30 November 2022

TPXimpact Holdings PLC
("TPXimpact", "TPX", the "Company" or the "Group")

Interim Results
Results in line with the trading update made on 30 September 2022. No change to full-year guidance.

TPXimpact Holdings PLC (AIM: TPX), the technology-enabled services company focused on digital transformation, announces its interim results for the six months ended 30 September 2022.

Financial highlights:

- Revenue up 7.7% to £40.4m (H1 2022: £37.5m) and down 6.5% on a like-for-like basis
- Reported operating loss of £(3.9)m (H1 2022: operating profit of £1.3m)
- Adjusted EBITDA[1] of £1.2m (H1 2022: £5.3m)
- Adjusted EBITDA[1] margin of 3.0% (H1 2022: 14.3%)
- Reported loss before tax on continuing operations of £(4.3)m (H1 2022: profit before tax of £0.9m)
- Adjusted profit before tax on continuing operations[1] of £0.4m (H1 2022: £4.7m)
- Basic loss per share from continuing operations of (4.2)p (H1 2022: earnings per share of 0.7p)
- Diluted loss per share from continuing operations of (4.2)p (H1 2022: earnings per share of 0.7p)
- Adjusted diluted earnings[1] per share from continuing operations of 0.4p (H1 2022: 4.6p)
- Net debt[1] as at 30 September 2022 of £14.1m (31 March 2022: £10.1m)
- Strong pipeline of new business with £26m of new orders in Q2
- An interim dividend of 0.3p per share has been declared for H1 (H1 2022: 0.3p)

Operational and Impact highlights:

- 65% of revenue from public services in the period (H1 2022: 74%)
- Completed acquisitions of Peak Indicators and Swirrl. Integration into a new Data & Insights Division progressing well
- In line with the requirements to become B-Corp certified, our Articles of Association have changed so that our constitution reflects a requirement for the Directors to consider the interests of all stakeholders in the Company
- Became a founding customer of CO2.com and have offset our entire historic carbon liability
- Top ten clients generating 43% of revenue (H1 2022: 43%)

Post-period outlook:

- TPXimpact continues to trade in line with the targets announced on 30 September 2022 of full year revenues of c.£90m and Adjusted EBITDA in the range of £7.0-7.5m
- Around 85% of full year revenues (75% at the time of the AGM) are represented by committed client spend as at today's date
- £26m of new orders won in the first two months of Q3

Bjorn Conway, Chief Executive Officer, commented:

"Since joining TPX I have been impressed by the dedication and professionalism of the team as we transition the Group from a bold and disruptive start-up to a unified brand that can grow at scale. While this transition is still ongoing, I am confident that we have the experience and sector knowledge in place to navigate these challenges and continue on a strong positive growth trajectory.

"The market opportunity available to TPX remains significant with organisations across public and commercial sectors needing to adapt to the evolving market challenges and invest in digital transformation, as supported by our very healthy sales pipeline. The Board remains confident that bringing our separate businesses together

under a single TPXimpact brand is the correct strategy in the long term as we look to improve internal efficiencies and better position the Group to deliver sustainable profitable growth over the coming years.

"TPXimpact's purpose-driven culture is a key differentiator within the market and something that greatly attracted me to taking on this role. These values run through every aspect of the business and will continue to be a key motivating factor for the Group as we scale and create impactful change for our people, planet and the communities in which we work.

"Having commenced a comprehensive review of operations, I have had the pleasure of engaging with staff at many levels of the business and have been deeply impressed by the talent and commitment of our people who are truly the centre of everything we do. Once this review is complete, I look forward to engaging fully with all stakeholders and updating them on our strategic roadmap."

[1]*In measuring our performance, the financial measures that we use include those which have been derived from our reported results in order to eliminate factors which distort period-on-period comparisons. These are considered non-GAAP financial measures, and include measures such as like-for-like revenue, adjusted EBITDA and net debt. All are defined in note 8.*

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About TPXimpact

TPXimpact exists to transform the organisations, services and systems that underpin society and that drive business success. It applies strategic and creative thinking, technology, innovative design and user-centred approaches to bring about numerous improvements which together multiply the impact of change.

The Company works closely with its clients in agile, multidisciplinary teams that span organisational design, technology, and digital experiences. It shares a deep understanding of people and behaviours and a philosophy of putting people and communities at the heart of every transformation.

The business is being increasingly recognised as a leading alternative digital transformation provider to the UK public services sector, with c.65% of its client base representing the public sector and c.35% representing the commercial sector.

More information is available at www.tpximpact.com .

Chairman's statement

As previously reported on 30 September 2022, the first half of the year was a challenging one largely because of the impact of strategically important changes we had started to implement within the Group. Nevertheless, we feel that these changes needed to be made in order to transform our structure and evolve the leadership of the Group in order to position it for long-term and scalable growth.

First half trading was in-line with our update at the time of the AGM, with H1 revenues of £40.4m and Adjusted EBITDA of £1.2m, with revenues in H1 being approximately 45% of our expectation for the full year. Our confidence in the business, balance sheet and outlook is highlighted in our decision to recommend an interim dividend of 0.3p per share (H1 2022: 0.3p).

We have been committed to building a business capable of scaling beyond being a portfolio of founder-led companies. This required sufficient resource to enable strong top-line growth in both the short and long-term which has primarily involved investment in talent through a central sales, growth and bid management team, as well as increased spending in marketing initiatives. As the first half progressed, it became evident that the pace of change had led to some internal inefficiencies. This resulted in a Q1 order book lower than expected, impacting revenues in Q2 and, as a result, we took action to reposition the sales, growth and bid management team into the specific divisions (largely the Consulting division) in order to bring them closer to the account management and delivery teams driving ongoing revenue and compelling solutions. This impacted gross margins and, together with the investments we made, had a negative impact on reported profit in H1.

I am pleased to report that, post the half-year end, the Group is on track and performing as we thought it would. We are continuing to implement the programme in a measured way and sales activity, client engagement and order book growth have all been encouraging. The pipeline of opportunity remains very strong with a healthy mix across both the public and private sectors.

We re-confirm the previously announced FY23 financial targets of c.£90m of revenue and an Adjusted EBITDA of £7.0-7.5m. This is supported by the continuing trend of winning new business in the eight weeks since the AGM with contracts secured with a total value of £26m. I am also encouraged to note that around 85% of full year forecast revenues (75% at the time of the AGM) are represented by committed client spend as at today's date.

The Board remains of the view that the integration of the separate businesses that form the Group is the correct strategy so as to enable long-term, sustainable growth and the sales, growth and bid team are an intrinsic part of this strategy. This is strategically the most effective way in which to address the market and leverage the depth of expertise and talent. Alongside this, we are committed to making further investments in talent to enhance the Group's back-office (including finance, HR, and IT) to support the Group's continued expansion and growth. This is balanced against delivering on our financial targets for FY23 and beyond.

I would like to thank all of our colleagues at TPX who have worked tirelessly over the last few months to support the implementation of strategic vision and their willingness to embrace operational change without losing their entrepreneurial ambition or their focus on delivering on the fantastic long-term growth potential in-front of us. We remain a Group with strong capability and track record in digital transformation, with highly knowledgeable and experienced delivery teams, offering a wide range of leading capabilities and supported by access to major public sector framework agreements and a growing presence in the private sector.

As part of the operational changes to support the Group's growth, we announced at the AGM that Neal Gandhi and Oliver Rigby, co-founders & CEO and CFO respectively, would step down from their executive roles and day-to-day activities with effect as of 1 October 2022. There has been a natural evolution for the business, from the bold and disruptive mindset required in founding and building the Group to a more mature and structured business with the ambition to bid for and win larger contracts and deliver sustainable margins. Neal and Olly demonstrated exceptional self-awareness in recognising that a different type of leadership was required for the Group to achieve its full potential.

Bjorn Conway joined the Group as CEO on 1 October 2022. Between 2011 and 2016, Bjorn led EY's UK Government and Public Sector team operating across central government, local government, health and infrastructure. That business doubled in size over 5 years and was EY UKI's largest market segment. Since then, Bjorn has concentrated on building a number of private businesses, with a focus on digital transformation.

Steve Winters, previously Deputy Group CFO, became Group CFO on 1 October 2022. Steve joined in April 2022 on an interim basis and has been heavily involved in the transformation of the divisional and central finance teams, as well as expanding the quarterly re-forecasting and management reporting process. Both Bjorn and Steve have worked hard over the last few weeks to meet colleagues, review the strategy and identify further internal and external opportunities and we look forward to reporting on this over the next few months.

The digital transformation market in the UK, in both the public and private sectors, remains vibrant and attractive, with plenty of long-term potential for continued growth. As expected, we have seen some delays in commencing programmes given the political backdrop. However, demand remains very high as digital transformation continues to be a business priority. We have improving systems and order book management, increasingly optimised teams and a clear market proposition. With a strong pipeline for FY23, our targets remain unchanged.

Mark Smith

Chairman, TPXimpact

Business Review

Strategy

TPXimpact's core strategy remains focused on developing the Company to be a leading provider of digital transformation to public and commercial organisations. Delivery against our targets and wider strategy will play a pivotal role in stabilising the business and positioning TPX for scalable growth while providing value for both our customers and investors.

Performance against growth strategy

Key to TPX's strategy is the continued execution of public and commercial sector contract wins and the Group is pleased to report new agreements during the period with organisations including the Department for International Trade (DIT), Care Quality Commission, Historic Environment Scotland, Digital Health & Care Wales and Transport for Wales.

In the commercial sector, TPX is also currently delivering a number of projects for Legal and General, providing technical capabilities and expertise across Data, DevOps, and cloud migration in collaboration with in-house teams. TPX has built modelling solutions faster and more efficiently, which, in turn, seek to increase LGRI (Legal & General Retail Investment)'s market competitiveness for new business.

Within the public sector, we worked with the Thinkuknow team at the National Crime Agency to create a safe online environment for children aged 4-7 years. Their primary objective was to promote understanding with this age group that if anything online made them feel scared, worried or sad, they should tell a trusted adult. Through gamification and positive reinforcement, the team were able to launch a new website that used familiar and welcoming characters to deliver content that enables difficult conversations between young children and trusted adults.

Consolidation under TPXimpact

The Board remains confident that continuing with brand consolidation is the correct strategy and will maintain investment in operational efficiencies.

During the period, TPX has continued to progress its internal change programme with the appointment of an internal communications team to help improve company culture and ensure the brand is being expanded throughout the teams across the UK and further afield. Moreover, the new shared operations team created during the period which includes IT, Legal, Commercial & Compliance exemplifies the investments being made in the back office to create the foundations to grow at scale.

The Company has furthered its operational rigour by cementing its divisional structure. TPX now operates through three core divisions; Consultancy, Digital Experience (DX) and International, and is establishing a Data & Insight division. The divisional structure positions TPX for scalable growth.

Our purpose in action (ESG)

Purpose remains core to the business, the Board and management team are committed to continuing to make a meaningful impact to our people, planet and communities through our work. These values are a key differentiating factor for TPX and run through every facet of the business. Most recently the amendments to TPX's Articles of Association enshrine purpose at the very core of governance. TPXimpact and the Board are now accountable to all stakeholders, as well as our shareholders.

In the first half of this year, we launched the fifth edition of our flagship programme, Future Leaders, which is designed to support young entrepreneurs from underrepresented backgrounds through funding, coaching, professional development training and networking. This edition built upon the previous foundations set by the other cohorts, by extending the programme from three to six months. This enabled TPX to provide a greater level of support and coaching to the five young entrepreneurs, who all successfully graduated the programme post-period end.

Market update

The underlying trends in the UK digital transformation market remain strong and, as TPX continues to invest in its internal efficiencies and service offering, the Board is confident that it can take advantage of the increasing opportunity within the sector with total spending on digital transformation programmes forecast to grow consistently over the next few years.

TechMarketView* estimates that the UK public sector software and IT services (SITS) sector will be worth £17.6bn by 2025, a £3.4bn increase from 2021, as companies invest in their digital transformation to optimise internal operational efficiencies and combat the rising costs associated with inflation.

In the public sector, central government and healthcare are forecast* to be the most resilient areas and both are strategic priorities for the Group, playing to TPX's strengths.

Most importantly, the market continues to move away from heritage solutions in favour of more efficient new offerings. This year we saw the weighting move past 50% for the first time and, by 2025, the market is expected to represent 67.5% of spending in favour of new technologies. With Central and Local Government predicted to be the strongest subsectors of the SITS market, growing at a CAGR of 14.9% and 15.5% respectively, TPX is perfectly positioned to help the public sector transition over this period.
*Source: TechMarketView, Public Sector: SITS Suppliers, Trends & Forecasts, 2022

Financial Review

The interim results for the six months ended 30 September 2022 reflect the impact of a number of strategic initiatives (primarily investments in people) that will position the business for future growth in the medium- and long-term. The timing of these initiatives, however, coincided with a period of challenge in respect of revenue growth, which had a short-term effect on profitability in the first half. These results are in line with management's projections for the first half, as announced in the AGM trading update on 30 September 2022.

Prior period comparatives have been restated to exclude the results of Greenshoot Labs Limited, which was disposed of in May 2022.

Reported revenues were up 7.7% to £40.4m in the first half, reflecting the contribution of acquisitions in the last twelve months, including Peak Indicators Limited and Swirrl IT Limited both of which completed in April 2022, and RedCortex Limited which completed in December 2021. The performance of these new members of the TPXimpact family was very encouraging in the first half, with all of them showing double-digit like-for-like revenue growth.

For the Group as a whole, revenues were down 6.5% in the first half of the year on a like-for-like basis. This compares with a very strong rate of like-for-like growth of 21% for the corresponding period last year, providing a tough comparison. A number of factors contributed to this performance, including a lower-than-normal order book in certain parts of the business as they entered this financial year and delays in implementing projects that had been awarded to the Group, which especially impacted the second quarter. Sequentially, like-for-like revenue fell by 1.6% in Q1 and 11.2% in Q2.

New business wins of £26m in the first two months of Q3, on top of £26m in Q2, should provide a solid foundation for growth in the second half of the year. Backlog or committed revenue represents around 85% of our full year projected revenues. Public sector client revenues now represent 65% of revenues (74% for the same period last year).

Gross profit of £10.5m was down 11.2% from £11.8m on a reported basis and down 20.5% on a like-for-like basis. Cost of sales were £29.9m in the first half, an increase of 16.5% on a reported basis and a decrease of 0.4% on a like-for-like basis, again reflecting the impact of acquisitions on the first half. Gross margins therefore reduced to 26.0% in the first half from 31.5% for the same period last year, and from 30.5% on a like-for-like basis. As announced on 30 September 2022, we expect gross margins to recover to around 30% for the full year.

The Group continually assesses the appropriate mix of permanent headcount and contractors within cost of sales, with a view to optimising efficiency in servicing the needs of our clients. In the first half, however, this efficiency was more challenging to achieve due to client delays in implementing projects, which impacted utilisation rates, particularly in our Consulting division, which represents 40% of Group revenues.

Further, a new benefits package for permanent staff was introduced in April 2022, which included increases in holiday entitlements, pensions and other benefits. This coincided with the effect of the salary reviews conducted in March 2022, which taken together, impacted gross margins. Nevertheless, management remain committed to offering our staff a highly attractive benefits package as one of a number of measures to attract and retain talent and differentiate TPXimpact as an employer which truly values the contribution and well-being of our staff.

We expect the current, healthy order book, combined with a continued focus on capacity and utilisation, should lead to an improvement in utilisation rates and gross margins in the second half.

The Group made an operating loss of £(3.9)m in the first half on a reported basis, against an operating profit of £1.3m for the same period last year. This reflects the £1.3m reduction in gross profit explained above, as well as the effect of administrative costs increasing to £14.5m from £10.6m last year.

The increase in administrative costs includes a continuing investment in talent, together with sales, bid management and marketing initiatives, to support a long-term growth strategy that will benefit the top-line. In total, Group headcount of 713 people (on an FTE basis) at 30 September 2022 compares with 659 people at 31 March 2022, an increase of 8% on a like-for-like basis. Including contractors, the Group's aggregate workforce is around 1,000 people.

Administrative costs also include £1.3m of restructuring costs (compared with £0.1m for the first half and £1.8m in the second half of last year) associated with integration and restructuring actions taken in the first six months of this financial year.

Adjusted EBITDA of £1.2m in the first half compares with £5.3m for the same period last year, representing a margin of 3.0% against 14.3%. A reconciliation of Operating profit to Adjusted EBITDA is provided in Note 8 to the unaudited interim results.

The Group made a reported loss before tax on continuing operations of £(4.3)m in the first half of the year, compared with a profit of £0.9m for the prior period, and an adjusted profit before tax on continuing operations of £0.4m (£4.7m profit for the first half of last year). Finance costs in the first half of £0.4m were flat on last year.

Adjusted profit after tax on continuing operations was £0.4m (compared with an adjusted profit after tax of £3.9m last year).

The disposal of Greenshoot Labs gave rise to a gain on disposal of £1.5m which has been included in the income statement within income from discontinued operations.

Reported diluted earnings per share from continuing operations for the first half was a loss of (4.2) pence per share (compared with earnings of 0.7 pence per share in the first half of last year), reflecting the decrease in profitability in the period. On an adjusted basis, diluted earnings per share on continuing operations was 0.4 pence per share (compared with 4.6 pence per share in the first half of last year).

The Board is declaring an interim dividend of 0.3 pence per share (H1 2022 0.3 pence per share). The record date for the interim dividend is 20 January 2023 and the dividend will be payable on 28 January 2023.

Cash flow and Net Debt

Net debt (excluding lease liabilities) at 30 September 2022 was £14.1m compared with £10.1m at 31 March 2022. The net debt to Adjusted EBITDA ratio was 1.7x at 30 September 2022 (based on a rolling 12-month Adjusted EBITDA), which is well within the Group's banking covenant of 2.5x, although higher than the Group's historical objective of 1.5x. Interest cover of 12x (also based on a rolling 12-month Adjusted EBITDA) is comfortably above the Group's banking covenant of 4.0x.

The movement in net debt in the first six months of the year of £4.0m includes £1.8m cash paid for acquisitions (net of cash acquired), £0.2m of net working capital outflows, £0.4m of capital expenditure (including intangible assets), £0.3m of share repurchases into the Group's EBT, and £0.7m of finance costs/taxation paid.

The Group is very focused on improving cash flow and working capital management and a number of initiatives are underway in these areas which, when combined with the expected improvement in operating performance in the second half, should lead to an improved net debt position by year-end.

Current trading and Outlook

In October, our recent acquisitions continued to show significant growth, whilst the rest of the business encountered similar challenges to Q2. New business continues to be strong with £26m of new orders won in the first eight weeks of Q3, and a very healthy pipeline of new projects in which the Group is actively participating.

In the AGM trading statement released on 30th September, the Group indicated full year revenues of c. £90m and Adjusted EBITDA in the range of £7.0-7.5m. We have subsequently refreshed our reforecast for the balance of year, incorporating October's results and the impact of recent wins, and concluded our outlook will remain unchanged. Committed revenue now represents around 85% of the total c. £90m forecast. Through new tools and processes, we also have greater visibility over capacity and utilisation than earlier in the year, which means we are now more able to manage our cost base effectively as we progress through the remainder of the financial year.

We also reiterate our preliminary guidance with regard to next year: like-for-like revenue growth of 10-15% and an Adjusted EBITDA margin of around 12%. We continue to believe the digital transformation market in the UK – in both the public and private sectors – remains attractive, with plenty of potential for continued growth, and that the Group is well-placed to take advantage of these trends.

Steve Winters

CFO, TPXimpact

Consolidated Income Statement

For the six months ended 30 September 2022

		Unaudited 6 months to 30 September 2022	Unaudited 6 months to 30 September 2021[1]	Audited Year ended 30 March 2022
		£'000	£'000	£'000
Revenue		40,363	37,460	79,709
Cost of sales		(29,886)	(25,656)	(55,341)
Gross profit		**10,477**	**11,804**	**24,368**
Administrative expenses		(14,506)	(10,580)	(21,738)
Other income		93	52	579
Operating (loss)/profit		**(3,936)**	**1,276**	**3,209**
Finance costs		(388)	(393)	(683)
(Loss)/profit before tax on continuing operations		**(4,324)**	**883**	**2,526**
Taxation		510	(282)	(1,706)
(Loss)/profit after tax on continuing operations		**(3,814)**	**601**	**820**
Profit/(loss) after tax on discontinued operations		1,334	(323)	(723)
Net (loss)/profit		**(2,480)**	**278**	**97**
Other comprehensive income/(loss):				
Exchange difference on translation of foreign operations		91	(82)	(226)
Total comprehensive (loss)/income for the period		**(2,389)**	**196**	**(129)**
Earnings per share from continuing and discontinued operations				
Basic (p)	7	(2.7p)	0.3p	0.2p
Fully diluted (p)	7	(2.7p)	0.3p	0.1p
Earnings per share from continuing operations				
Basic (p)	7	(4.2p)	0.7p	1.0p
Fully diluted (p)	7	(4.2p)	0.7p	0.9p

[1] Prior period figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in note 3.

Consolidated Statement of Financial Position

At 30 September 2022

	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	Audited 31 March 2022 £'000
Non-current assets			
Goodwill	68,493	56,616	66,157
Intangible assets	29,041	28,412	28,493
Property, plant and equipment	544	292	297
Right of use assets	1,168	263	1,293
Other investments	2,188	-	-
Deferred tax assets	54	30	47
Total non-current assets	**101,488**	**85,613**	**96,287**
Current assets			
Trade and other receivables	14,058	11,135	16,924
Contract assets	2,894	2,832	3,840
Cash and cash equivalents	6,199	10,413	7,914
Total current assets	**23,151**	**24,380**	**28,678**
Assets held for sale	-	-	708
Total assets	**124,639**	**109,993**	**125,673**
Current liabilities			
Trade and other payables	(6,882)	(6,218)	(7,718)
Contract liabilities	(2,368)	(1,620)	(4,536)
Other taxes and social security costs	(2,984)	(3,807)	(4,160)
Corporate tax liability	(1,077)	(1,209)	(1,214)
Deferred and contingent consideration	(717)	(7,775)	(3,173)
Lease liabilities	(378)	(271)	(416)
Borrowings	(69)	(53)	(20)
Total current liabilities	**(14,475)**	**(20,953)**	**(21,237)**
Liabilities directly associated with assets held for sale	-	-	(103)
Non-current liabilities			
Deferred tax liabilities	(6,769)	(4,643)	(6,696)
Deferred and contingent consideration	-	(630)	(198)
Provisions	-	(76)	-
Borrowings	(20,270)	(13,000)	(18,000)
Lease liabilities	(881)	(77)	(878)
Total non-current liabilities	**(27,920)**	**(18,426)**	**(25,772)**
Total liabilities	**(42,395)**	**(39,379)**	**(47,112)**
Net assets	**82,244**	**70,614**	**78,561**
Equity			
Share capital	912	848	874
Own shares	(688)	-	(356)
Share premium	6,530	6,253	6,449
Merger reserve	85,095	70,231	78,705
Capital redemption reserve	15	5	15

Other reserves	983	906	997
Retained earnings	(10,603)	(7,629)	(8,123)
Total equity	**82,244**	**70,614**	**78,561**

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Own shares	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	874	6,449	78,705	15	(356)	997	(8,123)	78,561
Loss for the period	-	-	-	-	-	-	(2,480)	(2,480)
Exchange differences on translation of foreign operations	-	-	-	-	-	91	-	91
Transactions with owners								
Shares issued	38	81	6,390	-	(81)	-	-	6,428
Share-based payments	-	-	-	-	-	(105)	-	(105)
Own shares purchased by EBT	-	-	-	-	(251)	-	-	(251)
At 30 September 2022 (Unaudited)	**912**	**6,530**	**85,095**	**15**	**(688)**	**983**	**(10,603)**	**82,244**

For the year ended 31 March 2022

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Own shares	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2021	804	5,691	60,926	5	-	796	(7,568)	60,654
Profit for the period	-	-	-	-	-	-	278	278
Exchange differences on translation of foreign operations	-	-	-	-	-	(82)	-	(82)
Transactions with owners								
Shares issued	44	61	9,305	-	-	-	-	9,410
Dividends paid	-	-	-	-	-	-	(339)	(339)
Share-based payments	-	-	-	-	-	192	-	192
Share options exercised	-	501	-	-	-	-	-	501
At 30 September 2021 (Unaudited)	**848**	**6,253**	**70,231**	**5**	**-**	**906**	**(7,629)**	**70,614**
Loss for the period	-	-	-	-	-	-	(181)	(181)
Exchange differences on translation of foreign operations	-	-	-	-	-	(144)	-	(144)
Transactions with owners								
Shares issued	36	196	8,474	-	(257)	-	-	8,449
Share cancellations	(10)	-	-	10	-	-	-	-
Dividends paid	-	-	-	-	-	-	(264)	(264)
Other adjustments	-	-	-	-	-	-	(49)	(49)
Share-based payments	-	-	-	-	-	235	-	235
Own shares purchased by EBT	-	-	-	-	(99)	-	-	(99)
At 31 March 2022 (Audited)	**874**	**6,449**	**78,705**	**15**	**(356)**	**997**	**(8,123)**	**78,561**

Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

	Unaudited 6 months to 30 September 2022[1] £'000	Unaudited 6 months to 30 September 2021[1] £'000	Audited Year ended 31 March 2022 £'000
Cash flows from operating activities:			
(Loss)/profit before taxation on total operations	(2,990)	559	1,764
Adjustments for:			
Depreciation	359	295	584
Amortisation of intangible assets	3,215	2,553	5,347
Share-based payments	(105)	192	427
Foreign exchange gains	(2)	(27)	(292)
Finance expense	388	393	683
Loss/(gain) from fair value movement in contingent consideration	148	688	(152)
Loss on disposal of property, plant and equipment	-	-	4
Gain on sale of discontinued operations	(1,474)	-	-
Working capital adjustments:			
Decrease/(increase) in trade and other receivables	5,068	2,262	(3,754)
(Decrease)/increase in trade and other payables	(5,277)	(1,959)	3,488
Net cash (used in)/generated from operations	(670)	4,956	8,099
Tax (paid)/received	(350)	87	(921)
Net operating cash (used in)/generated from continuing operating activities	(1,020)	5,043	7,178
Net cash used in discontinued operating activities	-	-	(563)
Net operating cash flows from total operations	(1,020)	5,043	6,615
Cash flows from investing activities:			
Net cash (paid)/received on acquisition of subsidiaries	(1,787)	658	(6,840)
Deferred consideration payment	-	(467)	(467)
Purchase of property, plant and equipment	(154)	(105)	(249)
Additions to intangibles	(269)	(183)	(292)
Proceeds from sale of property, plant and equipment	-	-	6
Net cash used in investing activities from continuing operations	(2,210)	(97)	(7,842)
Net cash used in investing in discontinued operations	-	-	(165)

Net cash used in investing activities for total operations	(2,210)	(97)	(8,007)
Cash flows from financing activities:			
New borrowings	2,300	-	5,000
Proceeds from exercise of share options	-	501	501
Purchase of own shares	(251)	-	(99)
Payment of lease liabilities	(193)	(41)	(362)
Finance costs	(380)	(390)	(683)
Dividends paid	-	(339)	(603)
Net cash generated from/(used in) financing activities	1,476	(269)	3,754
Net (decrease)/increase in cash and cash equivalents	(1,754)	4,677	2,362
Cash and cash equivalents at beginning of the period	7,914	5,734	5,734
Effect of exchange rate fluctuations on cash held	39	2	(148)
Cash from discontinued operations	-	-	(34)
Cash and cash equivalents at end of the period	6,199	10,413	7,914
Comprising:			
Cash at bank and in hand	6,099	10,413	7,864
Cash held by trust	100	-	50
Cash and cash equivalents at end of the period	6,199	10,413	7,914

[1] The cash flows of discontinued operations are immaterial to the Consolidated Statement of Cash Flows and so have not been presented separately for the current or previous financial period.

Notes to the Consolidated Financial Statements

1. General information

TPXimpact Holdings plc is a public limited company incorporated in England and Wales under the Companies Act 2006 with registered number 10533096. The Company's shares are publicly traded on AIM, part of the London Stock Exchange.

The address of the registered office is 7 Savoy Court, London, England, WC2R 0EX. The principal activity of the Group is the provision of digitally native technology services to clients within the commercial, government and non-government organisation (NGO) sectors.

The interim financial information is unaudited.

2. Basis of preparation

The Group has not applied IAS 34 Interim Financial Reporting, which is not mandatory for UK AIM listed companies, in the preparation of this half-yearly report.

The consolidated interim financial information for the six months ended 30 September 2022 does not, therefore, comply with all the requirements of IAS 34 Interim Financial Reporting. The consolidation interim financial information should be read in conjunction with the annual financial statements of TPXimpact Holdings plc for the year ended 31 March 2022, which have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) in conformity with the Companies Act 2006 and the AIM rules for Companies.

This consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 20096. Statutory accounts for the year ended 31 March 2022 were approved by the Board of directors on and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain any statement under sections 498 (2) or (3) of the Companies Act 2006.

The interim financial statements are presented in pound sterling (GBP), which is the functional currency of the parent company.

3. Basis of consolidation

These interim consolidated financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 September 2022. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control may cease. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The Group disposed of its subsidiary Greenshoot Labs Limited ('GSL') on 24 May 2022 to OpenDialog AI Limited (ODAL). Consideration of £2,187,500 was received through the allotment and issue of ordinary shares by ODAL and is presented as an "Other investment" on the Group's consolidated statement of financial position. The operations of GSL is presented as discontinued operations with the comparatives and related notes restated accordingly. The disposal generated a gain of £1.5 million included in the profit after tax on discontinued operations in the six months ended 30 September 2022.

4. Accounting policies

The accounting policies used in the preparation of the interim consolidated financial information for the six months ended 30 September 2022 are in accordance with the recognition and measurement criteria of IFRS and are consistent with those which were adopted in the annual statutory financial statements for the year ended 31 March 2022.

5. Business combinations

On 6 April 2022, the Group acquired the entire issued share capital of Swirrl IT Limited (“Swirrl”), a software and services business.

On 7 April 2022, the Group acquired the entire issued share capital of Peak Indicators Limited (“Peak”), a visionary data science and analytics consultancy offering services such as analytics, data engineering and data science.

The Group has performed an initial review of Peak and Swirrl’s assets and liabilities which have been included in this set of interim accounts. The Group is currently obtaining the information necessary to finalise its valuation which will be updated within its next published financial statements.

6. Borrowings

In July 2022 HSBC extended their revolving credit facility with the Group to £30 million with a £15 million accordion. The new facility is a sustainability-linked revolving credit facility that incorporates targets which align with the Group’s long-term ESG objectives.

7. Earnings per share

	6 months to 30 September 2022 Number of shares '000	6 months to 30 September 2021 Number of shares '000	Year ended 31 March 2021 Number of shares '000
Weighted average number of shares for calculating basic earnings per share	91,426	83,655	86,211
Weighted average number of dilutive shares	990	1,863	1,768
Weighted average number of shares for calculating diluted earnings per share	92,416	85,518	87,979

	6 months to 30 September 2022 £'000	6 months to 30 September 2021 £'000	Year ended 31 March 2022 £'000
(Loss)/profit after tax on continuing operations	(3,814)	601	820
Profit/(loss) after tax on discontinued operations	1,334	(323)	(723)
(Loss)/profit after tax on total operations	(2,480)	278	97
Adjusted profit after tax on continuing operations[1]	379	3,909	9,951

Earnings per share is calculated as follows:

	6 months to 30 September 2022	6 months to 30 September 2021	Year ended 31 March 2022
Basic earnings per share			
Basic earnings per share on continuing operations	(4.2p)	0.7p	1.0p
Basic earnings per share on discontinued operations	1.5p	(0.4p)	(0.8p)
Basic earnings per share on total operations	(2.7p)	0.3p	0.2p
Adjusted basic earnings per share on continuing operations	0.4p	4.7p	11.5p
Diluted earnings per share			
Diluted earnings per share on continuing operations[2]	(4.2p)	0.7p	0.9p
Diluted earnings per share on discontinued operations[2]	1.5p	(0.4p)	(0.8p)
Diluted earnings per share on total operations[2]	(2.7p)	0.3p	0.1p
Adjusted diluted earnings per share on continuing operations	0.4p	4.6p	11.3p

[1] Adjusted profit after tax on continuing operations is defined in note 8.

[2] In the six months ended 30 September 2022, the weighted average shares used in the basic EPS calculation has also been used for reported diluted EPS due to the anti-dilutive effect of the weighted average shares calculated for the reported diluted EPS calculation.

8. Alternative performance measures (unaudited)

In measuring our performance, the financial measures that we use include those which have been derived from our reported results in order to eliminate factors which distort period-on-period comparisons. These are considered non-GAAP financial measures, and include measures such as like-for-like revenue, adjusted EBITDA and net debt. We believe this information, along with comparable GAAP measurements, is useful to shareholders and analysts in providing a basis for measuring our financial performance.

Reconciliation of net debt (excluding lease liabilities):

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Cash and cash equivalents	6,199	10,413	7,914
Borrowings due within one year	(69)	(53)	(20)
Borrowings due after one year	(20,270)	(13,000)	(18,000)
Net debt	**(14,140)**	**(2,640)**	**(10,106)**

Reconciliation of operating (loss)/profit to adjusted EBITDA:

	6 months to 30 September 2022 £'000	6 months to 30 September 2021[1] £'000	Year ended 31 March 2022 £'000
Operating (loss)/profit	**(3,936)**	**1,276**	**3,209**
Amortisation of intangible assets	3,215	2,489	5,347
Depreciation	359	294	584
Loss/(gain) from fair value movement in contingent consideration	148	668	(152)
Share-based payments	(105)	192	427
Costs directly attributable to business combinations	167	350	1,013
Costs related to business restructuring	1,345	80	1,769
Adjusted EBITDA	**1,193**	**5,349**	**12,197**

[1] Prior period figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in note 3.

Reconciliation of (loss)/profit before tax to adjusted profit after tax:

	6 months to 30 September 2022 £'000	6 months to 30 September 2021[1] £'000	Year ended 31 March 2022 £'000
(Loss)/profit before tax on continuing operations	**(4,324)**	**883**	**2,526**
Amortisation of intangible assets	3,215	2,489	5,347
Loss/(gain) from fair value movement in contingent consideration	148	668	(152)
Share-based payments	(105)	192	427
Costs directly attributable to business combinations	167	350	1,013
Costs related to business restructuring	1,345	80	1,769
Adjusted profit before tax on continuing operations	**446**	**4,662**	**10,930**
Tax (excluding impact of amortisation of intangible assets)	(67)	(753)	(979)
Adjusted profit after tax on continuing operations	**379**	**3,909**	**9,951**

[1] Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in note 3.