

# Half Year 2022 Results



# Presentation by



**Neal Gandhi**  
CEO and Co-Founder



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CFO and Co-Founder

# Agenda

Half Year Summary

Financial and ESG Results

Operational Review

Strategy

Outlook

Q&A

# Half Year Summary

Neal Gandhi



# H1 Summary

## Financial Growth

- Excellent financial progress
- Continued growth in key markets including healthcare

## Operational Expansion

- Acquisition of Nudge Digital, expanding vertical reach
- Building out our team

## Unitary Structure

- Investment for growth
- Consolidation under TPXimpact

# Financial and ESG Results

Oliver Rigby



# Financial Results/Strong Revenue and EBITDA Growth

## Revenue

↑ 77%  
to £37.5m

(H1 2021: £21.2m)  
Organic like-for-like  
revenue growth of 21%

## Gross profit

↑ 57%  
to £11.6m

(H1 2021: £7.4m)

## Adjusted EBITDA

↑ 83%  
to £5.3m

(H1 2021: £2.9m)

## Adj EBITDA Margin

↑ 40bp  
to 14.1%

(H1 2021: 13.7%)

## Adj Profit After Tax

↑ 109%  
to £4.4m

(H1 2021: £2.1m)

## Adjusted diluted EPS

↑ 81%  
to 4.7p

(H1 2021: 2.6p)

## Cash

↑ 42%  
to £8.4m

(H1 2021: £5.9m)  
net debt of £4.7m  
£1.8m used for acquisition  
As at 31st March £7.3m

## Cash conversion

↑ 15.7%  
118%

(H1 2021: 102%)

## Total Contract Wins

↑ 116%  
to £54m

(H1 2021: £25m)

## Sales Backlog

↑ 98%  
to £34.6m

(H1 2021: £17.5m)

# Our Social Impact (ESG)

## Workforce

**837**

Total employees & associates

**7.4**<sub>/10</sub>

Employee Satisfaction

**8**<sub>/10</sub>

Confidence in leadership

## Women

**51%**

Overall representation\*  
(up 3%)

**40%**

Senior representation\*  
(remained the same)

**18%**

Mean pay gap\*  
(up 2%)

## Ethnic minorities

**17%**

Overall representation\*  
(up 4%)

**10%**

Senior representation\*  
(down 4%)

**4%**

Mean pay gap\*  
(remained the same)

## Communities

**702**

Hours donated

**£33k**

Charitable donations YTD.

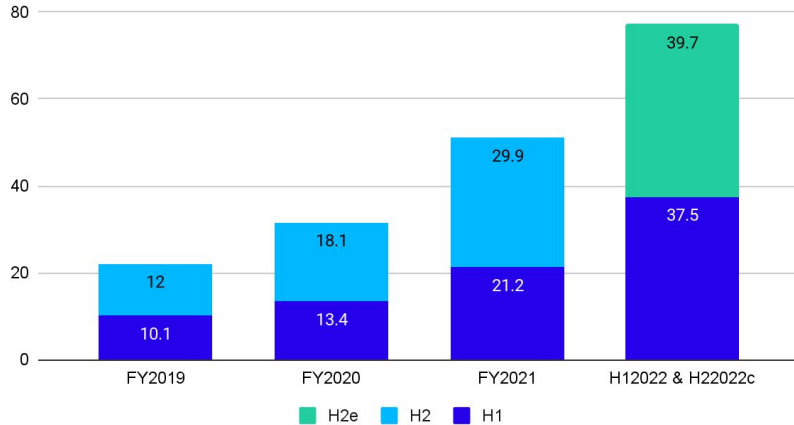
**10**

Future leaders supported  
(2x last year)



# Revenue and EBITDA Growth

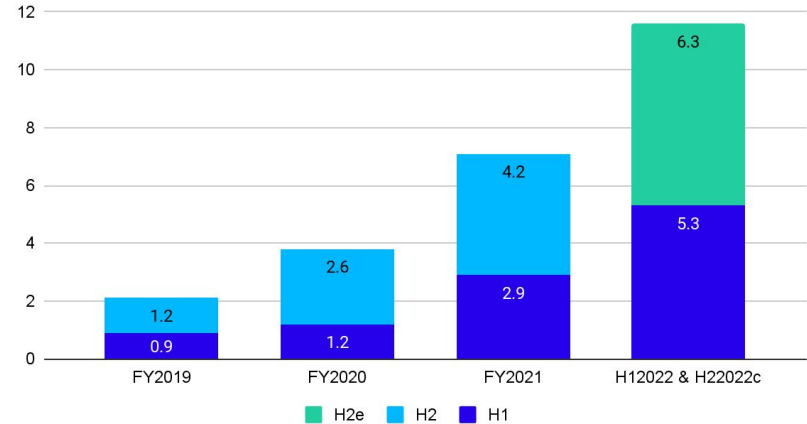
H1 and H2 Revenue Growth GBP'm



## H1 2020 vs H1 2021

- Growth of 77%
- like-for-like growth of 21%

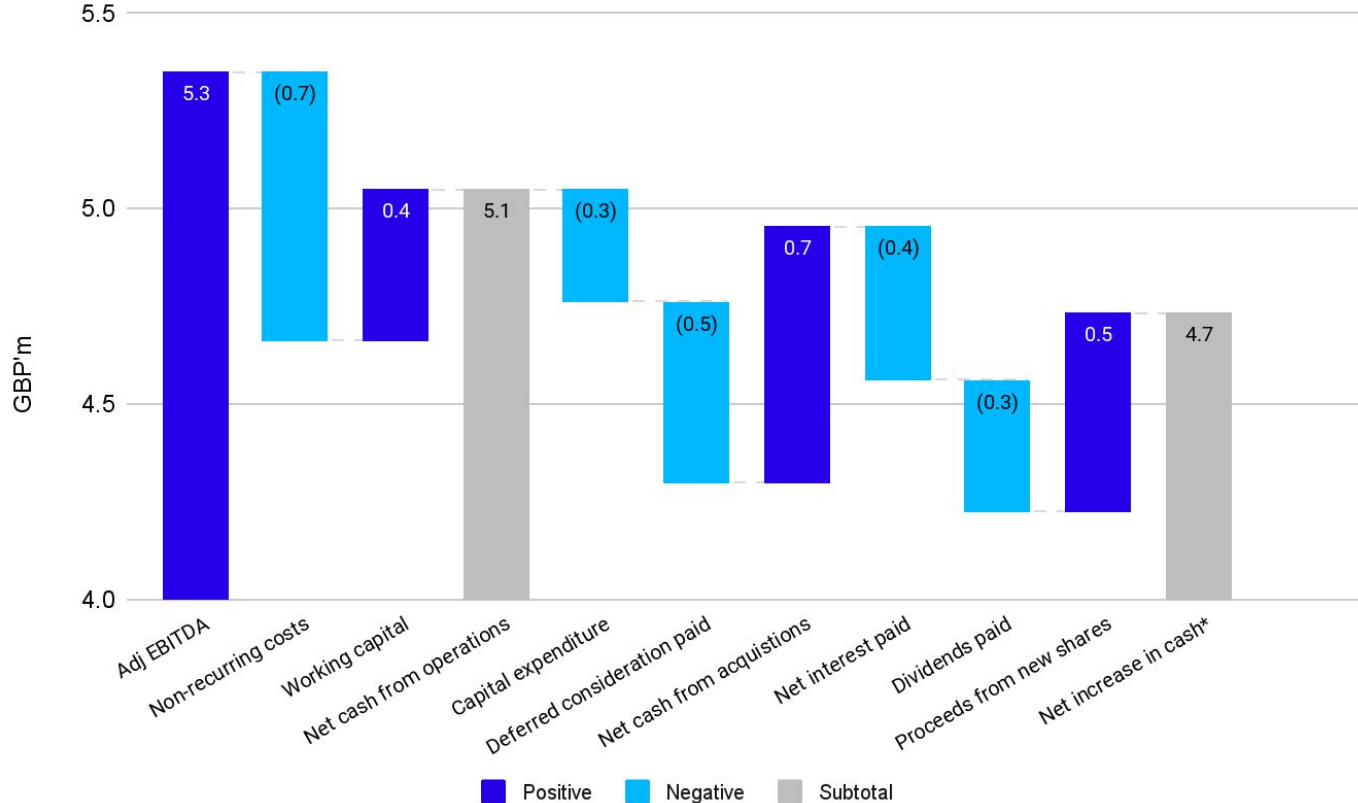
H1 and H2 EBITDA Growth GBP'm



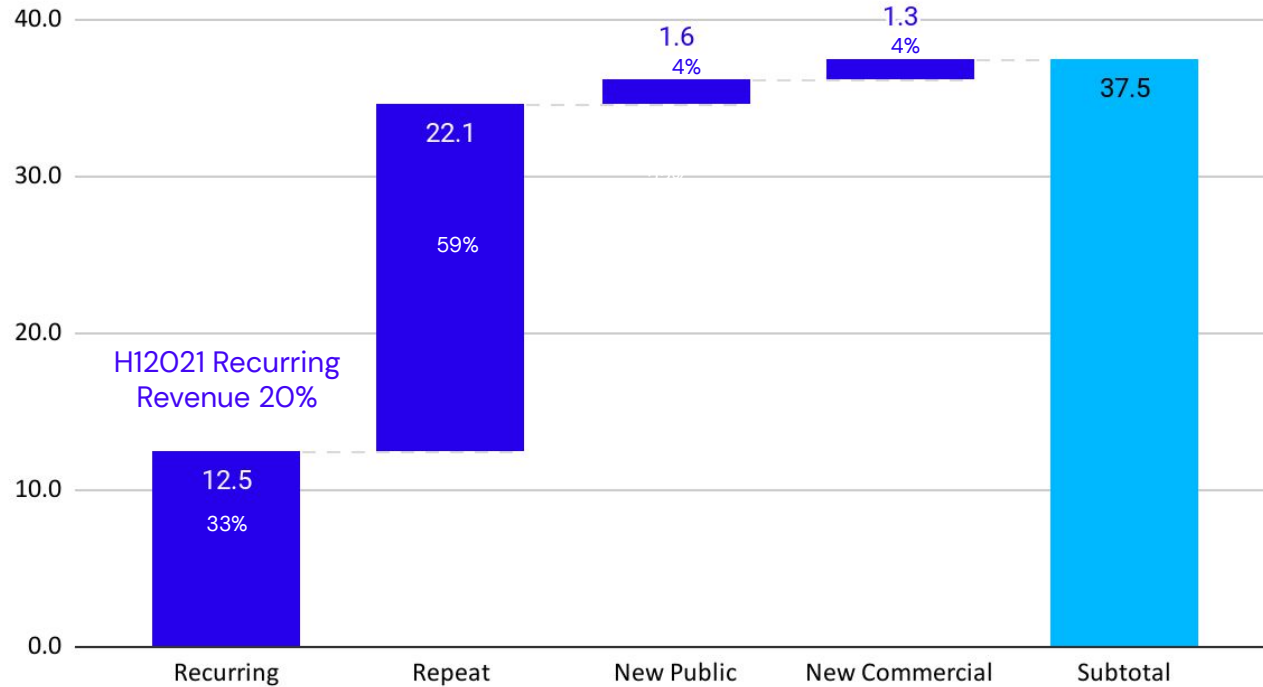
## H1 2020 vs H1 2021

- Growth of 83%

# Cash Flow



# Revenue Breakdown



# Income Statement (Statutory)

- Strong revenue growth of **77%** compared to prior year on a statutory basis and **21%** on an organic like-for-like basis
- Slight reduction in gross margin from **35%** to **31%** reflecting the very strong organic growth in the period
- Increase in amortisation relating to the full impact of the amortisation of intangibles generated from FY21 acquisitions made in FY21
- Non-recurring costs of £0.7m relates to the acquisition of Nudge Digital (£0.3m), restructuring (£0.1m) and investment in Open Dialog (£0.3m)
- Loss from movement in fair value contingent consideration mainly relates to the unwinding of the discount

Income statement £'000	H1 FY22	H1 FY21	FY2021 Statutory
Revenue	37,495	21,175	51,097
Gross Profit	11,629	7,446	16,129
Adjusted EBITDA	5,348	2,875	7,101
Depreciation and amortisation	(2,848)	(1,378)	(3,344)
Costs due to acqn, restructuring and investment in Open Dialog	(688)	(263)	(746)
Share based payments	(192)	(150)	(294)
Loss from movement in FV consideration	(668)	(2,520)	(4,260)
<b>Operating profit / (loss) before tax</b>	<b>952</b>	<b>(1,436)</b>	<b>(1,543)</b>
Net finance costs	(393)	(135)	(302)
Tax credit / (charge)	(281)	(96)	(384)
<b>Profit/(loss) after tax</b>	<b>278</b>	<b>(1,667)</b>	<b>(2,229)</b>

# Adjusted Profit Before Tax Reconciliation

- Adjusted profit before tax measure is more representative of the underlying performance of the Group for the calculation of adjusted diluted earnings per share

Profit after tax £'000	H1 FY22	H1 FY21	FY2021
<b>Statutory profit/(loss) before tax</b>	<b>559</b>	<b>(1,571)</b>	<b>(1,845)</b>
Amortisation of intangibles relating to acquisitions	2,486	970	2,458
Loss on fair value movement of contingent consideration	668	2,520	4,260
Share based payments	192	150	294
Costs relating to acquisitions and restructuring	688	263	746
<b>Adjusted profit before tax</b>	<b>4,593</b>	<b>2,332</b>	<b>5,913</b>
Tax (including impact of above adjustments)	(180)	(260)	(898)
<b>Profit after tax post IFRS 16</b>	<b>4,413</b>	<b>2,072</b>	<b>5,015</b>

# Adjusted Earnings Per Share

- Due to the acquisitive nature of the Group and its earn out model, an adjusted share count for the purposes of calculating earnings per share is required
- Based on the share price as at 30 November 2021 of £2.65, contingent shares to be issued would have been 2,153k leading to adj diluted EPS of 4.9p

Adjusted EBITDA £'000	H1 FY22	H1 FY21	FY2021
Weighted average basic shares	83,655	56,935	63,784
Max shares to be issued – share options	3,551	4,777	4,436
Max shares to be issued – contingent consideration	7,212	18,667	13,728
Shares at year end	94,418	80,379	81,948
<b>Adjusted diluted earnings per share</b>	4.7p	2.6p	6.1p

# Statement of Financial Position

- Acquisition of Nudge Digital in the period for an initial consideration of £5.0m via a combination of cash (£1.75m) and shares (£2.25m) consideration. A further £2.0m has been paid post period end relating to the excess cash in the business
- Cash in bank of £10.4m of which £2.1m is due to the sellers of Nudge, resulting in a true cash position of £8.4m. Net debt of £4.7m (excluding impact of IFRS 16 leases)
- £20m revolving credit facility with HSBC (maturing June 2023) of which £7.0m remains undrawn and available for future acquisitions
- Decrease in contingent consideration which are non-cash impacting as they are settled in shares
- Current ratio of 1.9 (FY 2021: 1.7) excluding non-cash items

Balance Sheet	H1 FY22	H1 FY21	FY2021
£'000			
Goodwill	56,616	42,414	53,323
Intangible assets	28,412	10,525	29,370
Tangible assets	555	1,031	737
Cash	10,413	5,909	5,734
Receivables	13,997	10,454	15,310
<b>Total assets</b>	<b>109,993</b>	<b>70,333</b>	<b>104,474</b>
Borrowings	13,053	7,090	13,055
Contingent consideration	8,405	13,172	12,219
Lease liabilities	348	696	389
Deferred tax	4,643	1,860	5,133
Payables	12,930	9,577	13,024
<b>Total liabilities</b>	<b>39,379</b>	<b>32,695</b>	<b>43,820</b>
<b>Shareholders funds</b>	<b>70,614</b>	<b>37,638</b>	<b>60,654</b>

# Operational Review

Neal Gandhi





# Operational Review

## Organic

- Entrance into Utilities Sector & Growth in Healthcare & Pharmaceuticals
- Significant win with NHS Blood & Transplant
- 5 x £3m+ contracts vs 4 in the whole of FY21

## Acquisition

- Acquisition of Nudge Digital – expanding vertical reach
- Strong ongoing M&A pipeline

## ESG

- Achieved Social Value Quality Mark Level 1
- Launched employee resource groups covering women, LGBTQI and minority ethnic groups
- Launched board mentoring programme

## Innovation

- OpenDialog – new Conversational AI SaaS product
- Move to single integrated UK brand
- New leadership appointments

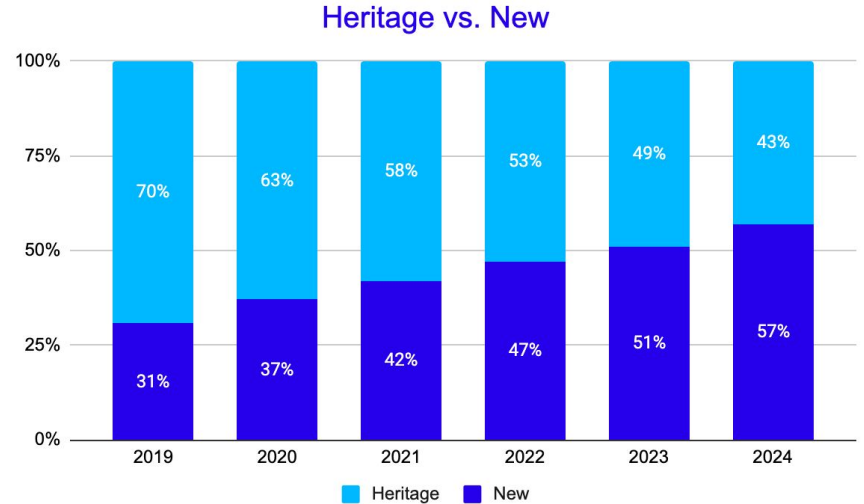
# Our Market

Neal Gandhi



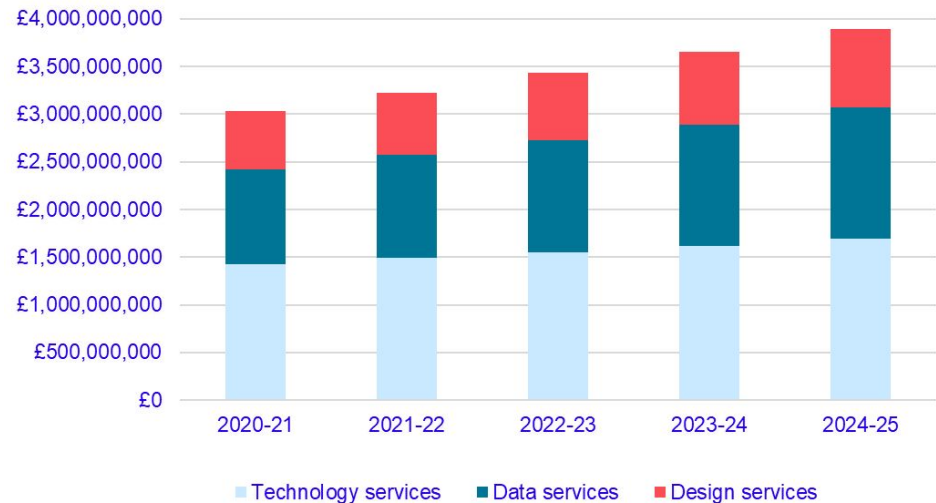
# ✓ The world is changing

- The world is changing, with the need for Agile responses, to 21 century challenges, including the more pressing challenges faced by climate change and Covid-19.
- The tipping point in rotation to “new” spending to tackle these challenges is imminent.
- Barriers removed to cope with Covid-19 will remain permanently down enabling “new” spending to edge ahead of Heritage as soon as 2021 (£28.6bn vs. £28.5bn), before racing ahead.
- By the end of 2024 the “new” segment will represent 66.2% /£41.7bn of the total SITS market of £55.2bn\*.



# TAM: £3.2bn today, £3.9bn in 2025

- The UK technology services comprises 46% of our market opportunity this year, versus 33% for Data services and 20% for Design
- Growth rates for Data (8.4%) and Design (8.1%) are higher than for Technology (4.3%)\*
- That's primarily because mid-market providers such as ourselves are doing a great job of taking cost out of legacy public sector AMS contracts



# Strategy

Neal Gandhi



# Becoming TPXimpact

**More  
effective  
teams**

Breaking down  
silos

Forming  
multidisciplinary  
teams

Sector  
specialist  
sales

Marketing a  
single brand

**Building in  
Efficiencies**

Unified  
systems and  
processes

New HRS, PSA, Finance  
& CRM systems

Shared  
services

HR, Finance,  
Marketing, Sales

Better  
utilisation

ATC function  
allowing better  
resource planning

# Becoming TPXimpact

## Attracting the right talent

More diverse leadership

50% male/ female split in new leadership

Differentiate as an employer

Investment in employee experience

Addressing skills shortage

Launch of a new academy

## Maximising impact

Enhanced investment in communities

Bigger grants and global programmes

Achieving B Corp Status

Centralised policies and practises

More focus on impactful work

Centralised growth team qualifying in impact driven projects

# Margin Growth Levers

## London centric wages

- We have not been affected by wage inflation to same degree of some of our competitors
- We have not traded on wage differentials outside of London

## Attracting the right talent

- We currently have a high percentage of contractors
- We are working on our employee value proposition to switch to more perm employees.
- As of September 2021 contractors accounted for c50% in the UK

## Academy

- We will launch our dedicated digital transformation academy
- However we will maintain a correct balance on project quality

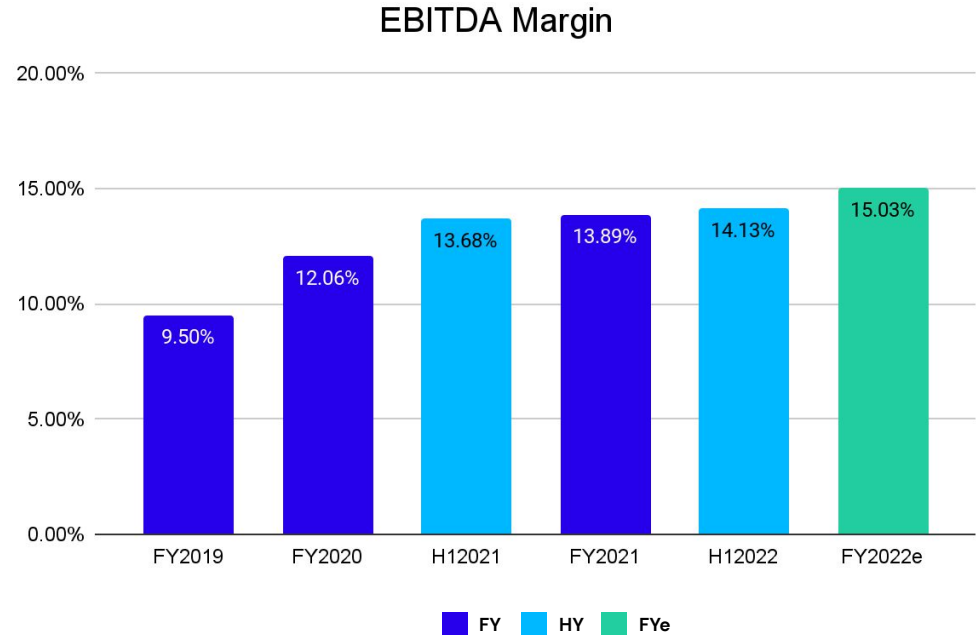
## Leveraging Bulgaria

- We have more flexibility to leverage our near-shore operation to support commercial sector clients



# EBITDA % to date

- EBITDA margin has steadily improved since incorporation largely as a result of economies of scale.
- Margin improvements anticipated to continue as we move to one brand, increase our ratio of permanent staff and nearshore delivery where possible.



# Our commercial vision for 2025

Commercial	Ambitions	HY22 Progress
1	To achieve a run rate revenue of £200m (£150m public sector, £50m Private sector) by March 2025	Consensus analyst revenue expectations for FY22 of £77.2m Consensus analyst EBITDA expectations of £11.6m
2	Deliver 10–15% organic revenue growth per annum	Organic like-for-like revenue growth of 21%
3	To make further earnings enhancing acquisitions to meet this revenue goal	Completion of Nudge Digital
4	To become a top 20 public sector supplier by March 2025 on run rate basis	Increased from £14.9m to £27.6m equating to 74% of total revenue
5	Deliver at least 70% of operating profit through to positive cash flow	Cash conversion of 118%
6	Deliver progressive dividend policy at 15%–20% of net income	Interim Dividend of 0.3p

# Our ESG vision for 2025

Impact	Ambitions	HY22 Progress
<b>People</b>	Halve the 21 gaps that we have identified across representation, pay and inclusion for employees from underrepresented backgrounds	Closed the overall representation gap for women and are close to doing the same for black and other minority ethnic employees
<b>Planet</b>	To be net zero with science based reduction targets	Hiring a sustainability manager to get our targets verified by Science Based Targets initiative (SBTi)
<b>Community</b>	To kick-start 5,000 digital careers, reaching 5,000 unique beneficiaries through out community action and community investment programmes	1092 careers kick-started to date*

\*career kickstarted = 1 unique beneficiary from our community action or community investment programmes who has benefitted from at least 1 hour of skills development training.

# Outlook

## Strong Growth

- We remain focused on embedding our leadership team in TPXimpact for a strong start in FY23
- Continued strong organic growth
- Strong M&A pipeline

## New Contracts

- A record £54m of new contracts signed in H1
- Strong bookings continuing in current half

## Confident Start

- Confident start to H2, against recently upgraded Revenue and EBITDA Consensus
- In line with recently upgraded full year expectations

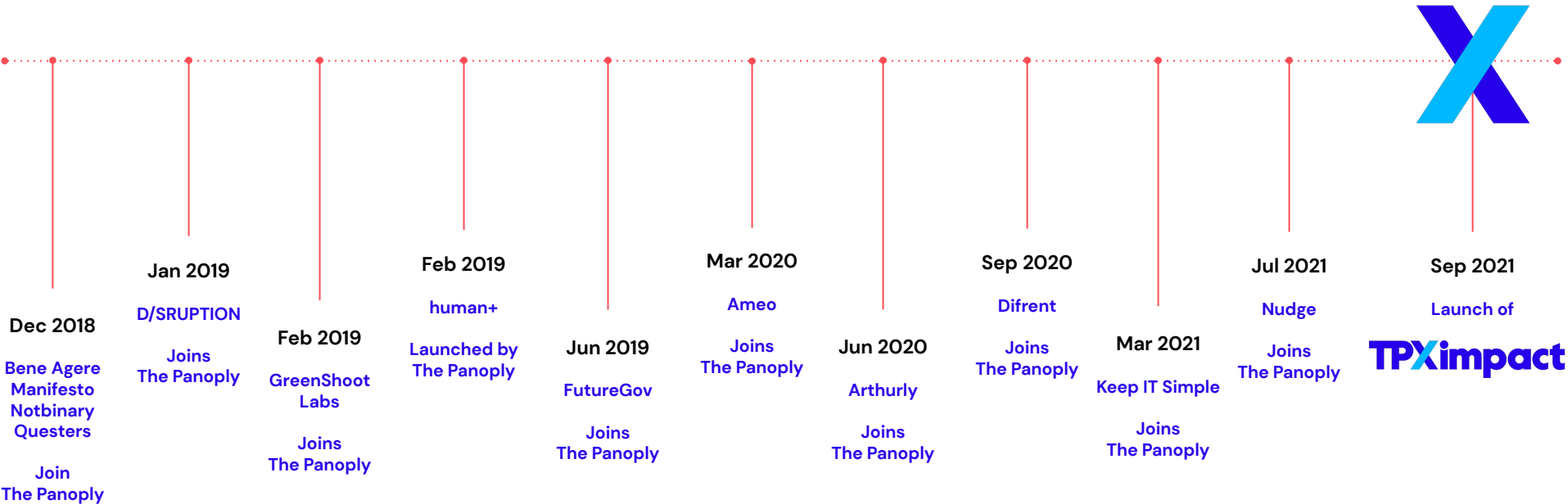
A photograph of a man with a beard and a ponytail, wearing a white shirt, looking at a laptop screen. The image is partially obscured by a large blue diagonal overlay that contains the text. The background is a blurred office environment.

**We welcome your  
questions**

# Appendix



# From an impressive collection, to an impressive company



# Digital Transformation Market Landscape

In 2020 Public Sector (£12.9bn) remained by far one of the largest vertical markets in UK SITS, accounting for 23.3% of the total market.

Public Sector was a strong performer in 2020 with technology mitigating the impact of the crisis and introducing a new acceptance of cloud and digital services

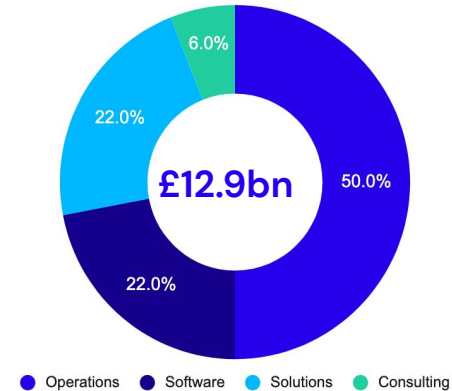
## Public Sector Software & IT Services:

The pandemic resulted in digital services being introduced at an incredible speed, pushing spend on New service up 25/9% in 2020\*

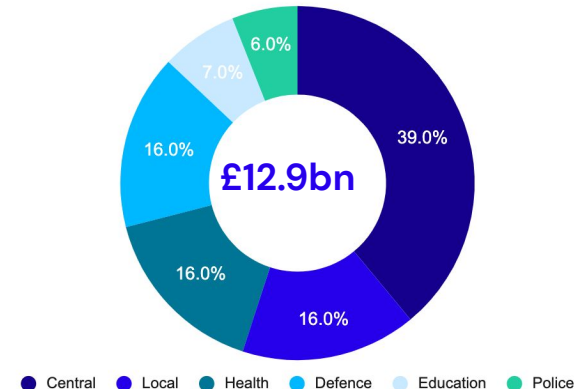
**By 2024 New services will account for 57% of the market (2021: 42%)**

- Market growth 19-20 +3.2%
- Market size in 20: £12.88bn Vs 24 £14.267bn
- Best performing subsector (19-20) Health +11%
- Market CAGR (20-24) 2.6%
- TPXimpact's addressable market CAGR 6.5%
- The highest level of New adoption remains in Central Government (CAGAR of 12.9%)

Public Sector SITS Market by horizontal 2020



Public Sector SITS Market by Subsector 2020





# Our Journey to B Corp

	People	Planet	Community	Clients
Our People get	Satisfied and happy employees	Greener lifestyles	Community engagement	Meaningful work
Our Planet gets	Socially responsible employees	Reduced emissions	Climate action	Green service offering
Our Communities get	Diverse talent pipelines	A community of activists	Community investment	An ethical business
Our Clients get	Top quality talent	More sustainable businesses	Pro bono work	Reputational safety

# More Diverse Leadership



CEO  
GSL



CEO  
NotBinary



CEO  
Panoply



CEO



Client  
Director



Creative  
Director



CGO



Chief  
Designer



CEO  
Manifesto



CEO  
Questers



CEO  
Arthurly



Purpose  
Director



CFO



Head of  
M&A



People  
Director



CEO  
Nudge



CEO  
Bene Agere



CEO  
Disruption



Systems  
Director



MD DX



Chief of  
Staff



Political Eng'  
Director



CEO  
KITS



CEO  
Difrent



CEO  
Human+



Performance  
Director



COO



Delivery  
Director



Head of IR



CFO  
Panoply



MD  
Deeson



CEO  
FutureGov



Chief  
Engineer



Group FD



MD  
Internatio  
nal



Ops  
Director



**I'm proud to do what I do as it creates positive impact in people's everyday lives. Little wows make the difference between a good day and a bad day. Life's too short to waste time navigating a site - when you should be enjoying the experience it gives you.**

Sean Holden



**I get to shout about the work and especially the people that do the work in an authentic way - LOVE IT!**

Jo Brown



**The thing that makes me proudest of my work is when it's fun for people to use, makes the mundane interesting, or makes them smile. A small 'happy moment' for someone can change their whole day, no matter what platform it is they are interacting with.**

Matt Gibbs



**I love the deeply technical nature of the work we do, solving really complex problems for clients which result in cost savings, greater agility, and more performant and secure solutions. It's also about the varied nature of the work across sectors that are all in some way making citizens' lives better.**

Stuart Arthur



**I'm proud that the work we do has a real impact on residents' lives. What that work is can vary so much depending on what we're doing and where we're working, but I always feel like I'm doing something that has a net positive effect on the world.**

Eva O'Brien



**The work I do is important to me because I wake up every morning knowing that I get to support the most brilliant people, with amazing ideas and kick-ass skills that help all the organisations we work with make the world a better place.**

Olga Wilczynska-Dix



# Transforming recruitment for the NHS

NHS Business Services Authority

## NHS Business Services Authority

The NHS is the world's fifth largest employer and their existing Jobs service handles 4 million applications a year for more than 380,000 vacancies.

The NHS Business Services Authority (NHSBSA) wanted to buy a new job service to make sure the right people are in the right roles while providing an accessible and efficient recruitment process that's as cost-efficient as possible. As the NHSBSA's strategic transformation partner we supported them to help people find meaningful careers within the NHS through the design of a new jobs platform.

# Transforming recruitment for the NHS

NHS Business Services Authority

We worked in partnership with NHSBSA and their supplier teams to design, build and deliver the service through discovery, alpha and private beta.

Buying and customising a new platform would be too costly, and so we decided to build from scratch. Designing the platform ourselves meant we could use open source technologies that are more cost-effective than off-the-shelf licensing models.

## 1. Discovery

In a multidisciplinary team we ran workshops with project stakeholders to define the NHSBSA's vision, goals, the different types of people using the platform and explored what we wanted the new service to look like.

Through user research, co-design workshops and usability tests of the existing service in the first phase we produced outputs including:

- a findings report to inform prototypes
- a technical review of the existing service
- potential technical solutions

# Transforming recruitment for the NHS

NHS Business Services Authority

## 2. Preparing for beta

We then prototyped potential solutions based on the discovery, testing our most complex assumptions. In preparation for the private beta we enrolled 1000's of GPs and NHS Trusts to use the platform for all their future hires.

Each solution we turned into user stories and contained the 14 GDS service standards to make sure our work complied ahead of any assessments.

## 3. Knowledge transfer

Throughout this project we helped NHSBSA develop their internal capabilities by working alongside staff to transfer project knowledge and new skills. This included sessions on coaching and mentoring, hosting regular lunch and learns across design, user research and development disciplines and hosting training sessions on delivery techniques.

## 4. Responding to the pandemic

The NHS needed to recruit a lot of people into front-line roles quickly, including doctors, nurses and staff to administer vaccines. The NHS jobs platform needed a way to recruit these people quickly.

We created a new feature for the service which categorised these roles clearly and allowed hiring managers to add listings for COVID-related jobs. Prominent signposting was also added to the existing site, search and job detail pages to help people find these roles.

# Transforming recruitment for the NHS

NHS Business Services Authority

## NHS Business Services Authority

Throughout our partnership with the NHSBSA, we improved application quality and reduced the amount of time it takes to hire for new roles. Improving the experience for hiring managers and candidates by allowing them to choose times and dates for interviews, improving the way hiring managers invite people for interviews and the way they can track progress.

The new service was built and designed using accessible code to support job seekers with access needs, including those using screen reading software. It also works for mobile and has an assisted digital solution for those who have difficulty using digital services.

Finally, we were able to maximise the NHSBSA's return on investment by creating an in house solution to replace a third party API. This new service is now in public beta, and is being used by more than 6,500 GPs and trusts across the UK.