

# Half Year Results

6 months ended 30th September 2022

# / Presentation by

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**Björn Conway**

CEO



**Steve Winters**

CFO

# Agenda

**HY23 Summary**  
Björn Conway Pg 4

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**Operational Overview**  
Björn Conway Pg 6

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**Financial & ESG**  
Steve Winters Pg 8

---

**Outlook**  
Björn Conway Pg 16

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**Q&A**  
Björn & Steve Pg 18

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# HY23 Summary

**Björn Conway**



# Summary

One TPXimpact

Revenue

£40.4m

(HY2022: £37.5m)

Adjusted EBITDA

£1.2m

(HY2022: £5.3m).

Adj diluted EPS\*

0.4p

(HY2022: 4.6p) \*from continuing operations

Net debt

£14.1m

Net debt to EBITDA Ratio  
1.7X  
(FY2022: £10.1m)

New business in Q2

£26m

First 2 months of Q3: £26m

## Workforce


Over 700 Full time employees (FTEs)

↑ 8.2%

vs FY22 on a like-for-like basis

## Ethnic minority representation

↑ 3pp to 22%

49% of our workforce are women 

Articles of Association changed to support all stakeholders 

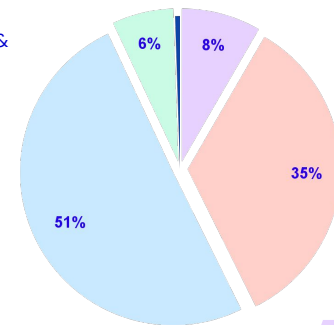
Changed to reflect the requirements of B-Corp Certification

1,253 hours donated 

to community action this half

## Sectors\*

Commercial 35%  
Government 51%  
NGO 6%  
Charities, Trusts & Foundations 8%



\*Based on HY2023 Revenues

# Operational Overview

**Björn Conway**



# Operational Overview

## Completed



- Acquisition of Peak Indicators and Swirrl
- New CEO and CFO transition (Post period end)
- New internal communications team
- New shared operations team – IT, legal, commercial & compliance
- Investment in new client services team within Consulting division
- Recruitment of Chief People Officer (Post period end)
- Articles of Association, changed to incorporate B-Corp requirements

## In progress



- Organisational health check by Bjorn And Steve
- Integration of Peak Indicators and Swirrl to form new Data & Insights division
- Operational board to oversee and manage major cross-group projects
- Increasing operational maturity within consulting and DX divisions
- Brand messaging and positioning project
- Onboarding, retention & career progression frameworks
- B-Corp certification

# Financial & ESG Results

Steve Winters





# /H1 Review

- HY23 results are in-line with our trading update on 30 September 2022 for both revenue (£40.4m) and Adjusted EBITDA (£1.2m)
- Acquisitions completed in the last twelve months are all showing double-digit revenue growth in the first half
- HY23 reflects the impact of a number of strategic initiatives (primarily investment in people) that will drive future growth
- These investments coincided with a period of challenge with respect to revenue growth (down 6.5% LFL)
- There is a fresh momentum to new business wins (£26m in Q2 and £26m in the first two months of Q3)
- The Board has declared an interim dividend of 0.3p per share, in line with HY22
- There is no change to the Outlook for the full year: revenue of c. £90m and Adjusted EBITDA of £7.0–7.5m

# Financial Results

Results in line with the trading update made on 30 September 2022, reflecting client delays on new projects and significant investment in talent.

Revenue	Gross profit*	Gross Margin	Adjusted EBITDA	Adj Profit After Tax*
<b>£40.4m</b> (HY22: £37.5m) Down 6.5% on a like-for-like basis	<b>£10.5m</b> (HY22: £11.8m)	<b>26%</b> (HY22 31.5%)	<b>£1.2m</b> (HY22: £5.3m)	<b>£0.4m</b> (HY22: £3.9m)
Adj Diluted EPS*	Net debt	EBITDA to Net debt ratio	New Business Wins	Dividend
<b>0.4p</b> (HY22: 4.6p)	<b>£14.1m</b> (FY22: £10.1m)	<b>1.7x</b> vs 2.5x Banking Covenant	<b>£26m</b> In the first two months of Q3 (Q2 £26m)	<b>0.3p</b> (HY22: 0.3p)

\*from continuing operations

# Income Statement (Statutory)

Reported revenues were up 7.7% to £40.4m in HY23, 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.

Gross profit of £10.5m was down 11.2% on a reported basis, impacted by client delays on implementing new projects and challenges on staff utilisation. An enhanced staff benefits package was also introduced in April 2022.

Administrative costs increased due to a strategic investment in new talent, combined with restructuring costs of £1.3m.

The result from discontinued operations includes a gain of £1.5m on the disposal of Greenshoot Labs in May 2022.

Income statement Continuing operations £'000	HY2023	HY2022 <sup>1</sup>	FY2022 Statutory
<b>Revenue</b>	<b>40,363</b>	<b>37,460</b>	<b>79,709</b>
Cost of sales	(29,886)	(25,656)	(55,341)
<b>Gross profit</b>	<b>10,477</b>	<b>11,804</b>	<b>24,368</b>
<b>Administrative expenses</b>	(14,506)	(10,580)	(21,738)
<b>Other income</b>	93	52	579
<b>Operating (loss)/profit</b>	<b>(3,936)</b>	<b>1,276</b>	<b>3,209</b>
Finance costs	(388)	(393)	(683)
<b>(Loss)/profit before tax on continuing operations</b>	<b>(4,324)</b>	<b>883</b>	<b>2,526</b>
Taxation	510	(282)	(1,706)
<b>(Loss)/profit after tax on continuing operations</b>	<b>(3,814)</b>	<b>601</b>	<b>820</b>
Profit/(loss) after tax on discontinued operations	1,334	(323)	(723)
<b>Net (loss)/profit</b>	<b>(2,480)</b>	<b>278</b>	<b>97</b>

<sup>1</sup> Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

# Income Statement (Adjusted)

HY23 revenues were down 6.5% on a like-for-like basis, reflecting delays in commencing projects and a lower-than-normal Q1 order book. Acquisitions completed in the last 12 months all showed double-digit like-for-like revenue growth.

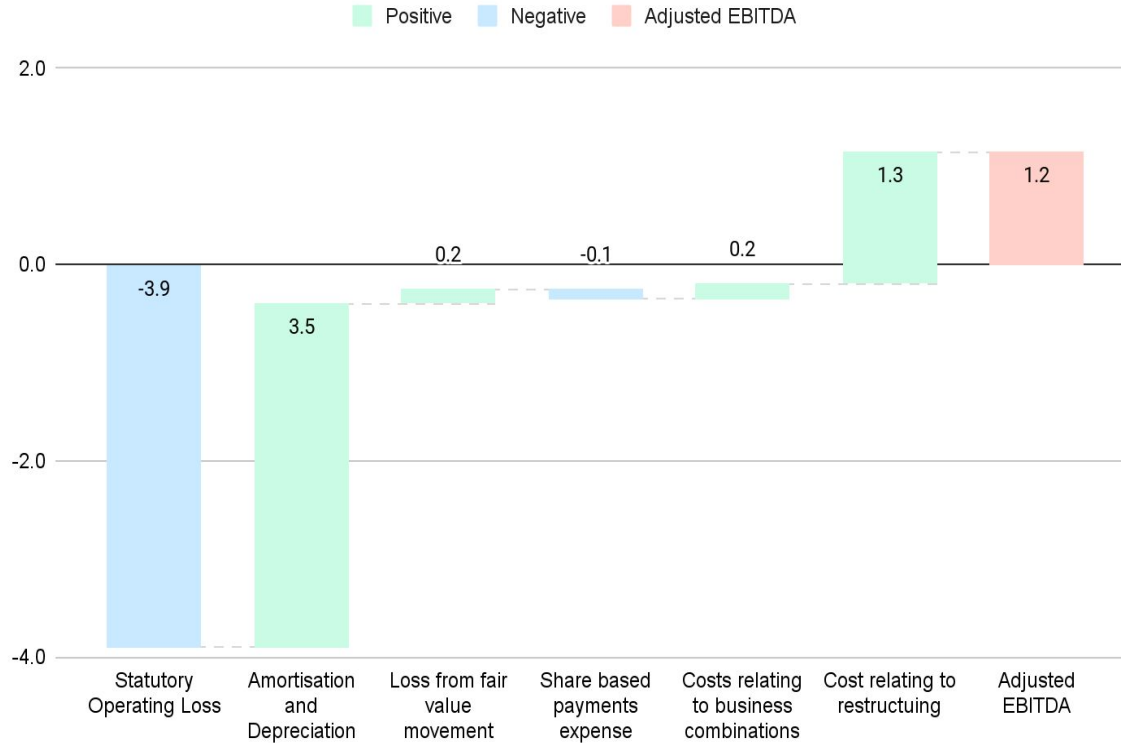
Gross margins reduced to 26.0% from 30.5% like-for-like, although we expect these to recover to around 30% for the full year, driven by strong new business wins and higher staff utilisation rates.

HY23 Adjusted EBITDA of £1.2m reflects our strategic investment in talent to deliver growth in the medium- and long-term.

Income statement (Adjusted) Continuing operations £'000	HY2023	HY2022 <sup>1</sup>	FY2022 Statutory
Revenue	40,363	37,460	79,709
Cost of sales	(29,886)	(25,656)	(55,341)
<b>Gross profit</b>	<b>10,477</b>	<b>11,804</b>	<b>24,368</b>
Administrative expenses	(9,736)	(6,801)	(13,334)
Other income	93	52	579
<b>Adj operating profit</b>	<b>834</b>	<b>5,055</b>	<b>11,613</b>
Finance costs	(388)	(393)	(683)
<b>Adjusted profit before tax on continuing operations</b>	<b>446</b>	<b>4,662</b>	<b>10,930</b>
Taxation	(67)	(753)	(979)
<b>Adjusted profit after tax on continuing operations</b>	<b>379</b>	<b>3,909</b>	<b>9,951</b>
<b>Adjusted EBITDA</b>	<b>1,193</b>	<b>5,349</b>	<b>12,197</b>

<sup>1</sup> Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

# Reconciliation of operating loss to Adj EBITDA



# Net Debt & Covenants

<b>Net Debt as at 30th September 2022</b>	<b>£14.1m</b>	<b>Bank Covenants</b>	
Adj EBITDA to net debt multiple as at 30th September 2022	1.7x	Net debt to Adj EBITDA	<2.5x
Interest cover for the 6 months to 30th September 2022	12x	Interest cover on Adj EBITDA	>4x

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.

# ESG\* in numbers

### Our people

↑ 8.2%  
to 700+  
(vs FY22  
like-for-like)

### Ethnic minority representation

↑ 3pp  
to 22%  
(FY22: 19%)

### Female representation

↑ 2pp  
to 49%  
(FY22: 47%)

### Environmental investment

£100k  
into CO2.com  
to offset our  
historical  
emissions

### Hours donated

1,253  
by 139  
volunteers

### Social Value weighting

c.10%  
on government  
contracts (Vs  
5% minimum)

## Future Leaders Spotlight

**Samuel Ola — Co-founder and Chief Product Officer of Nestwork** — has made it his mission to leverage the power of community and networks to ensure that no one’s job future is left to chance.

Nestwork is a careers social network for students. On their web app, they connect students to personalised communities of peers based on their career interests.

**“The intimacy of the Future Leaders cohort is incredible, as it enables you to build real connections with the other founders and mentors”**



Samuel Ola

\*Environmental, Social and Governance

# Outlook

Björn Conway





# Current Trading & Outlook

- October trading was consistent with Q2
- Strong momentum in new business wins – £26m in Q2 and £26m in the first two months of Q3
- Healthy pipeline of new work
- Around 85% of full year revenues (75% at the time of the AGM) are represented by committed client spend as at today's date
- Acquisitions continue to show significant growth, with the new Data & Insight division launching in January
- Overall, we observe healthy market conditions and a continued high demand for our digital transformation services

**TPXimpact is now in a better position to leverage its strengths in the market to take advantage of the increasing number of opportunities available:**

- Our primary market continues to grow at pace
- We are uniquely placed to capitalise on growing demand
- We reiterate our preliminary guidance for FY24: like-for-like revenue growth of 10-15% and Adjusted EBITDA margin of around 12%

We re-confirm our FY23 financial targets of **c.£90m** of Revenue and Adjusted EBITDA of **£7.0m - £7.5m**

TPXimpact

# Q&A

HY2023 Interim Results



# Appendix



# Earnings Per Share

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).

Adjusted diluted EPS	HY2023	HY2022	FY2022
<b>Basic earnings per share</b>			
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
<b>Diluted earnings per share</b>			
Diluted earnings per share on continuing operations	(4.2p)	0.7p	0.9p
Diluted earnings per share on discontinued operations	1.5p	(0.4p)	(0.8p)
Diluted earnings per share on total operations	(2.7p)	0.3p	0.1p
Adjusted diluted earnings per share on continuing operations	0.4p	4.6p	11.3p



# Digital Transformation

Continued demand for new technologies in a growing market

## Resilience of the UK Software and IT Services (SITS) market

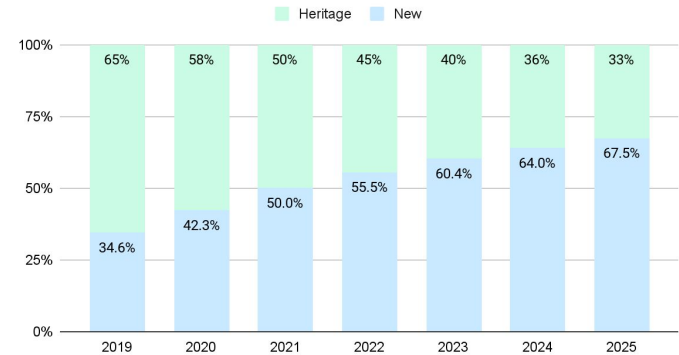
- Whilst the UK SITS market will not be immune from the worsening state of the economy, it will more resilient than other areas of the UK Market, growing faster than UK GDP from 2023 to 2025.
- In previous bear markets of 2001 and 2008 public sectors SITS was counter-cyclical to the market, and is expected to follow suit again.

## Key Statistics\*:

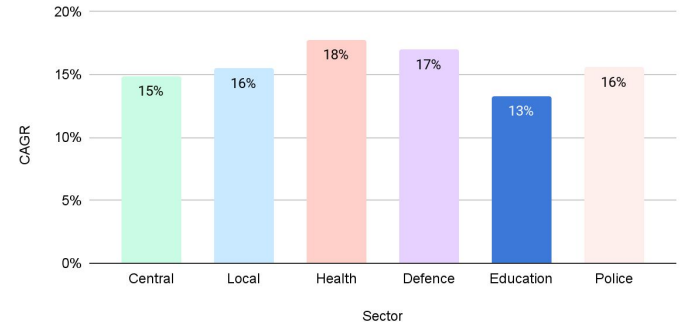
- The UK Public Sector SITS market was worth £14.1bn in 2021 and is predicted have a CAGR of 5.5%
- By 2025 the Public Sectors SITS market will be worth £17.5bn
- In 2022, spend on New (i.e., digital, platform, and cyber) is expected represent 55.5% of SITS\*\*
- Central government continues to see the strongest growth (CAGR 2021- 25: 7.4%), resulting in a central government SITS market worth £7.4bn by the end of our forecast period
- The Consulting and Solutions peak in 2021 has steadily reduced to more normal levels, however is predicted to remain the strongest growth sector over the 2021-25 forecast

\*Source: TechMarketView, Public Sector: SITS Suppliers, Trends & Forecasts  
 \*\*Source: TechMarketView, UK IT Services Market Trends & Forecasts 2022

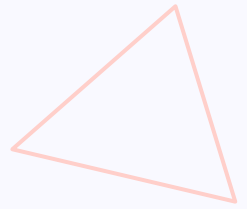
New Vs Heritage



Public sector SITS market by subsector CAGR 2021-25 – New technologies



# Our work



How we're delivering more for individuals, organisations, communities and society.

## Department for Leveling Up



We are the design partner to the funding service design team at the Department for Levelling Up.

Our design and delivery team are simplifying the digital processes and products used when local places apply for, receive, and report on central government funding.

This high-profile project has delivered real benefits to fund applicants and efficiencies to internal teams at DLUHC, with the long-term goal of creating an easy to use end-to-end service, powered by good data.

## Legal & General



We are currently delivering a number of projects within Legal and General, providing technical capability and expertise across Data, DevOps, Cloud migration in collaboration with in-house teams.

A recent success has been on Modelling Platform, which in Legal and General's words '... is a cloud-based solution designed to provide greater flexibility, scalability and technical capabilities... to build modelling solutions at a faster and more efficient way which, in turn, seeks to increase LGRIs market competitiveness for new business'.

## Child Exploitation and Online Protection Command



We worked with the Thinkuknow team at the National Crime Agency to create a safe environment for children aged 4-7.

*"From beginning to end, TPXimpact really understood our values, the messages we wanted to get across through the website and the needs of children, their parents and carers and the professionals who work with them.*

*TPXimpact's creativity really shone through and the final product completely fits the brief as a fun, engaging and educational tool for children aged 4-7."*

# Progress against ESG goals

Impact	Strategic Priority	2023 Ambitions	HY23 Progress
<b>People</b>	Close the gaps that exist in our business and wider industry	Decrease all 18 gaps that we have identified across representation, pay and inclusion for employees from underrepresented backgrounds	We have currently decreased 12 of the 18 indicators and are optimistic about our progress on 3 more before the end of the FY
<b>Planet</b>	Leave no trace	To offset our historic emissions entirely	We have recently invested £100k into CO2.com to account for our historic liability
<b>Community</b>	Equip our communities with future-proof skills	To kick-start 1,000 digital careers, reaching 1,000 unique beneficiaries through out community action and community investment programmes	1288 careers kick-started to date*

\*1 career kickstarted = an hour or more of training in a future-proof skill received by a unique beneficiary

# HY23 Progress in Closing the Gaps

	Mar 20	Mar 21	Mar 22	Sep 22	Sep 22 Gaps*	Target 2023 gap**
Overall women	47%	48%	47%	49%	1%	<3%
Senior women	39%	36%	34%	38%	12%	<11%
Overall minority ethnic	13%	13%	19%	22%	0%	<14%
Senior minority ethnic	12%	9%	8%	11%	3%	<15%
Overall Black	3%	3%	6%	7%	0%	<5%
Senior Black	0%	0%	0%	1%	2%	<8%
Mean Gender Pay Gap	16%	16%	19%	19%	19%	<16%
Median Gender Pay Gap	17%	19%	20%	19%	19%	<17%

Our 2023 goals were benchmarked from Mar 20 data

Please note that 10 of the indicators are only measured at end of year in DEI survey including inclusivity scores and data on LGBTQI and disability.



# Thank you

follow us on



Want to know more...

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**TPX**impact