenge to keep up. For over 15 years, our Group has helped clients reduce carbon emissions and energy consumption through its Optimisation Services. We are not affiliated with any manufacturer or service provider and remain technology neutral. We collaborate with major UK brand boards, as well as smaller businesses, to identify critical areas and provide comprehensive solutions to reduce carbon emissions and energy consumption in all areas.

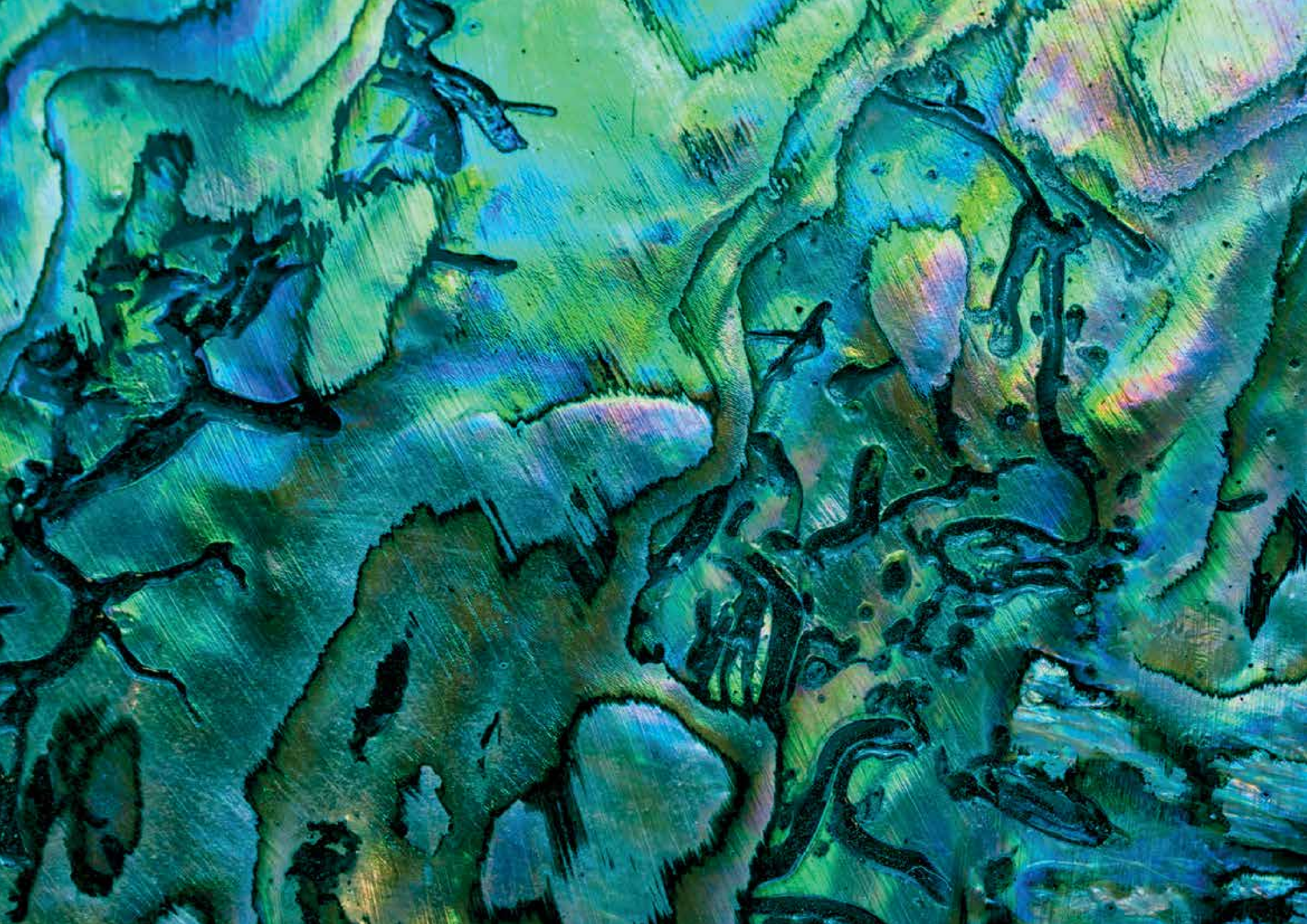
Carbon emissions

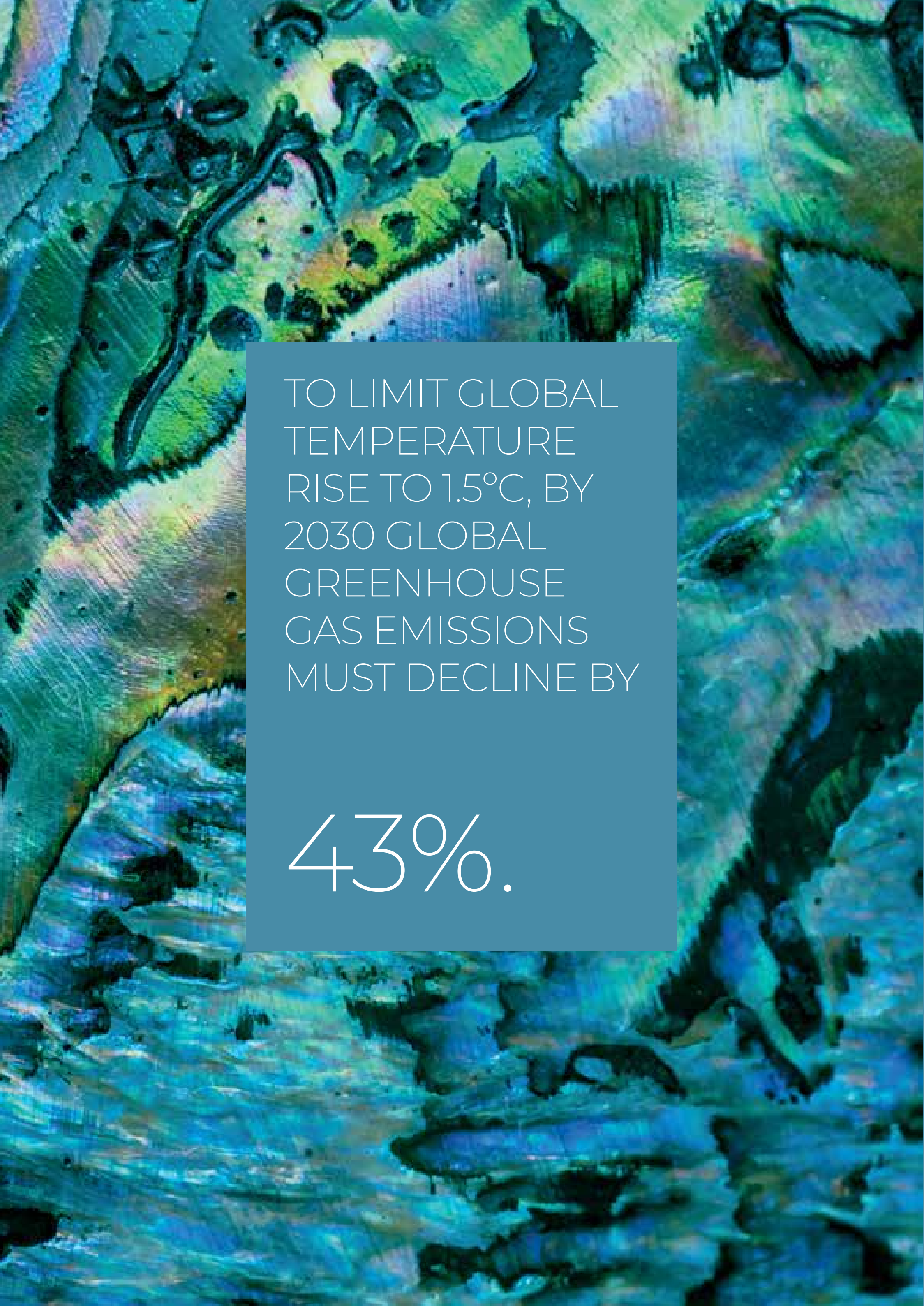
We partner with our clients to set realistic objectives for short-, medium-, and long-term goals, and provide practical solutions for any business to reduce carbon emissions and navigate their journey to net-zero. Our services range from green energy procurement to delivering on-site energy generation and carbon reduction solutions for Scope 1, 2 and 3 carbon emissions. Achieving net-zero is a gradual process, which is why we offer practical, incremental strategies to help our clients achieve their objectives over time. Our Optimisation Services provide effective solutions to make an impact immediately and in the future.

Compliance obligations

Businesses must be accountable for their operations as regulations around climate-related reporting increase. They must understand their full impact on society by mapping out emissions, creating a carbon balance sheet and developing an action plan to reduce their impact. Increasingly, such disclosures are becoming revenue critical for our clients as their supply chain and customers demand them as a pre-requisite to purchasing. Inspired's experts help businesses deliver auditable disclosures by processing complex ecosystems. Our ESG service delivers data-driven reporting in a robust, auditable and repeatable format.







TO LIMIT GLOBAL TEMPERATURE RISE TO 1.5°C, BY 2030 GLOBAL GREENHOUSE GAS EMISSIONS MUST DECLINE BY

43%.

STRATEGIC REPORT

Read more about our commitments as a responsible business: **page 56**

Our investment case

By prioritising the lifetime value of our clients, we have successfully achieved double-digit growth. Investing in long-term client relationships has been key to our success. We believe in delivering exceptional value and service to our clients, and in return, they continue to support us year after year.

A compelling growth opportunity for investors

1. Strong macro-drivers

- Any business that spends more than £100,000 on energy and water annually can be our potential customer.
- Companies are facing an increase in regulatory obligations, particularly on ESG, which creates potential customers for us.
- In a highly fragmented market, there is a market opportunity worth £2.4 billion.
- The energy crisis has made energy a critical topic for Boards, increasing demand for our services.
- We are a business that provides a pathway to the £139bn opportunity to deliver net-zero between 2024 and 2050.
- Our strong sales pipeline underpins our position as the market leader in providing solutions at a market-leading price point.

Market opportunity

£2.4bn

2. Competitive advantage

- We support 3,400+ businesses in reducing energy costs and achieving net-zero targets.
- Our team of experts can effectively manage the four essential client challenges: cost, carbon, consumption and compliance, empowering our clients to make informed decisions about energy and the environment.
- Our leading ESG disclosure service addresses UK businesses' climate change challenges at a leading price point.
- We offer comprehensive, end-to-end solutions for energy and ESG. We gather and analyse our clients' data to recommend and implement solutions that help them achieve net-zero emissions, earning trusted advisor status among C-Suite Executives.
- Our solution-agnostic approach has made us the leading player in the market.
- Our commitment to the environment and our clients was recognised when we received the London Stock Exchange Green Economy Mark in November 2020.

Manage the four C's

Cost, Consumption,
Carbon and Compliance

Read more about our business model and our strategy on pages **20 to 24**

3. Technology-enabled service

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

SaaS revenue

c. £3.0m

4. Ambitious with a strong growth engine

- From 2017 to 2022, we have pursued a strategy of growth through acquisition, which facilitated our transformation into a full-suite sustainability service provider capable of delivering double-digit organic growth into the future.
- Post this transformation, FY23 saw the delivery of 19% Adj. EBITDA growth as we realised our strategic potential.
- Our FY24 business continues the execution of or our strategic organic growth plan aiming for a 10% increase in Adj. EBITDA growth as we prioritise building client lifetime value (CLV), supported by our multi-decade client relationships.

FY24 organic double-digit Adj. EBITDA growth expectation

c. 10%

The markets we operate in

Our clients will continue to require recurring Assurance and ESG Services. While there will be variations in the customers we work with each year, there is a consistent demand for optimisation projects. Our Group has a proven track record of delivering significant carbon and energy reduction solutions for larger organisations.

ASSURANCE SERVICES

UK MARKET SIZE

£0.4bn[1]

Mature market but fragmented with many small players.

25%
Available Blue Ocean[2]

14%
Inspired Market Share

ESG SERVICES

UK MARKET SIZE

£1.1bn[3]

New immature market with strong and growing call to action.

100%
Available Blue Ocean

0.5%
Inspired Market Share

OPTIMISATION SERVICES

UK MARKET SIZE

£0.7bn[4]

Established market, technology is constantly evolving, the customers are faced with a plethora of alternatives.

85%
Available Blue Ocean

8%
Inspired Market Share

SOFTWARE SERVICES

UK MARKET SIZE

£0.2bn

Fragmented market with self-build main competition.

50%
Available Blue Ocean

1.5%
Inspired Market Share

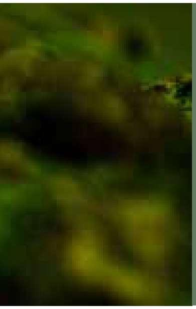
1 Source: Cornwall Insight.
2 Blue Ocean is the % of the market not currently using Inspired or an equivalent service provider.
3 Source: Management estimate based on a number of businesses captured by mandatory reporting requirements.
4 Source: Management estimate based on a number of businesses captured by mandatory reporting requirements.

ASSURANCE SERVICES

Need:
- Every corporate consumer is a potential customer.
- Consumers have a non-discretionary call to action – they need a supply contract.
- Energy procurement is complex and volatile – expertise is required.
- Bill validation and budgeting is also complex and error prone – expertise is required.
- The management of the financial performance of what is most businesses largest indirect cost creates C-suite relationships.

Solution:
- Expert procurement and energy accounting options.

Objective:
- To provide value to the client and become a trusted advisor.



ESG SERVICES

Need:
- Compliance non-discretionary.
- Additional disclosures and improvement plans increasingly becoming business-critical for securing investment and winning new customers.
- Inconsistent frameworks and unstructured data makes self-diagnosis and reporting challenging for customers.

Solution:
- Expert data collection analysis, synthesis and taxonomy agnostic disclosures leading to executable plans.

Objective:
- To provide value to the client and become a trusted advisor.

OPTIMISATION SERVICES

Need:
- Faced with the pressing need to act driven by cost reduction targets and net-zero action plans required by customers, investors and other stakeholders, clients have a re-occurring (repeatable) demand to address: "How do I deliver my next marginal unit of reduction in carbon emissions or energy consumption."
- Understanding clients' budgets and consumption patterns, their disclosures and future road map enables a structured conversation to be had around making a difference to a client's consumption, leading to cost reduction and improving disclosures.

Solution:
- Inspired provide turnkey contractor solutions with demonstrable reductions on a one-off or pilot, prove and roll-out basis.

Objective:
- To build on the trusted advisor status to deliver implement the solutions that will physically reduce carbon emissions and energy consumption.

SOFTWARE SERVICES

Need:
- Robust reliable solution to underpin the offering from Inspired.

Solution:
- Modular in nature, easy to update and refine. Developed for Inspired's needs to our schedule and specification.

Objective:
- To support the business and reach parts of the market Inspired cannot reach. Sold externally directly to larger estate customers and as enabler to smaller TPIs that look after customers Inspired would not necessarily have direct access to.

Chairman's statement

> We have seen growing interest in our services across all four divisions this year, particularly in ESG and Optimisation, with demand for our Assurance Services expanding as new business opportunities remain high."

Richard Logan
Chairman
25 March 24

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, underpinning demand for the Group's services. We have seen growing interest in our services across all four divisions this year, particularly in ESG and Optimisation, 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 focused 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 next strategic goal, 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 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 (TNFD).
7. Prepared our fourth Task Force on Climate-Related Financial Disclosure (TCFD).
8. Prepared our fourth 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.

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 as the business transitioned through the energy crisis 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 contingent consideration payments 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

1.5p
final dividend (2022: 1.4 pence)

2.9p
full year dividend (2022: 2.7 pence)

26 July 2024
dividend payable to all registered on 21 June 2024

CEO's statement

> 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."

Mark Dickinson
Chief Executive Officer
25 March 2024

Overview of the business in 2023

Inspired delivered another strong performance in FY23, successfully executing against our organic growth plan 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 engraining 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 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 £139bn between 2024 and 2050. The delivery of net-zero is a societal critical requirement 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 out-perform 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.

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

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

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 for in the history of the energy markets and energy crisis defence is now firmly on the board room agenda for corporate 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, driven by a flight to quality as businesses look for differentiated solutions from a full suite sustainability services provider to help them navigate through 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 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 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.

112%

ESG Services division revenue growth

£1.5m

ESG Services division Adjusted EBITDA contribution

ESG

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 programme and deliver any necessary Optimisation Services.

In the year, the ESG Services division achieved 112% revenue growth to £5.5m with an Adjusted EBITDA contribution to the Group of £1.5m, having contributed an Adjusted EBITDA loss of (£0.6m) in 2022, after only three years since its inception as an organic growth market entrant. The ESG Services division is becoming an increasingly exciting competitive opportunity for the Group as it helps to meet an ever-growing statuary 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

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 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 Optimisations 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 last twelve months (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%), as the projects delivered in the period were of a higher margin than in FY22 and this 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 £139bn opportunity over the next 25 years for the delivery of net-zero for commercial buildings and industrial processes for the UK market.

18%

Software Services division revenue growth

£1.8m

Software Services Adjusted EBITDA contribution

Software

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 of 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 the 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 £139bn 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 Q1 2024 started 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 achieving current market expectations.

Mark Dickinson
Chief Executive Officer
25 March 2024

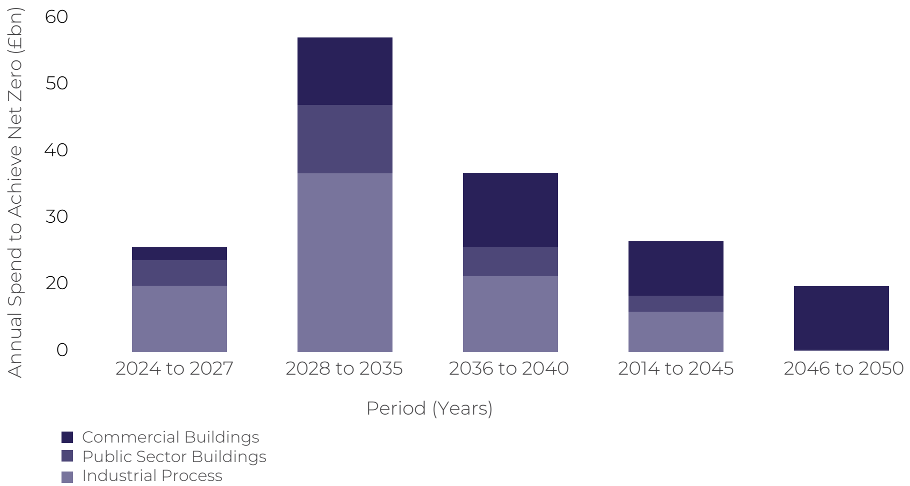
Our business model

Creating value for our shareholders

Reaching net-zero is a challenge for every member of society. Inspired helps businesses to address their environmental and social needs through tailored solutions to address their Scope 1, 2 & 3 emissions.

The Government has quantified the size of the challenge for UK Businesses to achieve net-zero, with respect to commercial buildings and industrial processes, at £139bn from 2024 to 2050.

Cost to deliver Net Zero for UK Businesses (Balanced Pathway)

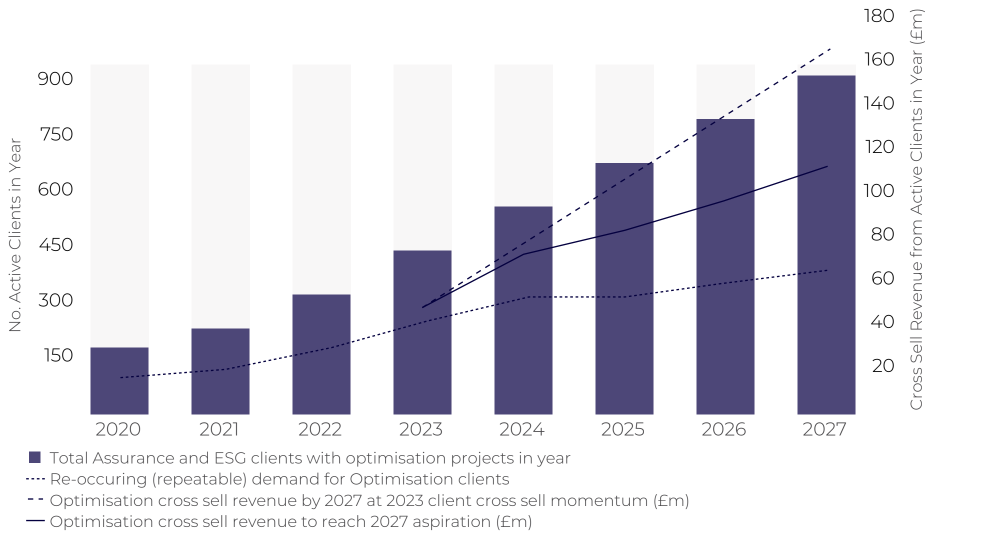


Our operating model

As we help clients meet their net-zero challenge, we focus on maximising client lifetime value (CLV) through a full suite of sustainability services. We have a model that delivers compound growth with recurring revenues through technology-enabled Assurance and ESG Services and re-occurring repeatable demand for Optimisation Services.

Our operating model to maximise CLV has six fundamentals as set out on pages 22-23. Within is the process that has driven our double-digit growth in 2023 and underpins our aspiration to double EBITDA by 2027. At our current levels of CLV growth, and assuming we maintain that momentum, we would exceed that aspiration by 2027.

Assurance and ESG Clients with Active Optimisation Solutions in Year to 2027



Our operating model continued

Our operating model to grow CLV can be summarised as:

01. Expand

Expand our base of Assurance and ESG Services clients

To deliver a maximum number of net-zero solutions, we prioritise meeting the needs of our clients and their building estates. Through our technology-enabled services, we assist clients in managing energy costs and ESG reporting by effectively handling large, unstructured data sets.

This builds trust with our clients, particularly at C-suite level, and often leads to the development of comprehensive net-zero plans. As more companies look to transition to net-zero, they look to us to support them and this expands our client base. Once net-zero plans are established, we actively support our clients in implementing their chosen solutions.

02. Increase

Increase the number of Assurance Services & ESG Services offered to our clients, ensuring a comprehensive suite of solutions

Our Assurance and ESG Services collect, validate and process unstructured data related to corporate businesses energy and carbon emissions. By engaging monthly with our clients' procurement, operations, property, and finance teams, we establish strong relationships with their top-level management and gain client insight and knowledge to identify gaps in their strategy and recommend further services to bridge those gaps.

03. Introduce

Introduce carbon reduction and social impact services to our clients, providing additional value and support

Our Optimisation Services are primarily offered to add value to our existing clients, with whom we've built a strong "trusted advisor" relationship through their use of our Assurance and ESG Services. The data derived from these services enables us to provide tailored Optimisation Services where clients have an ongoing need to continually adopt new solutions to reduce carbon emissions and energy consumption. Addressing this need is where our Group excels in serving our clients, as was evident in 2023 with 56% of Optimisation revenues coming from clients with repeatable demand.

04. Broaden

Broaden the availability of carbon reduction and social impact services to meet the diverse needs of our clients

Throughout our history, Inspired has been deeply rooted in addressing the environmental aspects of ESG. Moving forward, the Group is committed to expanding our range of solutions and services, not only focusing on the environmental aspect ('E') but also encompassing the social ('S') and governance ('G') aspects through future acquisitions or partnerships. This expansion not only enhances our ability to meet the diverse needs of our clients but also increases the revenue potential through value-added opportunities

05. Invest

Invest in technology to bolster Software Services, enabling us to provide more precise and efficient support to our clients

To continue offering net-zero services to our Assurance and ESG clients, it's crucial for us to stay at the forefront of the market with our data services, ensuring that we maintain our position as a trusted advisor to our clients. This necessitates investment in new solutions, which not only supports the retention and organic growth of our client base but also strengthens our business model.

Additionally, this investment serves as a means to attract indirect clients to our portfolio by offering Software as a Service (SaaS) solutions to other service providers in the market.

06. Streamline

Streamline operational costs to better serve our clients, ensuring maximum value

Our focus on reducing the cost to serve for each client enables us to allocate resources towards enhancing our service offerings and improving our overall business operations, all with the aim of better serving our clients. This strategic approach also facilitates organic growth, ensuring that we continue to meet the evolving needs of our clients efficiently and effectively.

Our strategy

We're dedicated to our clients' success, helping them thrive in this challenging and continually evolving landscape.

By seeking to bring new clients onboard and enhancing our services for existing ones, we aim to maximise the value we provide to our clients across all our business units.

We've set targets across the next four years, during which we aspire to double our EBITDA organically. By maintaining our position as a market leader in the UK and Ireland, we're ensuring that our clients continue to receive the highest standards of service and innovation.

But our impact goes far beyond that, rippling out to benefit our colleagues, our community, and other stakeholders. By choosing Inspired, our clients are choosing a partner committed to their growth and the greater good.

Our purpose

To create value for our stakeholders in the present and future economy. We do this by considering the needs of our clients and enabling them to manage and benefit from the global transition to net-zero.

And our vision

To be the client-focused leader of energy and sustainability services in the UK. We are confident that our focus on the delivery of our four business units will lead to continued success and growth.

Drive our strategic priorities and vision for each

Focus

We're dedicated to enhancing our customer service to ensure our clients' satisfaction and loyalty and expanding our offering to align with their needs.

As trusted advisors, we build C-suite relationships, and seize opportunities presented by key macro themes – energy crisis defence, ESG and net-zero – and implement solutions that drive actual results.

Read more on pages 20 to 23.

Grow

We strive to surpass expectations, not just meet them, as evidenced by our aspiration in doubling our EBITDA organically by 2027 and achieving net-zero for Scope 1 and 2 by 2030 and Scope 3 by 2050.

Our commitment to growth extends across all divisions as articulated on pages 26 to 35.

We've proudly received the London Stock Exchange's Green Economy Mark since 2020, recognising our contribution to a more sustainable economy and our commitment to delivering long-term sustainable success, more on page 36.

Evolve

In a dynamic landscape, we guide clients at every step. With our proprietary platform, we manage their sustainability data efficiently and deliver services with precision. We are committed to expanding our offering to align with their needs.

We deploy Capex for 6–8 new technology solutions annually and have a proven track record of strategic acquisitions to further enhance our capability and provide more comprehensive solutions where appropriate.

Read more on pages 34 to 35.

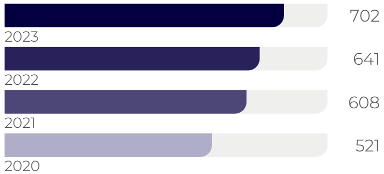
Measuring our performance

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

Group KPIs

Average number of persons employed

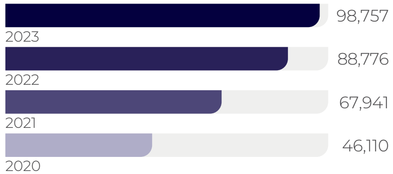
+10%



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

Revenue (£000)

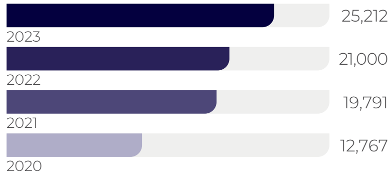
+11%



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

Adjusted EBITDA (£000)

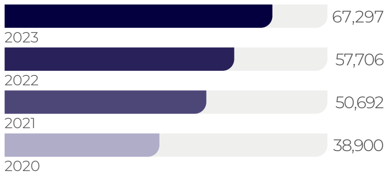
+20%



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

Gross profit (£000)

+17%



Gross Profit is a key measure of the direct cost required to provide our different service lines to customers.

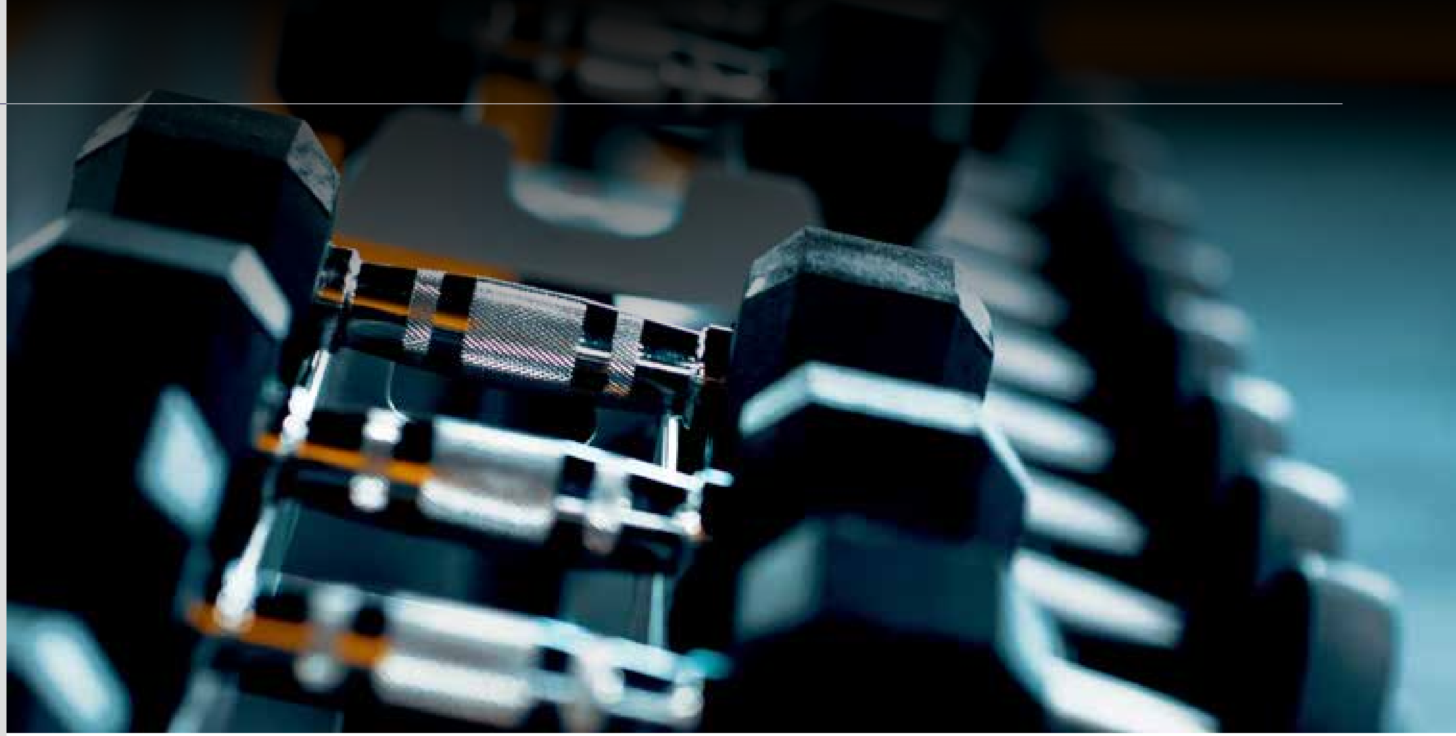
Adjusted EBITDA margin (%)

+2%

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

STRATEGY IN ACTION: PLC

Nuffield Health's transformation through effective energy management



ABOUT OUR WORK

Since 2018, Nuffield Health has partnered with Inspired PLC for energy management services, ushering in a remarkable era of savings and strategic advancement.

Together, we've navigated a transformative journey, saving Nuffield Health **over £3 million** on utilities while empowering them to pursue a comprehensive energy and environmental strategy.

As part of Nuffield Health's onboarding process, Inspired identified Triad charge errors within historic supply contracts and negotiated a **£666k refund.** But the savings didn't stop there, our collaborative efforts have yielded impressive results:

£250k
of negotiated savings on electricity and gas supply agreements

£170k
of savings by taking control of water efficiency

£116k
saved by consolidating MOP contracts

£217k
refund through a retrospective utility audit

£1.4m
recovered in billing errors

£147k
savings achieved via adjustments in Available Supply Capacity and managing CHPQA requirements

Sustainability, integral to Nuffield Health's mission as a leading healthcare charity, is a top priority at all levels and we've gone the extra mile to ensure the organisation has been well supported."

We've supported Nuffield Health in complying with Streamlined Energy and Carbon Reporting (SECR) legislation since its inception in 2019. Since 2021, we've aided them in achieving ISO 14001 certification, supported their annual CDP climate impact disclosure, and are collaborating on their net-zero strategy, and inaugural Climate-related Financial Disclosure (CFD). Gathering data from diverse business units and services is a challenge, but we streamline the collection and reporting. Furthermore, our team has undertaken decarbonisation assessments across a number of test sites, to help bring the estate in line with the client's journey net-zero aspirations.

Sustainability, integral to Nuffield Health's mission as a leading healthcare charity, is a top priority at all levels and we've gone the extra mile to ensure the organisation has been well supported.

Our dynamic approach empowers Nuffield Health to seize opportunities in modern energy management, delivering ongoing commercial, operational, and environmental benefits while relieving the burden of utilities administration. Nuffield Health has access to a range of apps within our client portal UNIFY to enable their effective energy management strategy.

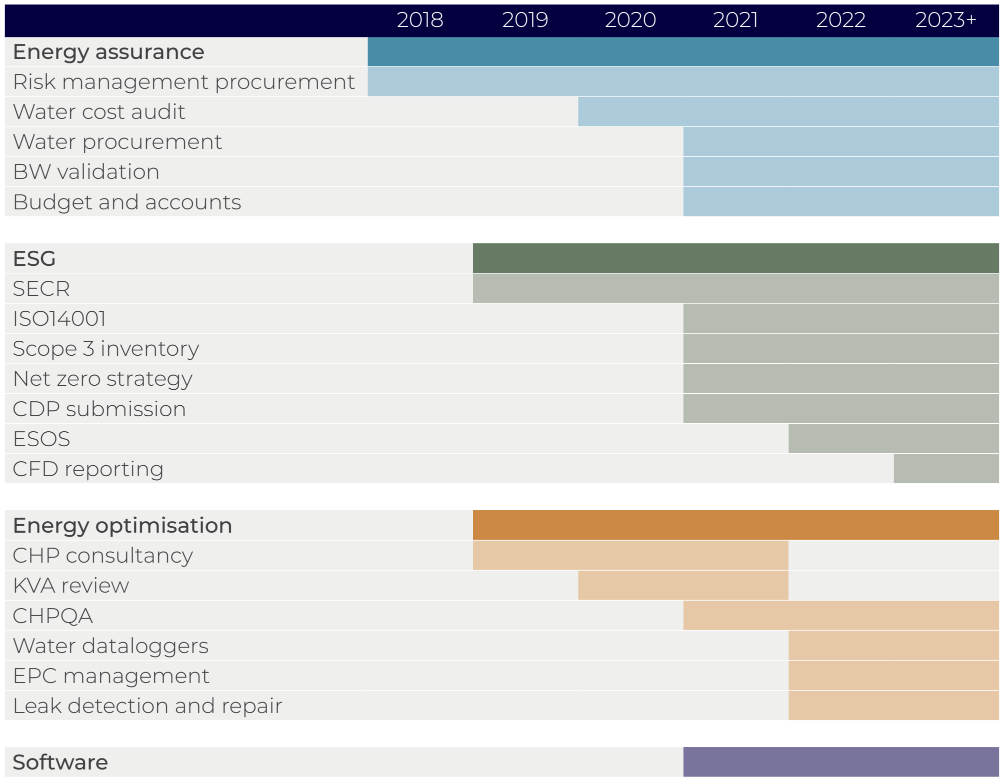
We're looking forward to collaborating further with Nuffield Health in 2024 as they look to co-host two of our regional client roadshow events.

Together, we're pioneering a sustainable future.

Together, we've navigated a transformative journey, saving Nuffield Health over £3 million on utilities.

£3m+

Nuffield Health Timeline of Services



Assurance Services

ABOUT THE DIVISION

Our Assurance Services division aids businesses in navigating energy pricing amid the volatile energy market, managing risks, and seizing cost-saving opportunities.

Through our technology-enabled service we process thousands of data pieces monthly to support effective cross-sells into ESG and Optimisation Services.

With fluctuating energy costs, precise energy purchasing and billing are crucial. Our risk managers and procurement specialists tailor strategies to mitigate price threats and lower costs and our energy accounting analysts ensure accurate billing. Energy costs can significantly impact business success. Hence, many organisations integrate utilities into their strategic plans to reduce risk, reinforce commercial resilience and strengthen supply chain partnerships.

Assurance Services had another record year for new business generation (including Total Fitness, Empiric PLC, RBH Hospitality Management Limited, Sally's Salon Services. Government Property Agency, Heritage Great Britain Plc), with higher retention rates and delivered margins broadly in line with H1 2023.

The underlying organic characteristics of the Assurance Services division is often misunderstood due to the impact of acquisitions, the exceptional impact of rebate clients and the impact of the post-Covid structure of the Irish market on the Irish division. The underlying organic revenue growth for the division was 6% in 2023 (1% overall organic revenue growth) and since 2020 the underlying annual organic revenue growth of the Assurance Services Division has been c.4%.

£36.3m

Assurance Services 2023 revenue contribution

"Inspired's insight so far with regard to the environment has been massively powerful. They're helping us future-proof our organisation which, in essence, involves buying smartly and buying with the right people – but also looking at who we are in terms of sustainability, which is at the heart of what we do."

Paul Lockwood,
Head of Procurement, Central Co-op

Impact of macro environment

Despite persistent challenges such as wholesale market volatility, issues around securing contracts, and increased business insolvency rates, the energy crisis has elevated the importance of energy cost management and carbon emission reduction on boardroom agendas.

Key developments and outlook

Throughout 2023, we concentrated on refining our operational framework within Assurance Services improving customer service standards and enhancing customer lifetime value (CLV) by delivering substantial value across all divisions where possible.

For 2024, we remain prudent in our expectations for the division assuming organic revenue growth of 2% with EBITDA margins sustained at 2023 levels. We see a number of potential upsides to this assumption as we see recent cost inflation during 2022 and 2023 filtering through to sales prices and a continued increase in new business sales activity.

The primary value of this division is to provide a stable client base where our data management and processing allows us to design and implement Optimisation solutions, in turn enabling us to increase the CLV of the client through the delivery of solutions to help them meet the challenge of net-zero.

How we will deliver on our strategy

The period up to FY27

- Maintain position as the market leader in the UK and Ireland.
- Deliver 1% to 3% organic growth.
- Focus on customer service to maximise client retention rates.
- With consideration to the Group's objective to reduce net debt relative to Group Adjusted EBITDA, deliver opportunistic M&A that helps consolidate the market where capital is available and are earnings enhancing within one year.

CASE STUDY: CENTRAL CO-OP

Creating a sustainable society for all

Central Co-op, the UK's second-largest cooperative, joined Inspired in 2022 after a thorough tender process. With a renewed commitment to sustainability, the company's ethos now guides decisions across the organisation, including energy procurement.

Co-operatives, owned by members, typically have large and diverse portfolios, with energy making up a key operational cost. Once Central Co-op's energy buying strategy was set up to best manage these cost impacts, we set up a collective buying strategy to share the cost and environmental benefits with nine further independent co-ops.

Looking ahead to 2024, the launch of a new energy consortium will expand collaboration to more co-operative members and their supply chains, aiming to collectively purchase utilities through a choice of buying strategies, share peer-to-peer learnings and explore green investment opportunities.

CASE STUDY: BETFRED

Since 2017, Inspired has partnered with Betfred, optimising energy management for their nationwide high street portfolio.

Our Assurance Services, including procurement, bill validation, portfolio management, and bespoke reporting, have yielded substantial savings over the years. We tailored procurement, combining fixed gas strategy with flexible electricity solutions, ensuring budget protection and market savings. Effective bill validation processes have brought in hundreds of thousands in refunds and savings. In 2023 alone, Inspired saved Betfred £2.8m, totalling £3.7m saved from Assurance Services over the duration of our partnership.

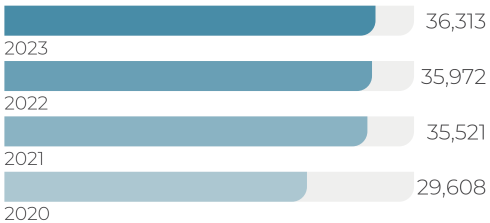
Betfred has since engaged more ESG Services, including SECR, ESOS, TCFD and ESG reporting, and net-zero strategy, with plans in place to implement MOP and DA/DC agreements to allow further controls around their future energy spend.

Measuring our performance

Assurance KPIs

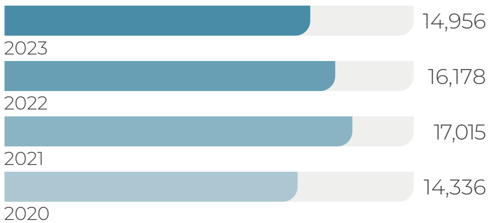
Revenue (£000)

+1%



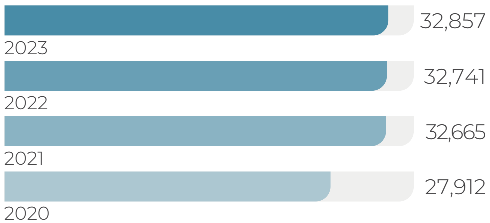
Adjusted EBITDA (£000)

-8%



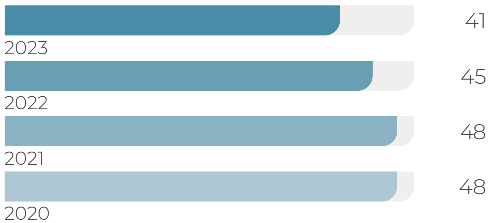
Gross profit (£000)

+0%



Adjusted EBITDA margin (%)

-4%



ESG Services

ABOUT THE DIVISION

Our ESG Services Division offers practical solutions to support our clients in every stage of their ESG journey. Our goal is to help them make effective ESG disclosures while complying with emerging regulations, attracting investment, and expanding their customer base.

We assist clients in developing ESG strategies, measuring ROI, managing climate change risks, compiling emissions data, and formulating net-zero strategies. With our support, our clients can manage their transition to a low-emissions economy in-line with their business needs.

We are uniquely placed when compared to our competitors as we are able to implement the decarbonisation solutions we design through our Optimisation Services Division, allowing clients to achieve their net-zero ambitions.

Since entering the ESG market in 2021, the division has achieved remarkable growth, reflecting the creation of a leading product at a competitive price, tailored to the evolving market needs.

Our client base expands as ESG disclosures gain prominence in revenue and investment decisions, driven by evolving legislation. ESG Services not only enhance the lifetime value of existing clients, like Betfred and Aldi, but also attract new clients, including YouGov and Acteon, to our Group in 2023.

£5.5m

ESG Services 2023 revenue contribution

> "I am thrilled that Alliance has been recognised by the IR Society for the Best Communication of Sustainability at their Best Practice Awards in 2023. Our collaboration with Inspired over the past two years has been instrumental in helping to define our sustainability strategy and supporting its delivery, whilst enhancing our proficiency in all ESG aspects and educating our colleagues, executive team and Board members."

Cora McCallum,
Head of Investor Relations and Corporate Communications at Alliance Pharmaceuticals Limited

Impact of macro environment

Sustainability reporting has become a mainstream consideration for businesses in all economic sectors, evolving from a reluctant compliance obligation to a revenue-critical item. Even without a current compliance obligation, businesses aiming to attract new clients, staff or investors typically need to be making effective ESG disclosures and progress towards a net-zero strategy. ESG is therefore essential for any business looking to grow.

As ESG commitments rise, so must transparency and the quality of action. Stakeholders are becoming more alert to untrue or exaggerated claims, leading to poor reputational consequences and in some cases, fines and/or litigation. In 2023, increased attention was directed towards global standardisation as the International Sustainability Standards Board (ISSB) concluded the development of international sustainability and climate reporting standards, the emerging climate-related reporting in the US through California's SB-261 and the SEC's Climate Disclosure Rule, which is anticipated to be finalised in 2024. In EU the introduction of the Corporate Sustainability Reporting Directive (CSRD) that will capture over 50,000 companies, and the launch of the Task Force for Nature-Related Financial Disclosures framework.

Key developments and outlook

In 2024, major elections in the EU, US, and UK could influence future ESG policy and regulation. The focus is likely to be on implementing and enforcing existing international standards, rather than introducing new ones.

The focus of the ESG Services Division continues to be increasing the lifetime value of existing clients and adding new clients to the Group.

How we will deliver on our strategy

The period up to FY27

- Grow our taxonomy and ESG framework agnostic solutions to help businesses make their ESG disclosures in UK and Ireland.
- Expand our offering to support our client's business operations that are captured by the emerging EU and US disclosure frameworks.
- Deliver the five-year organic growth plan from 2023 to 2027.
- Build ESG Impact Services to enable solution provision for each element of the ESG wheel.

CASE STUDY: VIDENDUM PLC

Videndum Plc enlisted Inspired's support on their ESG journey. Inspired handles annual report disclosures, the curation and design of TCFD and ESG reports, and provide an investor index for the client.

Inspired provides global support across Videndum's four divisions, offering climate modelling, carbon balance sheets, and capacity-building workshops at Board and management level for climate risk management. Inspired collaborates with regional teams for emissions data collection and process improvement, delivering comprehensive carbon balance sheets and guiding science-based net-zero targets. Inspired also deliver climate scenario analysis which allows companies to model the potential physical and transitional risks to their business in a range of potential futures.

In 2023, Inspired completed its second round of disclosures with Videndum, meeting the client's early reporting deadline, showing flexibility and responsiveness during year-end pressures.

CASE STUDY: COLPAC LIMITED

Since January 2023, Colpac has partnered with Inspired to demonstrate their commitment to the environment and responsible business. Eager to establish Science-Based Targets and reduce their carbon footprint, we swiftly calculated two years of full emissions (Scope 1, 2, and 3) in under six months and set interim and net-zero targets.

Despite size, Colpac's collaboration led to significant emission cuts. Their dedication earned recognition on the Science Based Targets initiative (SBTi) website, highlighting adherence to global standards. Inspired and Colpac continue to work together to implement their net-zero strategy and make progress towards their targets, focusing on improving data quality for Scope 3 emissions in 2024.

> Our partnership with Inspired has given us an invaluable opportunity to build the specialist expertise we need to make real change. Their people-first and detail-oriented approach and support is helping us to achieve and raise ambition at every step along the way."

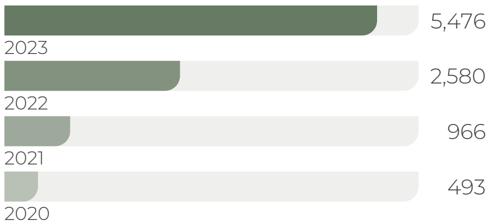
Talia Goldman,
ESG Manager at Colpac Limited

Measuring our performance

ESG KPIs

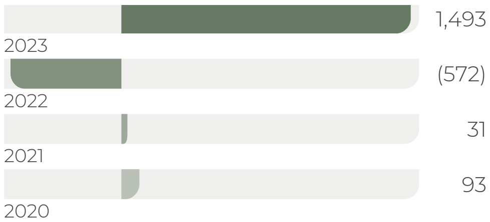
Revenue (£000)

+112%



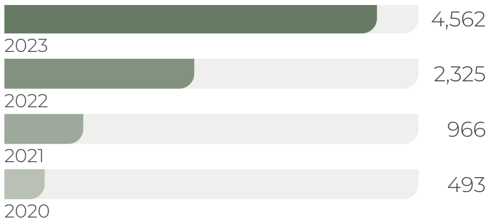
Adjusted EBITDA (£000)

N/A



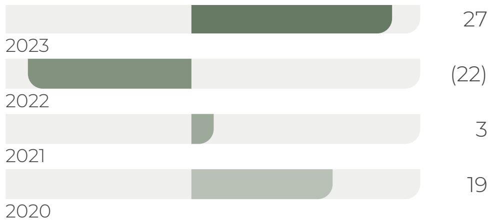
Gross profit (£000)

+96%



Adjusted EBITDA margin (%)

N/A



Optimisation Services

ABOUT THE DIVISION

Optimisation Services enhance client value by meeting the growing need for net-zero solutions and cost reduction, aligning with ESG and climate change priorities.

These themes present a substantial growth opportunity for the Group over the next two decades and beyond.

Clients, after benefiting from our Assurance Services for energy cost management and effective ESG reporting, shift focus to reducing energy and carbon emissions. Our Optimisation Services are usually cross sold to where we've previously obtained client insight to recommend the most suitable solution to achieve this. Data management is crucial, enabling us to pinpoint efficiency opportunities and explore diverse technologies to cut consumption and long-term energy costs.

Client challenges persist in selecting optimal solutions: keeping pace with innovations, building investment cases, securing capital, selecting providers, overseeing implementation, and validating savings. Here, our independent energy expertise proves invaluable. We offer unbiased recommendations and reliable, investment-grade feasibility studies through our expert engineers and trusted technology partners.

As anticipated, the Group's Optimisation Services Division saw very high levels of project activity in H2 2023. This was driven by strong levels of repeatable demand from clients who had previously bought Optimisation Services and cross-selling to clients from the Assurance and ESG Services Divisions, including Gym Group, Iceland, Volvo Group and Stark Building Materials.

If we consider the number of clients who procured Optimisation solutions from the group in 2021, 77% of those procuring large Optimisation projects procured an Optimisation solution in 2022 or 2023 and 66% of clients procuring small projects procured an Optimisation solution in 2022 and 2023, demonstrating the power of repeatable demand to deliver net-zero.

The division is rapidly growing, delivering c.13% revenue growth in 2023, and a better-than-expected gross margin. This was due to the mix of projects implemented to deliver 52% EBITDA growth.

£54.0m

Optimisation Services 2023 revenue contribution

Impact of macro environment

Businesses are prompted to tackle climate change and achieve net-zero, accelerated by the energy crisis and the need to implement an energy crisis defence for the future. Ofgem's interim findings from the December 2023 non-domestic consumer report stated that the majority of businesses (58%) had said they were concerned about the impact of energy prices on their business.

The need to transition to net-zero and create a defence from the energy crisis has underscored the need for Optimisation Services.

Key developments and outlook

Effective data management through our Assurance and ESG Services enables us to assist clients in identifying and evaluating energy and carbon reduction opportunities, leading to a growing number of on-site solutions.

Throughout 2023 we brought new products to market including Circuit-Level Monitoring and ESOS Phase 4 reporting in line with the government's newly outlined changes to the scheme.

How we will deliver on our strategy

The period up to FY27

- Deliver 15% to 25% organic Gross Profit growth.
- Focus on delivering Carbon Action Programmes to deliver net-zero carbon strategies for clients.

CASE STUDY: SSP

In 2015, our client SSP, a leading operator of global food and beverage outlets, sought the Group's expertise to tackle finance reporting and cost-saving challenges. Collaborative efforts have since led to a range of optimisation projects including LED upgrades across diverse outlet brands, bespoke Building Management System (BMS) installations, extensive smart metering rollouts, and targeted refrigeration enhancements.

The Group's contributions, exceeding £5m client lifetime impact with £2.6m delivered in 2023 alone, have been instrumental in driving energy efficiency within SSP's operations. The forthcoming 2024 smart metering implementation across worldwide operations underscores the Group's commitment to shaping a more sustainable future for SSP and beyond.

CASE STUDY: DENSO MANUFACTURING UK

DENSO Manufacturing UK optimises efficiency with variable speed drives (VSDs).

Following an ESOS energy audit by Inspired, some VSDs were found operating at maximum capacity due to issues affecting energy consumption. Inspired installed Circuit-Level Monitoring (CLM), adjusting VSD settings progressively, yielding significant energy and carbon savings (44%, 30,395 kWh, 6.84 tCO_2e) with a one-year ROI and no impact on production. Potential savings across 40 VSDs and identification of 10 new installation locations could deliver an extra 92 tCO_2e emissions savings annually.

CASE STUDY: INSPIRED PLC

During the pandemic, our business shifted to remote work. To meet our net-zero commitment, an ESOS-compliant energy survey at our head office revealed CLM technology as vital for optimising operations and achieving substantial cost and carbon savings. Installing wireless sensors on individual circuits provided detailed consumption data, enabling real-time monitoring and analysis without disrupting operations. After establishing a baseline over two weeks, efficiency initiatives led to a 39% energy saving (12,334 kWh), 2.26 tCO_2e carbon savings in four months, and an ROI within 12 months.

CASE STUDY: ECO-CONSCIOUS HOTEL & SPA

A luxury hotel sought to reduce costs and carbon emissions by pinpointing energy waste.

Circuit-Level Monitoring (CLM) was installed to gain detailed insights into consumption patterns. Inefficient Heating, Ventilation, and Air Conditioning (HVAC) systems were identified and adjusted without compromising occupant comfort. Baseline performance was established and operations refined, yielding a 23% HVAC cost reduction, 12.25 tCO_2e annual carbon savings, and a six-month ROI. Expanding monitoring to other circuits could unveil more opportunities for cost and carbon reduction, and equipment efficiency.

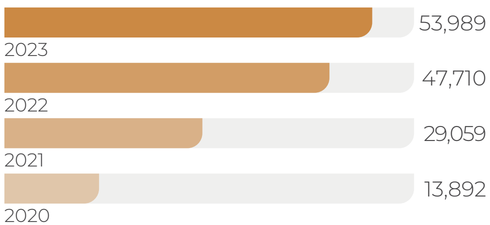
> The information received from the circuit-level sensors allowed us to understand our energy consumption. Through gradual changes, we were able to see a reduction in consumption and identify where additional reductions could be made. Overall, the process was straightforward, with changes able to be made quickly and effectively".

Head of Facilities,
Eco-conscious luxury hotel & spa

Measuring our performance
Optimisation

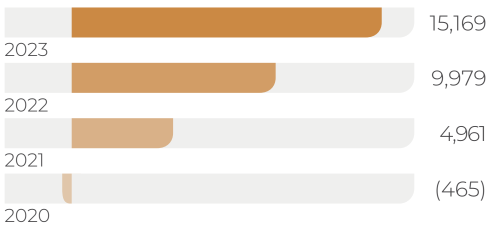
Revenue (£000)

+13%



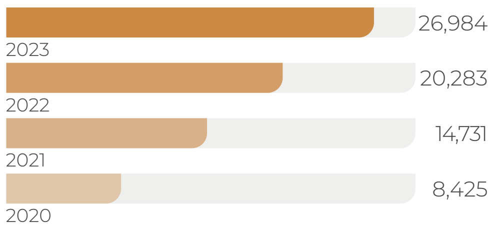
Adjusted EBITDA (£000)

+52%



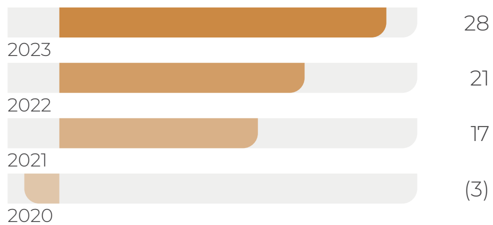
Gross profit (£000)

+33%



Adjusted EBITDA margin (%)

+7%



Software Services

ABOUT THE DIVISION

Our Assurance, Optimisation, and ESG Services rely heavily on managing and processing unstructured data, essential for our service delivery.

Our proprietary software, continually enhanced over recent years, powers the technology behind these services.

Our software also offers an ever-expandable set of tools which not only underpin the Group's service provision but is also provided on a SaaS basis to direct customers and other TPIs, becoming increasingly recognised as the leading industry platform. Modular by design, the software equips direct clients and other TPIs for the continually changing energy and sustainability world, fully customisable for their organisation's needs. Whether their challenge is energy or carbon management, buying or budgeting, the solution is housed in one central app store.

The division has delivered significant growth in 2023, adding a number of new clients including Asda, Oxfam, Institute of Cancer Research, Envantage Limited and ESOS Energy Limited.

Inspired's Software Services Division now manages in excess of 500,000 meters and our technology benefits more than 65 TPIs and over 200 direct software clients. There is no significant client concentration, and the division enjoys exceptional client retention rates.

£3.0m

Software Services 2023 revenue contribution

Impact of macro environment

The Covid-19 pandemic, the Russia-Ukraine war and the energy crisis have profoundly shaped the energy management software market over recent years. These events triggered shifts in consumer behaviour, business operations and market uncertainty, emphasising the importance of responsive, online systems.

In 2023, we observed growth that reinforces the unchanged demand for software solutions. TPIs still seek software to adapt to client needs, while direct clients seek systems to enhance cost and consumption visibility for reduction and decarbonisation purposes.

Key developments and outlook

Throughout 2023, we invested in our customers by creating a Customer Success Team to meet their changing needs, maximise software usage, and provide educational support. We also held monthly training webinars covering key software features, attended by 841 users, and organised five face-to-face customer roadshow events in November, meeting with 105 clients across the country.

We also released several key software developments, including a PDF parsing tool, query management portal and application programming interface (API) to contribute further growth of the division during 2023.

How we will deliver on our strategy

The period up to FY27

- Deliver 10% to 20% organic growth.
- Deploy capex to deliver 6–8 new technology solutions per year.

CASE STUDY – FIDELITY ENERGY LIMITED

Fidelity Energy Limited, a well-established UK energy consultancy managing £545 million in energy spend across 5,000+ clients and 14,000+ meters, sought to enhance their product offering and customer service, providing their customers with access to an online portal that would enable them to monitor their energy usage, costs, and carbon emissions.

SystemsLink facilitated a seamless implementation of the Energy Manager solution, guiding Fidelity Energy through a structured 5-stage plan with clear milestones. Through close collaboration, SystemsLink understood user needs, provided expert guidance, and ensured consistent support. Impressing with smooth data migration, comprehensive training, addressing testing issues promptly and valuable support during the go-live phase.

Fidelity Energy's partnership with SystemsLink demonstrated the positive impact of technology-driven solutions in the energy consultancy sector. The project not only met but also exceeded the client's expectations, providing valuable insights and paving the way for enhanced customer offerings.

> Once again, first-class service from a company that we have come to rely on, not only for its knowledge and expertise, but also for its excellent customer service."

Property Standards Officer,
Falkirk Council

> The help I received was invaluable, especially at this time of year when staffing levels are low – I was really struggling, but you were very supportive and helped me to resolve the problem."

Energy Efficiency Manager,
SSE PLC

CASE STUDY: REDCAR AND CLEVELAND BOROUGH COUNCIL

Redcar and Cleveland Borough Council is aiming for the industry-intensive borough to be carbon neutral by 2030, aided by our Energy Manager software to access and address energy consumption issues.

The council, facing budget constraints, has recently upgraded their package to include the Operational Rating Toolkit, finance module, and budget tool to maximise software benefits and support financial decision-making. The software has, to date, facilitated a £250,000 cost avoidance in energy management, querying and validation measures.

This combination of modules has also helped the council to streamline the application processes for in-demand, prompt deadline funding schemes like the Public Sector Decarbonisation Scheme (PSDS). Additionally, the Operational Rating Toolkit enables approved Energy Assessors to produce Display Energy Certificates (DECs), a vital income source for the council.

Measuring our performance
Software KPIs

Revenue (£000)
+18%

	Revenue (£000)
2023	2,979
2022	2,514
2021	2,395
2020	2,117

Adjusted EBITDA (£000)
0%

	Adjusted EBITDA (£000)
2023	1,757
2022	1,768
2021	1,770
2020	1,436

Gross profit (£000)
+23%

	Gross profit (£000)
2023	2,894
2022	2,357
2021	2,330
2020	2,070

Adjusted EBITDA margin (%)
-11%

	Adjusted EBITDA margin (%)
2023	59
2022	70
2021	74
2020	68

London Stock Exchange Green Economy Mark

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

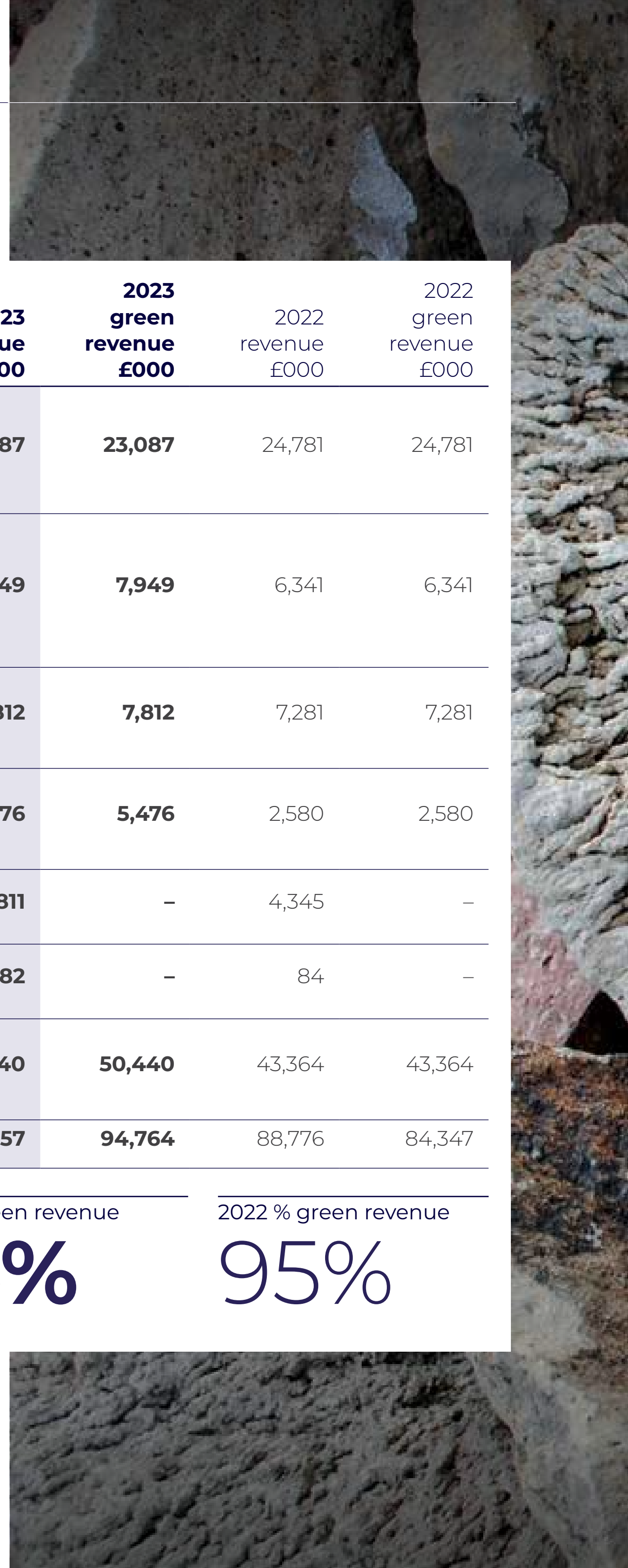
		2023 revenue £000	**2023 green revenue £000**	2022 revenue £000	2022 green revenue £000
Procurement	Consultancy and advisory services on placing energy supply contracts for corporate consumers. Focusing on the management of renewable obligations, feed-in tariffs and climate change levies	**23,087**	**23,087**	24,781	24,781
Energy accounting	Verification of energy invoices and charges for corporate energy consumers, including validation of consumption data, which forms the basis of submissions for sustainability reporting and voluntary schemes such as the CDP	**7,949**	**7,949**	6,341	6,341
Monitoring and targeting	Monitoring of site energy consumption to reduce energy and water waste and drive energy-efficient behaviour from employees	**7,812**	**7,812**	7,281	7,281
ESG	Production of net-zero Programmes and setting of science-based targets. Creation of TCFD and SECR disclosures and ESG reports	**5,476**	**5,476**	2,580	2,580
Forensic audit	Historical cost recovery relating to consumer energy and water invoices	**3,811**	**–**	4,345	–
TRIAD alerts	Forecasting and notifying of TRIAD periods to energy consumers	**182**	**–**	84	–
Optimisation Services	Consumption reduction management through energy efficiency, demand-side response and onsite renewable generation	**50,440**	**50,440**	43,364	43,364
Total		**98,757**	**94,764**	88,776	84,347

2023 % green revenue

96%

2022 % green revenue

95%



CFO statement

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

Paul Connor
Chief Financial Officer
25 March 2023

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 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 £98.8 million compared to £88.8 million in 2022. Group Adjusted EBITDA increased by 20% to £25.2 million (2022: £21.0 million). 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 £36.3 million (2022: £36.0 million).

Assurance Services contributed Adjusted EBITDA in line with expectations of £15.0 million (2022: £16.2 million), 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, providing 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 £54.0 million (2022: £47.7 million), 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 £27.0 million (2022: £20.3 million), and contributed Adjusted EBITDA of £15.2 million (2022: £10.0 million), 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 £5.5 million (2022: £2.6 million), delivering 112% growth. The ESG Services division delivered Adjusted EBITDA of £1.5 million (2022: loss of £0.6 million).

Within ESG Services revenue growth of £1.9 million (2022: £0.5 million) 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 The Group's Software Services division continues to develop well, with revenues growing by 18% to £3.0 million (2022: £2.5 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 £1.8 million (2022: £1.8 million) 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 £8.2 million (2022: £6.4 million), 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 £25.2 million (2022: £21.0 million); 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 £15.8 million (2022: £14.0 million). 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 £6.2 million (2022: loss of £4.0 million), with reported loss before tax in the year impacted significantly

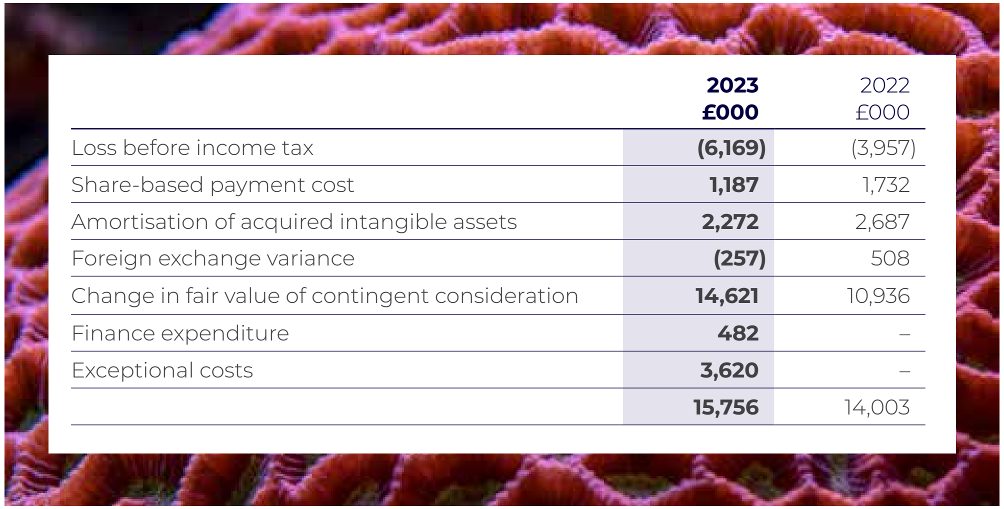
by substantial charges for changes in the fair value of contingent consideration, the amortisation of intangible assets as a result of acquisitions, share-based payment charges and restructuring costs. A reconciliation of reported loss before tax to adjusted profit before tax is calculated in the table below.

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 £3.6 million (2022: £2.1 million) were incurred in the year. Exceptional costs include £1.5 million in relation to a claim from a former Ignite Energy LTD customer, which the Group was protected from through the Share Purchase Agreement for acquisition of Ignite Energy LTD. Therefore, the cost of the settlement was paid by the Ignite vendors through a reduction in contingent consideration payable, resulting in a c.£1.5 million 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 Energy LTD, 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 £1.5 million of exceptional costs includes £0.4m of onerous lease costs resulting from the Group's consolidation of its office portfolio, and £1.1 million in relation to restructuring costs, including restructuring programmes associated with the integration of businesses acquired prior to 2022.



	2023 £000	2022 £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**	–
	15,756	14,003

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

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 £14.6 million loss (2022: loss of £10.9 million) in the period as a result of changes in the fair value of contingent consideration which was treated as exceptional. Of the £14.6 million loss, £2.7 million relates to the increase in the liability for contingent consideration payable in respect of Ignite Energy LTD for 2023 EBITDA (excl. central overheads), as Ignite Energy LTD outperformed expectations by £1.9 million 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 £0.8 million lower than expected contribution from Technical Services. A further £3.2 million loss relates to cash which was collected and generated from a Specific Optimisation Customer (rather than profit generation) who impacted the Group's aged trade receivables position in FY21 and FY22. This amount replaced the

FY21 earn out consideration foregone as part of the Deed of Variation. Of the contingent consideration earned by Ignite Energy LTD, £1.5m was used to pay a claim from a former Ignite Energy LTD customer, which the Group was protected from through the Share Purchase Agreement for acquisition of Ignite Energy LTD.

The Group has also recognised a £5.5m increase in contingent consideration, all of which non-current, which relates to the Deed of Variation entered into with the vendors of Ignite Energy LTD in May 2023. The Deed of Variation relates to the performance of Ignite Energy LTD across the financial years 2024 to H1 2027. In arriving at the liability to be recognised in the Group balance sheet 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 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.

Of the £14.6 million loss recognised by the Group, £3.4 million relates to the increase in the liability for contingent consideration payable in respect of Businesswise Solutions Limited, of which £1.6 million is as a result of performing to the high end of the range of possible EBITDA outcomes in FY23, and £1.8 million 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 balance of £1.3m (of the £14.6 million loss) relates to the final payments made to the vendors of IU and LSI.

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

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 £15.9 million (2022: £19.7 million), a 19% reduction. Excluding exceptional costs, cash generated from operations was £18.7 million (2022: £21.7 million).

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 to 29 February 2024 was in excess of 100%.

Trade and other receivables and deferred consideration increased 20% in the period to £46.5 million (2022: £38.6 million), with invoiced trade receivables increasing 43% to £17.6 million (2022: £12.3 million) 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 £19.9 million (2022: £18.6 million). Working capital management remains a key focus for the Group in sustaining strong cash conversion.

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

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

The Group's net debt (defined as bank borrowings less cash and cash equivalents) increased by £11.5 million (31%) in the year to £48.7 million (2022: £37.2 million), 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 £48.7 million (2022: £37.2 million). Cash and cash equivalents were £8.8 million (2022: £12.3 million).

Approximately £1.6 million of the Group's £60.0 million Revolving Credit Facility was undrawn at December 2023, with an additional £25.0 million 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 that 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

Principal risks and uncertainties

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

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

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

Risk appetite statement

Risk assertion	Risk parameters
Organic growth We will rigorously pursue divisional organic growth strategies in accordance with our strategy.	Investment in resources will be consistent with the strategic plan, which will be reviewed on a timely basis. We are prepared to make an Adjusted EBITDA-impacting Investment, providing such investment is capable of delivering an IRR within the Board's set parameters.
Mergers and acquisitions We will actively pursue acquisitions that are consistent with our strategy.	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 net debt/EBITDA returns to less than one times within 12 months of a transaction all other things being equal. An acquisition will be earnings enhancing within 24 months of completion on an adjusted fully diluted EPS basis.
Returns and profitability Growth shall be pursued on a profitable basis.	The Group shall aim to maintain Adjusted EBITDA margins at a divisional level. Overall margin dilution is acceptable when this is due to a blend of services provided by the division. The Group shall be able to loss lead a product or service as a catalyst for growth, providing the overall margin dilution at a divisional level is within the Boards set parameters.
Capital structure The Group is prepared to use leverage to achieve its objective pursuant to the strategy.	We will seek to reduce net debt levels to the ratio of net debt to EBITDA at less than one times, save where driven by the short-term impact of an acquisition or an increase in working capital to deliver organic growth. We will maintain adequate liquidity and headroom against covenants as reviewed every month.
Reputation/brand/image We will avoid/manage situations or actions that could harm our reputation and brands. We aim to be transparent with all of our stakeholders unless prejudicial to our collective interests.	No tolerance for breaches of: Legislative/statutory requirements Inspired policies International sanctions Delegated authority levels
Safety, health and environment We will not undertake or pursue activities that pose unacceptable hazards or risks to our people, the communities in which we operate, or the broader environment.	Require Risk Assessment Method Statements (RAMs) for any work undertaken on Group properties. Provide RAMs for any work we undertake on third-party premises. There is no tolerance for breaches of the Inspired Health and Safety and Environmental Policy.
Innovation We will invest in technology, research and development to innovate our customer offering, allowing us to maintain and expand our market share.	We are prepared to invest up to a Board-approved percentage of Group revenue in innovation or software development to underpin our technology-enabled service.

Risk management

The responsibility for risk identification and mitigation lies with the management of the business. Current and emerging risks are identified by each business area, with each area responsible for managing that risk, implementing appropriate controls and mitigating actions in the short term and monitoring the longer-term impacts and reporting on it to the management team and senior Executives. Risks are assessed and quantified in terms of likelihood of occurrence and impact, both before and after control mitigation. Assessing the gross risk before control mitigation allows the business to review the relative impact of the existing controls by comparing the gross and net risk assessment. This also allows the business to better allocate resources to mitigating controls and avoid actions which have a negligible impact on the risk assessment.

The environment in which we operate is constantly evolving; new risks arise, and the potential likelihood and impact of known risks may change. Thus, not all risks are controllable or foreseeable, a key example being natural disasters or pandemics. Our response to such risks is having controls which lessen the impact on our business should they occur. For example, in the case of a natural disaster, we have planning protocols, with clear accountability to minimise disruption to operations and our customers whilst prioritising the safety of our employees.

The risks detailed below are those which have been identified as principal risks based on the likelihood of occurrence and the severity of the potential impact in accordance with section 414C of the Companies Act. Whilst not a principal risk for the Group, we have also adopted what we consider to be best practice, in particular, building on our management of risks associated with climate change through our Group TCFD-aligned climate-related financial disclosure.

THE UK WILL BECOME THE FIRST NATION TO PRODUCE A COMPLETE MAP OF ITS BLUE CARBON STORES.

Staff recruitment, development and retention		Impact on strategy	Risk level
Failure to recruit, train, develop and retain our staff may impact Group operations and service delivery.		Organic growth, People, Customers	No change
Why we think this is important	**How we are mitigating this risk**	**Changes during FY23**	
As a technology-enabled service provider in a specialist marketplace, our employees are our highest direct cost and fundamental to the quality and provision of our services.	**Executive management** In the instance the CEO, CFO and CCO were unable to undertake their duties due to unforeseen circumstances, the business has interim succession in place to minimise the disruption to the business in the short term and enable the Board to facilitate a process to appoint permanent replacements in an appropriate manner. **Employees** Regular competitive review of reward structures and staff surveys/appraisals. All senior managers are incentivised with share options with a 12 to 24-month forward horizon. All staff have a quarterly bonus structure, which provides a high-precision tool for aligning rewards to behaviours. 25% of this bonus is retained for 12 months and is lost if the individual leaves the company. An internal recruitment function maintains an active recruitment pipeline for all key roles within the organisation.	Development of a Training function which delivered 1,964 days of training during 2023.	

Health and safety		Impact on strategy	Risk level
Failure to protect our people and other stakeholders from harm associated with a breach of our legal and regulatory obligations.		People, Customers, Legal, Reputation	Decreased risk
Why we think this is important	**How we are mitigating this risk**	**Changes during FY23**	
Our Optimisation Services require visits by staff and contractors to client sites to install and remove electrical and other equipment. In addition, since the Covid-19 pandemic, the shift towards home workplaces extra demands on employers to ensure their employees are safe within the work-from-home environment.	All employees and contractors must provide and operate to an approved RAMs when working on a client's site. Every employee is surveyed each month with respect to their ability to work safely from home. Every employee working at home is required to complete a DSE assessment. Any employee who cannot maintain a safe home working environment is contractually required to return to the office environment.	Maintained and Developed ISO45001 and SafeContractor. Developed an internal DSE assessment programme to support colleagues working remotely. Developed remote HSE assessment program for works on client sites.	

Strategy key

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

Risk level Key

Increased risk | No change | Decreased risk

IT security and continuity

Impact on strategy | **Risk level**

Failure to maintain business systems or technical infrastructure that serves the business needs. Failure to successfully execute changes to these business systems or technical infrastructure; together with failure to minimise disruption and maintain business as usual activity during technical infrastructure or business system changes. Failure to adequately protect the business operations from cybercrime.

Why we think this is important	How we are mitigating this risk	Changes during FY23
Given we are a B2B service provider we do not really process any personal data. As a technology-enabled service provider, we would suffer material reputational risk if we were the victim of a cyber-attack. Our Software Services Division provides SaaS-based solutions and needs to maintain data security to current market standards.	We operate to a Cyber Essentials II standard. We operate a cyber security autonomous breach protection platform across our IT assets. We operate a regular programme of simulated phishing attacks on the organisation to allow us to educate and embed 'cyber safe' behaviours in employees. Our proprietary software is regularly penetration tested by a third party and subject to independent code reviews before release	During 2023 we implemented a 24x7 Security Operations Centre that monitor system events and respond promptly to threat detection. IS027001 and Cyber Essentials Plus renewed successfully. Cyber Security Incident Response process was renewed and republished with training, this also led to the attainment of ISO22301 (Business Continuity).

Ethics, ESG and political

Impact on strategy | **Risk level**

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

Why we think this is important	How we are mitigating this risk	Changes during FY23
We operate a business which performs an integral role in enabling ESG reporting, and it is essential that our organisation remains at the forefront of thought leadership and behaviours in that regard. We are unwilling to accept dishonest or corrupt behaviour from our people or external parties acting on our behalf whilst conducting our business. If we fail to act with integrity, we are at risk of: a. reputational damage leading to a loss of customers; b. legal action from regulators including fines, penalties, and imprisonment; and c. exclusion from markets is important for our future growth. We expect all areas of the business to do the right thing and conduct business in compliance with procedures, applicable laws and Inspired PLC policies.	We voluntarily provide a full suite of ESG disclosures. The Group policies set out standards that Inspired PLC expect from employees and suppliers and the consequences of failure to operate at the expected standards. All of these policies are published on our Group website, along with a statement of our performance against those policies on page 88.	Achieved a B CDP Climate Change score. Submitted our targets to the Science-based Targets Initiative for validation. ESG Performance Committee meets once a quarter. Board undertook its annual climate change and net-zero capacity-building session.

Competitive environment and market conditions

Impact on strategy | **Risk level**

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

Why we think this is important

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

In the event of an energy crisis, energy suppliers can start to fail in their ability to provide contracts for consumers; this can increase the amount of rework required to meet normal client needs and reduce margins.

In addition, the energy crisis can increase the amount of client churn in the marketplace as even clients who have received a good service have suffered bad results, which can lead to a contraction in market share if the business is not replaced by new clients.

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

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

In the current global macroeconomic environment, there is an increased risk of supply chain failure, which can impact Optimisation projects.

The general market for insurance products has tightened for the energy sector, which has increased premiums. Such Insurance can be a pre-requisite for sales contract awards and could restrict new sales, and increased premiums can reduce margins.

How we are mitigating this risk

The credit worthiness of Suppliers is a key determinant of supplier selection recommendations made to clients.

Credit Insurance has been taken out with respect to energy Suppliers and Clients (where we recover our fees directly) to mitigate the bad debt risk associated with Supplier failure.

We prioritise client service and satisfaction in order to maintain retention rates during a period of shorter contract situations. We operate a 'Client at Risk/Intensive Care' process should a client express concerns about service.

We maintain capacity within our product development functions to redeploy resources to front-line services should we see a spike in requirements for service delivery, which can cover a circa six-month resource shock.

We increase focus on new sales to Assurance clients to mitigate the risk of increased churn during an energy crisis.

Diversify risk away from Assurance revenues so any adverse impact is diluted by Optimisation Services, which typically accelerate during an energy crisis.

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

With respect to the tightening insurance market and its impact on the contracting of our services, we focus on helping clients understand that it is the reliability and cost-effectiveness of the insurance that is important and not a high notional value of cover which may not be enforceable.

Changes during FY23

2023 has seen substantive time invested in better educating the insurance market about our business and achieve more effective pricing and terms to underpin our service provision.

We continue to make strong progress in diversifying our revenue lines away from Assurance Services which now represent less than 40% of Group revenues.

Operational risk		Impact on strategy	Risk level
Failure to maintain operational productivity will risk client service levels and delivery of results.			
Why we think this is important	**How we are mitigating this risk**	**Changes during FY23**	
Acquisitions are a significant growth driver for Inspired PLC, and failure to integrate them properly can adversely affect expected results. In times of high energy price volatility, there is an increased risk that the client evaluates their positions with hindsight and can be dissatisfied that too much or too little has been bought at any point in time. Whilst the transition to home working has been successful, there is a danger that productivity declines as collaboration and problem solving reduces. The business provides a critical service to clients with respect to managing client disconnection notices, which relies on the postal service.	In the first phase of integration, employee contracts are transformed to Inspired standards with strong non-competes and non-solicitation clauses to protect the consequences of employee churn. The integration of client-facing roles generally does not occur until the end of the second year of the integration program to deliberately minimise disruption to clients. For each acquisition that is not in a contingent consideration situation, we provide salary journeys and zero cost share options for essential staff. Client contracts have a limit of liability, which generally caps exposure at the fees of the client and, in exceptional cases, the limit of the Group's professional indemnity insurance. Operational KPIs track the quantities of deliverables, which determines productivity with qualitative customer survey KPIs also regularly monitored. The current flexible working proposals will mandate time in the office with teams to maintain collaboration. We are implementing an outsourced scanning solution which allows posts to be delivered to a PO box, scanned and distributed electronically to the correct person in our organisation, increasing reliability and differentiating our service	Businesswise successfully achieved their earnout and we have completed the transition to a new leadership team. We reorganised the core business into a number of smaller operating units to better response to client, applying our learnings from the energy crisis.	

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

Why we think this is important	How we are mitigating this risk	Changes during FY23
Our revenues can be exposed to the underlying performance of our clients' businesses. Our Optimisation Services require the purchase and hold of stocks of equipment to deliver net-zero projects to our clients. The value of this stock can vary over time. The journey to net-zero can require the use of offset certificates for clients. In order to match buyers with sellers, we need to warehouse these certificates from time to time, which can expose the Group to market risk with respect to the value of certificates. Projects that deliver net-zero solutions can require the installation of equipment, and this process can adversely affect the working capital profile of the business. The business finances its acquisitive growth and working capital requirements using banking debt, which is subject to the satisfaction of applicable covenant tests. Increased interest rates are likely to reduce profit before tax. A tightening debt market may cause issues with respect to the cost of and access to the debt markets in the future.	We maintain a highly diversified revenue stream within our Assurance Services Division, with no client representing more than 1% of revenues. The Group does have revenue concentration with respect to Optimisation Services, which is mitigated from a bad debt perspective by credit insurance. From an orderbook perspective, the risk is mitigated by the relatively low number of clients the Group has to be active with on-premise to deliver its growth thesis. Stocks are revalued regularly and assessed for relevance, given the fast-paced nature of technological change. The value of warehoused green certificates is marked to market monthly and sold back if it adversely impacts the P&L to limit liability. Project WIP, invoicing and cash recovery is monitored weekly by the Chief Financial Officer. The satisfaction of our debt covenants is assessed monthly to ensure our compliance and to monitor future expected headroom. Interest rate costs are a focus of management attention with careful management of debt levels where it does not prejudice the strategic plan.	During 2023 the Group completed the refinancing of its debt facilities creating a structure which provides appropriate covenant headroom and delivers lower interest rates as the business reduces leverage over time.

Section 172 (1)

The Directors confirms that during the year, it has acted in good faith to promote the long-term success of the Company for the benefit of its key stakeholders: shareholders, employees, customers, suppliers and the communities and environments in which we operate, all while having due regard to the matters set out under Section 172 (1) (a) to (f) of the Companies Act 2006.

How the Board considers Section 172 matters

Methods used by the Board to perform their duties include:

- The Board actively considers the Group's purpose, values and corporate culture when reviewing the Company's policies, particularly relating to business conduct.
- The Audit Committee has oversight of the Company's risk assurance and management framework and the actions that are in place, or that will be put in place, to mitigate risk (including any emerging risks where appropriate) in the short-, medium- and long-term.
- The Board and the ESG Performance Committee considers all ESG matters carefully as it continues to develop its ESG programme across the Group, as outlined in Responsible business from page 56.
- Members of the Board engage directly with employees and shareholders and receive feedback from the Group Chief Executive and Group Chief Financial Officer on meetings with investors and analysts.

The Strategic Report has been approved by the Board and signed off by Richard Logan.

Richard Logan
Chairman
25 March 2024

Relevant Disclosures			Page (s)
A	The likely consequence of any decision in the long term.	Our purpose Our vision Our business model Strategy The markets we operate in Group results & dividends	24 24 20 to 23 24 12 02
B	The interest of the Company's employees.	Employee engagement	52
C	The need to foster the Company's business relationship with suppliers, customers and others.	Our people Customer engagement Supplier engagement Anti-bribery and corruption Modern slavery and human trafficking	52, 82 to 87 and 92 to 93 53 55 88 88
D	The impact of the Company's operations on the community and the environment.	Responsible business Local communities	56 87
E	The desirability of the Company maintaining a reputation for high standards of business conduct.	Culture Supplier code of conduct Whistleblower protection	82 to 87 88 88
F	The need to act fairly as between members of the Company.	Shareholder engagement Annual General Meeting	51 51 and 160 to 165

Engaging with our stakeholders

Stakeholder engagement is important for ensuring we understand stakeholders, including their expectations and objectives. We strive to have open dialogue with our stakeholders and are continuously reflecting on how we can improve our communication.

"We are committed to delivering long-term growth for the benefit of all our stakeholders."

Shareholder engagement

The Board understands the vital importance of open dialogue, transparency and fair consideration of the company's shareholders. The Board engages with shareholders regularly, and their views are sought on key issues such as strategy, governance, financial performance, and Board remuneration. Our investor relations programme provides shareholders with regular updates on operational and financial performance, including regular market announcements, presentations, face-to-face meetings with investors, roadshows, and AGM.

Investor meetings and roadshows

During 2023, the CEO, CFO and CCO continued to engage with numerous institutional investors virtually and face-to-face. These were often centred around major events such as the 2022 full year results, 2023 half year results. During 2023, we participated in a number of capital markets events hosted by our Brokers to widen our investor interaction and delivered a deep dive event for our Optimisation Services Division.

London Stock Exchange Regulatory News Service (RNS)

Inspired uses the London Stock Exchange Regulatory News Service (RNS) to advise the market (i.e., shareholders and others) of performance and significant matters. All RNS announcements are available on the company's website: **inspiredplc.co.uk/news**. Our Brokers are updated by the company and circulate notes regularly.

Annual General Meeting ("AGM")

The AGM is a key forum for communications with any shareholder who wishes to attend, and the Directors are available here to listen to the views expressed formally and informally; we encourage all shareholders to attend. All resolutions at the 2023 AGM were passed with a majority of votes in favour. The outcomes of resolutions put to the AGM (as to whether they were successfully passed or not) are published and are available on our website.

Annual Report

The annual report is made available to all shareholders every year and is published in June. We strive to make our annual report as accessible as possible through electronic communication tools on our website. Shareholders have the option to receive a hard copy of the report via post, or they can download PDF copies from our website or through email.

Corporate website

The Inspired website, **www.inspiredplc.co.uk,** has an investor section which includes all of our annual reports, results presentations, AMG notices, RNS feeds, ESG and TCFD reports, and company policies. The website also outlines our business strategy and model, our ESG strategy, our four divisions, and our products and services.

702

Total number of employees

+10%

Average number of persons employed

86%

Employee retention

Employee engagement

We have an open dialogue with our employees and use multiple channels to communicate ideas and processes effectively. The channels allow us to frequently update each employee with business operations and performance at the Group level. Our communication channels are a two-way system, enabling employees to express concerns. Clear and effective communication between all levels of Inspired is fundamental for us to continue operating successfully. We know that operational changes within an organisation can affect our employees, regardless of the reason. These are communicated to employees with adequate notice and employees are encouraged to voice any concerns they may have in relation to proposed changes. If an understanding cannot be made, we provide any minimum notice required by the local laws.

Senior Management communication

In June 2023 our CEO, Mark Dickinson, and CCO, David Cockshott, led a company-wide call to explain recent changes to the business structure for employees. This followed individual calls with the departments affected to give them the more detailed information they needed. The Board also sends business updates to employees as appropriate through the year.

Employee newsletter

We have a monthly newsletter to keep employees informed about the business and act as a space for celebrating achievements. This was created based on employee feedback. Each month, there is information on new product launches or developments and updates to any internal policies, process or projects. To support employee development, each issue highlights current internal vacancies and upcoming or new training courses. We also use the newsletter to welcome new joiners, thank leavers for their service and celebrate internal promotions and work anniversaries.

HR portal

Our cloud-based human resources portal streamlines our existing HR solutions and creates a single location for employees to manage absences, payslips, applying for internal vacancies, and much more. We plan to introduce new features to this over the coming years.

Employee Engagement Committee

The Employee Engagement Committee consists of employees from across the business and our offices. It runs engagement initiatives and charity fundraising.

> Not only can I say I would recommend Inspired as a partner to other organisations, I have in fact already done so. I am looking forward to our continuing relationship and harnessing Inspired's expertise on our sustainability journey."

Paul Thomas
Head of Environmental Sustainability at CEF

Customer engagement

Communication

Our clients want services which ensure compliance with the necessary regulations, help them prepare for the future and provide value for money. We work closely with them to ensure we are providing this. Our dedicated Account Managers act as a liaison, ensuring customer satisfaction and providing support outside of service delivery. This helps us to maximise client retention rates and maintain a position as market leader for our Assurance and Optimisation Services.

Our ESG Services team work very closely with our customers, engaging with them regularly throughout the year tailoring our services to meet our customer's business needs as the year unfolds. Much time is spent building internal customer capability through regular capacity building sessions with our customer's senior management and C-suite.

Events

Engaging with our customers is fundamental to Inspired's ethos. Through our in-person workshops, such as our "Energy and Sustainability Roadshows," we foster meaningful connections with both current and potential clients nationwide. The return of these events in Autumn enabled us to provide market and regulatory updates to inform their own strategies and gather invaluable feedback directly from attendees. Their insights have become the compass guiding our 2024 initiatives, ensuring our future events are even more enriching and tailored to our clients' needs.

In response to the feedback from our Roadshows, we've evolved our approach for 2024. Instead of centralised locations, we're bringing the workshops directly to our clients' sites, allowing further collaborative opportunities and offering a firsthand perspective and site tour for attendees. These initiatives reflect our commitment to building lasting partnerships and empowering success together.

We actively collaborate with our customers at Industry events to be at the forefront of thought leadership. In September our Head of Carbon Services, Emma Hird joined Colpac's ESG Manager, Talia Goldman at the Sustainability LIVE London event for a fireside chat focused on net-zero and sustainable manufacturing for SMEs, looking at how small and medium enterprises can explore practical strategies and approaches to help achieve sustainability goals.

Client content

Beyond our Roadshows, we maintain a multifaceted approach to customer engagement. From monthly newsletters and webinars, training sessions and policy updates to an active social media presence, we strive to provide valuable content and foster ongoing dialogue.

> Our dedicated Account Managers act as a liaison, ensuring customer satisfaction and providing support outside of service delivery."

Partner engagement

Partnerships are pivotal to Inspired's mission of supporting clients through their unique challenges. Particularly in sectors where energy-intensive processes and intricate supply chains present complex environmental hurdles, our strategic alliances with industry leaders and trade federations are indispensable.

By forging enduring relationships with partners like Make UK over 14 years, we've become trusted advisors, delivering consistent value to clients. These collaborations not only deepen our understanding of client needs but also drive the evolution of our services. By becoming a trusted advisor to partners who represent member businesses, there is an opportunity for Inspired to generate new, value-driven relationships from their membership.

Through initiatives like thought leadership contributions and joint events, we extend our reach to diverse businesses, fostering new relationships rooted in shared value; a list of our partnerships are on page 57.

Working with our partners

In September 2023, we co-sponsored an event with Gresham House Ventures, Women in venture capital, bringing together female innovators, investors and advisers for an evening of talks and networking with the aim of providing a supportive forum to make connections, share learnings and build relationships. The event was well attended, with over 55 people coming to listen to the speakers, which included our NED Sangita Shah, Ana Stewart, a successful tech entrepreneur and our Managing Director of ESG Services Dr Michelle de Jongh. This was followed by drinks, nibbles and networking on the rooftop deck of our London office. We will be co-hosting this event again in September 2024 and are looking forward to another evening of learning and making connections. Please see our website for updates later in the year.

"It's fair to say that we would not have achieved the success that we have had without Inspired's ESG guidance and know-how in what is a complex area. The contract has enabled us to tap into experts for all the different functional areas of ESG.

It's a pleasure to work with the Inspired ESG team, all the team members are enthusiastic and very flexible and adaptable to client needs."

John Bolton
Company Secretary at Videndum plc

Supplier engagement

Relationship management

Our business requires that we have strong relationships with many suppliers and therefore good supplier engagement is important to Inspired. Supplier relationships are managed by senior personnel and analysts, particularly the Directors and Senior Management Team. As a result, we have established relationships and multi-year contracts with our key suppliers.

Relationships with all the energy suppliers is critical to our service offering. Although they may not directly supply energy to us, we are engaged by clients to recommend, and subsequently work with those suppliers on behalf of our customer. This selection and recommendation process requires careful consideration of the client needs and service requirements as well as the relative competitiveness, capability and risk appetite of the suppliers. Since the energy crisis, we have noted that suppliers have been more cautious about the types of business they are willing to take on and the price risks they are prepared to accept and those they pass back to clients. We seek to understand, challenge and work with suppliers to ensure we match supplier and clients appropriately. These relationships exist and are nurtured at all levels from day to day operational reviews of customer specific performance to executive level strategic performance and capability sessions. We work with suppliers to develop new and innovative products as well as seeking more efficient way of working together including wherever possible, direct data exchanges and the reduction of paper invoices.

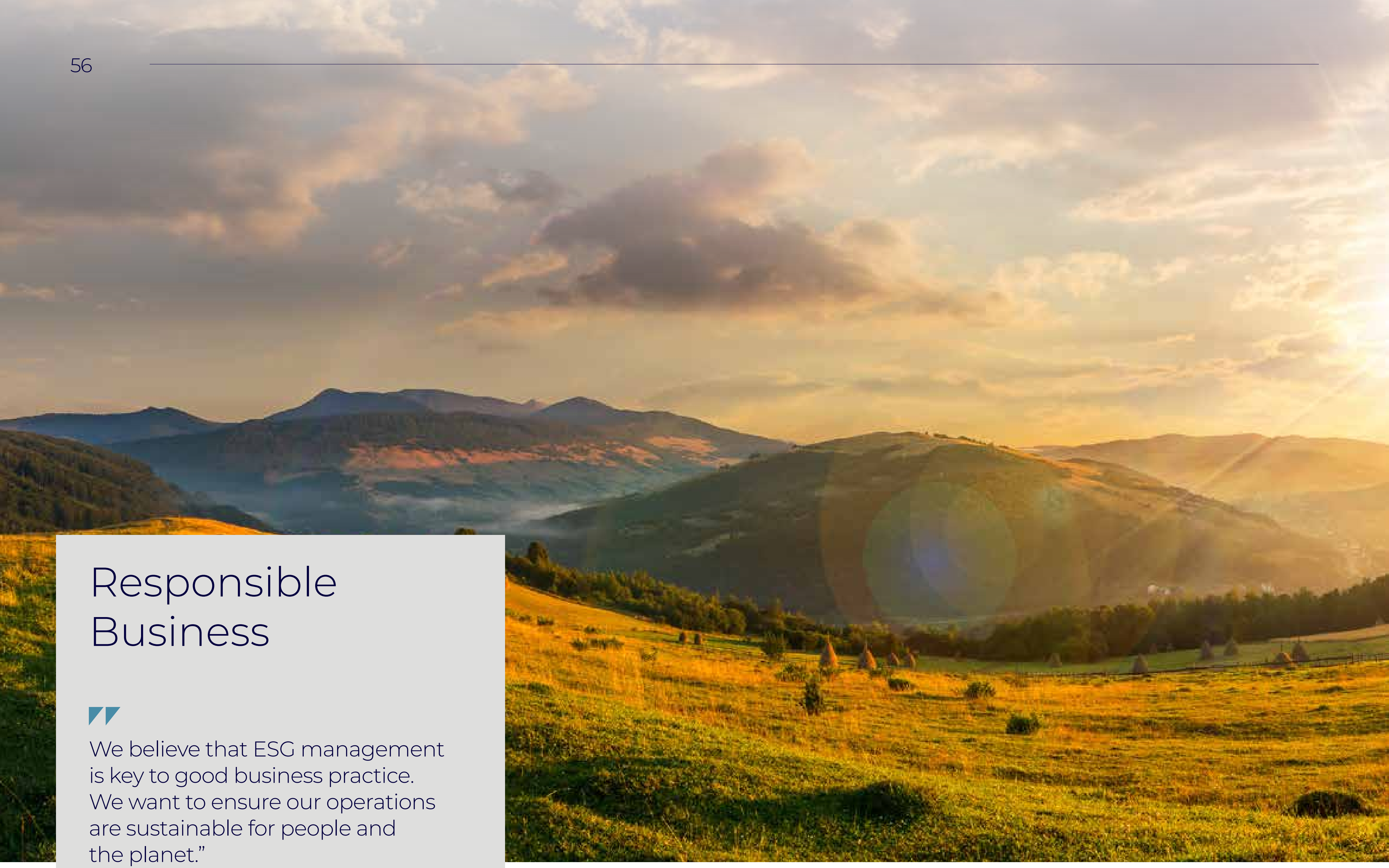
Supplier onboarding

Our supplier onboarding process includes checks to ensure that new suppliers align with our standards and values. For example, we ask that they all agree to our Supplier Code of Conduct which sets out our expectations with respect to the conduct of our supply chain, including on matters such as anti-bribery and corruption, human rights and modern slavery. Furthermore, we review our suppliers' environmental policies during our onboarding process to ensure that they work to environmental standards consistent with our own.

Supply chain emissions

Close engagement with our suppliers becomes even more important as we work on reducing our carbon footprint. We will be working with key suppliers in the coming years to gain a better understanding of their supply chain, its impact on our Scope 3 emissions and how we can work together to reduce this.

> "We work with suppliers to develop new and innovative products as well as seeking more efficient way of working together including wherever possible, direct data exchanges and the reduction of paper invoices."



Responsible Business

We believe that ESG management is key to good business practice. We want to ensure our operations are sustainable for people and the planet."

Non-financial and sustainability information statement

The information included in this responsible business section has been compiled in accordance with the requirements of Section 414CB of the Companies Act 206.

Our ESG strategy

We want to be transparent in what we do, providing comparable data year-on-year and annual updates on our progress towards our targets. This is the fourth year we have published a standalone ESG Report, aligned with the Global Reporting Initiative (GRI) Standards and a Task Force on Climate-related Financial Disclosures (TCFD) report. This section of the annual report highlights our ESG achievements for 2023 and includes our reporting requirements under the Climate-related Financial Disclosure Regulations 2022 on pages 59 to 69 and the Streamlined Energy and Carbon Report Regulations 2018 on pages 70 to 81. Please see our ESG and TCFD reports on our website inspiredplc.co.uk/esg for more detailed information.

Our commitment

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

Since 2020 we have received the London Stock Exchange's Green Economy Mark recognising how our business contributes to a greener economy through the products and services we provide our customers. Please see page 36 for our disclosure.

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

These include:

- **Task Force on Climate-Related Financial Disclosures (TCFD) report**, which explains our assessment of climate-related risks and opportunities for Inspired and our strategic response to climate change.
- **Streamlined Energy and Carbon Reporting (SECR) disclosure**, which outlines our energy use, Scope 1, 2 and partial 3 (grey fleet) carbon emissions and carbon intensity, as well as how we are improving energy efficiency within the business.
- **CDP disclosure and achieving a B Climate Change score for 2023,** which outlines how we are managing our environmental impacts and climate-related risks and opportunities.
- **ESG report**, which is aligned with the Global Reporting Initiative (GRI) standards and provides detailed information on the topics of economic and strategy, environment, governance and social.
- **Gender pay gap report** detailing the gender pay differences across the business as a whole and within each level of the company.

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

- **Principles for Responsible Investment (PRI):** we are a service provider signatory
- **Global Reporting Initiative (GRI):** we are a member of the GRI Community
- **Global Real Estate Sustainability Benchmark (GRESB):** we are a Data and Premier Partner
- **UK Business Council for Sustainable Development (UKBCSD):** we became a member of the UKBCSD in 2021
- **Social Value UK and Social Value International:** we became a member in 2021
- **Disability Confident Employer**
- **Social Mobility Pledge**
- **Mental Health at work commitment**
- **The Global Business Collaboration for Better Workplace Mental Health Pledge**

ESG governance

In recent years, we have been working to develop our ESG governance framework, ensuring that the principles are implemented throughout the organisation, from the Board of Directors to our employees.

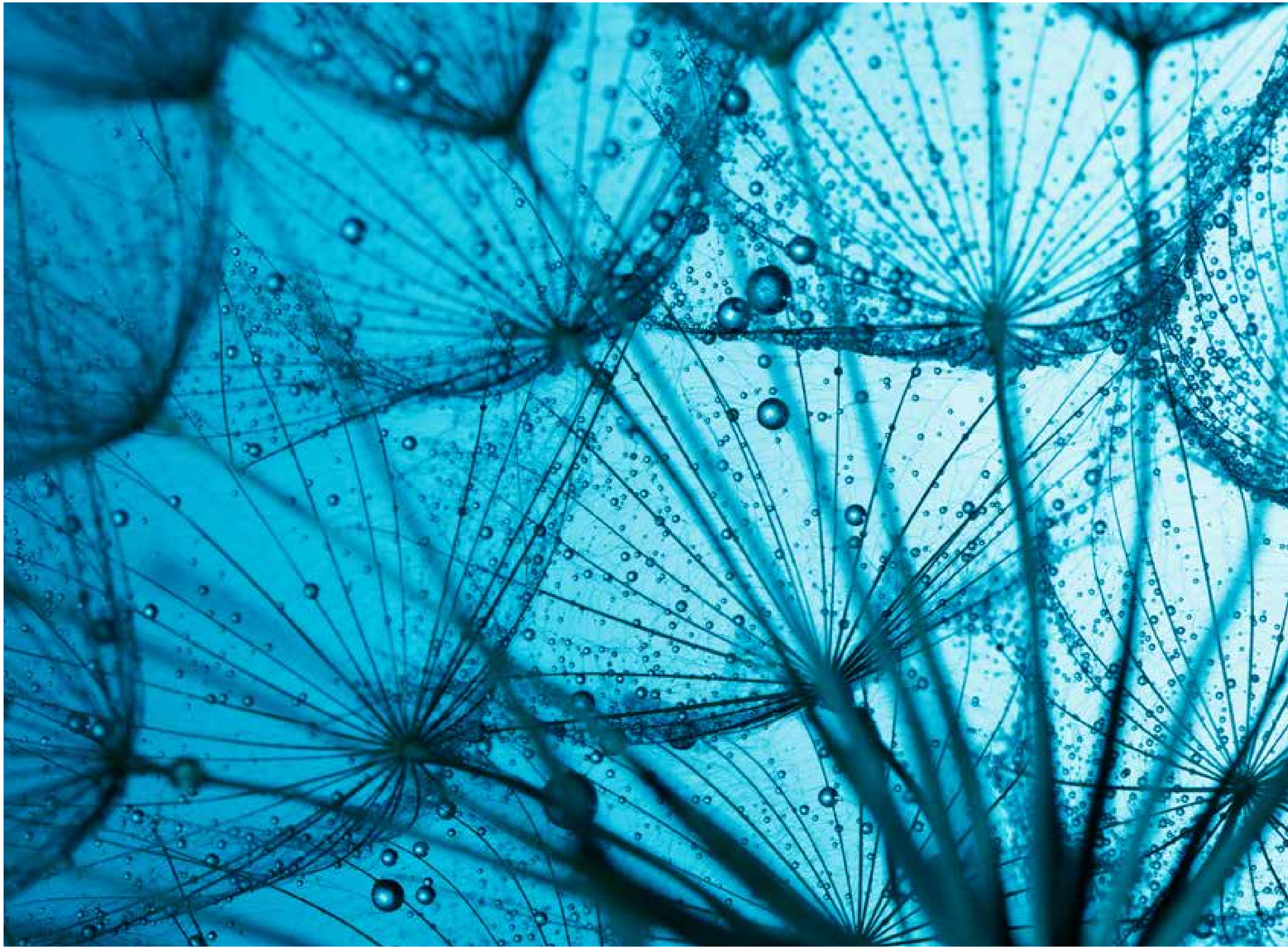
Our CEO, Mark Dickinson, and the Board are driving this initiative. The Board shares responsibility for approving the ESG strategy and reviewing performance with the ESG Performance Committee, details on our governance structure can be found on page 91. Our ESG Performance committee plays a crucial role in the company's governance by providing an external and independent perspective, ensuring there are adequate internal controls and risk management measures in place. You can find more information about this on page 101.

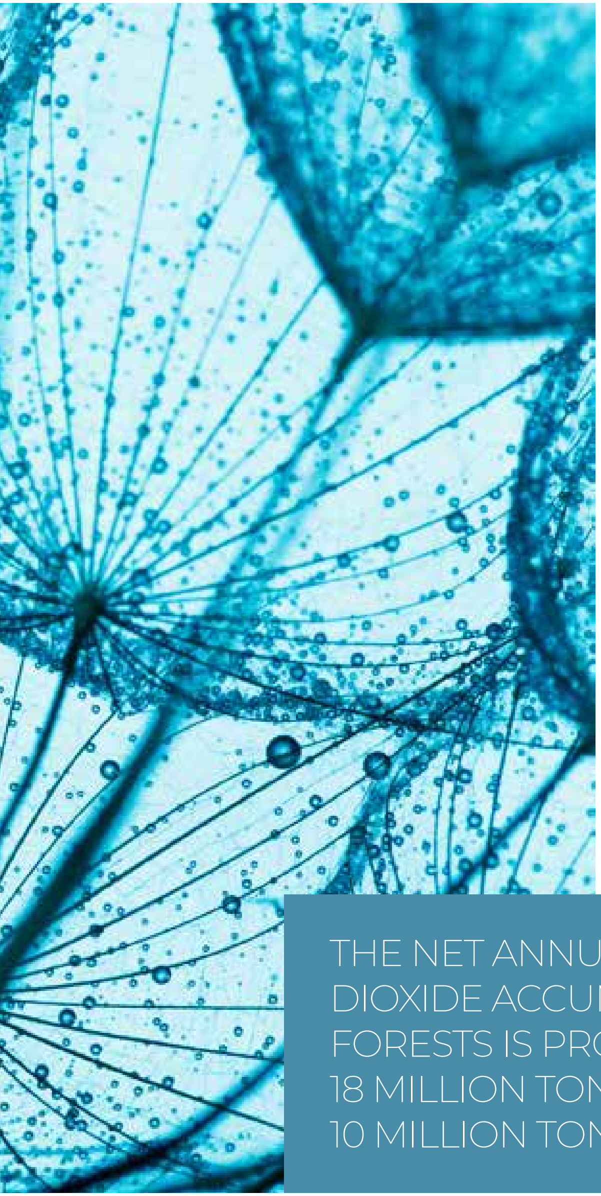
ESG Action Committee

Our ESG Action Committee consists of representatives from all areas of the business and is responsible for the day-to-day actions which will move us towards our long-term ESG goals, including our net-zero targets to mitigate against climate-related risks. It met three times 2023, reporting the outcomes to both senior management and Board after each meeting.

Employee Engagement Committee

We believe that ESG needs to be led from the top and championed by our employees. Our Employee Engagement Committee meets bimonthly and is supported by the ESG Action Committee where necessary.





Climate-related financial disclosure

A resilient business model depends on good risk management and for us, as a company that acknowledges the urgency of the climate crisis, this must also include management of climate-related risks and opportunities. We have used the TCFD recommendations to develop an internal Climate Risk Management Framework which helps us integrate climate change considerations into our regular planning, risk management and disclosure processes.

Governance

Responding appropriately to the risks and opportunities of climate change is core to our business values and services. Management of this is therefore integrated into our existing governance processes to ensure it is fully embedded into our operations. This currently includes our Board, Executives, ESG Performance Committee and ESG Action Committee.

THE NET ANNUAL RATE OF CARBON DIOXIDE ACCUMULATION BY UK FORESTS IS PROJECTED TO FALL FROM 18 MILLION TONNES CO_2 IN 2020 TO 10 MILLION TONNES CO_2 BY 2040.

The Board

The responsibility for assessing and managing climate-related risks sits at both Executive and Board level. In 2021, our Board reviewed our business strategy against our Climate Risk Framework and identified 19 business categories with the highest potential to be affected by climate change, please table 1 on page 65. Following this initial extensive review it was determined that climate change did not pose a material risk to our business and is classified as an emerging risk within our ESG & political risk category. Each year our in-house sustainability team updates the climate risks register, see details on page 66 to 67, which updates the ESG & Political risk category as necessary and presented to Board as part of our corporate risk management process. Annually, the Board has one climate-risk and net-zero workshop reviewing how climate change may impact the business strategy, this happened in July 2023. In 2024 we will repeat the extensive review process and update our corporate risks accordingly.

Executive responsibility

Our CEO, Mark Dickinson, has Executive responsibility for climate impact. He is responsible for ensuring that climate-related risks, opportunities, and responses are integrated into the existing business strategy. Consideration of the potential financial impacts is the responsibility of the Group's CFO, Paul Connor. The Inspired Incentive Plan for our Executives includes ESG targets which have a weighting of 20%. This ensures ESG is a core part of how we do business.

ESG Performance Committee

The ESG Performance Committee sits alongside the Audit, Remuneration and Nomination Committees and is made up of our Non-Executive Directors and Chairman, please see pages 92 to 93 in our corporate governance section. It is responsible for holding the Executive Directors to account, with respect to climate risks, impacts and all ESG-related matters to the business. Climate change is a standing agenda item of the ESG Performance Committee, and they are responsible for reviewing the climate-related risks and opportunities presented in our annual TCFD report. Our internal sustainability team hold separate annual climate related working sessions with the committee to further improve their knowledge, this session was held in November 2023.

"We have been using the TCFD framework since FY2020 to assess the climate-related risks and opportunities for our business. It provides eleven recommendations in four areas that integrate into our existing business structures: governance, strategy, risk management and metrics and targets."

Risk management

Identifying and assessing climate-related risks & opportunities

Senior management is responsible for risk identification and mitigation. The TCFD framework has been adopted into our climate risk management process to develop our internal climate risk framework. Senior management has identified potential risks and opportunities to our business, at a Group level, for each category outlined by the TCFD recommendations. Our internal climate risk management process is based on the UK Government's Green Leaves III Environmental Risk Management Practices, which have four interconnected processes to identify, assess and address potential risks and opportunities outlined.

Step 1: Formulate the problem

Our TCFD-aligned Climate Risk Framework is fundamental to formulating our problems. We consider the climate-related risks and opportunities against our 19 business categories listed on table 1 and assess the potential climate-change impact on our business strategy. To consider climate-change impacts we use our climate scenarios analysis tool incorporating three warming pathways utilising data from IPCC accredited external datasets such as, CORDEX, CLIMADA and IAM models over three time horizons. This gives us the granularity and insight we need into the potential impacts and the possible timescales of those impacts. Our climate scenarios and time-horizons are described in more detail on page 62.

$30bn

FUND FOR GLOBAL CLIMATE SOLUTIONS AIMING TO ATTRACT $250 BILLION OF INVESTMENT BY 2030.

Step 2: Assessing our risks and opportunities

We conduct a forward-looking analysis using our scenario analysis over three time horizons to assess the actual and potential of climate change on our business. We assess each risk proportionally to its significance and priority to other associated climate-related risks, including its complexity and likelihood of impacts. We also consider how our stakeholders will perceive the nature of the climate-related risks we have identified and evaluate the potential magnitude of each risk and opportunity. For each business category listed in table 1 we calculate the associated financial risk and opportunity for each climate scenarios. We quantify the potential risks and opportunities of each business category to materially assess and rank each risk and opportunity according to its financial impact value on the business before we appraise our risk management options. As the situation is developing each year and the science is improving, we will continue to monitor and assess these risks annually.

Step 3: Appraising our risk management options

Assessing climate-related risks is challenging because of the complex nuances of climate change and the uncertainty around potential future policy changes. We appraised each business-related category risk and opportunity, following the Precautionary Approach set out in Principle 15 of the Rio Convention 1992. This means that we do not take actions as part of our risk management, which could harm the public or the environment and where there is currently no scientific consensus on that impact. We determined the appropriate actions to take, considered the potential consequences of taking no action, based on the uncertainty in the scientific evaluations, and consulted interested parties on ways of managing the risk. As recommended by Green Leave III, we considered each of the five risk management options -terminate, mitigate, transfer, exploit, or accept – concerning the potential positive and negative effects of each option:

- Economic factors
- Technical factors
- Environmental security
- Social issues
- Organisational capabilities.

Step 4: Addressing risks and opportunity

Risks are assessed and quantified in terms of likelihood of occurrence and impact (before and after control mitigation). Assessing the gross risk before control mitigation, allows the business to review the relative impact of the existing controls, by comparing the gross and net risk assessment. We carefully consider the net risks, which may remain despite implementing the most appropriate risk management options. All our identified risks were either a mitigate or an exploit option. Not all risks are controllable or foreseeable and some impacts of climate change fall into this category, such as natural disasters. Our response to such risks is having controls, which lessen the impact to our business, should they occur. For example, in the case of a natural disaster, we have planning protocols, with clear accountability, to minimise disruption to operations and our customers, whilst prioritising the safety of our employees. We focused on our top six business category risks and top three business category opportunities associated with climate-change. This approach provided strategies for 80% of the identified risks and 85% of the identified opportunities.

Managing climate-related risks

Climate change is currently not considered to pose a material risk to our business and has not been added to our principal risks. However, we have integrated the potential material risks identified within our climate risk framework into our corporate risk register under ESG-related risks which is reviewed and updated (if necessary) each quarter by senior management and presented to the Board, as part of our corporate risk management process. Each year our internal sustainability team runs our climate scenario analysis tools and carries out horizon scanning to update our climate risk register with the latest data. Whilst the scenario analysis and horizon scanning are conducted separately from our general risk management process, the risks resulting from this are assessed and quantified following our overall risk management system. As such, risks are assessed and quantified in terms of likelihood of occurrence and impact, both before and after control mitigation. Assessing gross risk allows us to review the relative impact of existing controls on potential risk level and net risk gives us an understanding of the actual risk level. The team also conducts an annual climate-related and net-zero working session with the Board and has a follow up session with the ESG Performance Committee. The ESG Performance Committee reviews the risks and opportunities presented in our annual TCFD report. Our 2023 TCFD report detailing our entire climate risk framework will be published on our website in May 2024. This will be our fourth voluntary TCFD report.

Strategy

Our approach

We see many opportunities for our business as a result of the global transition to a low-carbon economy and are aware of the potential risks. As recommended by the TCFD, we use climate scenario analysis to understand the risk and opportunity levels over the short- (up to 2027), medium- (up to 2037) and long-term (up to 2052), considering three different possible futures in terms of climate and governmental response, as follows. As per the regulations, in this annual report disclosure we have outlined our material climate risks and opportunities in tables 2 and 3, our full list of risks and opportunities can be found in our 2023 TCFD report which will be published on our website in May 2024.

Forward-looking analysis

The potential impacts of climate change will vary depending on the action taken to mitigate it on a global scale. Additionally, the greatest physical impacts will be felt on a timescale beyond traditional business planning and investment cycles. That is why it is necessary to use climate scenarios to model multiple potential futures over several time horizons. We have done this for the period up to 2052 as this covers the period of greatest transition, as the UK Government has committed to being net-zero by 2050 and begins to factor in the long-term physical impacts. From that information, we can assess potential business impacts and resilience, as well as identify possible opportunities.

Climate scenarios

We use three potential scenarios to ensure we are considering a wide range of possible futures. This includes a worst case, best case and most-likely scenario:

- **Proactive:** <2°C by 2100: strong climate leadership and innovation, lead to an approximate alignment with the Paris Agreement's ambition to limit global warming to well below 2°C of warming above pre-industrial levels. A coordinated approach means an inclusive, orderly change takes place, with each business intending to lead the way for regeneration. These changes generate high levels of transition risks but limited physical risks. It offers substantial opportunities for our business to offer services to other companies.

- **Reactive:** 2–3°C by 2100: in this scenario, warming follows a trajectory modelled from the commitments and pledges made during COP26. Uncoordinated government action means this pathway has the most transition risks and increased severity of physical risks, compared to the proactive scenario.

- **Inactive:** >3°C by 2100: Alternate geopolitical issues and a lack of interest mean minimal action on climate change is taken for the next decade. A period of strong growth without climate action occurs, followed by a period of societal and economic turmoil, as the impacts of climate change hit. Businesses face limited short- and medium-term transition risks, but the most severe physical impacts.

We ran the analysis for each of our twelve offices and on 16 suppliers. There have been no substantial changes to the climate modelling results this year. Full details will be available in our 2023 TCFD report that will be published on our website in May 2024.

Financial scenarios and materiality

For each business category listed in table 1 a value of impact area is determined in-line with our growth to understand the potential financial impacts of each category on our business strategy. We conduct a forward-looking analysis to gain insight into our short-, medium-, and long-term climate-related risks and opportunities. We assess the potential magnitude of each risk and opportunity on the business categories. Based on the findings senior management determine the potential risk or opportunity value of each business category. The risk or opportunity value is calculated as a percentage of the value of impact area. By quantifying the potential impacts of climate on each business category enables us to materially assess and rank each risk and opportunity according to its financial value of impact area on the business strategy.

Material risks

To determine which risks are material we rank the value of the impact of the business categories from largest to smallest, including only the top three risks as material.

Material opportunity

To determine which opportunities are material we rank the opportunity value of the business categories related to revenue from largest to smallest, including only the top three as material.

Tables 2 and 3 list the top three risks and opportunities including the warming pathway and time horizon they will impact on our business and services. Our top three material business categories represent 61% of the total 2023 value of impact area subjected to the impact of climate change, equating to £160m and a long-term risk value of £8.6m. Our top key risks help shape our business strategy to climate change.

Our results

Our results show we are most vulnerable to transition impacts, which are highest in the proactive and reactive scenarios. However, these also offer the highest opportunities. However, each climate-related risk and opportunity has the potential to appear across all the modelled scenarios, increasing the impact value. We keep this in mind, when monitoring and managing each issue. In addition, certain business categories may be impacted by several different climate-related issue.

Transition risks

As a primarily office-based company transition risks pose a higher threat and a more significant opportunity to our operations than physical risks. Transition risks are primarily driven by macro-economic factors, as the world moves to a lower-carbon global economy. As a category, the transition risks vary over our time horizons and for a risk to manifest, it is normally dependent upon actions from an external body or stakeholder. Most of our transition risks are modelled to be in either the proactive or reactive scenario.

For our business, each business category is anticipated to become more sought after and expensive, as society reacts to climate change and attempts to overcompensate for past climate failures. This increases both our risk and opportunity values in the long term. Also, with the demographic shift in the labour market, we expect millennials and younger generations entering the workplace wanting to work for businesses with sound ESG credentials. The most considerable potential transitional risk relates to the impact on asset valuation. The company carries £76.9m of goodwill on our balance sheet. If an acquisition is adversely impacted by climate change, then the value of such assets would be impaired.

SINCE 1970, THE WOODLAND BIRD POPULATION HAS FALLEN BY

34%.

Physical risks

Most of our operations are in the UK and Ireland. Based on our climate scenarios, acute physical risks are likely to be insignificant in their impact on our operations in the short, medium or long term. Our physical risks are modelled to have the largest impact in our above 3°C scenarios, as emissions rise unchecked, generating the largest warming potential. A 6% increase in average temperatures is predicted by 2052 in this scenario. Therefore, increasing warm days may reduce overall energy demand, reducing revenue from energy procurement services linked to energy consumption. This indicates a potential risk of £0.4m from physical risks. However, in relation to the total value of the Assurance Services, this is a negligible amount.

Opportunities

In the proactive and reactive scenarios, there are substantial opportunities for our business to support other companies in their response to climate change, both through managing their energy use and carbon footprint and in complying with reporting regulations. These align with our 4Cs approach in our business model and strategy on pages 20 to 24. These opportunities would be limited in a reactive scenario. However, as the UK has set a 2050 net-zero goal and has increasing climate-related regulations in place, the likelihood of this is considered low. We are acting on these opportunities with the strategic development of our ESG and Optimisation Service divisions set out on pages 30 to 33. Our results suggest a similar financial impact across all three scenarios, with minimal differences for some business categories.

IN 2023, UK WOODLAND AREA INCREASED, REPRESENTING A TOTAL LAND AREA OF

13.4%.

Impact and Resilience

Climate change is currently not considered to pose a material risk to our business and has not been added to our principal risks. The transition risks associated with moving to a low-carbon economy that could potentially impact our business are policy actions, technological evolution, market changes and reputational damage. Whichever climate scenario unfolds, our potential opportunities could outweigh the scenario's risk factor, demonstrating a strong business resilience to climate-related risks. Importantly, all our opportunities have the potential to unfold under each scenario. In addition, we have seen our opportunity values increase more than our risk values over the last two years, signifying that the business is moving in the right direction. For our proactive scenario, the opportunity value outweighs the risk value in each time horizon, due to our Optimisation net-zero solutions and ESG disclosure services offering. The services are increasing in demand, as the effects of climate change are being experienced worldwide.

Table 1: Risks and opportunities for Inspired PLC split by business category

Business category	**2023 value £m**	2022 value £m	Risk	Opportunity
Technology providers	**0.8**	0.8	■	
Transport	**0.9**	0.5	■	
Energy and utility costs	**0.7**	0.1	■	
Capital markets	**0.5**	0.4	■	
Bank finance	**4.4**	3.1	■	
Engineering contractors	**7.0**	6.5	■	◆
Offices	**0.5**	0.5	■	◆
Asset values	**82.6**	83.0	■	
Robotic process automation	**0.6**	0.3	■	
Capital equipment	**0.9**	1.1	■	
IT development	**2.6**	2.6	■	
M&A execution	**0.0**	0.5	■	
Labour	**41.1**	33.8	■	
Assurance Services	**36.3**	36.0	■	◆
Optimisation Services	**54.0**	47.7	■	◆
ESG disclosure Services	**5.4**	2.6	■	◆
Software Services	**3.0**	2.5	■	◆
ESG impact Services	**–**	–		
Equipment manufacturers	**7.1**	4.1	■	◆

The next two tables include the descriptions of the top three material risks and opportunities. Provided that our risk exposure to climate change is extremely low, we report on the potential risks, and the actual and potential opportunities. All the below risks and opportunities are geographically located within the UK and Ireland.

Table 2: Top material risks

🔵 Short-term (up to 2027) 🟢 Medium-term (2027 – 2037) 🟠 Long-term (2038 – 2052)

			2023		2022		
Material risk criteria	Most applicable scenario	Risk description	**Value of impact area £m**	**Risk value £m**	Value of impact area £m	Risk value £m	Mitigation measure
Materiality Ranking: 1 **Potential impact:** Asset values **Market transition risk** changes in asset values	Proactive/Reactive (2038-2052) 🟠	The impact of climate change on asset values is expected to be minimal in the short term. In the long term, asset values could be impaired by climate change. We conclude that the risk potential is very high but has a minimal probability of occurring due to most of the Group's acquisitions providing services that should support sustainability improvement.	🟠 **82.6**	🟠 **4.1**	🟠 83.0	🟠 4.2	To mitigate the risks, all acquisitions shall be carbon offset (market basis) from FY21 and, where possible operate at net-zero by 2030.
Materiality Ranking: 2 **Potential impact:** Labour **Reputation transition risk** increased stakeholder concern	Proactive (2023-2052) 🔵 🟢 🟠	The labour force demands that businesses have robust carbon credentials, and the same for all stakeholders. This is a factor across all our scenarios and time horizons.	**41.1** 🔵 🟢 🟠	🔵 **0.8** 🟢 **2.1** 🟠 **4.1**	33.8 🔵 🟢 🟠	🔵 0.7 🟢 1.7 🟠 3.4	To attract new employees, we have started to embed UN Sustainable Development Goals and ESG metrics within our corporate culture, including Executive and employee remuneration. Additional voluntary disclosures and actions such as having validated Science Based Targets for the Group will support mitigation of this.
Materiality Ranking: 3 **Potential impact:** Assurance services **Chronic physical risk** rising mean temperature	Proactive (2038-2052) 🟠	In more southern locations, increases in mean temperature may result in increased frequency of heat waves. Rising temperatures will impact revenue from our Assurance service due to changes in energy consumption.	🟠 **36.3**	🟠 **0.4**	🟠 36.0	🟠 0.4	The physical risk is mitigated by reducing the amount of client revenue that is linked to energy consumption, through amending revenue streams to be fee based as opposed to charges linked to billed consumptions.

Table 3: Top material opportunities

● Short-term (up to 2027) ● Medium-term (2027 – 2037) ● Long-term (2038 – 2052)

			2023		2022		
Material opportunity criteria	Most applicable scenario	Opportunity description	**Value of impact area £m**	**Opp. value £m**	Value of impact area £m	Opp. value £m	Seizing the opportunity
Materiality Ranking: 1 **Potential impact:** ESG Services **Policy & legal transition opportunity** increased emissions and reporting obligations	Proactive/ Reactive (2023-2052) ●●●	Increase demand for ESG Services is reflected in the growth within the ESG Service Division, see pages 30 to 31. This demonstrates that the opportunity is already being experienced in the business in the short term. We anticipate it will keep growing over time. The impact will be largest in our proactive and reactive scenarios, as more businesses are mandated to act and seek advice from companies like Inspired.	**5.4** ●●●	**40.5** ●●●	2.6 ●●●	19.5 ●●●	Currently, we have an organic market entry into ESG disclosure services. With TCFD becoming mandatory, and large UK businesses being captured by DESNZ CFD, we are experiencing additional revenues in this area.
Materiality Ranking: 2 **Potential impact:** Optimisation Services **Reputation transition opportunity** increased stakeholder engagement	Proactive (2023-2052) ●●●	As regulation tightens and energy and carbon costs rise, climate change becomes a bigger financial burden on businesses as the UK transitions into a low carbon economy. A reduction in hurdle rate for carbon reducing investment costs as businesses try to mitigate reputation risks. We anticipate growing demand for our Optimisation Services to support businesses decarbonise their operations in line with UK targets, see pages 32 to 33.	**54.0** ●●●	**8.1** ●●●	47.7 ●●●	7.0 ●●●	Following several strategic acquisitions, we are well positioned to provide energy Optimisation Services to corporate businesses. We expect improved payback on energy efficiency projects due to increased costs of GHG allowances, government grants and reduced cost of capital through companies applying a lower cost to net-zero projects.
Materiality Ranking: 3 **Potential impact:** Assurance services **Policy & legal transition opportunity** increased emissions reporting obligations	Proactive (2023-2052) ●●●	Increasing reporting obligations allows us to expand our offering in terms of disclosure preparation and energy reduction strategies for clients. We see this as an opportunity for Assurance Services client base as we develop our CLV strategy set out on pages 22 to 23 and 26 to 29.	**36.3** ●●●	**4.4** ●●●	36.0 ●●●	4.5 ●●●	Implementation of TCFD, DESNZ CFD and the requirement for corporate businesses to disclose and report on their Scope 3 emissions represents a commercial opportunity for energy Assurance Services on a wider scale.

Metrics and targets

As a provider of ESG Services to businesses, we aim to lead by example. We have set ourselves the target of being net-zero across Scope 1 and 2 by 2030, and Scope 3 by 2050. This reduces the risks associated with a large carbon footprint, such as the introduction of carbon taxes or impact on our asset values, which is identified as a material risk. Each year we calculate our full carbon footprint to measure our progress.

Since 2020, we have achieved carbon neutrality through offsets for Scope 1 and 2 and operational Scope 3 emissions. Expanding our offsetting to include Scope 3 emissions associated with our operational supply chain provides a further incentive to improve emissions from our suppliers. We are currently working with our suppliers to understand their emissions better and improve our data collection. This will allow us to reduce our Scope 3 emissions, a key step on our path to net-zero. In 2023, we submitted our targets for validation to the Science-based Targets Initiative (SBTi).

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

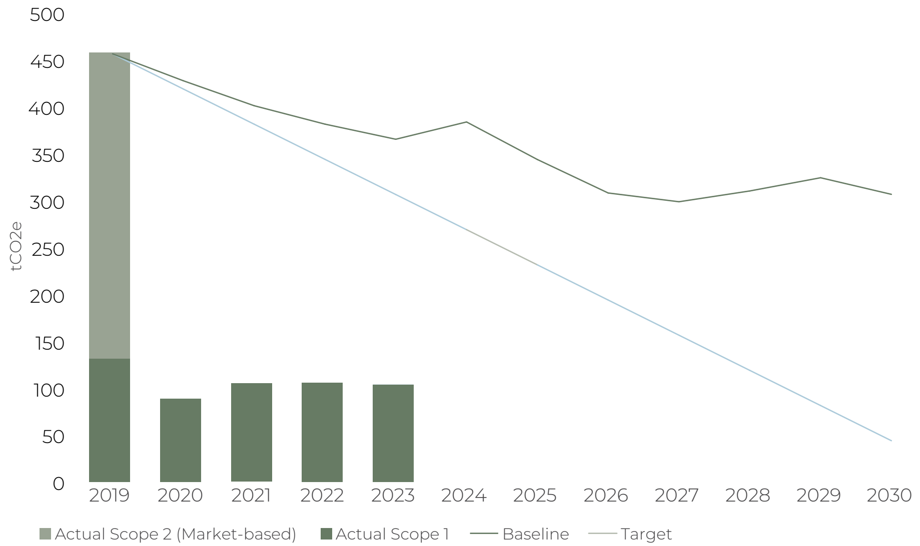
Table 4: Key targets

Target year	Key performance indicators	Progress in 2023	Next steps	Applicable Risk/ Opportunity
2023	Commit to submitting science-based targets to SBTi.	Officially committed to set near-term and net-zero SBTs. Presented SBT options to the Board. Sign-off received from environmental committee on SBTs. Modelled decarbonisation trajectory for SBTs.	Target Completed.	Reputation transition risk increased stakeholder concern. Policy & legal transition opportunity increased emissions reporting obligations.
2024	Have Science Based Targets validated by SBTi.	Commitment made for near-term and net-zero targets.	Book validation slot with SBTi.	Reputation transition risk increased stakeholder concern. Policy & legal transition opportunity increased emissions reporting obligations.
2030	Reduce absolute Scope 1 and 2 GHG emissions to net-zero (90%) by 2030, from a 2019 base year. Reduce Scope 3 GHG emissions from the use of sold products 51.6% per £m revenue compared to a 2021 baseline.	Installed half-hourly monitoring at Kirkham office and trialled energy efficiency measures.	Roll out energy efficiency measures identified in Kirkham trial to remaining offices. Improve f-gas data collection. Decarbonise heating systems within new head office. Continuous Scope 3 data improvement.	Chronic physical risk rising mean temperature.
2050	Reduce absolute Scope 3 GHG emissions to net-zero (90%) by 2050, from a 2021 base year.	Designed schedule for lifecycle analysis of products over next five years. Set up internal team to manage and improve waste data. Improved financial data system which streamlines Scope 3 Category 1 and 2 calculations. Electric Car Benefit Scheme to reduce Scope 3 Category 7 emissions (employee commuting).	Produce 5 Life Cycle Assessments (LCAs) for top selling Inspired products. Set up central folder for all Scope 3 data sharing and process for data collection. Begin supply chain engagement with top suppliers (by spend). Continuous Scope 3 data improvement Develop net-zero strategy for the whole business.	Chronic physical risk rising mean temperature.

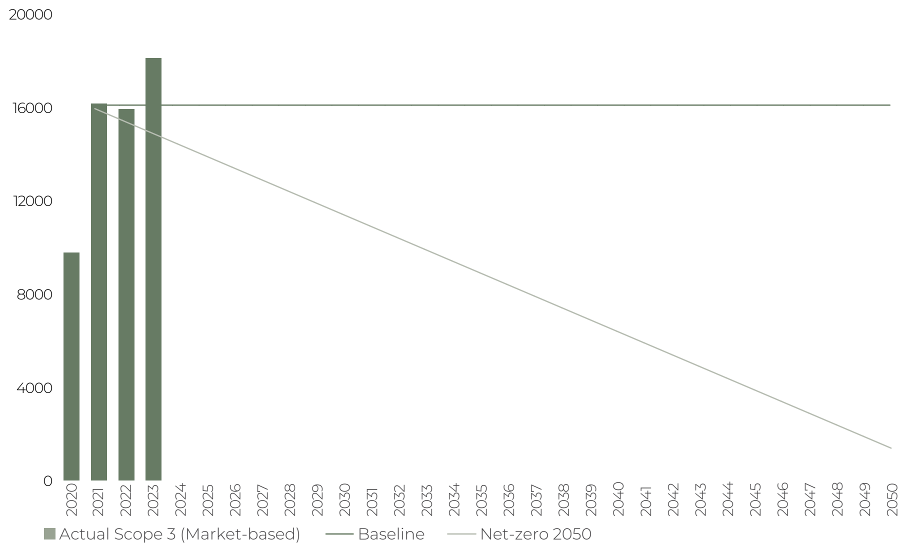
Our carbon emissions

Carbon emissions

Scope 1 & 2



Scope 3



451

PROJECTS HAD BEEN VALIDATED TO THE WOODLAND CARBON CODE IN THE UK AT 31 MARCH 2023, COVERING OVER 24 THOUSAND HECTARES AND PROJECTED TO SEQUESTER 8.5 MILLION TONNES OF CARBON DIOXIDE OVER THEIR LIFETIME.

Streamlined Carbon and Energy Report (SECR)

Total greenhouse gas emissions

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

The total emissions (tCO_2e) figures for energy supplies reportable by the Group are as follows. These have been calculated utilising both location-based and market-based conversion factors. The market-based emissions also reflect the carbon savings achieved through the purchase of REGO backed electricity (328 MWh) and Green Gas Certificates (297 MWh). Conversion factors utilised in these calculations are detailed in the methodology in table 6 and 7.

Table 5: Inspired PLC total consumption (kWh) figures

Utility and scope	**2023 UK consumption (kWh)**	**2023 global (excluding UK) consumption (kWh)**	2022 UK consumption (kWh)*	2022 global (excluding UK) consumption (kWh)
Gaseous and other fuels (Scope 1)	**296,661**	**–**	272,410	–
Transportation (Scope 1)	**222,865**	**–**	231,661	–
Grid-supplied electricity (Scope 2)	**314,518**	**13,535**	256,294	15,482
Transportation (Scope 3)	**962,572**	**—**	1,008,329	–
Total	**1,796,615**	**13,535**	1,788,695	15,482

* Please see table 13 for restatements of 2022 electricity figures.

Table 6: Inspired PLC total location-based emissions (tCO_2e) figures

Utility and scope	2023 UK consumption (tCO_2e) Location based	2023 global (excluding UK) consumption (tCO_2e) Location based	2022 UK consumption (tCO_2e) Location based*	2022 global (excluding UK) consumption (tCO_2e) Location based
Scope 1 total	**104.39**	**–**	105.59	–
Gaseous and other fuels (Scope 1)	**54.27**	**–**	49.73	–
Transportation (Scope 1)	**50.12**	**–**	55.87	–
Scope 2 total	**65.13**	**3.60**	53.43	4.58
Grid-supplied electricity (Scope 2)	**65.13**	**3.60**	53.43	4.58
Scope 3 total	**216.49**	**–**	232.58	–
Transportation (Scope 3)	**216.49**	**–**	232.58	–
Total	**386.01**	**3.60**	391.60	4.58

* Please see table 13 for restatements of 2022 electricity figures.

Table 7: Inspired PLC total market-based emissions (tCO2e) figures

Utility and scope	2023 UK consumption (tCO_2e) Market based	2023 global (excluding UK) consumption (tCO_2e) Market based	2022 UK consumption (tCO_2e) Market based	2022 global (excluding UK) consumption (tCO_2e) Market based
Scope 1 total	**50.19**	**–**	55.93	–
Gaseous and other fuels (Scope 1)[1]	**0.07**	**–**	0.06	–
Transportation (Scope 1)	**50.12**	**–**	55.87	–
Scope 2 total	**0**	**0**	0	0
Grid-supplied electricity (Scope 2)	**0**	**0**	0	0
Scope 3 total	**216.49**	**–**	232.58	–
Transportation (Scope 3)	**216.49**	**–**	232.58	–
Total	**266.68**	**–**	288.50	–

1 Natural gas market-based emissions have been calculated taking into account carbon dioxide savings from the purchase of Green Gas Certificates.

Intensity metric

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

Table 8: Inspired PLC emissions intensity metrics

Intensity metric	2023 intensity metric	2022 intensity metric
Total FTE	**702**	641
tCO_2e/FTE (location based)	**0.55**	0.61
tCO_2e/FTE (market based)	**0.38**	0.45

The total emissions for Inspired have decreased from 2022 levels by 1.66% in 20223. The business has continued, following Covid, to see an increase in the day-to-day occupancy of existing office operations through 2023. Premises opened in Central London and Cardiff in 2022 have continued to ensure that occupied offices are not consuming energy unnecessarily through the nature of being high efficiency serviced office spaces.

Efficiency measures previously installed have been continued, ensuring that open offices are operating in the most efficient way possible, in particular with heating and cooling time controls. Increased occupancy of our offices is reflected in the slight increase in emissions associated with natural gas and electricity consumption. Occupation of serviced offices has continued to support our energy reduction efforts, with technology such as motion-activated lighting ensuring that utilities are not in use when the spaces are empty.

Inspired has one subsidiary that qualifies for SECR as an individual entity in 2023. The consumption and emission figures for this subsidiary for the 2023 reporting year are shown below:

Table 9: Inspired Energy Solutions total consumption (kWh) figures

Utility and scope	**2023 consumption (kWh)**	2022 consumption (kWh)
Gaseous and other fuels (Scope 1)	**31,955**	42,164
Transportation (Scope 1)	**205,187**	231,661
Grid-supplied electricity (Scope 2)	**251,366**	152,130
Transportation (Scope 3)	**399,578**	497,854
Total	**888,086**	923,809

Table 10: Inspired Energy Solutions total location-based emissions (tCO_2e) figures

Utility and scope	**2023 consumption (tCO_2e)**	2022 consumption (tCO_2e)
Gaseous and other fuels (Scope 1)	**5.85**	7.70
Transportation (Scope 1)	**46.15**	55.87
Grid-supplied electricity (Scope 2)	**52.05**	29.41
Transportation (Scope 3)	**89.87**	114.83
Total	**193.92**	207.81

UK FORESTS' CARBON STOCK IS ESTIMATED TO HAVE INCREASED FROM AROUND 3.2 BILLION TONS OF CARBON DIOXIDE EQUIVALENT IN 1990 TO 4.0 BILLION TONS OF CARBON DIOXIDE EQUIVALENT IN 2020.

4bn tCO_2e

Energy efficiency improvements

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

Measures ongoing and undertaken through 2023

In July 2023, a climate risk and net-zero workshop was held with the Board. The session gave valuable insight into decarbonising operations and wider Scope 3 categories. In October, a TCFD session was held with the Board to provide them with all necessary and relevant information for them to sign off on our carbon reduction targets and strategy. Time controls have been continually reviewed on heating and cooling plants within the Kirkham office space to improve operational efficiency further. This has included the utilisation of heat recovery systems and the programming of Bank Holidays to ensure the plant is not operational during periods of non-occupancy. An electric vehicle scheme has been introduced for Inspired employees to give more employees access to electric cars and also lower our Scope 3 Category 6 and 7 emissions (employee commuting).

Measures prioritised for implementation in 2024

In 2024, Inspired will investigate methods to replace gas heating with new energy-efficient electrical heating at our new headquarters. The results of this investigation may help Inspired move away from natural gas as an energy source and, therefore, lower the Group's carbon emissions. In addition, Inspired will be implementing a new refrigerant gas in its heat pumps with a lower global warming potential (GWP). Further work will be carried out to improve water efficiency by using low water-consuming urinals at our new head office. Hand dryers in these bathrooms will also be made more efficient to aid with energy reduction goals.

SECR methodology

This report (including the Scope 1, 2 and 3 consumption and CO_2e emissions data) has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Resources Institute and World Business Council for Sustainable Development, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

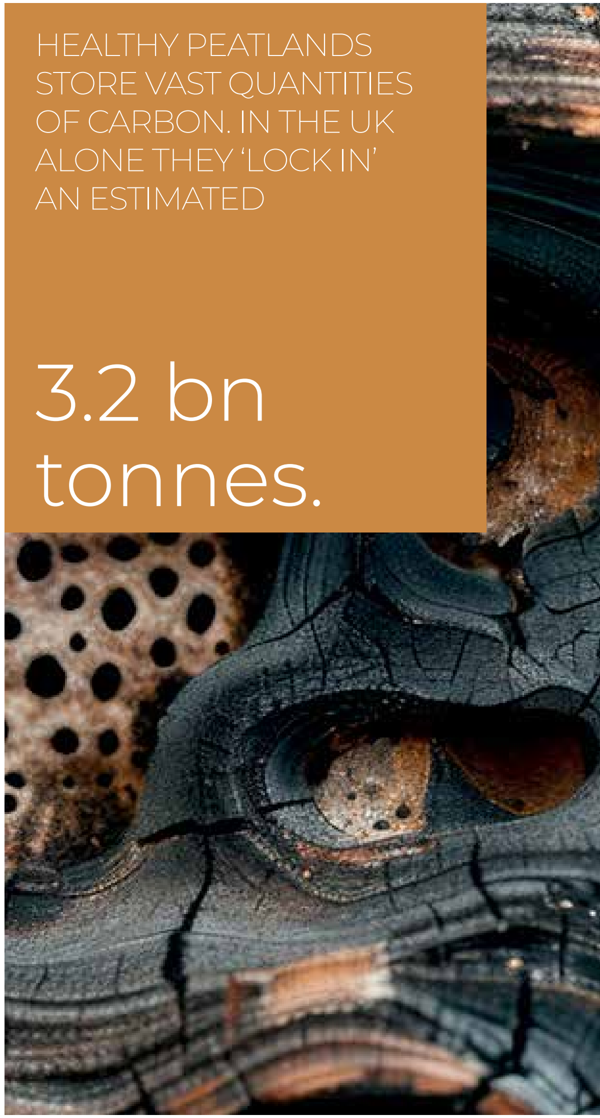
Government Emissions Factor Database 2023 v1.1 has been used, utilising the published kWh gross calorific value (CV) and kgCO_2e emissions factors relevant for the reporting period 01/01/2023 – 31/12/2023. Estimations were undertaken to cover missing billing periods for properties directly invoiced to Inspired. These were calculated at the meter level on a kWh/day pro-rata basis.

- For the Manchester property where Inspired is indirectly responsible for utilities (i.e. via a landlord or service charge) or no data is available for the meter, the median consumption for properties with similar operations was calculated at the meter level and applied to the property with no available data.
- For the Cardiff and London properties where Inspired is indirectly responsible for utilities (i.e. via a landlord or service charge) or no data is available for the meter, an average kWh/FTE consumption was calculated at the meter level and was applied to the properties with similar operations with no available data.
- For the Bedford property where Inspired is indirectly responsible for utilities (i.e. via a landlord or service charge) or no data is available for the meter, floorspace (m2) was utilised in conjunction with typical practice benchmark from CIBSE Guide F (2012) and was applied to the properties with similar operations with no available data.

All estimations equated to 50.49% of reported consumption. The increase in proportion of emissions estimated this year has been noted, and data improvement will be a key aspect of Inspired's energy analysis going forward. For the market-based emissions reporting methodology, an emissions factor of 0 tCO_2e/kWh was applied to all electricity supplied to Inspired from renewable energy contracts. As 100% of Inspired's electricity consumption was supplied through renewable energy contracts, total market-based emissions equate to 0 tCO_2e. Natural gas market-based emissions have been calculated taking into account carbon dioxide savings from the purchase of Green Gas Certificates.

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

- Full-time equivalents (FTE) FY2023 (FY2022) 702 (641).



Carbon balance sheet

GHG inventory

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

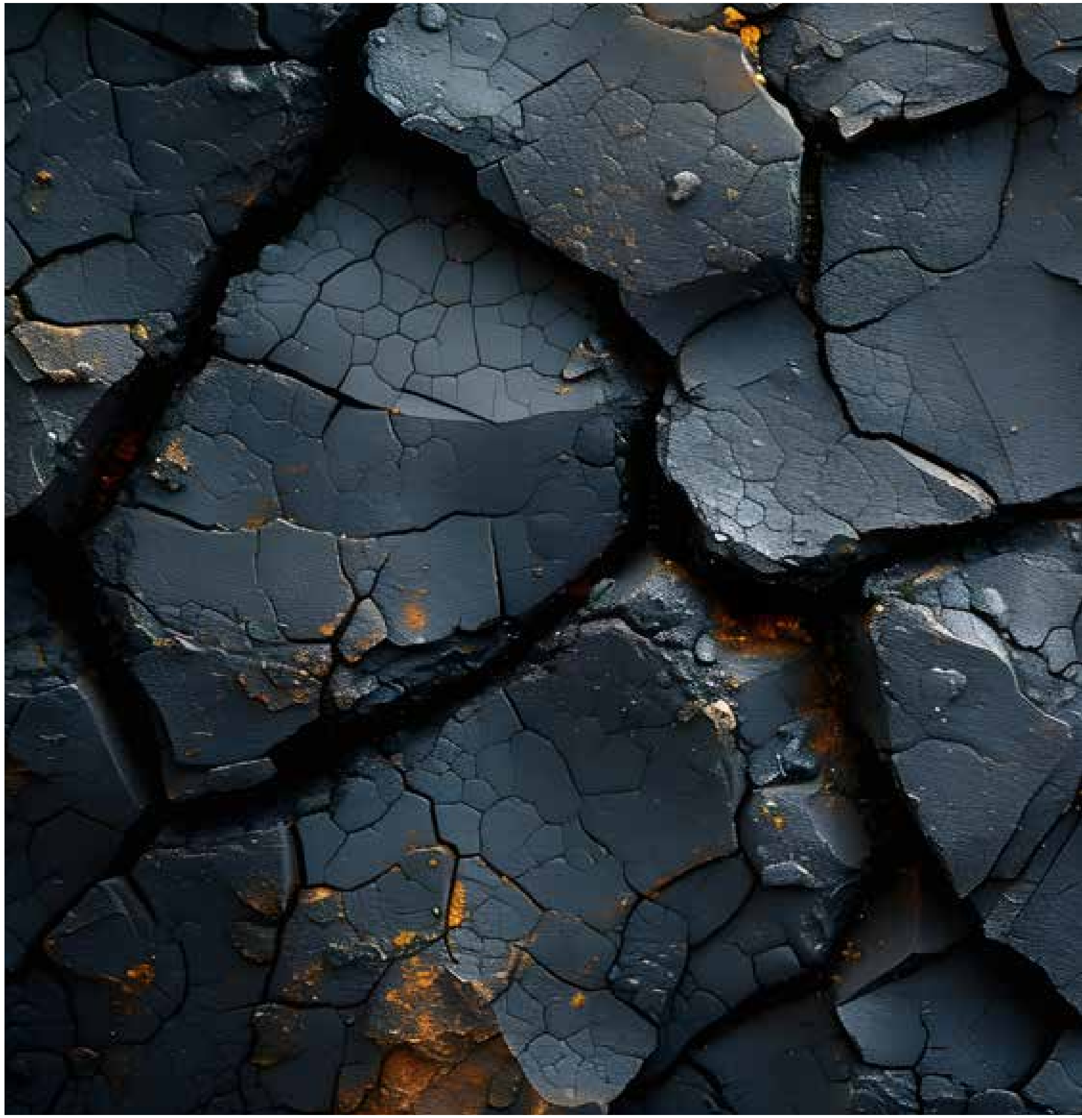
Our carbon footprint, calculated on a location-basis, is outlined in Table 12. Overall, our total emissions for all scopes increased by 14% between 2022 and 2023 and 99% of them come from Scope 3. This was driven mainly by a 12% increase in the energy used by products we sold to third parties, which is by far the largest category for Inspired and represents 66% of the Group's total emissions. Inspired provides energy saving solutions to other businesses that help them to reduce their Scope 1 and 2 emissions. However, these products still consume energy and the GHG Protocol indicates that we need to account for the emissions associated with the energy this equipment consumes within our GHG inventory. On this basis, the more energy saving products we sell to help our clients decarbonise and manage their response to climate change, the higher our Scope 3 emissions will become.

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

Operational analysis

As an organisation we seek to not only make ourselves carbon neutral for our Scope 1 and Scope 2 emissions, but also for the Scope 3 emissions we have consumed in the provision of our operations. Our operational analysis shows that our absolute carbon cost of operations reduced by 18% during 2023. We have purchased 2,485 tCO_2e of avoidance offsets, 650 tCO_2e of carbon sequestration offsets, 54 tCO_2e of REGOs and 69 tCO_2e of RGGOs to achieve carbon neutrality across our operations (Table 11).

We purposefully achieve carbon neutrality for our operations to ensure there is a commercial cost associated with our emissions, in order to provide a commercial incentive to make improvements our business. While we see carbon neutrality as a useful tool in the short term to both help fund sustainable projects and put a price on our emissions, we are ultimately aiming for an absolute reduction in the emissions we produce across our operations in order to achieve net-zero.



Analysis of carbon benefits to customers

Where we provide energy consuming products to our customers to help them reduce their emissions, such as LED light bulbs and heat pumps, we aim to see the return on investment through the net carbon impact of those products. The analysis of carbon benefits to customers shows that we are saving our customers more emissions than those associated with the products themselves, i.e. embedded in the raw materials of the products or from their end-of-life treatment. This results in a positive net carbon impact for our customers. In 2023 we invested 2,879 tCO_2e, in Categories 1 and 12-related emissions, to help our customers to save 48,388 tCO_2e, a net increase of 196% over 2022.

Table 11: Inspired PLC offsets and Renewable Energy Certificates purchased for 2021, 2022 and 2023

		2023		2022		2021	
		tCO_2e	**MWh**	tCO_2e	MWh	tCO_2e	MWh
Carbon Offsets	Sequestration	**650**	**N/A**	650	N/A	500	N/A
	Avoidance	**2,485**	**N/A**	4,731	N/A	5,053	N/A
	TOTAL	**3,135**	**N/A**	5,381	N/A	5,553	N/A
REGOs		**54**	**328**	50	275	65	343
RGGOs		**69**	**297**	55	273	74	358
Total		**3,258**	**625**	5,485	548	5,693	701

THE WORLD IS CURRENTLY FACING AN EMISSIONS GAP EQUIVALENT TO NEARLY

24 gigatons of CO_2.

Table 12: 2023 carbon balance sheet

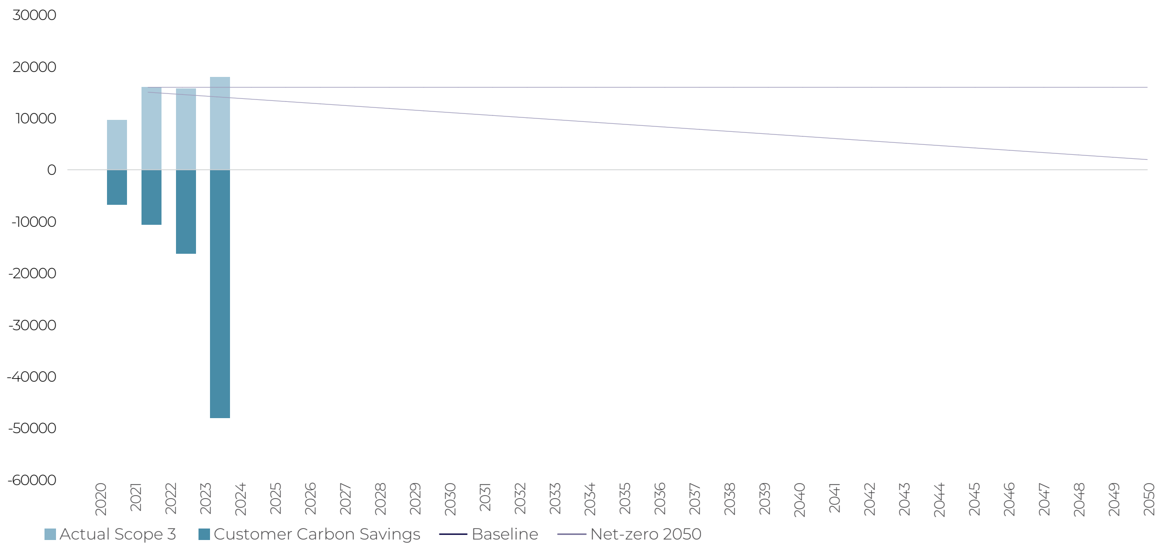
	GHG inventory						Operational analysis		
	Location based tCO_2e			Market based tCO_2e			Carbon cost of operations tCO_2e		
Emissions scope and Scope 3 category	2023	Re-Stated 2022	% change	2023	Re-Stated 2022	% change	2023	Re-Stated 2022	% change
Scope 1	**104**	106	(1%)	**50**	56	(10%)	**50**	56	(10%)
Natural gas	**54**	50	9%	**0.07**	0.06	9%	**0**	0.06	9%
Transportation (excluding grey fleet)	**50**	56	(10%)	**50**	56	(10%)	**50**	56	(10%)
Scope 2	**69**	55	26%	**0**	0	—	**0**	0	—
Scope 3	**18,071**	15,875	14%	**18,071**	15,875	14%	**3,084**	3,763	(18%)
1. Purchased goods and services	**4,844**	3,806	27%	**4,844**	3,806	27%			—
Energy consuming products for resale	**2,873**	1,267	127%	**2,873**	1,267	127%			—
Other goods and services	**1,971**	2,539	(22%)	**1,971**	2,539	(22%)	**1,971**	2,539	(22%)
2. Capital goods	**453**	345	31%	**453**	345	31%	**453**	345	31%
3. Fuel-related emissions	**45**	40	11%	**45**	40	11%	**45**	40	11%
4. Upstream transportation and distribution	**23**	61	(63%)	**23**	61	(63%)	**23**	61	(63%)
5. Waste generated in operations	**0**	1	(76%)	**0**	1	(76%)	**0**	1	(76%)
6. Business travel	**392**	479	(18%)	**392**	479	(18%)	**392**	479	(18%)
7. Employee commuting	**201**	297	(33%)	**201**	297	(33%)	**201**	297	(33%)
8. Upstream leased assets	**N/A**	N/A	—	**N/A**	N/A	—			—
9. Downstream transportation and distribution	**N/A**	N/A	—	**N/A**	N/A	—			—
10. Processing of sold products	**N/A**	N/A	—	**N/A**	N/A	—			—
11. Use of sold products	**12,105**	10,843	12%	**12,105**	10,843	12%			—
12. End-of-life treatment of sold products	**6**	2	155%	**6**	2	155%			—
13. Downstream leased assets	**N/A**	N/A	—	**N/A**	N/A	—			—
14. Franchises	**N/A**	N/A	—	**N/A**	N/A	—			—
15. Investments	**3.1**	0.1	2,205%	**3.1**	0.1	2,205%			—
Total all scopes	**18,245**	16,035	14%	**18,122**	15,931	14%	**3,135**	3,819	(18%)
All scopes $kgCO_2e$ per £ (revenue)	**0.19**	0.18	3%	**0.18**	0.18	3%	**0.03**	0.04	(26%)
All scopes tCO_2e per employee	**26.0**	25.0	4%	**25.8**	24.9	4%	**4.5**	6.0	(25%)

Please see Table 13 for original & re-calculated 2022 values and rationale for amendments.

Analysis of carbon benefits from customer use of energy consuming products

	Carbon cost of energy consuming products sold to customers tCO_2e			Carbon saving from use of energy consuming products by customers tCO_2e			Customers net carbon impact from use of energy consuming products tCO_2e		
	2023	Re-Stated 2022	% change	**2023**	Re-Stated 2022	% change	**2023**	Re-Stated 2022	% change
	–	–	–	**–**	–	–	**–**	–	–
	2,879	1,269	127%	**48,388**	16,364	196%	**45,510**	15,095	201%
	2,873	1,267	127%				**(2,873)**	(1,267)	127%
				48,388	16,364	196%	**48,388**	16,364	196%
	6	2	155%				**(6)**	(2)	155%
	2,879	1,269	127%	**48,388**	16,364	196%	**45,510**	15,095	201%
	0.03	0.01	105%	**0.49**	0.18	167%	**0.46**	0.17	172%
	4.1	2.0	107%	**68.9**	25.5	170%	**64.8**	23.5	175%

Customer carbon emissions savings graph



I joined CEF a few months after the commencement of their relationship with Inspired and was very pleased to learn of the partnership on joining, as I had used Inspired's services in a previous role and found them to be excellent.

Inspired have lived up to my high expectations on the services that they have delivered – predominantly climate risk alongside carbon footprinting and our net-zero roadmap.

I have found diligent and enthusiastic consultants with a good depth of subject matter knowledge. The relationship has been collaborative and Inspired's approach flexible, which is key in a complex business such as ours."

Paul Thomas
Head of Environmental Sustainability at CEF

FROM 2021 TO 2040, THE GOVERNMENT PROJECTS THAT THE LOW CARBON SHARE OF UK ELECTRICITY GENERATION WILL RISE FROM 54% TO

91%.

Table 13: 2022 Re-Stated Figures

Line Item	Original 2022	Re-Stated 2022	Rationale
Scope 2	**50.04**	**53.43**	The calculation methodology for electricity estimates has been updated in 2023. 2022 figures were updated to reflect the change in methodology.
1. Purchased goods and services	5,371	3,806	Category 1 emissions have been re-calculated using more recent conversion factors, to align with 2023 calculation methodology.
3. Fuel-related emissions	29	40	Category 1 emissions have been re-calculated using more recent conversion factors, which were published after the 2022 reporting deadline.
11. Use of sold products	11,069	10,843	An error in the raw data provided for part of Category 11 calculations was discovered in 2022 data and amended to enable like for like comparison between 2022 and 2023.
12. End-of-life treatment of sold products	1	2	An error in the raw data provided for part of Category 11 calculations was discovered in 2022 data and amended to enable like for like comparison between 2022 and 2023.

Environment

We acknowledge the climate emergency and are committed to mitigating our impact on the environment. We have a climate change and environment policy that states this commitment and outlines the steps we are taking. This includes reducing our waste and energy use, utilising video conferencing technology to reduce our business travel and assessing the environmental impact of new products and processes before we introduce them. We also encourage our clients and suppliers to do the same. Our overarching environmental target is to reach net-zero in Scope 1, and 2 on a market-basis, by 2030. In 2023 we held training sessions with the Board and key stakeholders to provide the information needed for them to understand and approve our carbon reduction targets and strategy. We have modelled our net-zero pathway and created interim targets which were signed off in Q2 2023 and are in the process of being validated by the SBTi. Further emissions and environmental targets are detailed in the metrics and targets section of the TCFD summary.

SDGme

We want to embed the UN SDGs into our organisational culture through our SDGme app. This encourages employees to record actions that save carbon and contribute to specific Sustainable Development Goals. It aims to foster employee engagement and shape individual behaviour around global social and environmental issues. In 2023, over 2,000 actions have been logged, saving a total of 8.1 tCO_2e. Actions include choosing active travel over driving, conserving energy by turning off devices at night and shopping locally. It has been rolled out to the first clients in 2023 and we look forward to developing it further in 2024.

SDG
me

Waste and water

Our water use and waste production are relatively low and have reduced in recent years with the increase in homeworking since the Covid-19 pandemic. We are expecting through 2024 to see an increase in water consumption and waste production with the occupation of our new head office space in Kirkham. We have set the targets below to reduce our water usage and waste in the short term and will continue to monitor suitability.

Table 14: Waste and water targets

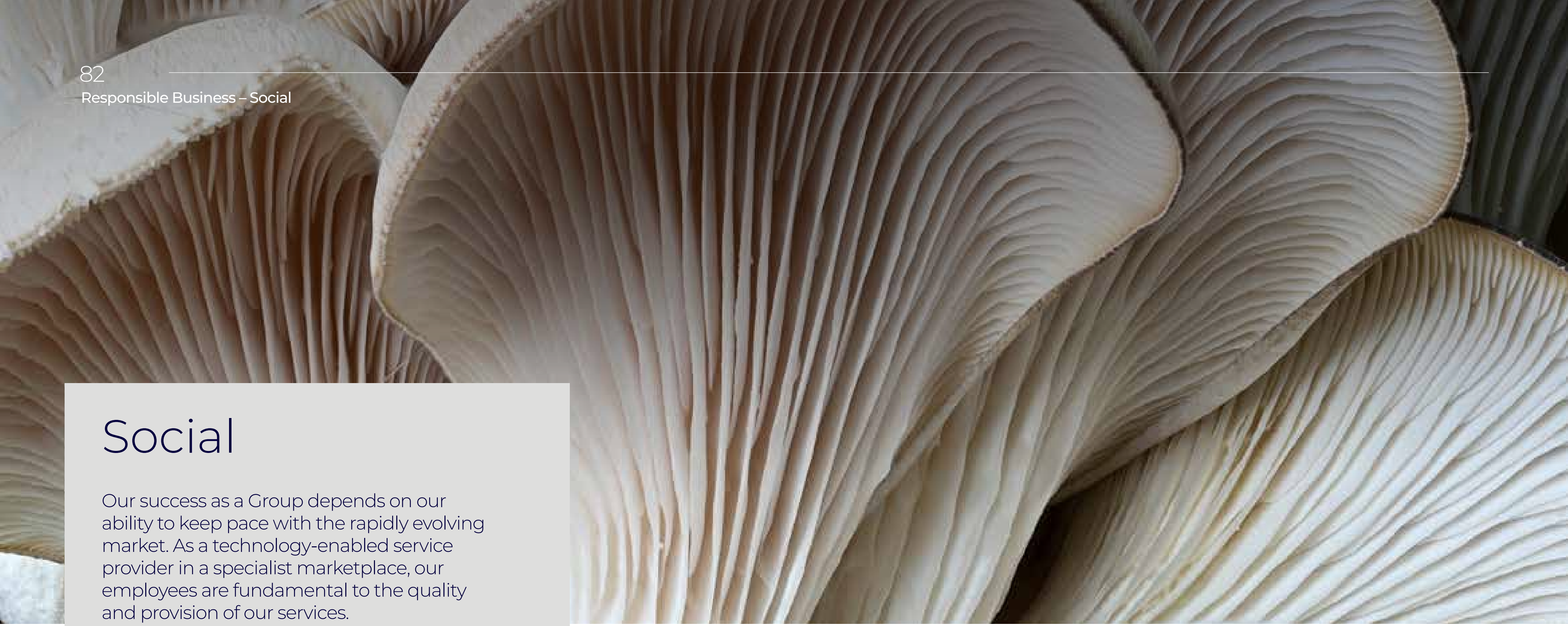
	Target 2025	Progress
Water	25% reduction in water use by 2025.	Feasibility investigations are underway for the installation of water AMR in our long-term leased and owned offices.
Waste	Replace or remove single-use plastic by 2025. Reduce paper usage by 50% by 2025 Recycle 90% of paper by 2025.	DocuSign is used to reduce printing of documents.

Suppliers

We are also keen to work with our suppliers to improve their environmental impact. We ask that all suppliers work to environmental standards consistent with our own and review their environmental policies during our onboarding process. We are currently improving our screening processes to include more detail on environmental and social topics. To further improve our knowledge of how suppliers are engaging with the topic of climate change, we have set ourselves a target of having 80% of suppliers, by spend, making a TCFD or equivalent disclosure by 2025. We also have set a target, awaiting validation by SBTi, that 80% of our suppliers (by spend, covering purchased goods and services), will have science-based targets by 2028.

Table 15: Supplier targets

	Target	Progress
Vendor engagement	Achieve 80% of suppliers by spend making a TCFD disclosure or equivalent by 2025. 80% of suppliers (by spend, covering purchased goods and services), will have science-based targets by 2028.	Suppliers were consulted in 2021, and engagement is ongoing.



Social

Our success as a Group depends on our ability to keep pace with the rapidly evolving market. As a technology-enabled service provider in a specialist marketplace, our employees are fundamental to the quality and provision of our services.

We believe in providing a collaborative and safe working environment that empowers our employees and attracts the best talent. We are committed to protecting the rights of our employees, our supply chain and the communities we operate in. Our aim is to be a beneficial stakeholder, by holding ourselves accountable to being a Real Living Wage Employer and using local suppliers where possible.

Target 2027

- Review learnings from the Covid-19 pandemic and work collegiately with employees to implement “flexible working practices”.
- Invest in further IT infrastructure to create a best-in-class remote working environment.
- Implement the UN Sustainable Development Goals within the business culture.
- Develop a STEM Scholarship programme.
- Develop a training/apprenticeship programme to support individuals from low-income households develop the required technical skills to work in a low-carbon economy.
- Launch the Inspired Foundation that will receive donations for products that we share with clients.
- Create a programme to scale charitable contributions from the organisation in proportion to business growth.
- Increase supplier engagement on ESG topics, including reviewing Supplier Code of Conduct, taking into consideration the Ethical Trading Initiative and ILO conventions.

Our people

We recognise that our people are fundamental to the delivery of our strategy. We support our employees in their professional development and health and wellbeing through internal training and providing access to external support resources. We also aim to attract the best new talent and have an internal talent acquisition team of industry experts who develop a talent pool of high-quality candidates. In 2023, we created and filled 79 additional roles. In the long-term (5-25 years), we aim to maintain an equitable distribution of benefits between all stakeholders in proportion to the performance of the business.
To develop social support and equity in our company, we have set short and medium-term targets based on learning from past experiences to strengthen our company culture.

> It's a pleasure to work with the Inspired ESG team, all the team members are enthusiastic and very flexible and adaptable to client needs."

John Bolton
Company Secretary at Videndum plc

Learning and development

Developing our people is essential for future success and employee satisfaction. That is why we designate significant resources to provide our employees with specialised training. We have continued to expand our internal course catalogue for employees this year, adding five new professional skill courses and a variety of systems training courses. In total, there are now 28 professional skills courses, 37 systems training courses and more offered for Microsoft and our internal CRM. This is in addition to our core modules, which are taken each year by staff, and include Equality and Diversity, Health and Safety and Cyber Security. Employees have spent the equivalent of 940 days on this training across the Group this year. As a business, we are increasingly focused on our "Grow Your Own" Policy, which promotes the growth and development of young professionals.

79
additional roles created in 2023

28
professional skills courses

37
systems training courses

30

Inspired employees joined our electric car scheme this year

12

Inspired employees received enhanced maternity cover this year

Benefits

We offer both full-time and part-time employees the same benefits packages. When we acquire a new company, we aim to harmonise its best practice with the Group within two years of ownership. We do not provide additional benefits to temporary workers and currently do not have specific programs to manage employment endings due to redundancy or retirement.

Flexible working

Employees can apply for flexible working hours according to the statutory provisions. This can take the form of part-time hours, job sharing or adjusted working hours. We also offer most employees, where their role allows, the choice of working fully remotely, fully in-office or a combination of both, depending on their needs and preferences.

Bonuses

We believe people must be rewarded for their hard work and dedication. All staff have a quarterly bonus structure, providing a high-precision tool for aligning rewards to behaviours. A quarter of the bonus is retained for 12 months and is lost if the individual leaves the company. The reward system is frequently reviewed to ensure it is competitive.

Group Pension Scheme

All qualifying employees can join our Group Pension Scheme which is line with all legal requirements. In 2022, we moved our pension provider to one which better reflects our commitment to ESG and responsible investment whilst also having a cost-effective management fee for employees which is competitive with current market pricing. Our new provider has a lower management charge and offers a market leading ESG default fund.

Share schemes

We have a Share Option Scheme, under which senior staff members are granted options. All senior managers are incentivised with share options with a 12 to 24-month forward horizon. We reward loyalty by offering a Sharesave scheme to employees that have been with the Group for over six months.

Electric car scheme

In 2022, we introduced a salary sacrifice scheme for new electric cars to all employees who have passed their probationary period. This will start to lower our Scope 3 emissions from business travel and employee commuting (Categories 6 and 7) and was taken up by 30 people in 2023.

Enhanced maternity cover

In 2022, we announced an enhanced maternity leave policy which goes beyond the legal minimum to give employees 16 weeks of full pay. This was taken up by 12 people in 2023.

Parental and sick leave

We operate with an accommodating approach, and our policies help employees with leave periods when necessary to deal with exceptional personal circumstances. In 2022, all employees had the right to sick leave and maternity or paternity leave and pay, in line with legal requirements.

Health and safety

Creating and maintaining a safe and healthy working environment for our people is of utmost importance to us. Although the potential for work-related injuries is relatively low in our business as a primarily office-based service provider, we take health and safety very seriously. We provide some onsite services through employees and contractors and all risks are managed through a BS ISO 45001:2018 certified system. Furthermore, we are registered with the Achilles Utilities Vendor Database (UVDB) scheme, which aims to manage and mitigate risks in the supply chain.

In 2023, there were no fatalities (2022: no fatalities) and no HSE-reportable injuries (2022: one). There were eleven accidents and fifty-five near-misses relating to staff and contractors. This is an increase on 2022 (six accidents and nine near-misses) which can be attributed to an increase in on-site activity and an improved process for detecting near misses. All events are logged and discussed in the monthly Health and Safety Committee meeting that are tasked with identifying trends and improvements to procedures.

Health and safety events

	2023	2022	2021	2020	2019
Near hits/misses	55	9	3	13	40
Accidents/incidents	11	6	2	1	5
RIDDOR	0	1	0	0	1

> Creating and maintaining a safe and healthy working environment for our people is of utmost importance to us."

Employee wellbeing

We continue to engage with our employees to improve their health and wellbeing. We know that wellness and wellbeing are very personal and can be different for each individual. In April 2023, we introduced a new Group Life Assurance Benefit with Zurich which gives employees access to a number of enhanced services, including virtual GP appointments and up to 8 counselling sessions across a year.

Employee Assistance Programme

The Employee Assistance Programme offers support for various issues, including health problems, finances and personal or work life concerns.

Unmind app

Unmind is an app which is confidential and free to use for all employees. It provides various expert tools based on neuroscience, cognitive behaviour therapy, mindfulness, and positive psychology. This year, 280 (2022: 229) Inspired employees were registered with Unmind.

280

Inspired employees registered with Unmind this year

+22%

increase in employees registering, with 2022 being 229 employees

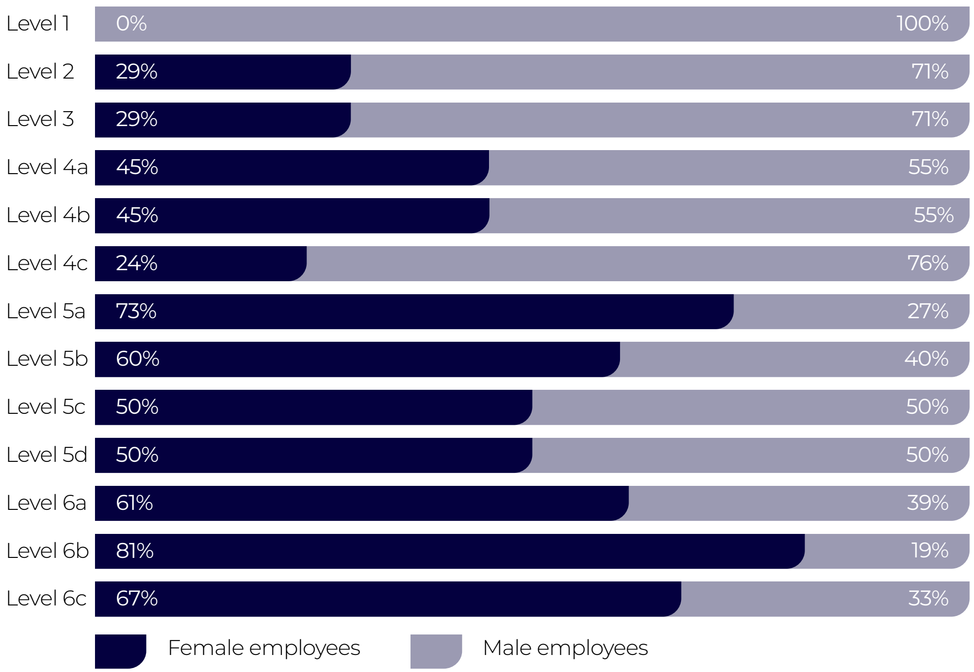
Equal opportunities

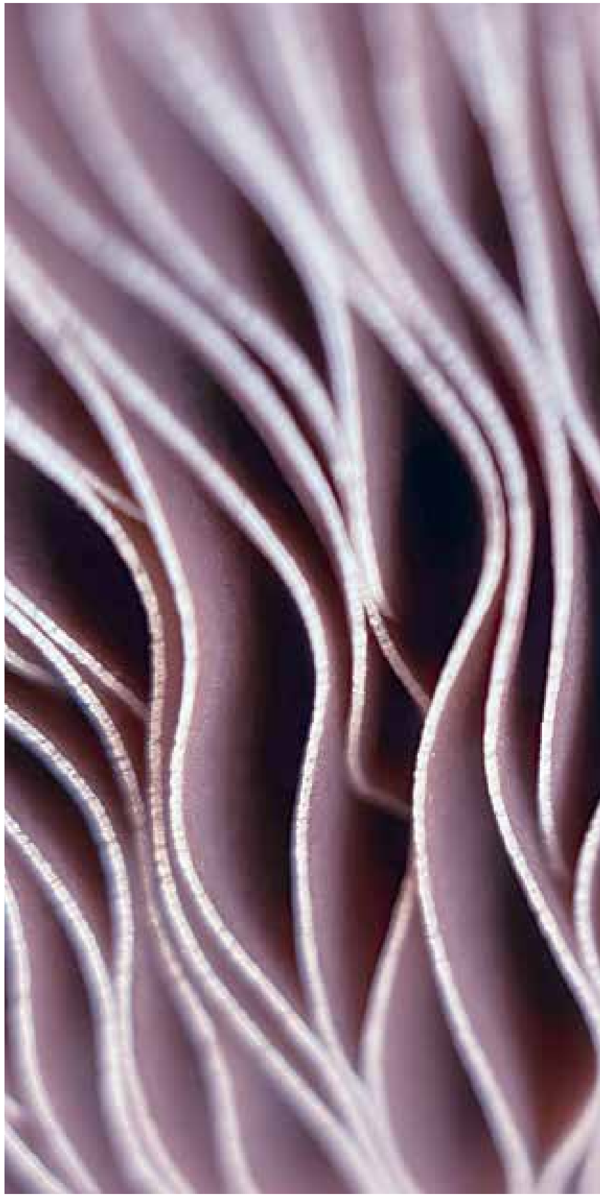
We are an equal opportunity employer fostering a work environment free from discrimination and harassment committed to treating all employees equally. In 2023, our Group gender diversity was 50%, an increase from 48% last year. Our Board diversity was 28.6% subsequent to the Board changes on 2 March 2023, consistent with our policy of non-discrimination the Board will continue to seek to expand the Board to achieve its target of 37.5% minimum representation of the minority gender as and when it is appropriate to do so.

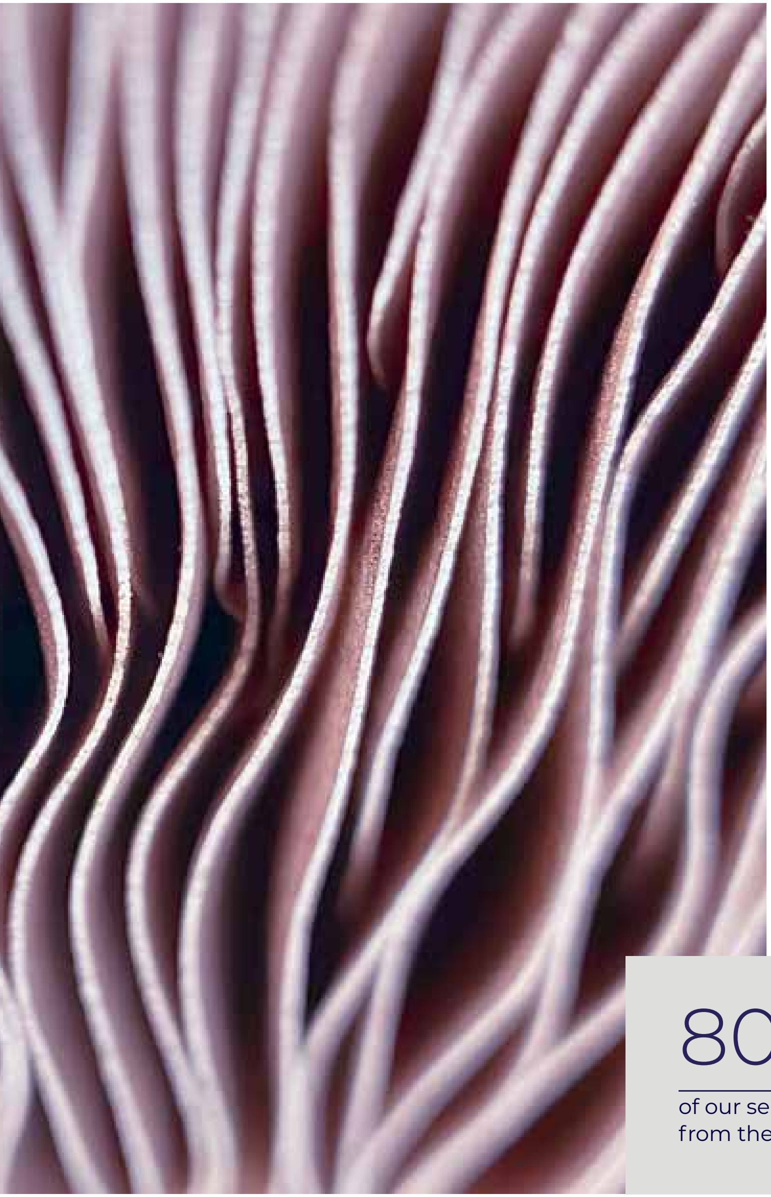
Equal pay

We believe in equal pay for equal experience and performance to support this diversity. At each level of the organisation, men and women are paid the same under these conditions. Overall, there is a 25% Group gender pay gap due to the low level of diversity in senior leadership positions. This is a reduction from last year's 27% and we aim to continue improving it, the ratio of the basic pay of our most senior Executive is 6.1 times that of average UK employees.

Figure 1: Gender ratio per level







Local communities

The communities around us are a vital source of inspiration for how we operate, and over 80% of our senior managers are hired from the local community. We take great care to positively influence the communities in which we operate. The Employee Engagement Committee is primarily responsible for directing our interaction with the local community. It consists of employees from across the business and our offices. In 2023, the committee organised several initiatives to raise funds for local and national charities, donate food to local food banks and promote biodiversity. The highlights are outlined below.

Beach clean-up

In July 2023, employees from Inspired volunteered to litter pick on Blackpool Beach. Despite bad weather which cut the activity short, it was attended by over 25 people and support was provided by Sea Life Centre.

Food bank collection

From mid-November to mid-December, we had a collection point in our Kirkham office for the local charity Amazing Graze and are proud of the donations brought in by our employees.

80%

of our senior managers are hired from the local community

Data privacy & compliance

We deal with sensitive client information and are therefore always updating our IT systems to ensure they comply with the highest cyber security standards. Our systems are ISO27001 and Cyber Essentials Plus certified. In 2023 we continued the investment in cyber security for Inspired with the introduction of a 24x7 Security Operations Centre. The security professionals monitor system events that are collected and correlated using Microsoft security products. Workflow automation and playbooks respond promptly in the event that a threat is detected, including the automatic isolation of a laptop in the event of ransomware being detected.

Inspired PLC are proud sponsors of The Prince's Trust Annual Diamond Ball

Policies and code of conduct

Our policies and codes of conduct are published on our website. The purpose of each policy and our performance against it are set out below.

Policy	Summary	Performance during 2023
Anti-bribery and corruption	Sets out the Group's zero tolerance approach to such practices and the obligations of employees and third parties.	There have been no complaints or reported incidents with respect to anti-bribery and corruption.
Anti-discrimination	Sets out the Group's zero tolerance with respect to discriminatory practices.	There have been no complaints or reported incidents with respect to discriminatory practices.
Board gender diversity	Sets out the Group's policy with respect to diversity at Board level.	During 2023, the PLC Board had a gender diversity of 28.6% (42.9% 2022), which is short of our target to remain at 37.5%. Consistent with its policy of non-discrimination the Board will continue to seek to expand the Board to achieve its target as and when it is appropriate to do so.
Climate change and the environment	Outlines the Group's policy with respect to climate change and the environment.	The Group achieved carbon neutrality during 2023 and set targets to reach net-zero in Scope 1 and 2 (90% absolute reduction) on a market-basis by 2030, and net-zero in Scope 3 (90% absolute reduction) by 2050.
Complaints handling	Sets out the policies for managing complaints from third parties.	There have been no complaints raised under this policy during 2023.
Employee gender diversity and equal pay	Sets out our policies on gender diversity and equal pay.	In 2023, at Group level we had a 50% gender split. However, we have low diversity at our top three levels in the business and whilst this has improved to 27% (24% 2022) representation of the minority gender still drives the majority of our gender pay gap which remains at 25% due to skewed diversity at the leadership level.
Equal opportunities and diversity	Sets out our policy on recruitment, discrimination, bullying and other items with respect to equal opportunities.	There have been no complaints or reported incidents with respect to equal opportunities and diversity.
Health and safety and accident prevention	Sets out our health and safety policies for our organisation.	There have been 11 accidents reported during 2023, none of which were RIDDOR and no work-related fatalities. There were eight referrals during 2023 to occupational health for a work-related issue.
Human rights	Sets out our policy with respect to the Group's commitment to human rights.	There have been no complaints or reported incidents with respect to human rights.
Modern slavery and human trafficking	Sets our zero tolerance approach to modern slavery or human trafficking.	There have been no complaints or reported incidents with respect to modern slavery or human trafficking.
Privacy notice	Sets out our policies on data protection and retention with respect to third parties.	There have been no complaints or reported incidents with respect to our privacy policy, data protection or data retention.
Recognition of ILO Conventions	Recognises our commitment to operate in accordance with the ILO Conventions.	There have been no complaints or reported incidents with respect to failure to comply with the ILO Conventions.
Supplier code of conduct	Sets out our expectations with respect to the conduct of our supply chain.	There have been no reported breaches of our supplier code of conduct during 2023.
Whistleblower protection	Sets out our policy with respect to the treatment of whistleblowers.	There have been no incidents of whistleblowing or matters of significant concern raised during 2023.

The Strategic Report has been approved by the Board and signed off by Richard Logan, Chairman. 25 March 2024.

CORPORATE GOVERNANCE

Read more about our
Board activities in 2023: **pages 95 to 97**

12,960ha

OF NEW WOODLAND WERE CREATED IN THE UK IN 2022/23.

An introduction from our Chair

Inspired has a strong corporate governance framework that, combined with the expertise and professionalism of the Board, senior management, and employees, ensures that it operates at the highest standards of corporate governance. This is essential for an AIM-listed company to achieve long-term success in the future net-zero economy."

Richard Logan
Chairman
25 March 2024

I am pleased to present this corporate governance report for the year ending on 31 December 2023 on behalf of the Board. The report highlights the effective and appropriate corporate governance framework implemented by the Board, Committees, Directors, and senior management. The Board recognises its duty to achieve growth and long-term value for shareholders in the future net-zero economy. It considers an efficient and dynamic governance structure to be essential in achieving this objective. The Directors have adopted the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') to facilitate best practices in corporate governance for the Group.

The Board and its Committees play a fundamental role in overseeing the Group's governance. They provide an impartial and external perspective on issues that are significant to Inspired's stakeholders. Additionally, they ensure that effective internal controls and risk management measures are in place. The roles and functions of the Committees are outlined in pages 98 to 105. As a market leader in the ESG sector, Inspired strives to lead by example. This is reflected in our governance processes within our ESG Performance Committee and reporting in our ESG disclosures over the last several years.

During the year, Sarah Flannigan resigned, and Peter Tracey was appointed as a Non-Executive Director. Biographies of the Directors can be found on pages 92 and 93. As the Chair, it is my responsibility to lead the Board and ensure that the governance of our Group is effective. I collaborate with the Board to continuously improve our governance practices, which will help ensure the long-term success of our Group.

On behalf of the Board and shareholders, I would like to express my gratitude to all our employees for their hard work and dedication that has contributed to our growth and success. We value feedback from our shareholders and encourage them to participate in our Annual General Meeting (AGM).

Richard Logan
Chairman
25 March 2024

Our employees have a unique combination of established supplier relationships, market expertise, and technical capability to help our customers succeed."

Corporate governance compliance statement

Our company is committed to upholding the Quoted Companies Alliance (QCA) Corporate Governance Code and all its principles as required by AIM Rule 26. Further information on the company's compliance with the QCA Code and AIM Rule 26 can be found on the Group's website at **inspiredplc.co.uk/AIM-Rule-26**.

With the growing importance of Environmental, Social, and Governance (ESG) factors in the investment industry and among corporates, our company aims to play a leading role in providing ESG solutions to investment firms and businesses.

Inspired's approach

Delivering growth

Principle 1: Business strategy to promote long-term value for shareholders	Corporate governance page 94 Strategic report page 20 to 24
Principle 2: Understanding shareholder needs and expectations	Corporate governance page 94
Principle 3: Considering all stakeholders for long-term success	Corporate governance page 94 Strategic report pages 51 to 55
Principle 4: Effective risk management	Corporate governance page 94 Audit & Risk Committee page 99

Maintaining a dynamic management framework

Principle 5: Maintain a well-functioning Board	Corporate governance page 95 Board of Directors page 92 to 93
Principle 6: Directors' skills and capabilities	Corporate governance page 94 to 97
Principle 7: Evaluate Board performance	Corporate governance page 94 to 97
Principle 8: Culture	Strategic report page 51 Corporate governance page 97

Building Trust

Principle 9: Governance structures for good decision-making by the Board	Corporate governance page 97
Principle 10: Stakeholder communication	Corporate governance page 97

"Ensuring the highest standards of corporate governance."

Governance structure

Below is a summary of the Group's governance structure.

Board of Directors

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

Our Board is responsible for setting the overall strategy and direction of the Group. Our Directors are committed to maintaining high corporate governance standards, ensuring that decisions are in the best interest of stakeholders.

Committee membership key

- (A) Audit & Risk Committee
- (N) Nominations Committee
- (R) Remuneration Committee
- (E) ESG Performance Committee
- ● Chair of Committee

Richard Logan

Role: Non-Executive Chairman

Appointed: 24 March 2017

Skills and experience

Richard is a chartered accountant with nearly 40 years' experience of working in industry.

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

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

External appointments

Richard is a Non-Executive Senior Independent Director and Chairman of the Audit Committee of Pebble Beach Systems Group plc, an AIM listed company (PEB) providing software solutions to the broadcasting industry.

Committee membership

A N R E

Mark Dickinson

Role: Chief Executive Officer

Appointed: 29 September 2016

Skills and experience

Mark joined the Board during 2016 as a Non-Executive Director and became CEO in October 2017. Mark is an energy consultancy specialist with over 25 years' experience of developing and advising companies in the sector.

Mark was CEO of M&C Energy Group, where he led the buy and build strategy, completing four acquisitions before selling the company to Schneider Electric in 2013. He brings significant industry knowledge coupled with experience in executing acquisitions and has a Master's in Finance from the London Business School, where he was voted Accomplished Entrepreneur of the Year in 2012.

External appointments

None.

Paul Connor

Role: Chief Financial Officer

Appointed: 9 December 2014

Skills and experience

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

External appointments

None.

David Cockshott
Role: Chief Commercial Officer
Appointed: 1 April 2022

Skills and experience

David joined the Group in 2020 and became Chief Commercial Officer in March 2022, bringing over 30 years' experience in the energy sector. He has held Board positions at Marubeni-owned Smartest Energy Limited and at Inenco Group, as well as having Executive responsibility for I&C and, latterly, domestic markets for energy supplier Npower.

External appointments

None.

Committee membership

Sangita Shah
Role: Non-Executive Director
Appointed: 30 June 2021

Skills and experience

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

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

External appointments

Sangita is currently Chairman of AIM quoted companies Kinovo Plc and RA International Group plc, a lead Board Director of NASDAQ listed Forward Industries Inc. On a policy level she presides over the Quoted Companies Alliance, and as an investor presides over several private companies.

Committee membership

A N R E

Dianne Walker
Role: Non-Executive Director
Appointed: 4 August 2021

Skills and experience

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

External appointments

Dianne holds the position of Non-Executive Director and Chair of the Remuneration Committee of Victoria Plumbing plc, Non-Executive Director of Development Bank of Wales Plc and Senior Independent Director and Chair of the Audit Committee of Scott Bader Co. Ltd. Dianne is also Non-Executive Chair and minority shareholder of a small private limited company, J&L Elevator Components (EOT) Ltd.

Committee membership

A N R

Peter Tracey
Role: Non-Executive Director
Appointed: 1 March 2023

Skills and experience

Peter is Managing Director of Blackdown Partners Limited, an independent investment bank. Peter has over 25 years' capital markets experience, which includes positions as Head of Investment Banking at Liberum Capital and senior leadership positions at Merrill Lynch across cash equities and investment banking in London, Frankfurt and New York.

External appointments

Peter is a Non-Executive Director of Water Babies Group Limited and is Chairman of Hurtwood Capital Limited, a private family office with interests in the real estate and media sectors.

Committee membership

N E

Corporate governance statement

Delivering growth

> Delivering a business model that encourages the creation of long-term value for our shareholders."

159

Number of £50,000 revenue clients supported by more than one division

£231,160

Average client lifetime value per client (CLV) – CLV assessed over a 10-year period

Our goals

Our primary objective is to create value for our shareholders. We firmly believe that we can achieve this by considering the needs of all our stakeholders, both present and future. We aim to do this by enabling our clients to manage and benefit from the global transition to a net-zero economy while simultaneously integrating these principles into our organisation.

Vision and strategy

We are dedicated to enhancing shareholder value by expanding the delivery of our four business units: Assurance Services, Optimisation Services, ESG Services, and Software Services. We are confident that our focus on these areas will lead to continued success and growth.

- For our approach to strategy and the benefits of our strategic priorities, please see our strategy on page 24 of this annual report.
- For details of our business model, please see pages 20 to 23.
- For key challenges and how they will be addressed, please see principal risks on pages 43 to 49 of this annual report.

Our shareholders

We are committed to transparency and communication with shareholders and provide regular updates through reports, announcements, and meetings with investors and analysts. All Directors attend AGMs, and private investors can ask questions. Institutional shareholders and analysts can also discuss issues and provide feedback. The company engages with retail investors to ensure clarity on its strategy, business model, and performance, and shareholders can contact the Company Secretary with questions or concerns.

Our stakeholders

We believe that achieving long-term success involves considering the interests and social responsibilities of all stakeholders. Our commitment extends beyond our shareholders to embrace our employees, clients, lenders, suppliers, the environment, and society. Our Board is dedicated to creating ESG policies that are second to none in the industry. To achieve this goal, we have implemented several measures. Our policies on stakeholder engagement are outlined in this report on page 88. We recognise that communication is essential to engaging stakeholders, and we employ various channels, including formal announcements, individual meetings, and negotiations. We value feedback and make every effort to incorporate it into our decision-making.

Aside from this annual report, we have published numerous ESG disclosures on our website at **inspiredplc.co.uk/esg**. We are enthusiastic about our progress and remain committed to achieving the highest standards of social responsibility and accountability.

Opportunities and risks

We take a balanced approach to risk management, recognising both the potential opportunities and challenges that come with each decision. Our Board and Audit & Risk Committee have developed a thorough risk management process, which we outline in detail on pages 43 to 49. Our management team consistently evaluates potential risks and reports back to the Board quarterly. Each division has its own management Board to assess the unique opportunities and risks within its area of responsibility. We've integrated the TCFD and GRI principles into our Executive risk management process, starting in 2020. For additional information, please look at the principal risks section on pages 60 to 67. We remain committed to managing risk effectively while keeping a positive outlook on the potential benefits that every decision can bring.

IN 2023, THE WORLD EXPERIENCED RECORD-BREAKING HEAT CONDITIONS, DROUGHT, WILDFIRES AND FLOODING.

Maintaining a dynamic management framework

> The Directors believe that good governance is essential to the successful growth of the business."

Board role and responsibilities

Inspired has a well-functioning and balanced Board, which is led by the Non-Executive Chair, Richard Logan. The Chair is responsible for ensuring that the Board maintains high standards of corporate governance. As of 2023, the Board comprises three Executive Directors, namely Mark Dickinson, Paul Connor, and David Cockshott, and four Non-Executive Directors, who are deemed independent. These include Richard Logan, Sangita Shah, Dianne Walker, and Peter Tracey. Biographies of the Board members can be found on pages 92 to 93. The Board's principal responsibilities are to:

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

The Board recognises its duty to efficiently manage and adequately steward the Group while implementing corporate governance practices that align with the Group's size and nature and the interests of its shareholders. The Board has adopted the QCA Corporate Governance Code to ensure that Inspired adheres to the best practices in corporate governance, see page 91. The Board and its Committees play a crucial role in the Group's governance by providing an external and independent perspective on matters of importance to Inspired's stakeholders and ensuring that effective internal controls and risk management measures are in place, see pages 94 to 97.

The Executive Directors are responsible for executing the Board's strategy and possess the requisite skills and experience to perform their duties effectively, both as members of Board Committees and in other roles. Non-Executive Directors must devote at least one day a month to their Group duties. Directors have access to the Company Secretary's services and advice, and they are free to seek independent professional advice if needed.

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

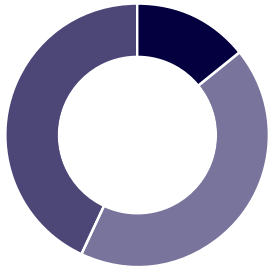
Conflicts of interest

As per their service agreements and their fiduciary duties, the Non-Executive and Executive Directors are obligated to report any conflict of interest immediately. Additionally, every year, each Board member provides a declaration of their external appointments. This information is set out under the biography of each Board member, which is available on pages 92 to 93.

Board activities

The Board assesses its structures, policies, and processes annually to ensure they are fit for purpose. The Board conducts its responsibilities through an annual timetable of meetings, meeting at least six times a year. In 2023, the Board met twelve times, with eight virtual meetings and four in-person meetings, including two two-day strategy meetings. Details of attendance at the scheduled meetings can be found on page 96. The Chair and Company Secretary set the agenda for each meeting. The Board receives monthly electronic reports on the Group's financial and operational performance, allowing ample time for review before meetings. Minutes are taken, and action items are followed up on after meetings. Directors have access to the Company Secretary's services and advice, and they are free to seek independent professional advice if needed.

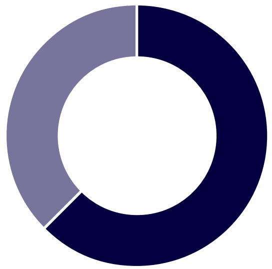
Board composition at 31 December 2023



Non-Executive Chairman	1
Executive Directors	3
Non-Executive Directors	3

Board representation

Board representation at 31 December 2023



Male	5
Female	2

The Board has established several committees, each with distinct responsibilities. These include the Nominations Committee, Audit & Risk Committee, ESG Performance Committee, and Remuneration Committee. Each committee operates according to specific terms of reference, which outline the delegated responsibilities in detail. More information about each committee's terms of reference on pages 98 to 102.

The Board had 12 scheduled meetings during the year, with additional discussions held when necessary.

Meeting timeline

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Board of Directors	■		■ ■	■		■	■	■	■		■ ■	
Board Two-Day Strategy Meetings						■				■		
Nominations Committee			■									
Audit & Risk Committee			■								■	
ESG Performance Committee			■	■				■			■	
Remuneration Committee			■									■
Board Capacity Building Sessions						■						

Board & Committee meeting attendance at scheduled meetings during the year

Director	Board (10)	Nominations (1)	Audit & Risk (2)	ESG (4)	Remuneration (2)	Capacity Building (1)
Richard Logan	■ ■ ■ ■ ■ ■ ■ ■ ■ ■	■	■ ■	■ ■ ■ ■	■ ■	■
Mark Dickson	■ ■ ■ ■ ■ ■ ■ ■ ■ ■			■ ■ ■ ■		■
Paul Connor	■ ■ ■ ■ ■ ■ ■ ■ ■ ■		■ ■			■
David Cockshott	■ ■ ■ ■ ■ ■ ■ ■ ■ ■					■
Sangita Shah	■ ■ ■ ■ ■ ■ ■ ■ ■ ■	■	■ ■	■ ■ ■ ■	■ ■	■
Diane Walker	■ ■ ■ ■ ■ ■ ■ ■ ■ ■		■ ■	■ ■ ■ ■	■ ■	■
Peter Tracey*	■ ■ ■ ■ ■ ■ ■ ■					
Sarah Flannigan**						

* Peter Tracey appointed 1 March 2023.
** Sarah Flannigan resigned 1 March 2023 and did not attend any Board or Committee meetings during 2023.

Key	
Attended Board	■
Attended committee	■
Chair	■

Director reappointment

Appointments to the Board are the responsibility of the Board as a whole. According to Inspired's articles of association, a Director appointed by the Board must retire and offer themselves for re-election at the first Annual General Meeting (AGM) following their appointment. Additionally, at each AGM, one-third of the Directors, along with any new appointments, must retire by rotation. Before proposing a Director for re-election, their past performance is considered to ensure that they continue to be effective, add value and remain independent in their roles. At the Annual General Meeting (AGM), shareholders have the opportunity to approve or reject a Director's Board membership as a collective body. Richard Logan will offer themselves for re-election by the shareholders at the forthcoming AGM. The Board is of the opinion that each Director who is standing for election and re-election is independent in character and judgement. Therefore, the Board suggests that both the company and its shareholders should support the re-election of all these Directors. The biographical details of each Director who is standing for election and re-election are on pages 92 to 93.

The Board acknowledges the importance of having a diverse Board that comprises individuals from different genders, ethnicities, backgrounds, skills, experiences, ages, and other protected characteristics. This diversity helps the Board better understand, challenge, and address opportunities, issues, and risks, leading to more informed and effective decision-making. Our company's female representation on the Board has decreased from 42.9% to 28.6% in 2023, which is below our target of 37.5% for minority gender representation. This reduction was due to the resignation of Sarah Flannigan on 1 March 2023, and the appointment of Peter Tracey on the same day. As per our non-discrimination policy, the Board is committed to expanding Board representation and achieving its target as and when it is appropriate to do so. You can find a summary of our Board gender diversity policy on page 88 and on our website: **inspiredplc.co.uk/esg/corporate-governance**.

Board performance evaluation

The Board's performance plays a crucial role in guiding the company towards achieving its strategic objectives. It is essential to ensure that all Directors collectively possess the necessary and up-to-date experience, skills, and capabilities. The Board conducts regular assessments of its members to ensure that they possess the requisite skills and knowledge required for their positions. When Directors are appointed, they undergo an induction process to ensure they have a comprehensive understanding of the Group's operations. To maintain the Directors' skills, individual training needs are identified as a part of the annual Board evaluation process. It is the responsibility of each Director to undertake appropriate continuing development. The Company Secretary is responsible for keeping the Board informed of any legal changes, including those that relate to their duties as Directors. The Board takes succession planning seriously.

Twice a year, the auditors attend a meeting with the Audit and Risk Committee. During these meetings, they discuss the financial statements of the Group and provide feedback on the Group's systems, procedures, and management effectiveness. The nominated advisor has access to the Chair and meets with Non-Executives on an as-needed basis. Directors' performance is evaluated when they come up for re-election, giving shareholders the opportunity to approve or reject their Board membership. The Remuneration Committee also assesses the performance of Executive Directors. To aid in this process, members of the Board are provided with press comments and market feedback on the business, as well as market share data and peer group analysis. The Chair reviews the performance of the CEO, CFO, and CCO throughout the year, with a formal discussion at the mid-year, and receives feedback on his own performance from fellow Directors.

Annual review

The Chair commissions an annual Board effectiveness review where Directors evaluate Board performance via a survey. The Board discusses the survey results and agrees on measures to enhance Board effectiveness.

During 2023 the Board made progress with respect to the matters raised in the 2022 Board evaluation by:

1. Introduced a fuller KPI suite to better reflect the size and scale of the business and improve the efficiency of Board meetings.
2. Introduced Board Management software to better manage document flow.
3. Reverted to more face-to-face Board meetings and improved the timeliness of information flow to and from the Board.

The Board conducted its annual ESG capacity-building session to enhance their knowledge, which led to the Board revising the Group's targets, this can be found on pages 73, 80 and 100.

As a result of the Board evaluation for the 2023/4 period, the Board will seek to improve effectiveness by focusing on:

- Consideration of Board and Committee Composition
- Frequency of meeting of Independent Non-Executive Directors
- Monitoring of leadership and development within the Group

Culture

The Board expects all members and management across the Group to maintain the highest ethical standards. To ensure this, the Board monitors and promotes a healthy corporate culture. The Group has documented procedures in place to address ethical behaviour, including bribery, corruption, modern slavery, Board gender diversity, employee gender diversity, equal pay, workplace accident prevention, whistle-blower protection, human rights, supplier code of conduct, grievance and complaints handling, anti-discrimination, recognition of ILO Conventions, climate change, and the environment. Our ethical policies and performance are summarised on page 88 of this annual report and can also be found in full on our website: **inspiredplc.co.uk/policies**.

The Board closely monitors how our ethical values and policies are translated into the company's culture through the ESG Performance Committee, which oversees the employee led ESG Action Committee and Employee Engagement Committee. The Board takes its responsibilities towards the sustainability of its operations and the impact on the environment very seriously, and this is a key strategic intent.

Building trust

> As the company evolves, so do the communication layers with our stakeholders."

Communicating with investors

The company utilises the London Stock Exchange Regulatory News Service (RNS) to keep shareholders and other interested parties informed about its performance and significant matters. All RNS announcements can be accessed on the company's website, which can be reached at **inspiredplc.co.uk/news**. Brokers are also regularly updated with notes from the company. The Annual General Meeting (AGM) is an important event for the company to communicate with shareholders who attend. The Directors of the company are present at the AGM to listen to formal and informal opinions expressed by shareholders. The outcomes of the resolutions presented at the AGM, including whether they were successfully passed or not, are published and can be accessed on the company's website.

Publication of statements and disclosures

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

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

The results are published in full on the Inspired PLC website, **inspiredplc.co.uk/esg**.

Nomination Committee Report

As Chair of the Nomination Committee (the 'Committee'), I am pleased to present the Committee's report for the year ended 31 December 2023.

Role of the Committee

The Committee's roles and responsibilities are governed by its terms of reference. The principal role of the Committee is:

- to oversee the process of identifying candidates;
- to make recommendations based on objective criteria and an assessment of the expected benefits to be brought to the Board and the Group;
- to consider the training and development needs of the Directors;
- to consider succession planning to ensure business continuity if a change of an Executive Director occurs or is required;
- to appoint Board members to the relevant committees with due consideration of the required skills and relevant experience;
- to consider the adequacy of the size of the Board based on maintaining more Non-Executive Directors than Executive Directors and;
- maintain a Board size appropriate for the current and future size and scale of the Group.

Committee membership

The Committee is chaired by Richard Logan and consists of Sangita Shah, Dianne Walker, and Peter Tracey. Peter Tracey joined the committee on 1 March 2023, while Sarah Flannigan resigned from the committee (and the Board) on the same day.

Activity during the year

The Committee held one formal meeting during the year to appoint Peter Tracey as Non-Executive Director to the Board and to the Audit, Nominations, and Risk committees. Attendance details can be found on page 96.

Richard Logan
Chair of the Nomination Committee
25 March 2024

"Our Nominations Committee seeks exceptional candidates for our Board, using objective criteria to ensure maximum benefits for our Group."

Richard Logan
Chair of the Nomination Committee
25 March 2024

Audit & Risk Committee Report

As Chair of the Audit & Risk Committee (the 'Committee'), I am pleased to present the Committee's report for the year ended 31 December 2023.

The Committee continues to fulfil its crucial role in the Group's governance framework, providing independent challenge and oversight of accounting, internal control processes.

Role of the Committee

The Committee's roles and responsibilities are governed by its terms of reference, which are available on request. The Committee's principal responsibilities include reviewing and monitoring:

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

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

Under its terms of reference, the Committee is responsible for monitoring the independence, objectivity, and performance of the external auditors and for making a recommendation to the Board regarding the annual appointment of external auditors. The auditors have confirmed to the Committee that concerning their services to the company, they comply with UK regulatory and professional requirements, including Ethical Standards issued by the Auditing Practices Board, and that their objectivity is not compromised. The auditors are required each year to confirm in writing that they have complied with the independence rules of their profession and regulations governing independence. Before RSM UK Audit LLP takes on any engagement for other services from the company, careful consideration is given as to whether the project could conflict with their role as auditors or impair their independence.

Committee membership

The Committee is chaired by Dianne Walker and consists of Richard Logan and Sangita Shah. Dianne has recent and relevant experience and is authorised by the Board to conduct any activity within its terms of reference and to seek any information it requires from any employee. At the invitation of the Committee, meetings may be attended by the Chief Executive Officer, Chief Financial Officer and the Chief Commercial Officer. Peter Tracey was invited to attend one committee meeting in 2023. Representatives of the external auditors, RSM UK Audit LLP, also attend certain meetings during the year. The Chair of the Committee also meets separately with the external auditors.

Activity during the year

The Committee met twice in 2023, and the External Auditors attended both meetings. The attendance details can be found on page 96.

Dianne Walker
Chair of the Audit & Risk Committee
25 March 2024

Risk governance culture is embedded across the Group."

Dianne Walker
Chair of the Audit & Risk Committee
25 March 2024

ESG Performance Committee Report

As the Chair of the ESG Performance Committee, it is my great pleasure to present the Committee's annual report for the year ending 31 December 2023.

Our committee plays a vital role in the governance framework of our Group, overseeing our ESG performance, annual ESG disclosure reporting, and ensuring that our Executive Directors are held accountable for meeting our targets. At our core, we are committed to being a market leader in the ESG industry, which is why we have linked our Executive Directors' bonuses to our business' ESG performance, as outlined on pages 101 to 105.

To ensure that ESG is integrated across our entire organisation, we have two employee-led committees: the ESG Action Committee and the Employee Engagement Committee. Our ESG Action Committee is responsible for monitoring and managing the day-to-day actions required to achieve our ESG targets and ambitions. This committee is composed of representatives from each business area and reports directly to our ESG Performance Committee.

Our Employee Engagement Committee serves as a communication channel between our employees, Senior Management Team, and Executive Leadership. This committee plays a pivotal role in championing strategic initiatives aimed at improving our workplace environment. It is our firm belief that by working together, we can achieve our ESG goals. Our standalone Taskforce on Climate-Related Financial Disclosures (TCFD) and Global Reporting Initiative (GRI) 2023 reports will be published on our website.

Role of the Committee

The Committee's roles and responsibilities are governed by its terms of reference. The principal role of the Committee is to ensure that:

- ESG policies and practices are designed to support strategy and promote long-term sustainable success;
- ESG performance is aligned to the company's purpose and values and is clearly linked to the successful delivery of the company's long-term strategy;
- oversight is exercised over the design, setting and delivery of the company's Environmental, Social and Governance targets; and
- reviews for the annual Taskforce on Climate-Related Financial Disclosures (TCFD) and Global Reporting Initiative (GRI) standalone reports take place.

Committee membership

Sarah Flannigan resigned as Chair and from the Board on 1 March 2023; Sangita Shah was appointed Chair on the same day, and the rest of the Committee consists of Richard Logan and Dianne Walker. At the invitation of the Committee, meetings may be attended by the Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer and other senior managers within the Group.

With effect from 1 January 2024, Dianne Walker resigned from the ESG Performance Committee, and Peter Tracey was appointed.

Activity during the year

The Committee met four times in 2023. The attendance details can be found on page 96. During the year, the Group reviewed and updated its Scope 1 and 2 emissions targets to be more ambitious. The Group also submitted its near-term 2030 and net-zero targets to the Science-Based Targets Initiative (SBTi) for validation. For more information, please refer to pages 56 to 87.

Sangita Shah
Chair of the ESG Performance Committee
25 March 2024

"Holding the Executive Directors to account with respect to the risks of climate change and other environmental, social and governance issues."

Sangita Shah
Chair of the ESG Performance Committee
25 March 2024

Directors' Remuneration Report

I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2023, which outlines the Group's approach to remuneration for the Executive and Non-Executive Directors.

Statement from the Chair of the Remuneration Committee

This report also provides information on how remuneration will operate for the year ending 31 December 2024. As the Group's shares are registered on the AIM market of the London Stock Exchange, the company must comply with the remuneration disclosure requirements of the AIM Rules for Companies. Although the Group is not required to prepare a Directors' Remuneration Report under the Companies Act 2006 regulations, this report seeks to address some of these areas in the interests of transparency and good governance. This remuneration report will be subject to vote at the AGM.

Summary of Executive remuneration outcomes for 2023

The company operates a single incentive plan for Executive Directors, the Inspired Incentive Plan (IIP), which is a combined short and long-term incentive. As outlined in last year's report, the Committee resolved to amend the operation of the plan for 2023; based on the share price position at the start of the year and the potential for high dilution, the Committee concluded that it would not be appropriate to operate the share price multipliers on the deferred element of any 2023 award. With this in mind, the Committee increased the maximum annual opportunity for Executive Directors from 200% to 250% of salary, reflecting the removal of the multipliers. The Committee also increased the proportion of awards deferred into shares for three years from 50% to 60% of any 2023 award.

Performance was measured against targets set at the beginning of the financial year for the following measures: adjusted EPS (40% weighting), combined adjusted EBITDA and cash conversion (40% weighting), and ESG (20% weighting). The Committee is pleased to report that the Group's adjusted EBITDA and cash conversion exceeded the target levels set at the beginning of the year, and adjusted EPS performance was broadly in line with the target level. The Committee also reviewed the positive progress made by the company in achieving its ESG objectives during the year, which included the approval and submission of SBTi targets, (and revision of Scope 1 & 2 net-zero targets to bring forward the timeframe from 2035 to 2030 to be more ambitious – further details are set out on pages 80 to 81.

The overall outcome of the award was 74.7% of maximum, equivalent to 187% of salary (based on a 250% of salary maximum opportunity for 2023). As outlined above, 40% of the award is paid in cash, with the remaining 60% deferred in Inspired PLC ordinary shares (using options over Inspired PLC ordinary shares), which vest after three years subject to continued employment.

Board changes

Sarah Flannigan stepped down from the Board as a Non-Executive Director on 1 March 2023. Peter Tracey was appointed to the Board as a Non-Executive Director on the same day – he receives a basic fee of £45,000, in line with the Group's Non-Executive Director fee structure.

Composition & role of the Remuneration Committee

The Remuneration Committee is chaired by Sangita Shah and consists of Richard Logan and Dianne Walker. Dianne Walker joined the Committee on 1 March 2023, while Sarah Flannigan stepped down from the Committee (and the Board) on the same day. The Committee held two formal meetings during 2023 and had several additional ad hoc discussions throughout the year. Attendance details can be found on page 96.

"The Remuneration Committee assesses the performance of Executive Directors, ensuring a strong correlation between remuneration outcomes and our business strategy."

Sangita Shah
Chair of the Remuneration Committee
25 March 2024

The Committee is responsible for determining an appropriate remuneration policy for the Executive Directors on behalf of the Board, carefully considering the link between an individual's remuneration package and the Group's long-term performance goals. The Committee also monitors remuneration practices among other senior Executives and the wider workforce, and determines the Chairman's fee level. The fees for the other Non-Executive Directors are determined by the Chairman and the Executive Directors.

Remuneration structure for Executive Directors

Overview

The Remuneration Committee is dedicated to upholding the highest standards of corporate governance. It has implemented measures to adhere to best practices to the extent that it is feasible, considering the Group's size and operations.

Remuneration policy

The Committee's objective is to ensure that the total compensation for the Executive Directors is competitive with the market and aligned with the interests of shareholders. No Director is involved in decisions regarding their personal compensation. In order to design a balanced package for the Executive Directors and senior management, the Committee considers each individual's experience, as well as the nature and complexity of their work. They aim to pay a salary that is competitive and attracts and retains the highest quality of management while avoiding overcompensating directors. The Committee also considers the relationship between an individual's remuneration package and the Group's long-term performance goals.

Basic salary

The basic annual salaries for the Chief Executive Officer, Chief Financial Officer, and Chief Commercial Officer since 1 January 2023 were £304,500, £220,500, and £210,000, respectively. The Committee determined that an increase of 5% would apply from 1 January 2024, below the average wider workforce level of 7.45%.

Inspired Incentive Plan (IIP)

Under the IIP, performance is measured over consecutive one-year periods. Part of the award is paid in cash, with the remainder deferred in shares (in the form of nil cost-options) which vest after three years, subject to continued employment. The deferred element may also be subject to a performance ratchet whereby the number of shares that vest can be increased subject to certain share price hurdles during the deferral period.

For 2023, the maximum opportunity for the Executive Directors for 2023 was 250% of salary, with 40% of any award paid in cash following the end of the performance period and the remaining 60% deferred in Inspired PLC ordinary shares which vest after three years subject to continued employment. As outlined on the previous page, no share price multipliers were applied to the 2023 deferred element.

The Remuneration Committee determines appropriate financial and strategic measures at the start of each performance year. The plan is subject to standard malus and clawback provisions and good/bad leaver terms.

Shareholding requirement

The Remuneration Committee has introduced a shareholding requirement for Executive Directors, equal to 150% and 100% of the salary of the Chief Executive Officer and other Executive Directors, respectively. Executive Directors have five years from 1 January 2022 (or the date of appointment to the Board if later) to achieve this shareholding requirement. Unvested share awards subject to performance conditions are not taken into account. All awards vesting from the company's variable remuneration schemes must be retained until the shareholding requirement is met.

Service contracts

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

Remuneration structure for Non-Executive Directors

Non-Executive Directors are paid a basic annual fee and additional fees may be paid for additional responsibilities, such as the Senior Independent Director and chairing or being a member of a Board Committee. A single fee is paid to the Chairman. The Chairman and Non-Executive Directors are not involved in any discussions or decisions concerning their own remuneration.

The annual fee levels for the 2023 financial year were:

- Chairman – £85,000; and
- Non-Executive Directors – £45,000

Additional fees are paid for the following roles:

- Senior Independent Director – £5,000
- Chair of the Audit & Risk Committee/Chair of the Remuneration Committee – £5,000
- Chair of the ESG Performance Committee – £2,500

There is no right to any further benefits in kind.

Remuneration for 2023 financial year

The table below sets out the Directors' emoluments for the year ended 31 December 2023. A comparison for the financial year ended 31 December 2022 is also provided.

	2023				2022			
	Salary/fees £000	**Bonus[1] £000**	**Pension £000**	**Total £000**	Salary/fees £000	Bonus £000	Pension £000	Total £000
Executive								
Mark Dickinson	**304**	**568**	**1**	**873**	290	235	1	526
Paul Connor	**221**	**412**	**1**	**634**	210	170	1	381
David Cockshott	**210**	**392**	**1**	**603**	150	122	1	273
Sub-total	***735***	***1,372***	***3***	***2,110***	*650*	*527*	*3*	*1,180*
Non-Executive								
Richard Logan	**85**	**–**	**0**	**85**	65	–	–	65
Sangita Shah	**57**	**–**	**1**	**58**	45	–	–	45
Dianne Walker	**50**	**–**	**1**	**51**	45	–	–	45
Peter Tracey[2]	**38**	**–**	**1**	**39**	–	–	–	–
Sarah Flannigan[3]	**19**	**–**	**0**	**19**	45	–	–	45
Sub-total	***248***	**–**	***4***	***252***	*200*	–	–	*200*
Total	**983**	**1,372**	**7**	**2,362**	**850**	**527**	**2**	**1,380**

1 Bonus figures for 2023 include the cash and deferred elements. Bonus figures for 2022 include the cash element (50% of the award) – the deferred element (remaining 50% of the award) vests after three years subject to continued employment and is also subject to share price multipliers – the value of the deferred element will be disclosed in the remuneration table for the financial year in which the multiplier is assessed.
2 Peter Tracey was appointed to the Board on 1 March 2023.
3 Sarah Flannigan stepped down from the Board on 1 March 2023.

2023 IIP outcome

The table below sets out the performance measures, weightings and outcomes for the 2023 IIP:

	Weighting	Performance
Adjusted EBITDA and cash conversion	40%	Adjusted EBITDA: £25.2m Cash conversion underpin
Adjusted EPS	40%	1.33p
ESG	20%	See below*
Total	**100%**	**100%**

* ESG outcomes included delivery of operating activities to ensure we are on track to deliver on our targets. This included:

- Approval and submission of SBTi targets (including revision to Scope 1 and 2 net-zero targets to bring forward the timeframe from 2035 to 2030 to be more ambitious) and sign off of net-zero emission reduction plan;
- Determination and commencement of a supply chain engagement plan; and
- Development and completion of phase 1 of a UK STEM programme to identify the essential skills that will be needed as the UK decarbonises and what programmes will support the needs of both the business and the future economy.

The Committee also considered the overall progress of the company against its strategic objectives.

The overall outcome was 74.7% of maximum, equivalent to 187% of salary. The outcomes for the Executive Directors were, therefore as follows:

- Mark Dickinson (Chief Executive Officer): £568,431;
- Paul Connor (Chief Financial Officer): £411,623; and
- David Cockshott (Chief Commercial Officer): £392,021.

40% of the awards will be paid in cash. The remaining 60% will be deferred in Inspired PLC ordinary shares (using options over Inspired PLC ordinary shares), which vest after three years and are subject to continued employment and share price multipliers as per the Chair's statement.

Grant of share awards in relation to 2022 IIP

On 25 May 2023, share awards (in the form of options over Inspired PLC ordinary shares) were granted to each Executive Director in respect of the 2022 IIP outcome (representing the deferred element, being 50% of the total award). The awards vest after three years subject to continued employment.

	Face value at grant	Number of shares[1]
Mark Dickinson	£235,095	1,942,934
Paul Connor	£170,241	1,406,952
David Cockshott	£162,134[2]	1,339,954

1 Number of shares represents the original number of awards granted in May 2023 prior to the 10:1 share consolidation in July 2023. After the share consolidation, awards are over 194,293, 140,695 and 133,995 shares respectively.

2 The award for David Cockshott represents 100% of his full year 2022 IIP award, of which £121,601 relates to his service as an Executive Director as disclosed in last year's report.

As outlined in last year's report, the 2022 IIP awards are also subject to a share price multiplier such that, if the share price at the end of the three year deferral period is:

- Less than 21.5 pence (now 215 pence following the share consolidation), no additional shares will be awarded;
- Equal to 21.5 pence (now 215 pence), an additional 50% of the deferred shares granted will be awarded; or
- Equal to 25 pence (now 250 pence), an additional 100% of the deferred shares granted will be awarded

and so on, with an additional 50% of the deferred shares granted being awarded for every additional 5 pence (now 50 pence) increase in the share price, up to a maximum of 75 pence (now 750 pence).

Directors' shareholdings and share interests

The table below shows the directors' interests in company shares as of 31 December 2023.

	Number of shares[4]	%
Executive		
Mark Dickinson[1]	831,428	0.82%
Paul Connor[2]	374,400	0.37%
David Cockshott	–	–
Non-Executive		
Richard Logan	74,802	0.07%
Sangita Shah	41,597	0.04%
Dianne Walker	9,097	0.01%
Peter Tracey (appointed 1 March 2023)	–	–
Sarah Flannigan[3] (resigned 1 March 2023)	–	–

1 Including 170,000 vested share options as at 31 December 2023 under the LTIP scheme.
2 Including 60,000 vested share options as at 31 December 2023 under the LTIP scheme and 41,900 vested EMI/ unapproved share options.
3 The number of shares for Sarah Flannigan is presented as at the date she stepped down from the Board (1 March 2023).
4 In addition to the tabled number of shares, as at 31 December 2023, Mark Dickinson, Paul Connor and David Cockshott hold 194,293, 140,695 and 457,995 unvested options respectively which are subject to performance conditions.

Approach to remuneration for 2024

Executive Directors

Base salary

The Committee determined that an increase of 5% would apply from 1 January 2024, below the average wider workforce level of 7.45%.

The salaries of the Executive Directors with effect from 1 January 2024 are therefore:

- Mark Dickinson (Chief Executive Officer): £319,725;
- Paul Connor (Chief Financial Officer): £231,525; and
- David Cockshott (Chief Commercial Officer): £220,500.

Inspired Incentive Plan (IIP)

The Committee has considered the appropriate approach for the IIP in 2024. In line with the approach for 2023, based on the current share price position and the potential high dilution, the Committee has concluded that operating the share multipliers for the deferred element of any 2024 award would not be appropriate. The maximum opportunity will therefore be 250% of salary, in line with the 2023 awards. At least 60% of any award will be deferred in shares which vest after three years subject to continued employment.

The performance measures will remain broadly unchanged from 2023:

- Adjusted Earnings Per Share (40% weighting);
- Adjusted EBITDA and cash conversion (40% weighting); and
- ESG (20% weighting).

Performance outcomes will be detailed in the 2023 Directors' Remuneration Report. The Committee will review the appropriateness of the share price multipliers for the future financial years annually.

Non-Executive Directors

The base fees for Non-Executive Directors with effect from 1 January 2024 were increased by 5%, in line with the increase for Executive Directors. The additional fees payable to the Chair of the Audit & Risk Committee and Chair of the Remuneration Committee have been increased from £5,000 to £10,000 to reflect additional responsibilities. Fees with effect from 1 January 2024 are therefore as follows:

- Chairman: £89,250
- Non-Executive Directors: £47,250, with additional fees payable for the following roles:
- Senior Independent Director (£5,000)
- Chair of the Audit & Risk Committee (£10,000)
- Chair of the Remuneration Committee (£10,000)
- Chair of the ESG Performance Committee (£2,500)

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

Sangita Shah
Chair of the Remuneration Committee
25 March 2024

Group Directors' report

Statutory and other information

The annual report for Inspired PLC for the year ending 31 December 2023 is presented by the Directors along with the audited financial statements. As per section 414C(11) of the Companies Act 2006, we have decided to include important strategic matters of the Group in the strategic report, which would otherwise be required to be disclosed in this Directors' Report. The links to the strategic report are provided below for your reference.

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

Principal activities

Inspired is focused on creating shareholder value through a leading technology-enabled service enabling businesses to manage and benefit from the global transition to a net-zero economy.

Legal form

The Company is a public limited company listed on the AIM sub-market of the London Stock Exchange.

Review of business and future developments

The Board has continued the commercial development of the business and is pleased with the progress made, as noted in further detail in the Chief Executive Officer's statement and the rest of the strategic report on pages 16 to 19. The strategic report on pages 26 to 35 includes the review of business and commentary on future developments.

Directors & reappointment

Details of Directors who served during 2023 and their biographies can be found on pages 92 to 93. Details of the Director's remuneration, share options and interests in the company's shares are provided in the Director's remuneration report on pages 101 to 105. No Director has a material interest in any contract to which the company or any of its subsidiaries is a party. Details of the appointments and reappointments of Directors are included in the corporate governance report on page 96.

Sarah Flannigan served as a Non-executive Director between 1 January 2023 and 2 March 2023. As she is no longer a member of the Board no biography has been included for her.

Directors' liability insurance

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

Corporate governance statement

Inspired PLC has adopted the QCA Code and is compliant with all of its principles and those of AIM rule 26. Disclosures required by the QCA Code have been made both in this annual report and on our website. Further information on the Compliance with the QCA Code can be found on the Group's website at **inspiredplc.co.uk/esg/corporate-governance**.

Share Capital

At 14 March 2024 the issued share capital of the company was £1,261,060 divided into 100,884,780 ordinary shares of 1.25p each. Details of our share capital and movements in our issued share capital are in note 23 to the financial statements on page 148.

Group results & dividends

The Group's results for 2023 are set out in the consolidated income statement on page 117. The Board is delighted to propose a final dividend of 1.5 pence per share subject to approval at the Group's Annual General Meeting. Following the payment of an interim dividend of 1.4 pence per share, the total dividend payable for the year ended 31 December 2023 is 2.9 pence per share (2022: 2.7 pence per share). 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.

Going concern

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

The Directors believe the Group has a strong balance sheet position, having refinanced its banking facilities in 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.

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, approximately £1.6 million of the Group's £60.0 million revolving credit facility is undrawn with an additional £25.0 million accordion option available, subject to covenant compliance. The facility is subject to two covenants, which are tested quarterly: adjusted leverage to Adjusted EBITDA (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 that 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.

Significant shareholdings

At 14 February 2024, notification had been received of the following interests which exceed a 3% interest in the issued share capital of the Group, in addition to those of the Directors referred to on page 105.

	Number of shares	%
Gresham House Asset Management	29,967,403	29.70
Slater Investments Ltd	8,084,530	8.01
Fidelity International	7,810,130	7.74
Regent Gas Holdings Limited	7,268,710	7.20
Otus Capital Management	7,247,806	7.18
Premier Miton Investors	7,129,080	7.07
Chelverton Asset Management	5,923,454	5.87
Lombard Odier Investment Manager	3,417,138	3.39

Approach to risk

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

Financial risk management

The Group uses various financial instruments, which include loans, cash and other items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The existence of these financial instruments exposes the Group to a number of financial risks. These include liquidity risk, credit risk and interest rate risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Liquidity risk

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

Credit risk

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

Post-balance sheet event

There are no post-balance sheet events.

External Auditor

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

Disclosure of information to the External Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

1. so far as the Director is aware, there is no relevant audit information of which the company's External Auditor is unaware; and
2. the Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to ensure that the company's External Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Annual General Meeting

The Annual General Meeting (the 'AGM') of Inspired PLC (the 'company') will be held at of Inspired PLC will be held at 10 a.m. on 28 June 2024 at Ship Canal House, 98 King Street, Manchester M2 4WU. We recommend that shareholders vote on all resolutions by completing an online proxy appointment form in advance of the meeting, appointing the chair of the meeting as your proxy. Shareholders can ask the company Secretary questions at **investors@inspiredenergy.co.uk**.

Directors’ responsibilities statement

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

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state for the Group financial statements whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- for the company financial statements whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the company will continue in business.

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

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

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

On behalf of the Board

Mark Dickinson
Chief Executive Officer
25 March 2024

GLOBAL PROGRESS FROM AN EXPECTED INCREASE OF 4°C TO A RANGE OF

2.1-2.8°C.

FINANCIAL STATEMENTS

Independent auditors' report
To the members of Inspired PLC

Opinion
We have audited the financial statements of Inspired plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the group statement of comprehensive income, group statement of financial position, group statement of changes in equity, group statement of cash flows, company statement of financial position, company statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:
- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

Summary of our audit approach

Key audit matters	**Group** • Revenue recognition and accrued income. No key audit matters are identified with respect to the parent company.
Materiality	**Group** • Overall materiality: £1,120,000 (2022: £834,000) • Performance materiality: £840,000 (2022: £625,000) **Parent Company** • Overall materiality: £650,000 (2022: £250,000) • Performance materiality: £487,000 (2022: £187,000)
Scope	Our audit procedures covered 98% of revenue, 96% of total assets and 95% of adjusted EBITDA.

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

Revenue recognition and accrued income

Key audit matter description	*(Refer to note 2.3 for details of the group's revenue recognition policies and 2.1 vi and 2.3 for details of the value and measurement of accrued income at the year-end)* The group earns revenues from a range of customers and contractual arrangements and there are inherent complexities in the application of IFRS 15 Revenue from contracts with customers as a result. Due to the nature of the billing patterns in the business the value of accrued income at the year-end is significant. There is a risk that management's estimation of the amount of accrued income earnt in the period is incorrect or the recoverability of these amounts has been recorded inappropriately.
How the matter was addressed in the audit	The group's revenue recognition policies were reviewed and compared to the requirements of IFRS 15 Revenue from contracts with customers to consider whether they were appropriate based on the nature of contractual arrangements in the group. The measurement of revenue based on these policies was tested through a combination of data analytics and substantive tests of detail. Management were challenged on whether the revenue recognition policies applied by the Group remained appropriate. The cut-off of revenue recognised in the year was considered by selecting a sample of sales transactions pre and post year-end and obtaining evidence for when the service was performed, so as to compare this to the period in which the revenue was recognised, to confirm this was in accordance with the revenue recognition policy of the group. Each contract within the pre and post year end sample was traced through to the accrued income listing to determine whether it had been included as appropriate or excluded if expired. In respect of accrued income balances, our testing included substantive tests of detail performed on a sample basis. Depending on the revenue source, customer contracts or iAuditor reports were obtained, and scrutinised to determine whether the year-end balance was measured appropriately. A sample of post year end cash receipts were scrutinised to evidence the completeness of accrued income.

Our application of materiality

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

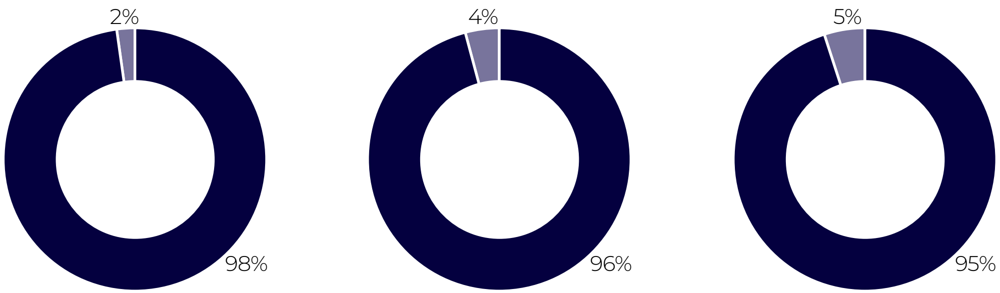
	Group	**Parent company**
Overall materiality	£1,120,000 (2022: £834,000)	£650,000 (2022: £250,000)
Basis for determining overall materiality	4.4% of Adjusted EBITDA	0.5% of total assets
Rationale for benchmark applied	Adjusted EBITDA is considered the key metric for the group as it is indicative of the underlying profitability and growth of the business.	Total assets are considered the key metric as this is a non-trading holding company with investments in its trading subsidiaries
Performance materiality	£840,000 (2022: £625,000)	£487,000 (2022: £187,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £56,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £32,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

Independent auditors' report continued
To the members of Inspired PLC

An overview of the scope of our audit
The group consists of 30 components, all of which are based in the UK with the exception of one entity located within the Republic of Ireland.

The coverage achieved by our audit procedures was:

Full scope audits were performed for 6 components and analytical procedures at group level for the remaining 24 components.



Full scope
Analytical procedures

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

- Consideration of management's assessment of the entity's ability to continue as a going concern for at least 12 months after the date of approval of the financial statements;
- Assessment of the available financing facilities including nature of facilities and forecast and historic compliance with covenants;
- Consideration of available headroom provided by existing funding facilities and the Group's ability to comply with financial covenants;
- Review of the mathematical integrity and accuracy and appropriateness of the model used to prepare the assessment;
- Assessment and challenge of the assumptions used in the forecasts;
- Assessment of the historical accuracy of forecasts prepared by management;
- Consideration of management's sensitivity analysis; and
- Assessment of the disclosures made within the financial statements.

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

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 109, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Independent auditors' report continued
To the members of Inspired PLC

Auditor's responsibilities for the audit of the financial statements continued

The most significant laws and regulations were determined as follows:

Legislation/ Regulation	Additional audit procedures performed by the audit engagement team included:
IFRS, FRS101 and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance
Tax legislation	Review of the tax computations and reconciliation of the figures included to the financial statements; Involvement of a tax specialist regarding compliance with a number of complex legislative requirements.

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

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	Refer to key audit matter section above.
Management override of controls	Testing the appropriateness of journal entries and other adjustments. Assessing whether the judgements made in making accounting estimates are indicative of a potential bias. Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Use of our report

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

Alastair John Richard Nuttall
(Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Ninth Floor, Landmark
St Peter's Square, 1 Oxford Street
Manchester
M1 4PB
25 March 2024

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

	Note	**2023 £000**	2022 £000
Revenue	6	**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	4	**(3,620)**	(2,097)
Change in fair value of contingent consideration	4	**(14,621)**	(10,936)
Depreciation, impairment and loss on disposal on property, plant and equipment	11/12	**(1,920)**	(1,827)
Amortisation of acquired intangible assets	13	**(2,272)**	(2,687)
Amortisation and impairment of internally generated intangible assets	13	**(3,295)**	(2,539)
Share-based payment cost	24	**(1,187)**	(1,732)
Operating loss		**(1,703)**	(818)
Finance expenditure	5	**(4,483)**	(3,148)
Other financial items		**17**	9
Loss before income tax	4	**(6,169)**	(3,957)
Income tax (charge)/credit	9	**(993)**	329
Loss for the year		**(7,162)**	(3,628)
Attributable to:			
Equity owners of the company		**(7,162)**	(3,628)
Other comprehensive expense:			
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		**–**	(1,323)
Exchange differences on translation of foreign operations		**(32)**	119
Total other comprehensive expense for the year		**(32)**	(1,204)
Total comprehensive expense for the year		**(7,194)**	(4,832)
Attributable to:			
Equity owners of the company		**(7,194)**	(4,832)
Basic loss per share attributable to the equity holders of the company (pence)	10	**(7.20)**	*(3.72)
Diluted loss per share attributable to the equity holders of the company (pence)	11	**(7.20)**	*(3.72)

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

The notes on pages 122 to 159 form part of these financial statements. All items relate to continuing operations.

Group statement of financial position
At 31 December 2023

	Note	2023 £000	2022 (restated) £000
ASSETS			
Non-current assets			
Investments	14	**1,930**	1,737
Goodwill	13	**76,913**	76,960
Other intangible assets	13	**17,792**	17,716
Property, plant and equipment	11	**2,804**	3,216
Right of use assets	12	**2,291**	1,428
Trade and other receivables	17	**4,082**	2,697
Non-current assets		**105,812**	103,754
Current assets			
Trade and other receivables	17	**41,837**	34,823
Deferred contingent consideration	17	**615**	1,077
Inventories	16	**633**	211
Cash and cash equivalents	15	**8,782**	12,270
Current assets		**51,867**	48,381
Total assets		**157,679**	152,135
LIABILITIES			
Current liabilities			
Trade and other payables	18	**19,946**	17,079
Lease liabilities	19	**604**	869
Contingent consideration	22	**13,200**	13,056
Current tax liability		**3,488**	3,091
Current liabilities		**37,238**	34,095
Non-current liabilities			
Bank borrowings	21	**57,541**	49,462
Lease liabilities	19	**1,649**	552
Contingent consideration	22	**5,458**	5,699
Derivative financial liability	21	**–**	17
Deferred tax liability	20	**910**	1,282
Non-current liabilities		**65,558**	57,012
Total liabilities		**102,796**	91,107
Net assets		**54,883**	61,028

	Note	2023 £000	2022 (restated) £000
EQUITY			
Share capital	23	**1,260**	1,220
Share premium account	23	**60,930**	60,930
Merger relief reserve	23	**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)
Total equity		**54,883**	61,028

Please see note 17 for further information on the 2022 restatement.

The financial statements were approved and authorised for issue by the Board of Directors on 25 March 2024 and were signed on its behalf by:

Mark Dickinson
Chief Executive Officer

Paul Connor
Chief Financial Officer

Company registration number: 07639760.

The notes on pages 122 to 159 form part of these financial statements.

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	Reverse acquisition reserve £000	Total shareholders' 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**

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

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.

The notes on pages 122 to 159 form part of these financial statements.

* All share 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
Cash flows from operating activities		
Loss before income tax	**(6,169)**	(3,957)
Adjustments		
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
Cash flows before changes in working capital	**21,831**	19,054
Movement in working capital		
(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
Cash generated from operations	**15,948**	19,749
Income taxes paid	**(774)**	(421)
Net cash flows from operating activities	**15,174**	19,328
Cash flows from investing activities		
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)
Net cash outflows from investing activities	**(18,494)**	(17,112)

	2023 £000	2022 £000
Cash flows from financing activities		
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)
Net cash outflows from financing activities	**(155)**	(3,032)
Net decrease in cash and cash equivalents	**(3,475)**	(816)
Cash and cash equivalents brought forward	**12,270**	12,994
Exchange differences on cash and cash equivalents	**(13)**	92
Cash and cash equivalents carried forward	**8,782**	12,270

The notes on pages 122 to 159 form part of these financial statements.

Notes to the Group financial statements

1. General information

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

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

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The Group financial statements have been prepared in accordance with the Companies Act 2006 and UK adopted International 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 the facility 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 that 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 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.

Key sources of estimation uncertainty

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

i. Goodwill impairment

The Group assesses whether goodwill arising on acquisitions is impaired on at least an annual basis. This requires an estimation of the 'recoverable amount' – the higher of 'value in use' and fair value less costs to sell – of the seven cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires the Directors to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows (see note 13). The actual cash flows may be different from the Directors' estimates, which could impact the carrying value of the goodwill and, therefore, operating results, negatively. However, stringently conservative estimates were applied to revenue growth along with a range of pre-tax discount rates, up to weighted average cost of capital (WACC) of 12%, and no impairment was noted at any level. The value of goodwill at 31 December 2023 is £76,913,000 (2022: £76,960,000).

2. Summary of significant accounting policies continued

ii. Share-based incentive arrangements

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

Graded vesting is applicable for some options. Management has to exercise judgement over the likely exercise period, the expected number of individuals who will leave the company such that their incentives do not vest and also the probability of the Group achieving earnings targets upon which otherwise the options would not vest. These items involve a large degree of estimation and actual results may differ. The charge recognised in the current year in respect of these arrangements is £1,187,000 (2022: £1,732,000).

iii. Intangible assets acquired

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

The economic lives for customer relationships, contracts, databases and computer software are estimated at between 2 and 7 years (2022: between 2 and 7 years). The economic life of trade names included within acquisition intangibles is estimated at 20 years (2022: 20 years). The value of intangible assets, excluding goodwill, at 31 December 2023 is £17,792,000 (2022: £17,716,000).

iv. Contingent consideration payable

An element of consideration relating to two of the business acquisitions made is contingent on the future revenue/EBITDA targets being achieved by the acquired businesses. On acquisition, estimates are made of the expected future revenue/EBITDA based on forecasts prepared by management. These estimates are reassessed at each reporting date and adjustments are made where necessary. Amounts of contingent consideration payable after one year are discounted. The carrying value of contingent consideration, after discounting, at 31 December 2023 is £18,658,000 (2022: £18,755,000). The Group has a contingent consideration current liability of £13,200,000 to be paid in 2024, of which £5,200,000 relates to Ignite Energy LTD, payable as £2,600,000 of cash, and £2,600,000 by the issue of ordinary shares, and £8,000,000 to the vendors of Businesswise Solutions Limited, wholly payable in cash. There is also a non-current liability of £5,458,000 relating to the Ignite Energy LTD Deed of Variation, entered in May 2023. At 31 December 2022, the estimated undiscounted consideration payable was £20,045,000, producing an increase of £1,290,000 of increased liability.

It is reasonably possible, based on existing knowledge, that outcomes within the next 12 months that are different from the assumption could require a material adjustment to the carrying amount of the liability. In all cases, the entity discloses the nature and carrying amount of the liability.

Any gain or loss on fair value movement of contingent consideration is treated as an exceptional item.

v. Contingent consideration receivable

Contingent consideration receivable relating to the disposal of Switch 365 Ltd (previously known as Energisave Online Limited), KWH Consulting Limited and Simply Business Energy Limited ("SME division") is contingent on the payment of the collection and run-off of the SME division's estimated accrued income balance at time of disposal. These estimates are reassessed at each reporting date and adjustments are made where necessary. Amounts of contingent consideration receivable after one year are discounted. The carrying value of contingent consideration receivable, after discounting, at 31 December 2023 is £615,000 (2022: £1,077,000). The estimated undiscounted consideration receivable is £628,000, producing a potential £13,000 increase as at 31 December 2023.

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

vi. Revenue recognition – Assurance Division

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

Management performed a thorough assessment of the Group's costs-to-serve model, considering tendering costs and the costs, to obtain a contract, that do not contribute to the Group's progress in satisfying the performance and additional services provided over the life of a corporate sector contract. Management judged that recognition of 10% (2022: 10%) of the expected full contract value at the time the contract starts was suitable recognition of the proportion of time spent on the contract relative to the total expected inputs to the complete satisfaction of the performance obligation. If the initial recognition percentage changed by 1%, this would have an £95,000 impact on revenue. The timing of satisfaction of this performance obligation is considered to be a significant judgement by management.

Notes to the Group financial statements continued

2. Summary of significant accounting policies continued

vii. Useful life of internally developed software

The Group reviews the useful life of internally developed software at each reporting date. Performing this review requires management to assess the existing use of the software, and make judgements surrounding future usage, taking into account expected competitor actions, technological innovations and industry developments. The useful life of an asset should reflect the period over which the Group expects to consume the benefits associated with the capitalised expenditure. A shorter useful life accelerates this consumption and leads to a greater charge through profit or loss over fewer accounting periods; conversely, a longer useful life spreads the amortisation expense over a larger number of accounting periods.

The Group's internally developed proprietary software underpins the delivery of Assurance, Optimisation and ESG services of the Group, in addition to generating a SaaS revenue through making this software available to third parties.

viii. Estimation of the expected credit losses on trade and intercompany receivables

In assessing the expected credit losses, in respect of the trade and intercompany receivables under IFRS 9, the Group considers the past performance of the receivables book along with future factors that may affect the creditworthiness of the receivables. Estimations have therefore been made within these assumptions which could affect the carrying value of the trade and intercompany receivables.

2.2 Basis of consolidation and business combinations

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2023. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the Group statement of comprehensive income after or up to the date that control passes, respectively.

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

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

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

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

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

2.3 Revenue recognition/cost of sales

Revenue

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

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

Revenue is analysed across the Group's four operating segments:

i. Assurance revenue

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

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

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

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

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

1. Industrial and commercial clients.
2. Public sector clients.
3. Mid-market clients.

2. Summary of significant accounting policies continued

Industrial and commercial and public sector clients

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

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

Mid-market clients

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

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

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

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

The expected value of the contract recognised on the go-live date is 10% of the total contract value, as explained in 2.1 (vi) above. The remaining 90% is recognised evenly over the life of the contract.

ii. Optimisation revenue

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

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

Project revenue

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

iii. Software revenue

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

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

iv. ESG revenue

ESG revenue comprises the provision of mandatory ESG disclosures such as Streamlined Energy and Carbon Reporting (SECR) and Task-Force on Climate-related Financial Disclosure (TCFD) reporting.

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

Notes to the Group financial statements continued

2. Summary of significant accounting policies continued

Cost of sales

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

Commissions

Commissions paid are expensed evenly over the life of the contact. The value of capitalised commissions as at 31 December 2023 is £3,375,000 (2022: £2,030,000).

Project cost of sales

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

2.4 Exceptional costs

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

2.5 Investments

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

2.6 Goodwill

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

Upon the acquisition of subsidiaries, goodwill is separately recognised after recognising the fair value of the separately identifiable assets and liabilities acquired.

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

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

2.7 Property, plant and equipment

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

Fixtures and fittings:	15–25% reducing balance
Motor vehicles:	25% reducing balance
Computer equipment:	25% reducing balance
Leasehold improvements:	10 years straight line
Office equipment:	25% reducing balance

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

2.8 Impairment of non-financial assets

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

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

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

2.9 Other intangible assets

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

2. Summary of significant accounting policies continued

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

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

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

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

Customer contracts:	2 to 5 years straight line
Computer software:	up to 7 years straight line
Customer databases:	2 years straight line
Trade name:	20 years straight line
Customer relationships:	4 to 7 years straight line

2.10 Current tax

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

2.11 Deferred tax

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

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

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

2.12 Share-based payments

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

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

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

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

2.13 Leases

Initial and subsequent measurement of the right of use asset

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

Leased property:	On a straight-line basis over the shorter of the lease term and the useful life (years)
Fixtures and fittings:	On a straight-line basis over the shorter of the lease term and the useful life of 3 to 5 years
Motor vehicles:	On a straight-line basis over the shorter of the lease term and the useful life of 3 to 5 years

Notes to the Group financial statements continued

2. Summary of significant accounting policies continued

Leases – Group as lessee

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

- short-term leases – where the lease term is 12 months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term; or
- leases of low-value assets – for leases where the underlying asset is low value, lease payments are recognised as an expense on a straight-line basis over the lease term.

Initial and subsequent measurement of the lease liability

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

The incremental borrowing rate of 3% (2022: 3%) is the rate of interest the Group would have to pay to borrow over a similar term to fund the asset.

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

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

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

2.14 Recently issued accounting pronouncements

The following new accounting standards, interpretations and amendments to existing standards have been published and are mandatory for the accounting period beginning on 1 January 2023 or later.

- Amendments to IFRS 8: Definition of Accounting Estimates.
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosures of Accounting Policies.
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

2.15 Newly applicable accounting standards

The implementation of the above new and amended standards and interpretations for the first time by the Group in the year ended 31 December 2023 has not had a material impact on the financial performance or position of the Group.

There are no new standards and interpretations that are not yet effective that are expected to have a material effect on the financial statements of the Group.

2.16 Financial assets

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

After initial recognition, the Group's cash and cash equivalents, trade and most other receivables are measured at amortised cost using the effective interest method, less provision for impairment. Deferred contingent consideration receivables are measured at fair value through the profit or loss as described in note 22. Discounting is omitted where the effect of discounting is immaterial. Deferred contingent consideration is measured at fair value through the profit or loss.

2.17 Cash and cash equivalents

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

2.18 Inventories

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

2.19 Financial liabilities

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

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

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

2. Summary of significant accounting policies continued

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

2.20 Foreign currency

Functional currency and presentation currency

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

Transactions and balances

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

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

Translation of Group companies

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

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

2.21 Employee Benefit Trust

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

The costs of purchasing own shares held by the EBT are shown as a deduction within shareholders' equity. The proceeds from the sale of own shares are recognised in shareholders' equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the income statement.

2.22 Business combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. Any contingent consideration payable is recognised at fair value at the acquisition date. Implied interest cost of deferred consideration is accounted as finance cost. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

3. Segmental information

Revenue and segmental reporting

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

Assurance Division

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

Optimisation Division

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

Software Division

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

ESG Division

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

PLC costs

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

Notes to the Group financial statements continued

3. Segmental information continued

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					
	Assurance £000	Optimisation £000	Software £000	ESG £000	PLC £000	Total £000
Revenue	36,313	53,989	2,979	5,476	–	98,757
Cost of sales	(3,456)	(27,005)	(85)	(914)	–	(31,460)
Gross profit	32,857	26,984	2,894	4,562	–	67,297
Administrative expenses	(20,255)	(12,509)	(1,149)	(3,080)	(24,520)	(61,513)
EBITDA	12,602	14,475	1,745	1,482	(24,520)	5,784
Analysed as:						
Adjusted EBITDA	14,956	15,169	1,757	1,493	(8,163)	25,212
Share-based payment cost	–	–	–	–	(1,187)	(1,187)
Exceptional costs	(2,354)	(694)	(12)	(11)	(549)	(3,620)
Change in fair value of contingent consideration	–	–	–	–	(14,621)	(14,621)
	12,602	14,475	1,745	1,482	(24,520)	5,784
Depreciation, impairment and loss on disposal						(1,920)
Amortisation and impairment						(5,567)
Finance expenditure						(4,483)
Other financial items						17
Loss before income tax						(6,169)

3. Segmental information continued

	2022 Assurance £000	2022 Optimisation £000	2022 Software £000	2022 ESG £000	2022 PLC £000	2022 Total £000
Revenue	35,972	47,710	2,514	2,580	–	88,776
Cost of sales	(3,231)	(27,427)	(157)	(255)	–	(31,070)
Gross profit	32,741	20,283	2,357	2,325	–	57,706
Administrative expenses	(17,410)	(10,373)	(596)	(2,935)	(20,157)	(51,471)
EBITDA	15,331	9,910	1,761	(610)	(20,157)	6,235
Analysed as:						
Adjusted EBITDA	16,177	9,979	1,768	(572)	(6,352)	21,000
Share-based payment cost	–	–	–	–	(1,732)	(1,732)
Exceptional costs	(846)	(69)	(7)	(38)	(1,137)	(2,097)
Change in fair value of contingent consideration	–	–	–	–	(10,936)	(10,936)
	15,331	9,910	1,761	(610)	(20,157)	6,235
Depreciation and impairment						(1,827)
Amortisation and impairment						(5,226)
Finance expenditure						(3,148)
Other financial items						9
Loss before income tax						(3,957)

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

Notes to the Group financial statements continued

4. Loss before income tax

Loss before income tax is attributable to the principal activity of the Group, which is carried out entirely in the United Kingdom and Republic of Ireland.

	2023 £000	2022 £000
Loss before income tax is stated after charging:		
Amortisation and impairment of intangible assets	**5,567**	5,226
Depreciation, impairment and loss on disposal:		
– owned	**934**	734
– right of use assets	**986**	1,048
Interest rate swap credit	**(17)**	(9)
Auditors' remuneration:		
– fees payable for the audit of the company's annual accounts	**10**	10
– fees payable in respect of the audit of the company's subsidiaries, pursuant to legislation	**390**	410
– other non-audit services	**–**	8
Exceptional costs:		
– fees associated with acquisitions	**8**	523
– restructuring costs	**3,612**	1,574
– finance expenditure	**482**	–
– change in fair value of contingent consideration	**14,621**	10,936
	18,723	13,033

Exceptional costs

These include costs of £3,612,000 (2022: £1,574,000) relating to £1.5m for a claim from a former Ignite Energy LTD customer, which the Group was protected from through the Share Purchase Agreement for acquisition of Ignite Energy LTD, a further £0.6m in relation to a write-off of a legacy debt balance within Ignite Energy LTD, 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. These costs are considered by the Directors to be either material in nature or non-recurring and therefore require separate identification to give a true and fair view of the Group's result for the year.

Fees associated with merger and acquisitions of £8,000 (2022: £523,000) have been incurred which would not normally be seen as costs or income relating to the underlying principal activities of the Group. The change in fair value of contingent consideration relates to the revaluation of contingent consideration at the balance sheet date.

The change in fair value of contingent consideration includes £14,605,000 (2022: £7,794,000) relating to contingent consideration payable and £16,000 (2022: £3,142,000) relating to deferred contingent consideration receivable. Further information is available in the Chief Financial Officer's statement.

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 £14,621,000 loss (2022: loss of £10,936,000) in the period as a result of changes in the fair value of contingent consideration which was treated as exceptional. Of the £14,621,000 loss, £2,700,000 relates to the increase in the liability for contingent consideration payable in respect of Ignite Energy LTD for 2023 EBITDA (excl. central overheads), as Ignite Energy LTD outperformed expectations by £1,900,000 million EBITDA (excl. central overheads) in 2023, which was a key driver in the Group increasing Group EBITDA expectations on publication of the 2023 interim results, offsetting a lower than expected contribution from Technical Services. A further £3,200,000 loss relates to cash which was collected and generated from a Specific Optimisation Customer (rather than profit generation) who impacted the Group's aged trade receivables position in FY21 and FY22. This amount replaced the FY21 earn out consideration foregone as part of the Deed of Variation. Of the contingent consideration earned by Ignite Energy LTD, £1,500,000 was used to pay a claim from a former Ignite Energy LTD customer, which the Group was protected from through the Share Purchase Agreement for acquisition of Ignite Energy LTD.

The Group has also recognised a £5,458,000 increase in contingent consideration, all of which non-current, which relates to the Deed of Variation entered into with the vendors of Ignite Energy LTD in May 2023. The Deed of Variation relates to the performance of Ignite Energy LTD across the financial years 2024 to H1 2027. In arriving at the liability to be recognised in the Group balance sheet 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.£9,217,000, 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 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 £1,964,000 in relation to 2024 performance, £1,525,000 in relation to 2025, £1,385,000 in relation to 2026 and £584,000m in relation to H1 2027.

4. Loss before income tax continued

Of the £14,621,000 loss recognised by the Group, £3,400,000 relates to the increase in the liability for contingent consideration payable in respect of Businesswise Solutions Limited, of which £1,600,000 is as a result of performing to the high end of the range of possible EBITDA outcomes in FY23, and £1,800,000 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 balance of £1,363,000 (of the £14.612,000 loss) relates to the final payments made to the vendors of IU and LSI.

5. Finance expenditure

	2023 £000	2022 £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

6. Revenue

	2023 £000	2022 £000
UK	**96,342**	85,860
ROI	**2,415**	2,916
Rendering of services	**98,757**	88,776

The Group has earned revenue from no customers (2022: 1 customer) which represented more than 10% of the Group's revenues in the current year.

7. Directors' remuneration

	2023 £000	2022 £000
Remuneration	**2,355**	1,377
Pension contributions	**8**	3
	2,363	1,380
Share-based payment	**167**	128
	2,530	1,508
The emoluments of Directors disclosed above include the following:		
In respect of the highest paid Director:		
– Directors' remuneration	**872**	525
– Employer's pension contributions	**1**	1
	873	526
– Share-based payments	**37**	40

In the financial year, 6 Directors (2022: 6 Directors) were accruing benefits under a defined contribution pension scheme.

Mark Dickinson, Paul Connor and David Cockshott (2022: Paul Connor and David Cockshott) are the only Directors to have an interest in the share options of the company. Both Paul Connor and Mark Dickinson have been granted interests in an LTIP.

The emoluments of the individual Directors can be found on page 103.

8. Employee benefit expense

	2023 £000	2022 £000
Wages and salaries	**36,485**	28,972
Social security costs	**3,947**	3,367
Pension contributions	**711**	636
	41,143	32,975

Notes to the Group financial statements continued

8. Employee benefit expense continued

	No.	No.
Average number of persons (including Executive Directors) employed:		
Management	**44**	48
Energy procurement services	**578**	506
Administration and finance	**80**	87
	702	641

The key management personnel disclosure is contained within note 27.

9. Income tax charge/(credit)

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

	2023 £000	2022 £000
Current tax		
Current tax expense	**2,056**	2,379
Adjustments in respect of prior years	**(777)**	(1,145)
	1,279	1,234
Deferred tax		
Origination and reversal of temporary differences	**(372)**	(1,563)
Adjustment in respect of prior years	**86**	–
	(286)	(1,563)
Total income tax charge/(credit)	**993**	(329)
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
Total income tax charge/(credit)	**993**	(329)

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.

10. Earnings per share

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

	2023 £000	2022 £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
Adjusted profit attributable to owners of the Group	**14,195**	13,659
Weighted average number of ordinary shares in issue (000)	**99,422**	*97,507
Dilutive effect of share options (000)	**6,698**	*7,100
Diluted weighted average number of ordinary shares in issue (000)	**106,120**	*104,607
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.

10. Earnings per share continued

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 £000	2022 £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
Exceptional costs:		
– fees associated with acquisition	**8**	523
– restructuring costs	**3,612**	1,574
– finance expenditure	**482**	–
– change in fair value of contingent consideration	**14,621**	10,936
Adjusted profit before tax on continuing operations	**15,756**	14,003

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.

Notes to the Group financial statements continued

11. Property, plant and equipment

	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Leasehold improvements £000	Office equipment £000	Total £000
Cost						
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)
At 31 December 2023	**428**	**72**	**4,828**	**294**	**94**	**5,716**
Depreciation						
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)
At 31 December 2023	**274**	**70**	**2,409**	**113**	**46**	**2,912**
Net book value						
At 31 December 2023	**154**	**2**	**2,419**	**181**	**48**	**2,804**
At 31 December 2022	111	20	2,371	587	127	3,216
At 31 December 2021	56	69	1,962	365	–	2,452

12. Right of use assets

	Fixtures and fittings £000	Motor vehicles £000	Property £000	Intangibles £000	Total £000
Cost					
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)
At 31 December 2023	**371**	**185**	**2,706**	**301**	**3,563**
Depreciation					
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
Disposals	–	(271)	(2,329)	–	(2,600)
At 31 December 2023	**261**	**126**	**622**	**150**	**1,159**
Impairment					
At 1 January 2023	–	–	113	–	113
Impairment for the year	–	–	–	–	–
At 31 December 2023	**–**	**–**	**113**	**–**	**113**
Net book value					
At 31 December 2023	**110**	**59**	**1,971**	**151**	**2,291**
At 31 December 2022	97	111	969	251	1,428

Notes to the Group financial statements continued

13. 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
Cost								
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)
At 31 December 2023	**24,388**	**7,224**	**160**	**21,320**	**7,511**	**60,603**	**76,913**	**137,516**
Amortisation								
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)
At 31 December 2023	**15,230**	**2,465**	**53**	**19,502**	**5,561**	**42,811**	**–**	**42,811**
Net book value								
At 31 December 2023	**9,158**	**4,759**	**107**	**1,818**	**1,950**	**17,792**	**76,913**	**94,705**
At 31 December 2022	8,478	3,171	115	3,248	2,704	17,716	76,960	94,676
At 31 December 2021	7,066	2,852	123	4,779	3,471	18,291	76,111	94,402

Amortisation is charged to administrative expenses for both financial years.

The Group's internally developed proprietary software underpins the delivery of Assurance, Optimisation and ESG services of the Group, in addition to generating a SaaS revenue through making this software available to third parties.

13. Intangible assets and goodwill continued

Annual test for impairment

The Group has 6 Cash Generating Units (CGUs), being the Assurance Division, the Optimisation Division, the Software Division, Horizon Energy Group Limited, Ignite Energy LTD and Businesswise Solutions Ltd.

The goodwill resulting from the acquisitions of Flexible Energy Management Limited, Bluebell Energy Supply Limited, Squareone Enterprises Limited, LSI Independent Utility Brokers Limited and General Energy Management Limited has been wholly allocated to the Assurance Division CGU.

The goodwill resulting from the acquisitions of Professional Cost Management Group Limited, Waterwatch UK Limited and Independent Utilities Limited has been wholly allocated to the Optimisation Division CGU.

The goodwill resulting from the acquisitions of SystemsLink 2000 Limited and Energy Broker Solutions Limited has been wholly allocated to the Software Division CGU.

The goodwill resulting from the acquisitions of STC Energy and Carbon Holdings Limited, Energy Cost Management Limited and Inprova Finance Limited has been split between the Assurance Division CGU and the Optimisation Division CGU.

The goodwill resulting from the acquisitions of Digital Energy Limited and I-Prophets Compliance Limited has been split between the Assurance Division CGU and the Software Division.

The goodwill resulting from the acquisitions of Horizon Energy Group Limited, Ignite Energy LTD and Businesswise Solutions Ltd has not been allocated as the CGU performance is monitored separately.

For the purpose of annual impairment testing, goodwill is allocated to the CGUs expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows:

	2023 £000	2022 £000
Assurance Division	**25,839**	25,839
Optimisation Division	**17,488**	17,488
Software Division	**2,851**	2,851
Horizon Energy Group Limited	**5,533**	5,580
Ignite Energy LTD	**14,481**	14,481
Businesswise Solutions Ltd	**10,721**	10,721
	76,913	76,960

The Group tests goodwill annually for impairment in accordance with IAS 36 Impairment of Assets, or more frequently if there is indication that the goodwill might be impaired.

The recoverable amounts of the CGUs have been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering the next five-year period. The key assumptions in the value in use calculation are those regarding the discount rate, growth rate and expected changes to the selling prices, volumes and direct costs.

The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value by comparing to the CGU's value in use. With all other variables being equal, the discount rate would have to increase to in excess of 20% for goodwill to be impaired. Based on the results of the current year impairment review, no impairment charges have been recognised by the Group in the year ended 31 December 2023 (2022: £nil).

Discount rates

The discount rate has been calculated using the WACC, which takes into account the required rate of return of the asset and market risk as well as the expected return of the market.

Cash flow assumptions

Cash flows for the six-year period to 2029 have been extrapolated assuming no further growth aside from Horizon Energy Group Limited which assumed 6.5% revenue growth from 2028 to 2029. The Group considers that this is a conservative growth rate based upon current rates of inflation, the Group's targeted growth rates and the rate of growth that the Directors believe to be achievable from the market. Despite adopting a conservative approach there is no indication of impairment.

The Directors do not believe that any reasonably possible changes in the value of the key assumptions noted above would cause the CGU carrying amount to exceed its recoverable amount.

Notes to the Group financial statements continued

14. Investments

	Investments £000
Cost	
At 1 January 2022	1,461
Additions	600
Disposals	(324)
At 31 December 2022	1,737
Additions	193
At 31 December 2023	**1,930**

Investments are initially measured at transaction price, and subsequently at their amortised cost subject to any impairment in accordance with IFRS 9. The Group holds these investments with the objective of collecting contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group had an interest in the following entities as at 31 December 2023:

Name of undertaking	Country of registration	Description of investment held
Information Prophets Limited	United Kingdom	Convertible loan
Switchd Ltd	United Kingdom	Shareholding (4.8%)
Industrial and Commercial Operations Network Ltd	United Kingdom	Convertible loan
Deer Technology Ltd	United Kingdom	Convertible loan
DuckDuck Ltd	United Kingdom	Shareholding (2.0%)

The Group holds a convertible loan to acquire 25% equity value in Information Prophets Limited. The balance of the outstanding loan at 31 December 2023 was £600,000 (2022: £600,000). Furthermore, the Group holds an exclusive call option to acquire the entire share capital of Information Prophets Limited on a fair value measure at an agreed multiple of adjusted EBITDA. The call option period commences in January 2022 and ends on 31 December 2025. As the option period is three years from completion of the initial investment, the Group is deemed not to have substantive control over the investee prior to the option period commencing.

The Group holds a shareholding in Switchd Ltd of 97,794 ordinary shares of £0.000001 within the company for an aggregate subscription price of £933,000 providing a 4.8% shareholding.

The Group holds a convertible loan to acquire 25% equity value in Industrial and Commercial Operations Network Ltd. The balance of the outstanding loan at 31 December 2023 was £48,000 (2022: £48,000). Furthermore, the Group holds an exclusive call option to acquire the entire share capital of Industrial and Commercial Operations Network Ltd on a fair value measure at an agreed multiple of adjusted EBITDA. The call option period commences in April 2022 and ends in April 2024. As the option period is three years from completion of the initial investment, the Group is deemed not to have substantive control over the investee prior to the option period commencing.

The Group holds a convertible loan to acquire 8% equity value in Deer Technology Ltd. The balance of the outstanding loan at 31 December 2023 was £250,000 (2022: £250,000). The convertible loan note will convert into preferred ordinary shares with a 30% discount on the lower of the agreed price per share at the time or capped at the proposed £4.7 million current pre-money valuation; either at maturity, in the event of a qualifying financing event or any other event at the holder's discretion.

The Group holds a shareholding in DuckDuck Ltd of 50,000 preference shares of £2.00 within the company for an aggregate subscription price of £100,000 providing a 2.0% shareholding.

15. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	**8,782**	12,270
	8,782	12,270

16. Inventories

Inventories consist of the following:

	2023 £000	2022 £000
Raw materials and consumables	**633**	211
	633	211

17. Trade and other receivables

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Trade receivables	**17,550**	12,298	**–**	–
Intercompany receivables	**–**	–	**4,775**	5,296
Other receivables	**861**	1,078	**244**	456
Deferred contingent consideration	**615**	1,077	**615**	1,077
Prepayments	**7,596**	5,524	**516**	820
Accrued income	**19,912**	18,620	**–**	–
	46,534	38,597	**6,150**	7,649

Trade and other receivables increased 21% in the period to £46,534,000 (2022: £38,597,000), with invoiced trade receivables increasing 43% to £17,550,000 (2022: £12,298,000) as a result of high project activity levels within the Optimisation Division in the final quarter of the financial year. Accrued income increased in the period by 7% to £19,912,000 (2022: £18,620,000).

Included within accrued income is an amount of £4,082,000 (2022: £2,697,000) which is recoverable after more than one year. In order to provide comparative information, the figure for 2022 has been restated to show the amount of £2,697,000 which was due after more than one year. Amounts due within one year have been restated accordingly.

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

Contract assets within prepayments and accrued income total £1,620,000 (2022: £4,976,000). The reduction in contract assets is due to a decrease in accrued income associated with Optimisation projects as the Group continues to focus on improving payment terms with its Optimisation customers to improve cash generation.

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

The ageing of trade receivables was as follows (£000):

	0-30 days	31–60 days	61–90 days	Older	Total
31 December 2023	**11,467**	**4,012**	**804**	**1,267**	**17,550**
31 December 2022	4,262	2,840	1,432	3,764	12,298

As at 31 December 2023, £2,071,000 (2022: £5,196,000) of the trade receivables had gone beyond their terms of 60 days.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables and accrued income as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables and accrued income have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected credit loss is considered immaterial in the current year; therefore, no impairment loss has been recognised (2022: £nil). The trade and other receivables are stated at amortised cost which approximates to fair value. Deferred contingent consideration receivable is measured at fair value through profit or loss.

18. Trade and other payables

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Current				
Trade payables	**6,261**	5,952	**460**	577
Social security and other taxes	**6,393**	5,117	**655**	636
Accruals	**4,595**	3,141	**1,539**	1,298
Deferred income	**2,095**	1,861	**–**	–
Other payables	**602**	1,008	**191**	7
	19,946	17,079	**2,845**	2,518

Trade payables are paid under normal commercial terms.

The trade and other payables are stated at amortised cost which approximates to fair value.

Contract liabilities within accruals and deferred income total £2,230,000 (2022: £2,366,000).

Revenue of £1,861,000 (2022: £1,268,000) relating to amounts included in deferred income at the beginning of the period has been recognised in the financial year.

Deferred income of £2,095,000 (2022: £1,861,000) is split between £1,089,000 (2022: £205,000) relating to Assurance revenue and £1,006,000 (2022: £1,656,000) relating to project revenue.

Notes to the Group financial statements continued

18. Trade and other payables continued

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Current		Non-current	Total
	Within 6 months £000	6–12 months £000	1–5 years £000	£000
31 December 2023				
Trade payables	**6,261**	**–**	**–**	**6,261**
Other payables	**602**	**–**	**–**	**602**
Accruals	**4,595**	**–**	**–**	**4,595**
Bank borrowings	**1,863**	**1,863**	**66,195**	**69,921**
Lease liabilities	**338**	**306**	**1,974**	**2,618**
Contingent consideration	**13,200**	**–**	**5,458**	**18,658**
	26,859	**2,169**	**73,627**	**102,655**
31 December 2022				
Trade payables	5,952	–	–	5,952
Other payables	1,008	–	–	1,008
Accruals	3,141	–	–	3,141
Bank borrowings	1,242	1,242	51,538	54,022
Lease liabilities	497	442	608	1,547
Derivative financial liability	–	–	17	17
Contingent consideration	11,843	1,557	6,645	20,045
	23,683	3,241	58,808	85,732

19. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Non-current liabilities				
Lease liability – motor vehicles	**32**	29	**32**	19
Lease liability – property	**1,567**	342	**3**	–
Lease liability – fixtures and fittings	**–**	30	**–**	30
Lease liability – intangibles	**50**	151	**50**	151
	1,649	552	**85**	200
Current liabilities				
Lease liability – motor vehicles	**28**	83	**28**	47
Lease liability – property	**382**	619	**2**	424
Lease liability – fixtures and fittings	**94**	66	**94**	66
Lease liability – intangibles	**100**	101	**100**	100
	604	869	**224**	637

The lease liabilities are secured by the related underlying assets.

The lease liability for motor vehicles covers 10 vehicles at 31 December 2023 and leases are typically 2 years, when they will then terminate.

Total cash outflows from lease arrangements are £1,013,000 (2022: £1,048,000).

The undiscounted lease liability figure at 31 December 2023 is £2,618,000 (2022: £1,547,000).

20. Deferred tax liability

Deferred taxation is calculated at a tax rate of 25% (2022: 25%) and is set out below:

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Liability brought forward	**1,282**	1,522	**–**	–
Credited to income for the year	**(372)**	(240)	**–**	–
Liability carried forward	**910**	1,282	**–**	–

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Excess of taxation allowances over depreciation on all non-current assets	**610**	347	**–**	–
Share options	**(659)**	(592)	**–**	–
Temporary differences on intangible assets	**959**	1,527	**–**	–
	910	1,282	**–**	–

Corporation tax for the year ended 31 December 2023 was calculated at 23.5% (2022: 19%) of taxable profits for the year.

Deferred taxation at the period end is analysed as follows:

	2023 £000	2022 £000
Deferred tax liability	**910**	1,282
	910	1,282

In 2021, the deferred tax asset pertaining to unexercised share options was valued at the share price as at 31 December 2021. As the share price decreased substantially in 2022 the deferred tax asset also decreased. As the recognition was not in the prior year, the movement on the deferred tax asset was reversed through other comprehensive income in 2022.

21. Bank borrowings

Bank borrowings are repayable as follows:

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Within one year	**(310)**	(116)	**(310)**	(116)
One to two years	**(310)**	(116)	**(310)**	(116)
Two to five years	**58,161**	49,711	**58,161**	49,711
	57,541	49,479	**57,541**	49,479

The figures above include debt issue costs being amortised over the life of the borrowings, and no longer includes an interest rate swap (2022: £17,000). In the current year, borrowings total £58,444,000 with total debt issue costs being £903,000.

The above facility is for the principal sum of £60,000,000 (2022: £60,000,000).

As at 31 December 2023, the Group had a cash balance of £8.8 million and outstanding balances on its senior term debt facility of £57.5 million.

In November 2023, the Group entered into a new £60.0 million revolving credit facility agreement with Santander UK plc and Bank of Ireland plc (the Banks), replacing its previous £60.0 million facility with the Banks which was due to mature in October 2024.

The facility consists of a £60.0 million revolving credit facility, of which £58.4 million was drawn at 31 December 2023, running to October 2026, with the Group having two one year options, facilitating the extension of the term to October 2028. Furthermore, the facility is supplemented by a £25.0 million accordion option enabling a total commitment of up to £85.0 million.

The facility has an interest rate ranging from 2.25% to 3.25% over LIBOR, with the applicable interest rate dependent on the adjusted net leverage of the facility in the prior quarter.

The covenants attached to the facility are Interest Cover, which is not to be less that 4.00:1.00 during the term of the Facility, and Adjusted Net Leverage of the Group, which on entering the facility is limited to not exceed 2.75:1.00 and then tapers to 2.00:1.00 across the term of the facility.

As at 31 December 2023, reported net debt, being bank debt less cash and cash equivalents, stood at £48.7 million, which is an increase of £11.5 million in comparison to 31 December 2022.

Notes to the Group financial statements continued

21. Bank borrowings continued

The increase in net debt reflects a year in which the cash generation of the Group was offset by the payment of £14.7 million of contingent cash consideration to the vendors of Ignite, BWS, LSI, PCMG, IU and GEM. As at 31 December 2023, £18.7 million of contingent consideration is held payable to the vendors of Ignite and BWS.

	Long-term borrowings £000	Lease liabilities £000	Total £000
At 1 January 2022	45,872	1,853	47,725
Cash flows			
Drawdown	3,500	–	3,500
Interest paid	(1,648)	(83)	(1,731)
Repayment	–	(1,048)	(1,048)
Non-cash			
Additions to right of use assets	–	615	615
Interest rate swap revaluation	(9)	–	(9)
Interest charge	1,648	83	1,731
Debt issue costs releases	116	–	116
At 31 December 2022	49,479	1,420	50,899
Cash flows			
Drawdown	7,850	–	7,850
Interest paid	(3,668)	(90)	(3,758)
Repayment	–	(1,013)	(1,013)
Non-cash			
Additions to right of use assets	–	1,846	1,846
Interest rate swap revaluation	(17)	–	(17)
Interest charge	3,668	90	3,758
Debt issue costs releases	229	–	229
At 31 December 2023	**57,541**	**2,253**	**59,794**

22. Financial instruments

The Group holds or issues financial instruments in order to achieve two main objectives, being:

(a) to finance its operations; and

(b) to manage its exposure to interest risk arising from its operations and from its sources of finance.

Transactions in financial instruments result in the Group assuming or transferring to another party one or more of the financial risks described.

Credit risk

The Group monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers and energy suppliers, including outstanding receivables and committed transactions. For banks, only independently rated parties with a minimum rating of AA are accepted. Credit assessments are carried out when accepting new customers. Amounts shown in the statement of financial position best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

The Group monitors its available cash resources and aims to keep credit funds available for operational strategic goals.

Currency risk

The Group monitors any foreign exchange rate risks through regular Euro trades as and when deemed necessary.

Fair values of financial assets and liabilities

The book value of financial instruments held or issued to finance the Group's operations is not materially different from the fair value of those instruments.

22.1 Capital risk management

The Group's main objective when managing capital is to generate returns to shareholders by investing in line with its approved investment strategy whilst safeguarding the Group's ability to continue as a going concern. The Group aims to maintain a strong credit rating and headroom whilst optimising return to shareholders through an appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it with regard to the risks inherent in the business and in light of changes to economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may in the future issue new shares, raise additional debt finance, sell assets to reduce debt, adjust the amount of dividends paid to shareholders or return capital to shareholders.

Capital is managed by maximising retained profits. Working capital is managed in order to generate maximum conversion of these profits into cash and cash equivalents.

Capital includes share capital, share premium, merger relief reserve and retained earnings. There were no changes to the Group's approach to capital management during the year.

22. Financial instruments continued

22.2 Categories of financial instrument

Financial assets

	Fair value through profit or loss £000	Amortised cost £000	Non-financial assets £000	Total £000
31 December 2023				
Investments	–	1,930	–	1,930
Inventories	–	–	633	633
Trade receivables	–	17,550	–	17,550
Other receivables	–	861	–	861
Deferred contingent consideration	615	–	–	615
Prepayments	–	–	7,596	7,596
Accrued income	–	19,912	–	19,912
Cash and cash equivalents – Sterling	–	8,267	–	8,267
Cash and cash equivalents – Euros	–	515	–	515
	615	49,035	8,229	57,879

	Fair value through profit or loss £000	Amortised cost £000	Non-financial assets £000	Total £000
31 December 2022				
Investments	–	1,737	–	1,737
Inventories	–	–	211	211
Trade receivables	–	12,298	–	12,298
Other receivables	–	1,078	–	1,078
Deferred contingent consideration	1,077	–	–	1,077
Prepayments	–	–	5,524	5,524
Accrued income	–	18,620	–	18,620
Cash and cash equivalents – Sterling	–	11,097	–	11,097
Cash and cash equivalents – Euros	–	1,173	–	1,173
	1,077	46,003	5,735	52,815

Financial liabilities

	Other liabilities (amortised cost) £000	Fair value through profit or loss £000	Liabilities not within scope of IFRS 9 £000	Total £000
31 December 2023				
Trade payables	6,261	–	–	6,261
Social security and other taxes	–	–	6,393	6,393
Accruals	4,595	–	–	4,595
Deferred income	–	–	2,095	2,095
Other payables	602	–	–	602
Lease liabilities	2,253	–	–	2,253
Bank borrowings – Sterling	57,541	–	–	57,541
Current tax liability	–	–	3,488	3,488
Deferred tax	–	–	910	910
Contingent consideration	–	18,658	–	18,658
	71,252	18,658	12,886	102,796

	Other liabilities (amortised cost) £000	Fair value through profit or loss £000	Liabilities not within scope of IFRS 9 £000	Total £000
31 December 2022				
Trade payables	5,952	–	–	5,952
Social security and other taxes	–	–	5,117	5,117
Accruals	3,141	–	–	3,141
Deferred income	–	–	1,861	1,861
Other payables	1,008	–	–	1,008
Lease liabilities	1,421	–	–	1,421
Bank borrowings – Sterling	49,462	–	–	49,462
Current tax liability	–	–	3,091	3,091
Deferred tax	–	–	1,282	1,282
Contingent consideration	–	18,755	–	18,755
Derivative financial liability	–	17	–	17
	60,984	18,772	11,351	91,107

Notes to the Group financial statements continued

22. Financial instruments continued

22.3 Interest rate sensitivity

The following table illustrates the sensitivity of the profit for the period and equity to a reasonably possible change in interest rates of 3% (2022: 3%) with effect from the beginning of the period. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's borrowings and the Group's cash and cash equivalents held at the statement of financial position date. All other variables are held constant.

	Year ended 31 December 2023		Year ended 31 December 2022	
	+3%	**-3%**	+3%	-3%
(Loss)/profit for the year	**215**	**(215)**	109	(109)
Equity	**215**	**(215)**	109	(109)

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 December 2023 and 31 December 2022:

31 December 2023	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets				
Deferred contingent consideration	**–**	**–**	**615**	**615**
Total assets	**–**	**–**	**615**	**615**

31 December 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Deferred contingent consideration	–	–	1,077	1,077
Total assets	–	–	1,077	1,077

The following table shows the levels within the hierarchy of financial liabilities measured at fair value on a recurring basis at 31 December 2023 and 31 December 2022:

31 December 2023	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial liabilities				
Contingent consideration	**–**	**–**	**18,658**	**18,658**
Total liabilities	**–**	**–**	**18,658**	**18,658**

31 December 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities				
Interest rate swaps	–	17	–	17
Contingent consideration	–	–	18,755	18,755
Total liabilities	–	17	18,755	18,772

There were no transfers between Level 1 and Level 2 in 2023 or 2022.

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The valuation techniques used for instruments categorised in Level 3 are described below:

Contingent consideration (Level 3)

The fair value of contingent considerations at 31 December 2023 related to the acquisitions of Ignite Energy LTD and Businesswise Solutions Ltd and is estimated using a present value technique. The £18,658,000 fair value is measured by reference to the future cash outflows. The cash outflows reflect what will become payable based on a weighted average range of performance outcomes of the relevant acquired businesses during the earn out period, which is subsequently discounted for the time value of money.

The contingent consideration for Professional Cost Management Group Limited of £308,000 was settled in July 2023.

22. Financial instruments continued

The contingent event for Ignite Energy LTD comprised of four earn out tranches as follows. The First Earn Out Consideration of £3,400,000 was paid in January 2022. As part of the Deed of Variation entered in May 2023 with the vendors of Ignite Energy LTD, the Second Earn Out Consideration of up to £5,200,000 was deemed to have lapsed, with no payment due.

The Third Earn Out Consideration of up to £5,200,000 was paid in full during 2023, 50% cash and 50% ordinary shares of Inspired PLC, The group expects to settle the Fourth Earn Out Consideration of up to £5,200,000 in full during 2024 50% cash and 50% ordinary shares of Inspired PLC. In May 2023, the Group entered a Deed of Variation with the Ignite Energy LTD vendors in which the deed provided the opportunity for the vendors to secure a further £9,250,000 of additional contingent consideration, subject to Ignite Energy LTD delivering year on year EBITDA (before deduction of central overheads) growth each year from 2024 to H1 2027. For 2024, 2025 and 2026, they could earn up to a maximum of £2,337,500, payable as £0.85 consideration for every £1.00 growth in EBITDA before deduction of central overheads year on year. For 2027, they can earn up to a maximum of £2,237,500 if EBITDA before deduction of central overheads 2027 is 10% or more higher than the aggregate of the Gross Margin for the highest two Quarters in the year ending 31 December 2026.

Noting that the Deed contains an acknowledgement between the parties that no Original Earn Out Consideration is due in relation to FY21, which was in part due to the Specific Optimisation Customer being an aged debtor, the Company has agreed a separate incentivisation with the Vendors in relation to this customer. The Deed gave the Vendors the opportunity to earn £5,500,000 of the earn out consideration foregone in relation to cash collected and generated (rather than profit generation) from the Specific Optimisation Customer from FY23 to FY26. The vendors earned £1,988,000 from cash collections made in 2023. Of the contingent consideration earned by Ignite Energy LTD in 2023, £1,500,000 was used to pay a claim from a former Ignite Energy LTD customer, which the Group was protected from through the Share Purchase Agreement for acquisition of Ignite Energy LTD. The remaining £244,000 was settled in October 2023.

The contingent consideration for LSI Independent Utility Brokers Limited of £1,653,000 was settled in July 2023 and a further £1,500,000 was settled in April 2023.

The contingent consideration for General Energy Management Limited of £250,000 was settled in July 2023.

The contingent consideration for Independent Utility Brokers Limited of £1,000,000 was settled in July 2023.

The contingent event for Businesswise Solutions Ltd (BWS) comprises several tranches as follows. Of the aggregate £23,000,000, contingent consideration could become payable in cash, subject to the achievement of challenging EBITDA and order book growth targets for the years ending 31 December 2021, 2022 and 2023. The Group paid £5,200,000 of a maximum possible £8,500,000 in relation to FY21 performance in April 2022. The Group paid £4,546,000 of a maximum possible £6,000,000 in relation to FY22 performance in March 2023. At 31 December 2023, The Group expects to make final payments of contingent consideration for BWS in FY24 totalling £8,000,000 in relation to FY24 performance.

The contingent consideration liability is included within the Inspired PLC single entity and Group accounts.

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	Contingent consideration	
	2023 £000	2022 £000
Balance as at 1 January	**18,755**	21,751
Consideration paid	**(12,102)**	(10,790)
Shares issued	**(2,600)**	–
Change in fair value of contingent consideration (included within administrative expenses)	**14,605**	7,794
Balance at 31 December	**18,658**	18,755
Analysed as:		
– Current liability	**13,200**	13,056
– Non-current liability	**5,458**	5,699

Deferred contingent consideration (Level 3)

The deferred contingent consideration is receivable in respect of the disposal of the SME segment of the business and is measured at fair value through the profit or loss. The consideration is contingent upon collection of accrued income at the disposal date. The fair value is estimated using a present value technique. The £615,000 fair value is measured by reference to the future cash inflows. The cash inflows reflect management's best estimate of the amount receivable and are discounted at an appropriate rate.

Notes to the Group financial statements continued

23. Share capital and reserves

Group and company

	Number of shares	Share capital £000	Share premium £000	Merger relief reserve £000
Issued and fully paid				
Ordinary shares of *1.25p each as at 1 January 2022	*97,494,219	1,219	60,923	20,995
Ordinary shares of *1.25p each as at 31 December 2022	*97,625,677	1,220	60,930	20,995
Ordinary shares of 1.25p each as at 31 December 2023	**100,769,780**	**1,260**	**60,930**	**23,563**

On 5 May 2023, the company issued 269,000 new ordinary shares of 102.5 pence. The shares were issued to satisfy the exercise of options granted under the Group's 2011 Share Option Scheme at 1.25 pence each.

On 25 May 2023, the company issued 2,564,103 new ordinary shares of 101.4 pence. The shares were issued to part fund the earnout settlement of Ignite Energy LTD.

On 21 June 2023, the company issued 30,000 new ordinary shares of 111.0 pence. The shares were issued to satisfy the exercise of options granted under the Group's 2011 Share Option Scheme at 1.25 pence each.

On 5 October 2023, the company issued 215,000 new ordinary shares of 72.0 pence. The shares were issued to satisfy the exercise of options granted under the Group's 2011 Share Option Scheme at 1.25 pence each.

On 17 November 2023, the company issued 56,000 new ordinary shares of 64.5 pence. The shares were issued to satisfy the exercise of options granted under the Group's 2011 Share Option Scheme at 1.25 pence each.

On 21 December 2023, the company issued 10,000 new ordinary shares of 60.5 pence. The shares were issued to satisfy the exercise of options granted under the Group's 2011 Share Option Scheme at 1.25 pence each.

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

24. Share-based payments

Approved share options

The company has granted equity-settled share options to selected employees. The exercise price is the market value of the shares at the date of grant. The vesting periods are between 18 months and 3 years. If the options remain unexercised after a period of 10 years from the date of grant the options expire.

Details of the share options outstanding during the year are as follows:

	2023		2022	
	Number of share options	**Weighted average exercise price p**	Number of share options	Weighted average exercise price p
Outstanding at the beginning of the period	**6,982,555**	**26.87**	*4,537,345	*45.72
Granted during the period	**1,947,642**	**35.77**	*3,341,625	*1.25
Expired during the period	**(1,085,177)**	**41.60**	*(764,957)	*29.83
Exercised during the period	**(580,000)**	**1.25**	*(131,458)	*9.30
Outstanding at the end of the period	**7,265,020**	**29.07**	*6,982,555	*26.87
Exercisable at the end of the period	**2,563,339**	**48.44**	*2,385,974	*52.40

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

The options outstanding at 31 December 2023 had a weighted average exercise price of 29.07 pence (2022: 26.87 pence) and a weighted average remaining contractual life of 1 year (2022: 1 year).

24. Share-based payments continued

The following summarises the approved share options:

Date of grant	Subscription price	Expiry date	Number of shares for which rights are exercisable	Total number of shares for which rights are exercisable at the end of the period
Approved share options				
16 April 2015	*112.5p	16 April 2025	*710,000	*112,500
31 July 2015	*107.5p	31 July 2025	*600,000	*250,000
22 December 2015	*133.8p	22 December 2025	*300,000	*300,000
7 April 2016	*125.0p	7 April 2026	*175,000	*175,000
15 February 2018	*198.5p	15 February 2028	*60,000	*15,000
Unapproved share options				
17 July 2017	*1.25p	17 July 2027	*870,000	*121,000
1 January 2019	*1.25p	1 January 2029	*1,944,026	*889,726
1 July 2019	*1.25p	1 July 2029	*1,164,000	*610,500
15 August 2019	*1.25p	15 August 2029	*30,000	*15,000
22 October 2019	*1.25p	22 October 2029	*10,000	*10,000
31 December 2020	*1.25p	31 December 2030	*400,000	—
30 June 2021	*1.25p	30 June 2031	*2,116,000	*1,939,000
30 September 2021	*1.25p	30 September 2031	*30,000	—
1 January 2022	*1.25p	1 January 2032	*1,175,625	*933,125
25 May 2023	1.25p	25 May 2033	468,984	468,984
26 June 2023	1.25p	26 June 2033	90,000	90,000

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

On 24 May 2018 a grant of awards under the LTIP was made to the 13 members of the senior management team (SMT).

Notes to the Group financial statements continued

24. Share-based payments continued

A combined *2,340,000 LTIP share options were granted on 24 May 2018. These ordinary shares were issued to Inspired Energy EBT Limited as trustee of the Inspired Energy PLC Employee Benefit Trust (EBT). These shares (JSOP (Joint Share Ownership Plan) Award) will be held by the trustee for the joint benefit of itself and the Executives. The JSOP Award vests in four separate tranches which are individually governed by achievement of adjusted EPS performance targets over a three-year period, as set out in the table below. Should there be a change in control of the company, by way of an offer for the entire issued share capital of the company, during the award period the JSOP Award will automatically vest in full.

	EPS target set	FY2018	FY2019	FY2020	FY2021	FY2022	**FY2023**	Total
Tranche 1	Target for three years ended Dec 2020, set at 1 Jan 2018	*195,000	*195,000	*195,000	–	–	**–**	*585,000
Tranche 2	Target for three years ended Dec 2021, set at 1 Jan 2019	–	*195,000	*195,000	*195,000	–	**–**	*585,000
Tranche 3	Target for three years ended Dec 2022, set at 1 Jan 2020	–	–	*195,000	*195,000	*195,000	**–**	*585,000
Tranche 4	Target for three years ended Dec 2023, set at 1 Jan 2021	–	–	–	*195,000	*195,000	***195,000**	*585,000
		*195,000	*390,000	*585,000	*585,000	*390,000	***195,000**	*2,340,000

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

The SMT will benefit from the growth in value of its respective JSOP Award from the date of grant. The SMT also holds a nil-cost option over the EBT's interest in the JSOP Award which may be exercised in certain circumstances. The subscription monies for these ordinary shares have been satisfied in cash advanced by the company to the EBT.

Adjusted earnings per share ("adjusted EPS")

The JSOP Award vests subject to the achievement of adjusted EPS performance targets. Adjusted EPS will be calculated by taking the net attributable profit and adjusting by:

- adding back acquisition-related amortisation items;
- adding back exceptional items;
- adding back share-based payments charge; and
- removing any impact (positive or negative) of any deferred tax.

The resultant figure is then divided by the number of ordinary shares in issue on a fully diluted basis.

Vesting performance conditions

Tranches 2, 3 and 4

The Remuneration Committee will, on 1 January 2019, 1 January 2020 and 1 January 2021 respectively, determine the adjusted EPS targets for Tranches 2 to 4 respectively. The Adjusted EPS targets will be set by the Remuneration Committee on 1 January each year, with Tranche 2 covering the three financial years ending 31 December 2021, Tranche 3 covering the three financial years ending 31 December 2022 and Tranche 4 covering the three financial years ending 31 December 2023. The targets set by the Remuneration Committee for all tranches represent a target below which none of the award will vest to the SMT for that financial period (the "threshold targets").

For all tranches, the criteria for full vesting of awards will be set at 110% of the threshold targets (the "maximum targets") for each financial year within each tranche, with the amount vesting rising on a straight-line basis between the threshold targets and the maximum targets.

24. Share-based payments continued

Exercise and hold period

The SMT will only become fully entitled to the JSOP Award in respect of each tranche at the end of the three-year period relating to that tranche. The SMT will be empowered to sell up to 50% of the JSOP Award at the end of the three-year period with the balance being subject to an undertaking that the members will not dispose of any further ordinary shares subject to that award for a period of twelve months, except in very limited circumstances. Accordingly, 50% of Tranche 1 awards could be sold in FY21 and a further 50% in FY22 or beyond. Similarly, the earliest sale date of the Tranche 4 JSOP Award would be in FY24 in respect of 50% of the award and FY25 or later in respect of the remaining 50% of the award.

Unapproved Options were granted on 1 January 2019 at their nominal value of *1.25 pence per share to 123 employees over a total of *2,269,526 shares in aggregate.

These options became exercisable in four unequal tranches on the following dates:
(i) the date on which the company published its audited accounts for the year ending 31 December 2019;
(ii) the date on which the company published its audited accounts for the year ending 31 December 2020;
(iii) the date on which the company published its audited accounts for the year ending 31 December 2021; and
(iv) the date on which the company publishes its audited accounts for the year ending 31 December 2022.

Unapproved Options were granted on 30 June 2019 at their nominal value of *1.25 pence per share to 63 employees over a total of *1,139,000 shares in aggregate.

These options became exercisable in six unequal tranches on the following dates:
(i) the date on which the company published its audited accounts for the year ending 31 December 2019;
(ii) the date on which the company published its unaudited interim accounts for the period ending 30 June 2020;
(iii) the date on which the company published its audited accounts for the year ending 31 December 2020;
(iv) the date on which the company published its audited accounts for the year ending 31 December 2021;
(v) the date on which the company published its unaudited interim accounts for the period ending 30 June 2022; and
(vi) the date on which the company publishes its audited accounts for the year ending 31 December 2022.

* All prices have been adjusted to reflect the 10:1 share consolidation undertaken on 3 July 2023.

Unapproved Options were granted on 1 July 2019 at their nominal value of *1.25 pence per share to one employee over a total of *25,000 shares in aggregate.

These options became exercisable in one tranche on the following date:
(i) the date on which the company publishes its audited accounts for the year ending 31 December 2022.

Unapproved Options were granted on 15 August 2019 at their nominal value of *1.25 pence per share to two employees over a total of *30,000 shares in aggregate.

These options became exercisable in one tranche on the following date:
(i) the date on which the company publishes its audited accounts for the year ending 31 December 2022.

Unapproved Options were granted on 22 October 2019 at their nominal value of *1.25 pence per share to one employee over a total of *10,000 shares in aggregate.

These options became exercisable in one tranche on the following date:
(i) the date on which the company publishes its audited accounts for the year ending 31 December 2022.

Unapproved Options were granted on 31 December 2020 at their nominal value of *1.25 pence per share to four employees over a total of *400,000 shares in aggregate.

These options became exercisable in two unequal tranches on the following dates:
(i) the date on which the company published its unaudited interim accounts for the period ending 30 June 2021; and
(ii) the date on which the company publishes its unaudited interim accounts for the period ending 30 June 2023.

In addition to the options listed above, interests granted under an LTIP are discussed in note 7.

The fair value of options granted under the scheme is measured by use of the Black-Scholes model. The inputs into the Black-Scholes model are as follows:

	2023	2022
Share price (pence)	**97-121**	*132.1-208.0
Exercise price (pence)	**1.25**	*1.25
Expected volatility (%)	**33.6-40.7**	29.3-41.4
Risk-free rate (%)	**3.29-5.16**	0.02-1.24
Dividend yield (%)	**2.3-2.9**	1.2-4.9

Notes to the Group financial statements continued

24. Share-based payments continued

Expected volatility was based upon the historical volatility over the expected life of the schemes. The vesting period is based upon vesting restrictions, as detailed above.

The Group recognised total expenses of £1,187,000 (2022: £1,732,000) in the statement of comprehensive income relating to equity-settled share-based payment transactions in the period in respect of the options disclosed in this note and note 7.

In 2017, the Group launched a Save As You Earn share scheme for all eligible employees. Share options were issued in 2017, 2018, 2019, 2020, 2021, 2022 and 2023 and, at the balance sheet date, the number of outstanding options was 1,335,187. The share option charge pertaining to the Save As You Earn share scheme was deemed to be immaterial and was not posted.

25. Business combinations – prior year

Digital Energy Limited/I-Prophets Compliance Limited (DE/IPC)

As disclosed in the 31 December 2022 annual report and accounts the Group acquired 100% of the issued share capital and voting rights of DE/IPC.

The provisional fair value of identifiable net liabilities of £35,000 was carried out and no adjustment is to be made following the completion of the twelve-month hindsight period. Within the net assets were trade and other receivables of £144,000 and cash and cash equivalents of £62,000. Also included are trade and other payables of £241,000.

26. Contingent liabilities

The Group has been notified of one potential claim from a customer which could ultimately result in litigation. The Group intends to contest liability under the claim.

Given the nature of the potential claim and the Group's view of the validity, supported by legal advice and available contractual remedies, it is not possible to reliably estimate any possible liabilities at this time.

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

27. Related party transactions

The Directors consider that as there is no controlling shareholder there is no ultimate controlling party of the Group.

Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

Details of the transactions between the Group and other related parties are disclosed below:

Information Prophets Limited is a company in which the Group holds an investment as detailed in note 14. Wholly owned subsidiaries of Information Prophets Limited invoiced £1,861,000 (2022: £932,000) for services provided, and expenses incurred, to Inspired PLC. As at 31 December 2023, the balance outstanding was £nil (31 December 2022: £nil).

Deer Technology Ltd is a company in which the Group holds an investment as detailed in note 14. Deer Technology Ltd invoiced £42,000 (2022: £34,000) for services provided, and expenses incurred, to Inspired PLC. As at 31 December 2023, the balance outstanding was £6,000 (31 December 2021: £4,000).

Switchd Limited is a company in which the Group holds an investment as detailed in note 14. Switchd Limited invoiced £nil (2022: £9,000) for services provided, and expenses incurred, to Inspired PLC. As at 31 December 2023, the balance outstanding was £nil (31 December 2022: £nil).

Vervantis Inc is a company in which Mark Dickinson is a director and shareholder. Vervantis Inc invoiced £nil (2022: £23,000) for services provided, and expenses incurred, to Inspired PLC. As at 31 December 2023, the balance outstanding was £nil (31 December 2022: £2,000).

Core Energy Services Kft. is a company in which Mark Dickinson had previously provided loans to. Core Energy Services Kft., which rolls and accrues interest until an exit event, invoiced £546,000 (2022: £445,000) for services provided, and expenses incurred, to Inspired PLC. As at 31 December 2023, the balance outstanding was £108,000 (31 December 2022: £33,000).

In 2020, the Group completed a formal sale agreement to dispose of the SME Division, consisting of subsidiaries Energisave Online Limited, KWH Consulting Limited and Simply Business Energy Limited, by way of a management buyout. The Group had provided a loan and £nil was outstanding as at 31 December 2023. Also, the Group invoiced £19,000 (2022: £157,000) for services provided and at 31 December 2023 a balance of £1,000 (2022: £1,000) was outstanding.

27. Related party transactions continued

The below shows the amounts of dividends paid to Directors (and spouse/children) or companies in which a Director has an interest:

	2023 £000	2022 £000
Mark Dickinson	**19**	7
Paul Connor	**8**	2
Richard Logan	**2**	1
Sangita Shah	**1**	1
	30	11

Key management personnel remuneration

The remuneration of the key management personnel, the executive Directors, in the year ended 31 December 2023 is set out below:

	2023 £000	2022 £000
Short-term employee benefits		
Employee emoluments	**2,107**	1,177
Social security costs	**143**	171
Post-employment benefits	**4**	4
Share-based payments	**167**	128
	2,421	1,480

The aggregate dividends paid to Directors in the year were £30,000 (2022: £11,000). The shareholdings of the Directors are disclosed within the Directors' remuneration report on pages 101 to 105.

Six Directors of the Group are accruing benefit in respect of the Group's defined contribution pension scheme.

Company statement of financial position
At 31 December 2023

	Note	2023 £000	2022 £000
Non-current assets			
Investments	29	**129,307**	127,927
Intangible assets	30	**39**	41
Right of use assets	31	**325**	836
Amounts owed from subsidiary undertakings		**48,459**	44,799
Non-current assets		**178,130**	173,603
Current assets			
Trade and other receivables	17	**5,535**	6,572
Deferred contingent consideration	17	**615**	1,077
Cash and cash equivalents		**432**	580
Current assets		**6,582**	8,229
Total assets		**184,712**	181,832
Current liabilities			
Trade and other payables	18	**2,845**	2,518
Lease liabilities	19	**224**	837
Amounts owed to subsidiary undertakings		**5,408**	12,915
Contingent consideration	22	**13,200**	13,056
Current tax liability		**3**	89
Current liabilities		**21,680**	29,415
Non-current liabilities			
Bank borrowings	21	**57,541**	49,462
Contingent consideration	22	**5,458**	5,699
Lease liabilities	19	**85**	–
Derivative financial liability	21	**–**	17
Non-current liabilities		**63,084**	55,178
Total liabilities		**84,764**	84,593
Net assets		**99,948**	97,239
Share capital	23	**1,260**	1,220
Share premium account	23	**60,930**	60,930
Merger relief reserve	23	**23,563**	20,995
Share-based payment reserve		**9,070**	7,883
Retained profit		**5,125**	6,211
Equity attributable to shareholders		**99,948**	97,239

The company generated a profit of £1,668,000 during the financial year (2022: £7,050,000). As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own statement of comprehensive income. Inspired PLC reported a profit for the financial year.

The financial statements were approved and authorised for issue by the Board of Directors on 25 March 2024 and were signed on its behalf by:

Mark Dickinson
Director

Paul Connor
Director

Company registration number: 07639760.

The notes on pages 156 to 159 form part of these company financial statements.

Company 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	Total equity £000
Balance at 1 January 2022	1,219	60,923	20,995	6,151	1,621	90,909
Profit and total comprehensive income for the period	–	–	–	–	7,050	7,050
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	4,590	6,330
Balance at 31 December 2022	1,220	60,930	20,995	7,883	6,211	97,239
Profit and total comprehensive income for the period	–	–	–	–	1,668	1,668
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)	–	–	–	–	–	–
Dividends paid	–	–	–	–	(2,754)	(2,754)
Total transactions with owners	40	–	2,568	1,187	(1,086)	2,709
Balance at 31 December 2023	**1,260**	**60,930**	**23,563**	**9,070**	**5,125**	**99,948**

Notes to the company financial statements

28. Accounting policies (parent company)

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company's financial statements are presented in round thousand GBP (£000), which is the functional currency.

The principal accounting policies adopted by the company are set out below.

Accounting policies

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2023.

The company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 118(e) of IAS 38 Intangible Assets; and
  (iii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;

(b) the requirements of paragraphs 10(d) and 134–136 of IAS 1 Presentation of Financial Statements and the requirements of IAS 7 Statement of Cash Flows;

(c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

(e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and

(f) the requirements of IFRS 7 to disclose financial instruments.

As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account. Inspired PLC reported a profit for the financial period of £1,668,000 (2022: £7,050,000).

A summary of the material accounting policies is set out next.

Investments

Investments are stated at cost, less any provision for impairment. Where partial consideration for the acquisition of shares in subsidiaries is settled through an issue of the company's own shares then that cost is determined as the fair value of shares issued. Cost is determined as the fair value of shares issued and the consideration paid.

Intercompany balances

Amounts due from Group companies are initially recognised at fair value being the present value of future interest and capital receipts discounted at the market rate of interest for a similar financial asset. When the face value of the loan exceeds the fair value of the loan on initial recognition this difference is treated as follows:

- if the loan is to a parent company the difference is shown as a deduction from equity;
- if the loan is to a fellow subsidiary the difference is shown as a deduction from equity; and
- if the loan is due from a subsidiary the difference is added to the investment in that subsidiary.

The company assesses the expected credit loss in respect of Group receivables based on its ability to repay and recover the balance. In the absence of agreed terms this consideration is given over the expected period of repayment and any expected credit loss. The expected credit loss is considered immaterial in the current year; therefore, no impairment loss has been recognised (2022: £nil).

Intercompany balances are unsecured, interest free and repayable on demand.

The amounts due from group undertakings are repayable on demand, however, having reviewed the company's intentions with respect to the expected request for repayment of amounts due from subsidiary companies the company has determined they should be classified as due after more than one year.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Share-based payments

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

Share options are valued at the date of grant using the Black-Scholes option pricing model. In accordance with IFRS 2 Share-based Payment, the resulting cost is charged to the profit and loss account over the vesting period of the plans.

28. Accounting policies (parent company) continued

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

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

Equity-settled share-based payments issued to employees of subsidiary undertakings are treated in the financial statements of the company as an increase in investment in subsidiary companies, together with a corresponding increase in equity, over the vesting period based on the Group's estimate of shares which will eventually vest.

Key sources of estimation uncertainty

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

i. Investments

The company assesses whether investments held in subsidiaries are impaired on at least an annual basis. This requires an estimation of the 'recoverable amount' – the higher of 'value in use' and fair value less costs to sell – of the investment. The value of investments in subsidiaries on 31 December 2023 is £129,307,000 (2022: £127,927,000).

Merger relief reserve

Merger relief reserve represents the premium arising on shares issued as part or full consideration for acquisitions.

29. Investments

	£000
Cost and net book value	
At 31 December 2022	127,927
Additions – acquisition of subsidiaries	193
Share-based payments charge	1,187
At 31 December 2023	**129,307**

Notes to the company financial statements continued

29. Investments continued

The principal investment comprises shares at cost in the following companies, all of which are registered in England and Wales, except where stated below. The registered address of the following companies is the same as the Group except where stated below. The principal activity of all companies is energy procurement and management.

	Percentage held	Nominal value	Number of shares
Inspired Group Holdings Limited*	100%	£1	484
Inspired Energy Solutions Limited**	100%	£1	142
Inspired 4U Limited*	100%	£1	2
STC Energy and Carbon Holdings Limited*	100%	£1	1,000
STC Energy Management Limited**	100%	£1	103
Flexible Energy Management Limited*	100%	£1	1
Bluebell Energy Supply Limited*	100%	£1	1
Horizon Energy Group Limited* (registered in Republic of Ireland)***	100%	€1	245
Inspired Energy EBT Limited*	100%	£1	1
SystemsLink 2000 Limited*	100%	£1	1,229
Energy Cost Management Limited*	100%	£1	2
Squareone Enterprises Limited*	100%	£1	100
Professional Cost Management Group Limited*	100%	£1	10,804,202
Inprova Finance Limited*	100%	£1	1,000
Energy and Carbon Management Holdings Limited**	100%	£0.23	637,640
Utility Management Holdings Limited**	100%	£1	636,364
Energy and Carbon Management Limited**	100%	£1	300,001
Energy Team (UK) Limited**	100%	£0.01	115,840
Energy Team (Midlands) Limited**	100%	£1	100
Inprova Energy Limited**	100%	£1	50,100
UES Energy Group Limited**	100%	£1	478,085
UES Holdings Limited**	100%	£0.01	38,240
Waterwatch UK Limited*	100%	£1	100
Amer Holdings (SW) Limited**	100%	£1	2
Amer (UK) Limited**	100%	£1	2
Independent Utilities Limited*	100%	£0.001	1,200,000
LSI Energy Holdings Limited*	100%	£1	4,790,833
LSI Independent Utility Brokers Limited**	100%	£1	101
Information Prophets Limited	Convertible loan (25%)	N/A	N/A
Switchd Ltd	4.8%	£0.000001	97,794
Industrial and Commercial Operations Network Ltd	Convertible loan (25%)	N/A	N/A
Energy Broker Solutions Limited*	100%	£1	100

	Percentage held	Nominal value	Number of shares
Ignite Energy LTD*	100%	£1	760
BWS Holdco Ltd*	100%	£0.00001	208,800
Businesswise Solutions Limited**	100%	£0.00001	200,000
General Energy Management Limited*	100%	£1	1,002
I-Prophets Compliance Limited*	100%	£1	2
Digital Energy Limited*	100%	£1	2
Deer Technology Ltd	Convertible loan	N/A	N/A
DuckDuck Ltd	2.0%	£2	50,000

* Directly held subsidiary.
** Indirectly held subsidiary.
*** Horizon Energy Group Limited is registered in the Republic of Ireland and has a registered address of 4400 Airport Business Park, Cork, Republic of Ireland T12 N84F.

30. Intangible assets

	Trade name £000
Cost	
At 1 January 2023	**45**
Additions	**–**
At 31 December 2023	**45**
Amortisation	
At 1 January 2023	**4**
Charge for the year	**2**
At 31 December 2023	**6**
Net book value	
At 31 December 2023	**39**
At 31 December 2022	**41**

31. Right of use assets

	Motor vehicles £000	Fixtures and fittings £000	Property £000	Intangibles £000	Total £000
Cost					
At 1 January 2023	**159**	**255**	**2,111**	**301**	**2,826**
Additions	**47**	**116**	**9**	**–**	**172**
Transfer to other group entity	**–**	**–**	**66**	**–**	**66**
Disposals	**(20)**	**–**	**(2,177)**	**–**	**(2,197)**
At 31 December 2023	**186**	**371**	**9**	**301**	**867**
Depreciation					
At 1 January 2023	**93**	**159**	**1,688**	**50**	**1,990**
Charge for the year	**55**	**103**	**438**	**100**	**696**
Transfer to other group entity	**–**	**–**	**53**	**–**	**53**
Disposals	**(20)**	**–**	**(2,177)**	**–**	**(2,197)**
At 31 December 2023	**128**	**262**	**2**	**150**	**542**
Net book value					
At 31 December 2023	**58**	**109**	**7**	**151**	**325**
At 31 December 2022	**66**	**96**	**423**	**251**	**836**

32. Employee benefit expense

	2023 £000	2022 £000
Wages and salaries	**4,876**	4,962
Social security costs	**523**	589
	5,399	5,551

	No.	No.
Average number of persons employed:		
Management	**3**	3
Administration and finance	**84**	88
	87	91

33. Dividends paid

	2023 £000	2022 £000
Dividends paid on equity capital – 1.40p per share (2022: *1.30p)	**2,754**	2,460

During 2023, the Group paid dividends of £2,754,000 (2022: £2,460,000) to its equity shareholders. This represents a payment of 1.40 pence per share (2022: *1.30 pence per share). Also, during 2023, the Directors proposed the payment of a final dividend of 1.50 pence per share (2022: *1.40 pence per share). As the distribution of dividends by the Group requires approval at the shareholders' meeting, no liability in this respect is recognised in the 2023 consolidated financial statements.

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

34. Related party transactions

The company has taken advantage of the exemption in FRS 101 and has not disclosed transactions with wholly owned Group undertakings.

Refer to note 27 for details of other related party transactions entered into in the year.

Inspired PLC
Notice of Annual General Meeting

Company number: 07639760

NOTICE IS GIVEN that the Annual General Meeting (AGM) of Inspired PLC will be held at 10 a.m. on 28 June 2024 at Ship Canal House, 98 King Street, Manchester M2 4WU, to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 8 (inclusive) will be proposed as ordinary resolutions and resolutions 9 to 11 (inclusive) will be proposed as special resolutions.

Ordinary resolutions

1. To receive the company's annual report and accounts for the financial year ended 31 December 2023.
2. To declare a final dividend recommended by the Directors of 1.50 pence per ordinary share for the financial year ended 31 December 2023 to be paid on 26 July 2024 to members whose names appear on the register at the close of business on 21 June 2024.
3. To re-elect Richard Logan, who retires by rotation under article 28.1.2.2 of the company's articles of association and who, being eligible, offers himself for re-election as a Director.
4. To reappoint RSM UK Audit LLP as auditors of the company.
5. To authorise the Directors to determine the remuneration of the auditors of the company.
6. That in substitution for all existing and unexercised authorities and powers, the Directors of the company be generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the "Act"):
   6.1 to exercise all or any of the powers of the company to allot shares of the company or to grant rights to subscribe for, or to convert any security into, shares of the company (those shares and rights being together referred to as Relevant Securities) up to an aggregate nominal value of £420,353 to those persons at the times and generally on the terms and conditions as the Directors may determine (subject always to the articles of association of the company); and
   6.2 to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of £840,707 (that amount to be reduced by the nominal value of any Relevant Securities allotted pursuant to the authority in paragraph 6.1 above) in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory,

PROVIDED THAT this authority shall, unless previously renewed, varied or revoked by the company in general meeting, expire at the conclusion of the next Annual General Meeting or on the date which is six months after the next accounting reference date of the company (if earlier) save that the Directors of the company may, before the expiry of such period, make an offer or agreement which would or might require Relevant Securities or equity securities (as the case may be) to be allotted after the expiry of such period and the Directors of the company may allot Relevant Securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

7. That, subject to the passing of the ordinary resolution numbered 6 above and the special resolution numbered 9 below, the Directors of the company be authorised, pursuant to article 32.11 of the company's articles of association:
   7.1 to exercise the power contained in article 32.11 so that, to the extent and in the manner determined and announced by the Directors, the holders of ordinary shares (excluding shareholders holding any ordinary shares as treasury shares) may be permitted to elect to receive new ordinary shares in the capital of the company, credited as fully paid, instead of all or part of any interim or final dividends which shall be declared before the conclusion of the next Annual General Meeting of the company after the passing of this resolution; and
   7.2 to capitalise the appropriate amount of new ordinary shares falling to be allotted pursuant to any elections made as aforesaid out of profits, or sums standing to the credit of any share premium account or capital reserves of the company, to apply such sums in paying up such new ordinary shares and to allot such new ordinary shares to the members of the company making such elections in accordance with their respective entitlements.

8. THAT the Directors' remuneration report for the financial year ended 31 December 2023 be approved.

Special resolutions

9. That if resolution 6 above is passed, the Directors of the company be authorised to allot equity securities (as defined in section 560 of the Act) for cash under the authority given by that resolution 6 and/or to sell ordinary shares held by the company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:
   9.1 the allotment of equity securities or sale of treasury shares in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory; and

9.2 the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 9.1 above) up to an aggregate nominal amount of £126,106, representing approximately 10% of the current share capital of the Company; and

9.3 the allotment of equity securities or sale of treasury shares (otherwise than under paragraphs 9.1 or 9.2 above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph 9.2 above, such authority to be used only for the purposes of making a follow-on offer which the directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authorities to expire at the end of the next annual general meeting of the Company but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the directors of the Company may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

10. THAT, if resolution 6 above is passed, and in addition to any authority granted under resolution 9 above, the directors of the Company be and are hereby generally and unconditionally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash under the authority given by that resolution 6 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment of equity securities, such authority to be:

10.1 limited to the allotment of equity securities or sale of treasury shares pursuant to the authority granted under resolution 9 up to an aggregate nominal amount of £126,106 representing approximately 10% of the current share capital of the Company used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and

10.2 limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 10.1 above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph 10.1 above used only for the purposes of making a follow-on offer which the directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authorities to expire at the end of the next annual general meeting of the Company but in each case, prior to its expiry the Company may make offers, and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the directors of the Company may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

11. THAT the company be authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of its ordinary shares provided that:

11.1 the maximum number of ordinary shares authorised to be purchased is 100,884,780;

11.2 the minimum price which may be paid for any such ordinary share is £0.0125;

11.3 the maximum price which may be paid for an ordinary share shall be the higher of:

11.3.1 an amount equal to 105% of the average middle market quotations for an ordinary share as taken from the London Stock Exchange Daily Official List for the five business days immediately before the day on which the ordinary share is contracted to be purchased; and

11.3.2 the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out; and

11.4 this authority will expire at the end of the next Annual General Meeting of the company, but the company may enter into a contract for the purchase of ordinary shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

By order of the Board

Mark Dickinson
25 March 2024

Registered office:
Calder House
St Georges Park
Kirkham
Lancashire
PR4 2DZ

Notice of Annual General Meeting continued

Notes

1. A member of the company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to exercise any of his/her rights to attend, speak and vote at that meeting on his/her behalf. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the company.
2. A proxy may only be appointed using the procedures set out in these notes and the notes to the proxy form. To appoint a proxy, a member may complete, sign and date the enclosed proxy form and to arrive at the office of the company's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, by 10 a.m. on 26 June 2024. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
3. In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his/her intention to revoke his/her proxy appointment and to arrive at the office of the company's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, 48 hours (excluding non-working days) before the time appointed for the meeting, or adjourned meeting, at which it is to be used.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(s) of that meeting, by utilising the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the company's Registrars, Equiniti (whose CREST ID is RA19), by the latest time for receipt of proxy appointments specified in note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. Any corporation which is a member of the company may authorise one or more persons (who need not be a member of the company) to attend, speak and vote at the meeting as the representative of that corporation. A certified copy of the Board resolution of the corporation appointing the relevant person as the representative of that corporation in connection with the meeting must be deposited at the office of the company's Registrars prior to the commencement of the meeting.
6. The right to vote at the meeting shall be determined by reference to the register of members of the company. Only those persons whose names are entered on the register of members of the company at 6:30 p.m. on 26 June 2024 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.

Explanatory notes

Resolution 1 – Receiving the annual report and accounts

The Directors will present the audited financial statements of the company for the period ended 31 December 2023 together with the Directors' report and the auditors' report on those financial statements.

Resolution 2 – Declaration of dividend

The Directors are recommending a final dividend of 1.50p per ordinary share in respect of the year ended 31 December 2023 which, if approved, will be payable on 26 July 2024 to the shareholders on the register of members on 21 June 2024.

Resolution 3 – Director resignations

To comply with best practice, the Directors are offering themselves for annual re-election as Directors of the company, to take effect at the conclusion of the AGM.

Resolution 4 – Appointment of auditors

The auditors of a company must be reappointed at each general meeting at which accounts are laid, to hold office until the conclusion of the next such meeting. It is proposed that RSM UK Audit LLP be reappointed as auditors of the company to hold office from the conclusion of this AGM until the conclusion of the next general meeting at which the accounts are laid.

Resolution 5 – Remuneration of auditors

This resolution authorises the Directors to fix the auditors' remuneration.

Resolution 6 – Directors' power to allot Relevant Securities

Under section 551 of the Act, Relevant Securities may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising the Directors to issue shares without further reference to the shareholders. This resolution authorises the general issue of shares up to an aggregate nominal value of £420,353, which is equal to 33% of the nominal value of the current ordinary share capital of the company, and a further issue of shares up to an aggregate nominal value of £840,707, which is equal to a further 66% of the nominal value of the current share capital of the company for the purposes of fully pre-emptive rights issues. Such authorities will expire at the conclusion of the next Annual General Meeting of the company or the date which is six months after the next accounting reference date of the company (whichever is the earlier).

Resolution 7 – Directors' power to offer new ordinary shares in lieu of cash dividends

The articles of association of the company provide that the Directors of the company may, if authorised to do so by ordinary resolution of the members in general meeting, offer members the right to elect to receive new ordinary shares credited as fully paid in lieu of cash dividend entitlements. The shareholders are asked to approve this resolution which grants the Directors that authority. The authority will be kept under review and the company will only exercise this authority after careful consideration and when the company is satisfied that to do so is in the best interests of the company and its shareholders under the circumstances.

Resolution 8 – Approval of Directors' remuneration report

This resolution approves the Directors' remuneration report.

Resolutions 9 and 10 – Disapplication of pre-emption rights on equity issues for cash

Section 561 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. These resolutions exclude that statutory procedure as far as rights issues are concerned. These special resolutions are drawn up in accordance with the Pre-Emption Group's Statement of Principles, and enable the Directors to allot shares up to:

(a) aggregate nominal value of £126,106, which is equal to 10% of the nominal value of the current ordinary share capital of the Company, which could be used for any purpose; and

(b) an additional aggregate nominal value of £126,106, which is equal to 10% of the nominal value of the current ordinary share capital of the Company, which could only be used for an acquisition or specified capital investment, subject in each case to resolution 6 being passed. The directors believe that the limited powers provided by these resolutions will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplication will expire on the conclusion of the next annual general meeting of the Company.

Resolution 11 – Authority to make market purchases of own shares

The shareholders are asked to approve this resolution which grants the company the ability to purchase its own shares. The authority will be limited for the company to make market purchases of up to 100,884,780 ordinary shares, being 10% of the issued share capital as at 22 March 2024, being the latest practicable date before publication of this document. The authority will be kept under review and the company will only exercise the power of purchase after careful consideration and when the company is satisfied that to do so is in the best interests of the company and its shareholders under the circumstances. The authority granted by this resolution will expire at the conclusion of the next Annual General Meeting of the company.

Inspired PLC
Proxy form for use at Annual General Meeting

Please insert full name and address

I/We ....

of ....

(please use block letters)

....

being (a) member(s) of Inspired PLC (the "company") appoint the Chairman of the Annual General Meeting or (see notes 1 and 2)

....

(please use block letters)

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held at 10 a.m. on 28 June 2024 at Ship Canal House, 98 King Street, Manchester M2 4WU, and at any adjournment of that meeting.

I/We request such proxy to vote on the following resolutions in the manner specified below (see note 3).

Resolutions	For	Against	Withheld
1. To receive the company's annual accounts for the financial year ended 31 December 2023.			
2. To authorise the Directors to declare a final dividend.			
3. To re-elect Richard Logan as a Director.			
4. To reappoint RSM Audit UK LLP as auditors.			
5. To authorise the Directors to determine the remuneration of the auditors.			
6. To authorise the Directors to allot securities pursuant to section 551 of the Companies Act 2006.			
7. To authorise the Directors to allot new securities in lieu of cash dividends.			
8. To authorise the Directors' remuneration report.			
9. To authorise the Directors to allot securities pursuant to section 570 of the Companies Act 2006 and disapply pre-emption rights on equity issues for cash.			
10. To authorise the Directors to allot securities pursuant to section 570 of the Companies Act 2006 and disapply pre-emptions rights on equity issues for the purpose of financing an acquisition or other capital investment.			
11. To authorise the company pursuant to section 701 of the Companies Act 2006 to make market purchases of its ordinary shares.			

Signature .... (see note 4)

Date..

Joint holders (if any) (see note 10)

Name: .... Name: ....

Name: .... Name: ....

Notes

1. If you wish to appoint someone other than the Chairman as your proxy, please insert his/her name and address, and strike out and initial the words 'the Chairman of the Annual General Meeting or'. A proxy need not be a member of the company. Appointing a proxy will not preclude you from personally attending and voting at the meeting (in substitution for your proxy vote) if you subsequently decide to do so. If no name is entered on this form, the return of this form, duly signed, will authorise the Chairman of the meeting to act as your proxy.
2. You may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please return a separate form in relation to each proxy, clearly indicating next to the name of each proxy the number and class of shares in respect of which he/she is appointed. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
3. To direct your proxy how to vote on the resolutions, please mark the appropriate box next to each resolution with an 'X'. If no voting instruction is given, your proxy will vote or abstain from voting as he/she sees fit in his/her absolute discretion in relation to each resolution and any other matter which is put before the meeting.
4. In the case of:
   4.1 an individual, this proxy form must be signed by the relevant member appointing the proxy or a duly appointed attorney on behalf of such member; and
   4.2 a corporation, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or a duly appointed attorney for the company.
5. To appoint a proxy using this form, the form must be:
   5.1 completed and signed;
   5.2 sent to the Registrars of the company, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; and
   5.3 received by the Registrars no later than 48 hours (excluding non-working days) before the time appointed for the meeting, or adjourned meeting, at which it is to be used.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(s) of that meeting, by utilising the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the company's Registrars, Equiniti (whose CREST ID is RA19), by the latest time for receipt of proxy appointments specified in note 5.3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
8. Any alteration to this proxy form must be initialled by the person in whose hand it is signed or executed.
9. If, after returning a duly completed proxy form, you wish to revoke your proxy appointment you must sign and date a notice clearly stating your intention to revoke that proxy appointment and arrive at the Registrars of the company, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, 48 hours (excluding non-working days) before the time appointed for the meeting, or adjourned meeting, at which it is to be used.
10. In the case of joint holders:
    10.1 where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted; and
    10.2 the vote of the most senior holder who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of all other joint holders.
    Seniority is determined by the order in which the names of the joint holders appear in the company's register of members in respect of the joint holding (the first-named being the most senior).
11. The right to vote at the meeting shall be determined by reference to the register of members of the company. Only those persons whose names are entered on the register of members of the company at 6:30 p.m. on 26 June 2024 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.

Directors, Secretary and advisors to the Group

Directors
Richard Logan (Non-Executive Chairman)
Mark Dickinson (Chief Executive Officer)
Paul Connor (Chief Financial Officer)
David Cockshott (Chief Operating Officer)
Peter Tracey (Non-Executive Director)
Sangita Shah (Non-Executive Director)
Dianne Walker (Non-Executive Director)

Company Secretary
Gateley Secretaries Limited

Registered office
Calder House
St Georges Park
Kirkham
Lancashire PR4 2DZ

Nominated advisor
Shore Capital and Corporate Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Joint brokers
Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Liberum Capital Limited
Ropemaker Place
Level 12
25 Ropemaker Street
London
EC2Y 9LY

Auditors
RSM UK Audit LLP
Landmark
St Peters Square
1 Oxford Street
Manchester M1 4PD

Registrars
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Company website
www.inspiredplc.co.uk

Financial PR
Alma PR
71–73 Carter Lane
London EC4V 5EQ

Notes

Notes

FSC
www.fsc.org
MIX
Paper | Supporting responsible forestry
FSC™ C014531

WORLD LAND TRUST™
www.carbonbalancedpaper.com
CBP024487

Printed by a Carbon Neutral Operation (certified: CarbonQuota) under the PAS2060 standard.

Printed on material from well-managed, FSC™ certified forests and other controlled sources. This publication was printed by an FSC™ certified printer that holds an ISO 14001 certification.

100% of the inks used are HP Indigo ElectroInk which complies with RoHS legislation and meets the chemical requirements of the Nordic Ecolabel (Nordic Swan) for printing companies, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be recycled and the remaining 1% used to generate energy.

The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land. Through protecting standing forests, under threat of clearance, carbon is locked-in, that would otherwise be released.

Designed and produced by **emperor**
Visit us at **emperor.works**

Inspired PLC
Calder House
St Georges Park
Kirkham
Lancashire PR4 2DZ

www.inspiredplc.co.uk