5 December 2023

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

Interim Results
Strong first half performance in line with management expectations

TPXimpact Holdings PLC (AIM: TPX), the technology-enabled services company focused on people-powered digital transformation, is pleased to announce its interim results for the six months ended 30 September 2023.

Financial highlights[1]:

- Revenue (like-for-like) up over 22% to £41.6m (H1 2023: £34.1m)
- Acceleration in revenue growth as the year has progressed: 7% in Q1, 38% in Q2
- Record new business wins of £105m in the first half, including previously announced significant contracts with the Department for Education and His Majesty’s Land Registry
- Adjusted EBITDA[2] of £2.0m (H1 2023: £0.9m) with Adjusted EBITDA[2] margin increasing to 4.8% (H1 2023: 2.6%)
- Reported operating loss of £(9.0)m (H1 2023: £(3.9)m), after including £5.6m (H1 2023: £Nil) non-cash goodwill impairment charge
- Adjusted profit before tax [2] of £0.6m (H1 2023: £0.4m)
- Reported loss before tax £(10.1)m (H1 2023: £(4.3)m)
- Adjusted diluted earnings[2] per share of 0.5p (H1 2023: 0.4p)
- Reported diluted loss per share of (10.2)p (H1 2023: (4.1)p)
- Net debt[2] (excluding lease liabilities) as at 30 September 2023 of £12.8m (31 March 2023: £17.5m)
- Comfortable headroom against new debt covenants reset in June 2023

Operational and Impact highlights:

- Over 90% of H1 revenues came from public services clients
- Department for Education and His Majesty’s Land Registry engagements now fully mobilised and progressing in line with expectations
- Completed sale of Questers for £7.5m cash in September 2023; disposed of TPXimpact Norway as announced on 18 September and 16 October 2023, respectively
- New talent recruited to lead our commercial and technology capabilities
- Staff retention rates improved to a run-rate of 86% on an annualised basis
- Total headcount (including contractors) of around 700 people: permanent staff (FTE) numbers increased (like-for-like) by over 9% in H1 to 535 and the number of contractors fell by almost 20% to 162
- New London hub is now fully operational; new lease signed for Chesterfield hub
- Accreditation of ISO 27001, ISO 9001 and the UK National Cyber Security Centre’s (NCSC) Cyber Essentials accreditation
- Carbon footprint reduced by 7% partly due to relocation of London hub; further reductions expected in H2 due to Questers disposal

- Female representation stands at 51% (H1 2023: 49%) and ethnic minority representation stands at 20% (H1 2023: 19%)

Post-period outlook

- TPXimpact continues to trade in line with the targets announced at the beginning of FY 2024 and expects to deliver revenue in the range of £80-85 million and Adjusted EBITDA in the range of £4-5 million for the full year

- Backlog or committed revenue now represents almost 90% of full year projected revenues and the pipeline of potential new business remains encouraging

[1] Unless otherwise stated financial measures are based upon the results of continuing operations.
[2] 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 9.

Bjorn Conway, Chief Executive Officer, commented:

"I am delighted by the way the business unit leadership and their teams have responded to the new vision and strategy for TPXimpact, enabling us to deliver strong business results in the first half of FY24.

Like-for-like revenue increased over 22% and adjusted EBITDA margin at almost 5% compares well with less than 3% for FY23. The Group is on track to meet the guidance we issued at the start of the year with revenue growth of 15-20% and adjusted EBITDA margin of 5-6%. This is a significant improvement on FY23 and a sign that our focus on our customers, our people, and operational improvements is producing the intended results.

The major wins of up to £49m at His Majesty's Land Registry and up to £27.5m at the Department for Education demonstrate the scale and breadth of capability that we can bring through working together effectively to deliver Digital Transformation and the positive impact we can have on systems that touch the lives of many tens of thousands of people.

Equally, our Digital Experience business dramatically improves the connection between organisations and the public as evidenced by our award winning work with the Zoological Society of London and our impressive work with Breast Cancer Now to support their mission to eradicate breast cancer.

We have made excellent progress in advancing our 3-year strategy to simplify the wider business and invest in creating our exciting Digital Transformation and Digital Experience businesses as the core platforms for future growth. The next 6-12 months will see these integrations completed to enable the core businesses to flourish.

12 months into the role of CEO at TPXimpact, my initial impressions of the passion, capability and commitment of the teams have been validated and I am energised by their enthusiasm for making the business better and delivering the best outcomes for our customers."

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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 Group 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 over 90% of its client base representing public services in the six months ended 30 September 2023.

More information is available at www.tpximpact.com.

CEO's statement

With a new vision and three-year strategic plan, the Group has had a strong first half, delivering revenue growth and EBITDA margin improvement in line with management expectations.

Trading performance in the first half was strong with revenues of £41.6 million which equates to like-for-like revenue growth of over 22%. Adjusted EBITDA margins increased to c.5% compared to less than 3% in H1 2023.

New business wins in the first half amounted to £105m, and the significant new engagements at the Department for Education for up to £27.5m over two years, and His Majesty's Land Registry for up to £49m over four years, are now fully mobilised and progressing in line with expectations.

Net debt (excluding lease liabilities) was £12.8m at 30 September 2023 (compared with £17.5m at 31 March 2023). The Group has comfortably satisfied its banking covenants which were reset in June 2023.

Our growth has been led by the Consulting business which had a strong first half, validating our strategy to invest in its operations. This will enable it to form the bedrock of the future Digital Transformation business which will also incorporate the Data & Insights and Red Cortex businesses over the coming months. Meanwhile, our Digital Experience business is well placed to support our charity clients, who are having to be innovative to maintain donation levels.

This positive trading performance has been achieved whilst remaining true to our new PACT (Purpose, Accountability, Craft and Togetherness) values and delivering a positive impact on the planet, people and places through our work.

Focus & Balance

The Group has made good progress against its three-year-plan. Our strategic theme for this year is 'Focus & Balance' and a consequence of 'Focus' is a decision to invest management time and energy on our future strategic platforms - Digital Transformation and Digital Experience. It is for this reason that we took the decision to divest our Bulgarian resourcing business (Questers) and Norwegian strategy consultancy. As well as more management focus on the core businesses, the Questers transaction enabled the Group to reduce Net Debt.

We progressed the integration of three agencies into our Digital Experience business with an ambition of it becoming the UK's leading purpose-driven agency. The Digital Experience team has re-focused their new business effort towards sectors where they hold deep and long-lasting relationships. This includes partnerships and charities; memberships and events organisations; as well as a select group of public and commercial entities.

We have also strengthened our new business development and management teams with the appointment of a Managing Partner for Commercial clients and a Chief Technology and Innovation Officer to lead our technology and engineering teams.

Under 'balance' we have worked to make the business better, primarily by managing for a balance of commercial and purpose outcomes, and in doing so putting in place the business information tools developed internally by our Consulting business, and management processes to monitor, predict and manage key KPIs of utilisation, gross margin by engagement and capability team, and adjusted EBITDA. This has enabled our businesses to better manage internal and contractor resources and drive improved business performance. The business information tools will be adopted by other business units in the second half of the year.

We have maintained a high level of team member communications and launched our new **PACT** values that align closely with the strategic direction of the business:

- **Purpose** - positive change with measurable impact
- **Accountability** - self-organisation and accountability
- **Craft** - bringing our best capabilities to bear through a shared vision of excellence
- **Togetherness** - long-lasting relationships built on honesty, openness, and trust

Our recent pulse survey showed team member engagement scores improved slightly to 6.7 from 6.6 against a target of 7.5 Whilst we are working hard to achieve further progress, we see this as a positive result given the organisational changes implemented in the first half. Employee retention remains high at 86%, indicating greater stability in the business.

Our purpose

Our purpose at TPXimpact is to deliver greater outcomes for people, places and the planet. We are pleased that our carbon emissions reduced by 7% in the first half of the year (in part due to the move to a single London office with better sustainability credentials) and expect further reductions in the second half of the year, reflecting the disposal of Questers. Our purpose team is also now fully integrated into the operational units of the business, reinforcing a balanced approach between profit and purpose.

We are also encouraged by the trends we are seeing in diversity and inclusion. Female representation stands at 51% (H1 2023: 49%), illustrating our commitment to gender equality. Furthermore, our ethnic minority representation stands at 20% (H1 2023: 19%).

Appointment of Senior Independent Director

The Board is pleased to announce the appointment of Rachel Neaman as Senior Independent Director. Rachel already serves as a Non-executive Director of TPXimpact and brings a wealth of experience of the UK charity and public sectors. In her new role, Rachel will help ensure the Board and Management deliver against the balanced needs of our stakeholders.

Market conditions

We continue to see exciting growth opportunities for our core Digital Transformation and Digital Experience businesses, and our outlook remains positive. Although a General Election in 2024 may well introduce some degree of disruption and uncertainty next year, we are encouraged that the policy agendas of both main political parties place a renewed emphasis on the importance of digital transformation and citizen engagement, both of which represent core strengths in our business.

Whilst some industry observers, such as Tech Market View, are predicting an easing in the rate of growth of the UK digital transformation market in 2024*, they nevertheless expect demand to be relatively strong, with mid single-digit CAGR forecast to 2026. This is especially true for our core market of public services and, within that sector, Central Government (60% of Group revenues). TPXimpact is increasingly well-placed to increase market share and capitalise on the opportunities these trends will create.

Bjorn Conway

CEO, TPXimpact

*Tech Market View. UK SITS Consulting Market: Suppliers, Trends & Forecasts 2022 - 2026

Financial Review

The interim results for the six months ended 30 September 2023 (H1 2024) are in line with the trading update issued on 16 October 2023 and show strong growth in revenues, profitability and margins.

As a result of the sale of Questers in September 2023 and TPXimpact Norway in October 2023, the Group has treated both businesses as discontinued operations in the first half, and prior period comparatives have been restated accordingly. Like-for-like performance measures are based on the results of continuing operations.

Revenues from continuing operations were up 22.1% to £41.6m in the first half of the year. Growth was driven by our Consulting business (67% of Group revenues) due to the significant new business wins with Central Government in the second half of last year and first quarter of this. Revenues in our Digital Experience business (13% of Group revenues) eased due to clients in the charitable sector holding back spend. Sequentially, on a like-for-like basis, Group revenues increased by 7.4% in Q1 and 38.3% in Q2, recovering from being down 7.2% in the last financial year. New business wins amounted to a record £105m in the first half.

Public service clients represented over 90% of revenues in the first half, reflecting the increasing significance of Central Government (60% of revenues) to the Group, as well as the disposal of our Questers and Norway businesses, whose client base was largely commercial. Management are committed to expansion of our commercial sector revenues and have recently introduced new leadership for both our commercial and technology capabilities.

As revenues grew, so did the cost of sales, which were up over 24% to £30.7m from £24.7m in H1 2023. Gross profit therefore increased to £10.9m from £9.3m. Although gross margins reduced to 26.2% from 27.4% in H1 2023, there was a progressive gross margin improvement from Q1 to Q2 as we completed recruitment of permanent roles, and reduced reliance on contractors, to service the expansion in revenues.

Total headcount, including contractors, was around 700 people at both 30 September 2023 and 31 March 2023, on a like-for-like basis. There was, however, a shift in the mix between permanent FTE staff and contractors: FTE headcount increased by over 9% to 535 people in the first half, whilst the number of contractors reduced by almost 20% to 162 people, providing greater efficiency going into H2. Productivity also improved with increased utilisation rates, particularly in Consulting. We therefore expect further improvement in gross margins in the second half of the year. Staff retention in the first half was 86% (on an annualised basis), a marked improvement on a year ago.

Adjusted EBITDA of £2.0m and a margin of 4.8% in the first half was significantly ahead of H123, on a like-for-like basis. All our businesses met or exceeded budgeted Adjusted EBITDA expectations, with the exception of RedCortex (6% of Group revenues), which faced softness in client spend in the health sector in Wales.

The Group made a reported operating loss on continuing operations of £(9.0)m in the first half against an operating loss of £(3.9)m for the same period last year. This reflects the £1.6m increase in gross profit explained above, more than offset by an increase of £6.6m in administrative costs, which was largely due to a non-cash goodwill impairment charge of £5.6m in relation to RedCortex. Charges for share-based payments increased to £0.5m (H123: credit of £0.1m) due to share incentive grants in the second half of last year, whilst restructuring costs fell to £0.7m (H1 2023: £1.3m).

The Group made an adjusted profit before tax on continuing operations of £0.6m (H1 2023: £0.4m) and a reported loss before tax of £(10.1)m (H1 2023: loss of £(4.3)m). Finance costs in the first half increased to £1.1m (H123: £0.4m) due to increased average borrowings and higher interest rates. Taxation amounted to a credit of £0.9m (H1 2023: £0.6m) due to deferred tax credits on amortisation of intangible assets. Adjusted profit after tax on continuing operations was £0.5m (H123: £0.4m).

The disposal of Questers in September 2023 gave rise to a gain on disposal of £3.8m which has been included in the income statement within profit after tax from discontinued operations. The Group's interest in TPXimpact Norway has been presented as an asset held for sale in the balance sheet at 30 September 2023, prior to its disposal in October 2023. As the Norway disposal was for nominal consideration of £1, the Group has recorded a goodwill impairment charge of £1.9m as a cost of discontinued operations in the first half.

Reported diluted earnings per share from continuing operations for the first half was a loss of (10.2) pence per share (H1 2023: (4.1) pence per share), reflecting the reported losses in the period, including the goodwill impairment charge of £5.6m. On an adjusted basis, diluted earnings per share on continuing operations increased to 0.5 pence per share (H1 2023: 0.4 pence per share).

Whilst the Board has decided there will be no interim dividend in respect of the first half of this year (H123: 0.3 pence per share), the improvement in performance is encouraging and dividend policy will continue to be reviewed on a regular basis.

Net debt and Cash flow

Net debt (excluding lease liabilities) at 30 September 2023 was £12.8m compared with £17.5m at 31 March 2023. The decrease in net debt of £4.7m includes £7.5m of cash proceeds from the sale of Questers, less £1.0m of interest paid and a net working capital outflow of £1.7m (largely attributable to the unwinding of deferred income recorded at year-end). The disposal of Questers resulted in £1.3m of cash being deconsolidated from the balance sheet, together with a similar amount of current liabilities.

The Group used £4.3m of the Questers proceeds to repay debt, so borrowings reduced to £20.0m at 30 September 2023, and a further £1.0m was repaid in November. The Group has comfortably satisfied its banking covenants since they were reset in June 2023 and our forecasts indicate this headroom will continue.

Current trading

Like-for-like revenue growth in the month of October 2023 was 42%, continuing the trend seen in Q2, and again driven by our Consulting business. Margins were in line with management expectations. Backlog or committed revenue now represents almost 90% of our full year projected revenues and the pipeline of potential new business remains encouraging.

Outlook

In the trading update released on 16th October 2023, the Board reaffirmed the FY 2024 targets of 15-20% like-for-like revenue growth and Adjusted EBITDA margins of 5-6% and this guidance is maintained. These targets would equate to FY 2024 revenue in the range of £80-85m and Adjusted EBITDA in the range of £4-5m. We expect revenue growth to be weighted towards Q3 more than Q4 given the stronger comparative performance in Q4 of last year.

Management are also targeting net debt (excluding lease liabilities) to be in the range of £11-12m at 31 March 2024 and, therefore, a net debt to Adjusted EBITDA ratio of <2.5x by the end of the financial year, or shortly thereafter.

The outlook for FY 2025 is also maintained with like-for-like revenue growth of 10-15% and further margin improvement of 2-3% on top of that achieved in FY 2024. The contract length of our recent large wins and the ongoing, successful execution of our strategy provides a solid foundation for our projections, notwithstanding the possible disruption and uncertainty that may arise from a general election in the coming year. We believe the fundamental demand for our skills and services will remain strong for the foreseeable future.

Steve Winters

CFO, TPXimpact

Unaudited interim results for the six months ended 30 September 2023

Consolidated Income Statement

For the six months ended 30 September 2023

	Note	Unaudited 6 months to 30 September 2023 £'000	Unaudited 6 months to 30 September 2022[1] £'000	Audited Year ended 31 March 2023[1] £'000
Revenue		41,622	34,075	69,672
Cost of sales		(30,718)	(24,734)	(50,816)
Gross profit		**10,904**	**9,341**	**18,856**
Administrative expenses		(19,937)	(13,369)	(38,377)
Other income		45	79	492
Operating loss		**(8,988)**	**(3,949)**	**(19,029)**
Finance costs		(1,070)	(371)	(1,084)
Loss before tax from continuing operations		**(10,058)**	**(4,320)**	**(20,113)**
Taxation		874	587	1,494
Loss after tax from continuing operations		**(9,184)**	**(3,733)**	**(18,619)**
Profit after tax from discontinued operations		2,213	1,253	1,061
Net loss		**(6,971)**	**(2,480)**	**(17,558)**
Other comprehensive (loss)/income:				
Exchange difference on translation of foreign operations		(22)	91	20
Exchange adjustments recycled to the income statement on disposal of discontinued operations		27	-	-
Total comprehensive loss for the period		**(6,966)**	**(2,389)**	**(17,538)**
Earnings per share from continuing and discontinued operations				
Basic (p)	8	(7.7p)	(2.7p)	(19.5p)
Fully diluted (p)	8	(7.7p)	(2.7p)	(19.5p)
Earnings per share from continuing operations				
Basic (p)	8	(10.2p)	(4.1p)	(20.6p)
Fully diluted (p)	8	(10.2p)	(4.1p)	(20.6p)

[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 5.

Consolidated Statement of Financial Position

At 30 September 2023

	Note	Unaudited 30 September 2023 £'000	Unaudited 30 September 2022 £'000	Audited 31 March 2023 £'000
Non-current assets				
Goodwill	6	49,085	68,493	59,486
Other intangible assets		19,521	29,041	23,458
Property, plant and equipment		330	544	473
Right of use assets		1,907	1,168	1,438
Other investments		2,188	2,188	2,188
Deferred tax assets		169	54	159
Total non-current assets		**73,200**	**101,488**	**87,202**
Current assets				
Trade and other receivables		10,904	14,058	17,812
Contract assets		7,513	2,894	2,999
Corporation tax asset		257	-	335
Cash and cash equivalents		7,171	6,199	6,772
Total current assets		**25,845**	**23,151**	**27,918**
Assets held for sale		731	-	-
Total assets		**99,776**	**124,639**	**115,120**
Current liabilities				
Trade and other payables		(8,658)	(6,882)	(8,943)
Contract liabilities		(977)	(2,368)	(3,608)
Other taxes and social security costs		(2,472)	(2,984)	(4,073)
Corporate tax liability		-	(1,077)	-
Deferred and contingent consideration		-	(717)	(225)
Lease liabilities		(637)	(378)	(564)
Borrowings		-	(69)	-
Total current liabilities		**(12,744)**	**(14,475)**	**(17,413)**
Liabilities directly associated with assets held for sale		(385)	-	-
Non-current liabilities				
Deferred tax liabilities		(4,855)	(6,769)	(5,796)
Borrowings		(19,979)	(20,270)	(24,317)
Lease liabilities		(1,396)	(881)	(909)
Total non-current liabilities		**(26,230)**	**(27,920)**	**(31,022)**
Total liabilities		**(39,359)**	**(42,395)**	**(48,435)**
Net assets		**60,417**	**82,244**	**66,685**
Equity				
Share capital		922	912	919
Own shares		(983)	(688)	(983)
Share premium		6,538	6,530	6,538
Merger reserve		73,703	85,095	73,474
Capital redemption reserve		15	15	15
Foreign exchange reserve		(67)	(1)	(72)
Retained earnings		(19,711)	(9,619)	(13,206)
Total equity		**60,417**	**82,244**	**66,685**

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Own shares	Foreign exchange reserve	Retained earnings	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2023	919	6,538	73,474	15	(983)	(72)	(13,206)	66,685
Loss for the period	-	-	-	-	-	-	(6,971)	(6,971)
Exchange differences on translation of foreign operations	-	-	-	-	-	(22)	-	(22)
Exchange adjustments recycled to the income statement on disposal of discontinued operations	-	-	-	-	-	27	-	27
Transactions with owners								
Shares issued	3	-	229	-	-	-	-	232
Share-based payments	-	-	-	-	-	-	466	466
At 30 September 2023 (Unaudited)	**922**	**6,538**	**73,703**	**15**	**(983)**	**(67)**	**(19,711)**	**60,417**

For the year ended 31 March 2023

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Own shares	Foreign exchange reserve	Share option reserve	Retained earnings	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2022	874	6,449	78,705	15	(356)	(92)	1,089	(8,123)	78,561
Reclassification to retained earnings*	-	-	-	-	-	-	(1,089)	1,089	-
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)
Share options exercised	-	-	-	-	(251)	-	-	-	(251)
At 30 September 2022 (Unaudited)	**912**	**6,530**	**85,095**	**15**	**(688)**	**(1)**	**-**	**(9,619)**	**82,244**
Loss for the period	-	-	-	-	-	-	-	(15,078)	(15,078)
Transfer to retained earnings	-	-	(12,147)	-	-	-	-	12,147	-
Exchange differences on translation of foreign operations	-	-	-	-	-	(71)	-	-	(71)
Transactions with owners									
Shares issued	7	8	526	-	(9)	-	-	-	532
Own shares transferred from EBT	-	-	-	-	11	-	-	(11)	-
Dividends paid	-	-	-	-	-	-	-	(815)	(815)
Share-based payments	-	-	-	-	-	-	-	170	170
Own shares purchased by EBT	-	-	-	-	(297)	-	-	-	(297)
At 31 March 2023 (Audited)	**919**	**6,538**	**73,474**	**15**	**(983)**	**(72)**	**-**	**(13,206)**	**66,685**

*In the year ended 31 March 2023, the share option reserve was reclassified to form part of retained earnings.

Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Unaudited 6 months to 30 September 2023[1] £'000	Unaudited 6 months to 30 September 2022[1] £'000	Audited Year ended 31 March 2023[1] £'000
Cash flows from operating activities:			
Loss before taxation on total operations (Note 5)	(7,820)	(2,990)	(18,971)
Adjustments for:			
Depreciation	476	359	706
Amortisation of intangible assets	3,918	3,215	6,347
Impairment of goodwill and intangible assets on classification as held for sale	1,848	-	-
Impairment of intangible assets	-	-	1,770
Impairment of goodwill	5,564	-	9,995
Share-based payments	466	(105)	65
Foreign exchange losses/(gains)	38	(2)	(1)
Finance costs (Note 5)	1,081	388	1,105
Loss from fair value movement in contingent consideration	7	148	188
Loss on disposal of property, plant and equipment	-	-	6
Gain on sale of discontinued operations	(3,774)	(1,474)	(1,606)
Working capital adjustments:			
Decrease in trade and other receivables	358	5,068	1,271
Decrease in trade and other payables	(2,067)	(5,277)	(1,141)
Net cash generated from/(used in) operations	95	(670)	(266)
Tax received/(paid)	10	(350)	(1,522)
Net operating cash flows	105	(1,020)	(1,788)
Cash flows from investing activities:			
Net cash paid on acquisition of subsidiaries	-	(1,787)	(1,969)
Disposal of subsidiaries[2]	6,236	-	(127)
Purchase of property, plant and equipment	(22)	(154)	(340)
Additions to intangible assets	(82)	(269)	(244)
Net cash generated from/(used in) investing activities	6,132	(2,210)	(2,680)

Cash flows from financing activities:			
New borrowings	-	2,300	6,300
Repayment of borrowings	(4,300)	-	-
Purchase of own shares	-	(251)	(548)
Payment of lease liabilities	(332)	(193)	(445)
Interest paid	(1,015)	(380)	(1,146)
Dividends paid	-	-	(815)
Net cash (used in)/generated from financing activities	(5,647)	1,476	3,346
Net increase/(decrease) in cash and cash equivalents	590	(1,754)	(1,122)
Cash and cash equivalents at beginning of the period	6,772	7,914	7,948
Effect of exchange rate fluctuations on cash held	(26)	39	(54)
Cash and cash equivalents including cash from discontinued operations	7,336	6,199	6,772
Cash from discontinued operations	(165)	-	-
Cash and cash equivalents at end of the period	7,171	6,199	6,772
Comprising:			
Cash at bank and in hand	7,115	6,099	6,717
Cash held by trust	56	100	55
Cash and cash equivalents at end of the period	7,171	6,199	6,772

[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.

[2] Disposal of subsidiaries comprises cash consideration received of £7.5 million less cash disposed of £1.3 million.

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 2023 does not, therefore, comply with all the requirements of IAS 34 Interim Financial Reporting. The consolidated interim financial information should be read in conjunction with the annual financial statements of TPXimpact Holdings plc for the year ended 31 March 2023, which have been prepared in accordance with applicable UK-adopted international accounting standards 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 2006. Statutory accounts for the year ended 31 March 2023 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 auditor's report drew attention by way of an emphasis of matter to the high degree of judgement involved in supporting the carrying value of goodwill and other intangible assets.

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 2023. 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.

4. Accounting policies

The accounting policies used in the preparation of the interim consolidated financial information for the six months ended 30 September 2023 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and are consistent with those which were adopted in the annual statutory financial statements for the year ended 31 March 2023.

5. Discontinued operations

The Group disposed of its subsidiaries Questers Resourcing Limited and Questers Bulgaria EOOD ("Questers") on 18 September 2023 to Nortal AS ("Nortal") for cash consideration of £7.5 million.

In September 2023 the Group also decided to dispose of its equity interests in TPXimpact Norway AS to companies controlled by the managing partners of the business for a nominal consideration of £1. This disposal is considered a related party transaction and the directors consider, having consulted with its nominated adviser, that the terms of the transaction were fair and reasonable insofar as its shareholders are concerned. The associated assets and liabilities of TPXimpact Norway have been presented as held for sale in the statement of financial position as at 30 September 2023. The sale was completed on 13 October 2023.

The operations of both Questers and TPXimpact Norway are presented as discontinued operations in the income statement with the comparatives and related notes restated accordingly. The Questers disposal generated a gain of £3.8 million and a £1.8 million goodwill impairment was recognised on classification of TPXimpact Norway's assets as held for sale. These are included in the profit after tax on discontinued operations in the six months ended 30 September 2023.

Income statement reconciliation:

	Continuing operations H1 2024 £'000	Discontinued operations H1 2024 £'000	Total operations H1 2024 £'000	Continuing operations H1 2023 £'000	Discontinued operations H1 2023[1] £'000	Discontinued operations H1 2023 re-presented[2] £'000	Total operations H1 2023 £'000
Revenue	**41,622**	**7,171**	**48,793**	**34,075**	**27**	**6,288**	**40,390**
Cost of sales	(30,718)	(6,103)	(36,821)	(24,734)	(58)	(5,152)	(29,944)
Gross profit	**10,904**	**1,068**	**11,972**	**9,341**	**(31)**	**1,136**	**10,446**
Administrative expenses	(19,937)	(2,640)	(22,577)	(13,369)	(109)	(1,137)	(14,615)
Gain on sale of discontinued operations	-	3,774	3,774	-	1,474	-	1,474
Other income	45	47	92	79	-	14	93
Operating (loss)/profit	**(8,988)**	**2,249**	**(6,739)**	**(3,949)**	**1,334**	**13**	**(2,602)**
Finance costs	(1,070)	(11)	(1,081)	(371)	-	(17)	(388)
(Loss)/profit before tax	**(10,058)**	**2,238**	**(7,820)**	**(4,320)**	**1,334**	**(4)**	**(2,990)**
Taxation	874	(25)	849	587	-	(77)	510
(Loss)/profit after tax	**(9,184)**	**2,213**	**(6,971)**	**(3,733)**	**1,334**	**(81)**	**(2,480)**

[1] In the six months ended 30 September 2022 discontinued operations represents Greenshoots Lab Limited ('GSL'), a subsidiary of the Group which was disposed of in May 2022.
[2] Prior year figures have been re-presented to include Questers and TPXimpact Norway as discontinued operations.

6. Goodwill

Goodwill decreased by £10.4 million during the six months ended 30 September 2023. This is primarily due to a £5.6 million impairment charge in relation to Red Cortex, as well as £3.0 million of goodwill disposed in respect of Questers and a £1.8 million impairment in relation to TPXimpact Norway.

7. Borrowings

At 31 March 2023, the Group had a revolving credit facility with HSBC of £30 million with a £15 million accordion of which £24.5 million had been drawn down. The Group's financing arrangements require the following covenants to be met: Net debt to rolling twelve month Adjusted EBITDA of 2.5x or less and Adjusted EBITDA to interest cover of at least 4.0x, also on a twelve month rolling basis. The Group received a waiver of these covenants at both 31 March 2023 and 30 June 2023.

For the following four quarters, management and HSBC have agreed a reset of the Group's lending covenants based on minimum levels of liquidity at each month end and minimum Adjusted EBITDA levels at each quarter-end. These terms will apply until the quarter ending 30 September 2024, at which time the covenants will return to the previous measures. The revised covenants at 30 September 2023 were met.

In September 2023, the Group repaid £4.3 million of the facility leaving £20.2 million drawn down as at 30 September 2023. A further £1.0 million was repaid in November 2023.

8. Earnings per share

	6 months to 30 September 2023 Number of shares '000	6 months to 30 September 2022 Number of shares '000	Year ended 31 March 2023 Number of shares '000
Weighted average number of shares for calculating basic earnings per share	90,299	91,426	90,185
Weighted average number of dilutive shares	1,363	990	3,839
Weighted average number of shares for calculating diluted earnings per share	91,662	92,416	94,024

	6 months to 30 September 2023 £'000	6 months to 30 September 2022[1] £'000	Year ended 31 March 2023[1] £'000
Loss after tax from continuing operations	(9,184)	(3,733)	(18,619)
Profit after tax from discontinued operations	2,213	1,253	1,061
Loss after tax from total operations	(6,971)	(2,480)	(17,558)
Adjusted profit after tax from continuing operations[2]	499	391	875

Earnings per share is calculated as follows:

	6 months to 30 September 2023	6 months to 30 September 2022[1]	Year ended 31 March 2023[1]
Basic earnings per share			
Basic earnings per share from continuing operations	(10.2p)	(4.1p)	(20.6p)
Basic earnings per share from discontinued operations	2.5p	1.4p	1.1p
Basic earnings per share from total operations	(7.7p)	(2.7p)	(19.5p)
Adjusted basic earnings per share from continuing operations	0.6p	0.4p	1.0p
Diluted earnings per share			
Diluted earnings per share from continuing operations[3]	(10.2p)	(4.1p)	(20.6p)
Diluted earnings per share from discontinued operations[3]	2.5p	1.4p	1.1p
Diluted earnings per share from total operations[3]	(7.7p)	(2.7p)	(19.5p)
Adjusted diluted earnings per share from continuing operations	0.5p	0.4p	0.9p

[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 5.
[2] Adjusted profit after tax on continuing operations is defined in note 9.
[3] 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.

9. 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.

Like-for-like

Like-for-like comparisons are calculated by comparing current year results for continuing operations (which includes acquisitions from the relevant date of completion) to prior year results, adjusted to include the results of acquisitions for the commensurate period in the prior year. In the six months ended 30 September 2023, there were no differences in the like-for-like and reported comparisons due to there being no acquisitions in either period.

Reconciliation of net debt (excluding lease liabilities):

	30 September 2023 £'000	30 September 2022 £'000	31 March 2023 £'000
Cash and cash equivalents	7,171	6,199	6,772
Borrowings due within one year	-	(69)	-
Borrowings due after one year	(19,979)	(20,270)	(24,317)
Net debt	**(12,808)**	**(14,140)**	**(17,545)**

Reconciliation of operating loss to adjusted EBITDA:

	6 months to 30 September 2023 £'000	6 months to 30 September 2022[1] £'000	Year ended 31 March 2023[1] £'000
Operating loss	**(8,988)**	**(3,949)**	**(19,029)**
Amortisation of intangible assets	3,894	3,101	6,155
Depreciation	334	139	371
Loss from fair value movement in contingent consideration	7	148	188
Impairment of intangible assets	-	-	1,770
Impairment of goodwill	5,564	-	9,995
Share-based payments	501	(82)	84
Costs directly attributable to business combinations	-	167	229
Costs related to business restructuring	674	1,345	2,541
Adjusted EBITDA	**1,986**	**869**	**2,304**

[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 5.

Reconciliation of loss before tax to adjusted profit after tax:

	6 months to 30 September 2023 £'000	6 months to 30 September 2022[1] £'000	Year ended 31 March 2023[1] £'000
Loss before tax from continuing operations	**(10,058)**	**(4,320)**	**(20,113)**
Amortisation of intangible assets	3,894	3,101	6,155
Loss from fair value movement in contingent consideration	7	148	188
Impairment of intangible assets	-	-	1,770
Impairment of goodwill	5,564	-	9,995
Share-based payments	501	(82)	84
Costs directly attributable to business combinations	-	167	229
Costs related to business restructuring	674	1,345	2,541
Adjusted profit before tax from continuing operations	**582**	**359**	**849**
Tax (excluding impact of amortisation of intangible assets)	(83)	32	26
Adjusted profit after tax from continuing operations	**499**	**391**	**875**

[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 5.