

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

Unaudited preliminary results for the year ended 31 March 2024

***Strong performance in line with the trading update made on 30 May 2024;
FY25 outlook unchanged***

TPXimpact Holdings PLC (AIM: TPX), the technology-enabled services company focused on people-powered digital transformation, announces its unaudited preliminary results for the year ended 31 March 2024.

FY24 Financial highlights:

- Strong performance, achieving all our financial targets and above market expectations¹
- New business reaches a record high with £139m won in the year
- Revenue from continuing operations (like-for-like) up 21% to £84.3m (2023: £69.7m)
- Adjusted EBITDA² of £4.6m (2023: £2.3m)
- Adjusted EBITDA margin of 5.5% (2023: 3.3%)
- Reported operating loss of £(22.8)m (2023: £(19.0)m), after including £16.2m non-cash impairment charge on goodwill & intangible assets
- Adjusted profit before tax from continuing operations of £1.8m (2023: £0.8m)
- Reported loss before tax from continuing operations of £(24.8)m (2023: £(20.1)m)
- Adjusted diluted earnings² per share from continuing operations of 2.1p (2023: 0.9p)
- Reported diluted loss per share from continuing operations of (24.5)p (2023: (20.6)p)
- Net debt² at 31 March 2024 of £7.1m (2023: £17.5m), lowest level in over three years

Operational and Impact highlights:

- Successfully executed the first (and some aspects of the second) year of our three-year plan
- Simplified the business into three core businesses: Digital Transformation, manifesto and KITS
- Completed sale of non-core, international businesses Questers and TPXimpact Norway, generating gross cash proceeds of £7.5m
- Rationalised and improved property portfolio incl. new London HQ at the Hickman Building
- Total headcount of c. 670 people (including contractors), with FTE headcount increasing 9% like-for-like, and contractors decreasing by over a third
- Staff retention rates for the year improved to 88% from 84% last year
- Improved our gender pay gap to 8% from 14% last year and 20% two years ago
- Ethnically diverse representation increased to 22% from 19% last year
- Carbon intensity decreased by over 15% like-for-like to 15.33 tCO₂e/£1m of revenue
- B-Corp Certification achieved in January 2024

Post-period trading and outlook:

- Trading for the first two months of FY25 was in line with budget, with like-for-like revenue growth of over 11% within the full-year target range of 10-15%
- £9m of new business won in Q125; strong pipeline of opportunities despite General Election
- Around 70% of targeted FY25 revenues are represented by committed (backlog) revenues
- Debt facility extended by one year to July 2026, with improved borrowing conditions, achieved one quarter ahead of schedule
- FY25 outlook unchanged with target like-for-like revenue growth of 10-15% and Adjusted EBITDA margins up 2-3 margin points on FY24, with growth more weighted to H2 than usual
- FY26 targets unchanged: revenue growth of 10-15% and Adjusted EBITDA margin target of 10-12%

¹ Consensus figures for FY24: Revenue £83.0m, Adjusted EBITDA £4.5m (consensus prior to trading update on 30 May 2024)

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 8.

Bjorn Conway, Chief Executive Officer, commented:

"I am delighted by the rapid progress the Company has made in the first year of our three-year plan. We have successfully executed the strategy we laid out a year ago and the numbers tell the story of that success, achieving all our financial targets and ahead of market expectations.

"The simplification of the business into our three core platforms of Digital Transformation, manifesto and KITS was achieved ahead of schedule and we have entered the new financial year with a more stable financial and organisational foundation for future growth and success.

"The current pipeline of new business opportunities is robust and despite the phasing effect of an early General Election, has not diminished the appetite for the digital transformation services that form the bedrock of our offering. Demand for the insightful, effective and thought-provoking advice and support that is at the heart of our capabilities is set to continue for the foreseeable future.

"Commercial success and opportunity, however, go hand-in-hand with our founding vision of believing business can fully contribute to a better world for all its citizens. With staff retention of 88%, we have a passionate, as well as talented, group of people ready to make the world a better place for all our stakeholders. Our successful accreditation as a registered B-Corp was a tremendous achievement which reaffirms our values and ways of doing business.

"With the General Election behind us, we look forward to another year of progress, where we will continue to demonstrate the value we can bring to our clients and, through them, the impact we can have on the world around us.

"My sincere thanks are due to all our people for their contribution to the success of the last year and what promises to be an exciting year ahead."

TPXimpact will be hosting a webinar for analysts at 9:00am BST today. If you would like to register for the analyst webinar,

please contact tpx@almastrategic.com

The Group will also be hosting a webinar for retail investors at 11.30am today. Retail investors can register for the webinar using the following link: <https://www.investorconnectcompany.com/tpximpact-holdings-plc/register-investor>

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About TPXImpact

We believe in a world enriched by people-powered digital transformation. Working in collaboration with organisations, we're on a mission to accelerate positive change and build a future where people, places and the planet are supported to thrive.

Led by passionate people, TPXImpact works closely with its clients in agile, multidisciplinary teams; challenging assumptions, testing new approaches and building confidence and capabilities. Combining our rich heritage with expertise in human-centred design, data, experience and technology, we work to create sustainable solutions with the flexibility to learn, evolve and change.

The business is being increasingly recognised as a leading alternative digital transformation provider to the UK public services sector, with over 90% of its FY24 revenues represented by public services clients.

More information is available at www.tpxicompany.com

CEO Statement

I am pleased to report that we have successfully executed the first (and some aspects of the second) year of our three-year plan in line with our objectives. The business is now simpler to navigate and manage, distilled into our three core businesses of Digital Transformation, manifesto and KITS. A year ago, we were focussed on stability, reinvigorating the strength of our offering, and balancing commercial focus with our dedication to Purpose. With a stable platform now established, founded upon sound financial and operational management, we are now in a position to accelerate growth and take advantage of the opportunities a post-General Election environment will bring. Our recent B-Corp accreditation provides further affirmation of our Purpose credentials which are core to our stakeholder proposition.

The key financials are very positive: we have achieved or exceeded all our targets for the year, with like-for-like revenue growth of 21%, Adjusted EBITDA of £4.6m (double last year) and an Adjusted EBITDA margin of 5.5%. New business wins totalled a record £139m, including major wins early in the year with His Majesty's Land Registry (up to £49m over four years) and the Department of Education (up to £27m over two years). Net debt ended the year at £7.1m, the lowest level in over three years.

But the year was about much more than the numbers. Our story is about sustainable recovery, successful execution of strategy, and delivering on our promises to all our stakeholders, including our investors, our clients and, perhaps most importantly, our people. We have remained true to our PACT (Purpose, Accountability, Craft and Togetherness) values and delivering a positive impact on the planet, people and places through our work. We have laid the foundations for success in the years ahead. But there is still plenty to be done.

Focus & balance

The first year of our three-year plan was characterised as "Focus and balance". Key to this was to ensure more commercially-focussed decision-making, with an emphasis on top-line growth and improvement in profit margins, balanced with a continuing commitment to our purpose objectives.

With effect from 1 April 2024, the business is focussed on the three core strategic platforms where we see the greatest opportunities for future growth: Digital Transformation (comprising our Consulting, Data & Insights and RedCortex businesses); manifesto (formerly Digital Experience and comprising three legacy agencies) and KITS (our IT services business).

As a consequence, we made the strategic decision to sell our non-core overseas businesses (the Questers resourcing business in Bulgaria and our strategic consulting business in Norway), generating £7.5 million of gross proceeds that we used to repay debt. Our new, simplified structure is more agile and provides a more focussed platform for delivering growth and improving the bottom-line.

Digital Transformation (c.75% of revenues) had an excellent year, driven by significant new wins in what was the Consulting business, and now has the scale to further build its client base in Central Government, whilst also increasing its presence in local government, health and social care, and the private sector. Our RedCortex business experienced some challenges, including reductions in spend in the health sector in Wales, whilst Data & Insights benefited from a three-year contract renewal with a major financial services client. RedCortex and Data & Insights capabilities are now fully integrated alongside those in

Consulting under a single Digital Transformation leadership team, so our client proposition has even greater strength and depth, whilst our internal structure is more efficient and easier to manage.

Manifesto (c.15% of revenues) faced an environment of reduced spending from its core client base in the charitable sector due to pressures on donation and fund-raising levels, as well as reduced spend in the commercial healthcare sector. However, the re-branding from Digital Experience to manifesto has generated a significant amount of interest and opened up a number of opportunities for growth. Our ambition to be the UK's leading purpose-driven agency remains, built on the core sectors of charities and memberships & visits.

KITS (c.10% of revenues) remains a powerful support to Central Government clients in terms of robust management of IT services, and recovering programmes to transition legacy systems to modern solutions. Despite some client retrenchment in the year, performance has shown signs of improvement.

Making the business better

Key to our vision is to make the business better, which means a balanced approach to both commercial and purpose outcomes. We have improved our internal business information tools and management processes to monitor, predict and manage core KPIs with greater rigour and foresight, including staff utilisation, gross margin by engagement and capability team. This will enable our businesses to better manage internal and contractor resources and drive improved business performance.

The Company's Operational Board has continued to put into practice a number of policy and change initiatives to enhance operational efficiency, reduce risk and reinforce good governance. These included securing or renewing a number of external certifications including Cyber Essentials+, ISO9001 Quality Management, ISO27001 Information Security Management and, post year-end, ISO14001 Environmental Management and ISO45001 Occupational Health & Safety Management. These standards provide the necessary assurance to our clients that we operate in a safe, secure and well-governed way.

People, Places, Planet

TPXimpact was founded on the belief that businesses can and should be catalysts for social and environmental change. The attainment of B-Corp Certification in January 2024 was a milestone achievement for the Group, and a reflection of our long-standing commitment to conducting business responsibly, which also means ensuring social and environmental considerations are woven into the very fabric of our operations and, fundamentally, how we do business.

Central government contracts typically allocate at least 10% of assessment criteria to social value requirements, so the Company's track-record of delivering benefit to our immediate and wider communities, as well as the planet, is very aligned with client expectations. Our social value commitments are exemplified by our Future Leaders programme which offers coaching to young, aspiring entrepreneurs from under-privileged or under-represented socio-economic backgrounds. We recently welcomed the 2024 cohort into this inspiring programme.

Staff retention rates have continued to improve to 88% from 84% last year and less than 80% two years ago. We have narrowed our median gender pay gap to 8% from 14% last year and 20% the year before. Overall female representation was up slightly at 51% and senior female representation increased to 40% from 36%. Overall minority ethnic representation increased to 22% from 19%. Our ethnicity pay gap has, however, increased to 15% from 8% due to a decrease in ethnically diverse senior leaders. So whilst we have made good progress in some respects of Diversity & Inclusion (recognised by winning the 2024 Small Cap Award for Diversity, Inclusivity and Engagement), there is still work to be done.

Togetherness is one of our key **PACT** values and captures the energy, fun, and collaborative approach that we embrace. We measure togetherness through employee inclusion surveys, and these scores have risen to 74% from 72% in the last year. We also conduct staff "Pulse" surveys to gain an understanding of employee engagement and satisfaction. The most recent Pulse survey indicated a score of 7.4 in February 2024 vs 6.7 in 2023 (our goal is 7.5 or more).

We continue to invest in training our people. We recently introduced a Leadership Essentials programme for around 130 leaders and managers in the Company (almost 25% of staff), which will provide them with a continuing framework for personal and professional growth. We have also developed a progression framework for all our job families that covers the skills, behaviours and impact that we expect from our people.

A key driver in bringing our people together in person is our hub strategy. This year, we have rationalised and improved our real estate portfolio, most notably moving into our new London headquarters at The Hickman Building (BREEAM-rated Excellent and Best New Place To Work in the Building London Planning Awards). Additionally, we have made improvements to our Chesterfield, Bristol and Manchester offices.

We continue to make good progress on our carbon footprint, despite the increasing scale of the business. All our offices now run on electricity that is entirely from renewable sources. On a like-for-like basis, our carbon intensity in the year decreased by over 15% to 15.33 tCO2e/£1m of revenue and by over 11% to 2.45 tCO2e/FTE.

Scope 3 emissions form the largest part of our carbon usage and are a continuing area of focus, given Scope 1 and 2 emissions are negligible. We have strengthened our procurement and sustainability team in recent months, so we are improving our grasp of the supply chain in terms of carbon usage and modern slavery, as well as cost-effectiveness. We have improved our MSAT (the Modern Slavery Assessment Tool created by Central Government) score to 70% from 43% a year ago and are aiming to achieve 90% next year.

Looking ahead

The announcement of the snap General Election was welcome as it removed uncertainty from our core client sector. With the outcome now known, we look forward to a more stable environment in which the skills and insights of our talented people will be even more in demand. Over the last month or so, despite the General Election, we have seen a significant expansion in the pipeline of new projects and the current volume of proposals is very encouraging for both TPXimpact and the Digital Transformation sector as a whole. We therefore expect the short-term disruption of the General Election to pass as we enter the second half of the financial year.

Digital transformation remains a critical focus for organisations aiming to streamline costs, enhance agility and improve productivity - expected to be a rapidly growing market in support of the new Government's growth agenda. As businesses shift investments from outdated systems to more nimble, modern solutions, the potential of responsible AI-enabled systems, contingent upon robust data quality, becomes increasingly relevant. Responsible AI also represents a key opportunity for TPXimpact as we can use our expertise to ensure AI systems operate safely and ethically. Like the clients we serve, we are dynamic and constantly evolving; and we are well-placed to respond to these changing needs with innovation, insight and agility.

Year Two of our three-year plan is characterised as "Form and Integrate". We have already achieved some key aspects of this ahead of schedule, including the integration of complementary businesses into the Digital Transformation platform and the launch of the manifesto brand for our Digital Experience businesses. Our people strategy increasingly embeds performance, commercial focus and purpose and we'll continue to push the boundaries of what responsible, sustainable business genuinely

commercial focus and purpose, and we'll continue to push the boundaries of what responsible, sustainable business genuinely means and can achieve.

We have successfully executed our strategy to date and are confident that we will continue to do so, founded upon robust client relationships and exceptional talent throughout the business, as well as a stable financial base. As our journey continues, the outlook is encouraging and we are on track to achieve our ambitions.

Bjorn Conway

CEO, TPXimpact
9 July 2024

Financial Review

The unaudited preliminary results for the year ended 31 March 2024 (FY24) are in line with the trading update issued on 30 May 2024 and show strong growth in revenues, Adjusted EBITDA and margins, as well as significant improvement in net debt. The Company achieved or exceeded all its financial targets for the year.

As a result of the sale of Questers and our strategic consulting business in Norway in September and October 2023 respectively, the Group has treated both businesses as discontinued operations in the year and prior period comparatives have been restated accordingly. Like-for-like performance measures are based on the results from continuing operations. Both disposals were consistent with the three-year plan adopted a year ago to simplify the business and focus on our core strategic pillars of Digital Transformation, manifesto and KITS.

Revenues from continuing operations were up 21.0% to £84.3m in the year, ahead of our target of 15-20%. This growth was driven by our Consulting business (now the largest part of our Digital Transformation business) due to significant new business wins with Central Government in the second half of FY23 and first quarter of FY24. Revenues in our Digital Experience (now manifesto) business eased due to clients in the charitable and commercial healthcare sectors holding back spend. Our RedCortex business (now part of Digital Transformation) faced some challenges, including a contraction in spend in the health sector in Wales.

Sequentially, on a like-for-like basis, Group revenues increased by 7.4% in Q1, 38.3% in Q2, 31.6% in Q3 and 10.8% in Q4, demonstrating sustained positive momentum throughout the year. New business wins amounted to a record £139m in the year, including two very significant wins in Central Government: up to £49m over four years with His Majesty's Land Registry (HMLR) and up to £27m over two years with the Department for Education (DfE).

Public service clients represented over 90% of revenues, reflecting the increasing significance of Central Government (c.65% of revenues) to the Group, as well as the disposal of our Questers and Norway businesses, whose client base was largely in the private sector. Management believe the private sector represents a significant growth opportunity for the Digital Transformation business, founded upon our long-standing relationships with a number of clients in the financial services and utilities sectors, amongst others. Our top 10 clients represented 68% of 2024 revenues.

As revenues grew, so did the cost of sales, which were up over 24% to £63.1m from £50.8m last year. Gross profit therefore increased by 12.3% to £21.2m from £18.9m. Full year gross margins of 25.1% (2023: 27.1% like-for-like) reflected the H2 impact of the challenges at RedCortex, combined with the impact of some sub-contractor arrangements contractually required to service certain new business wins. We expect this limited dependency on external partners to reduce over time and, consequently, gross margins to improve.

We have made good progress in re-balancing the weighting of permanent and contractor staff. Permanent FTE headcount increased by 9% on a like-for-like basis to 533 people at 31 March 2024, whilst the number of contractors reduced by over one-third to 133 people. Total headcount, including contractors, was therefore around 670 people at the end of the financial year.

This shift in resource mix should lead to increased efficiency in the cost base in FY25 and beyond. Productivity also improved with increased utilisation rates, particularly in our Consulting (now Digital Transformation) business. Staff retention showed continued improvement to 88% for the year, compared with around 75% two years ago.

Adjusted EBITDA of £4.6m was double the £2.3m figure for 2023 and our adjusted EBITDA margin of 5.5% was significantly ahead of last year's 3.3% on a like-for-like basis. All of our businesses met or exceeded budgeted FY24 Adjusted EBITDA margin expectations, with the exception of RedCortex.

The Group made a reported operating loss from continuing operations of £(22.8)m against an operating loss of £(19.0)m last year. Administrative expenses of £44.4m (2023: £38.4m) include a non-cash goodwill impairment charge of £14.5m (2023: £10.0m) largely in relation to RedCortex, and a charge for impairment of acquired intangible assets of £1.7m (2023: £1.8m). Charges for share-based payments increased to £1.4m (2023: £0.1m) due to the full year impact of share incentive awards granted in the second half of 2023. Restructuring and transformation costs of £1.4m (2023: £2.5m) arose from the aggregate impact of the rationalisation of our London property portfolio, systems transformation initiatives and selective action on staff costs to support the Group's strategic goals. Amortisation of acquired intangible assets increased to £7.7m (2023: £6.2m) as we shortened the expected useful life of a number of these assets.

Excluding these items, the core administrative expenses of the Group were down slightly on last year at £17.7m despite revenue growth of 21%, reflecting further investment in back-office resources, offset by reductions in discretionary spend.

The Group made an adjusted profit before tax from continuing operations of £1.8m (2023: £0.8m) and a reported loss before tax of £(24.8)m (2023: loss of £(20.1)m). Finance costs increased to £2.0m (2023: £1.1m) due to increased average borrowings and higher interest rates. Taxation amounted to a credit of £2.7m (2023: £1.5m credit) largely due to deferred tax credits on amortisation of acquired intangible assets. Adjusted profit after tax from continuing operations was £1.9m (2023: £0.9m).

The disposal of Questers in September 2023 gave rise to a gain on disposal of £3.7m which has been included in the income statement within profit after tax from discontinued operations. The disposal of TPXimpact Norway in October 2023 for nominal consideration gave rise to a goodwill impairment charge of £1.8m as a cost of discontinued operations. Total profit after tax from discontinued operations was £1.8m (2023: £1.1m).

Reported diluted earnings per share from continuing operations was a loss of (24.5) pence per share (2023: loss of (20.6) pence per share), reflecting the reported losses in the period, including the goodwill/intangible asset impairment charges of £16.2m. On an adjusted basis, diluted earnings per share from continuing operations more than doubled to 2.1 pence per share (2023: 0.9 pence per share).

Whilst the Board has decided there will be no dividend in respect of FY24, 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 31 March 2024 was £7.1m (the lowest level in over three years and significantly better than our £11m target) compared with £17.5m at 31 March 2023. Net cash generated from operations amounted to £7.3m, reflecting the cash benefit of improved trading and effective working capital management. Debtor days were 43 at year-end compared with over 70 days a year ago.

The disposal of Questers and TPXimpact Norway gave rise to a net cash inflow of £6.1m (£7.5m of gross cash proceeds less cash deconsolidated from the Group balance sheet). Other cash outflows included interest payments of £2.2m, long-term lease payments of £0.7m and capital expenditure of £0.2m, with an inflow of £0.2m due to a corporate tax refund. Free cash flow therefore amounted to £10.5m.

The Group used £8.3m of this free cash flow to repay debt, so gross borrowings reduced to £16.2m at 31 March 2024 (2023: £24.5m). Since year-end, a further £4.0m has been repaid, so gross borrowings at 30 June 2024 amounted to £12.2m, a 50% decrease on a year ago. The leverage ratio (net debt/12M Adjusted EBITDA) at 31 March 2024 was 1.54x and the Group has comfortably satisfied its banking covenants since they were reset a year ago.

Debt facility

As announced on 24 June 2024, given the significant improvement in the Group's debt position over the last year, the Company and its bankers agreed to extend the maturity of the Group's revolving credit facility (RCF) by one year to July 2026 and reduce the amount of the facility from £30m to £25m, to better reflect the ongoing needs of the business. The existing accordion of £15m continues to be available if required.

In addition, the borrowing conditions (covenants) of the RCF have been eased, one quarter ahead of schedule. These favourable amendments to the Group's financing arrangements represent a return to a more normal framework for debt and cash management and will allow management greater freedom to manage and invest in the business effectively.

Balance sheet

The Company holds a minority stake of c. 11% of equity (on a diluted basis) in OpenDialog AI Limited ("ODAL"), a conversational AI software business. As illustrated by the successful Series A capital raise in early 2024, this investment provides the Company with an exciting exposure to the conversational AI market and we look forward to supporting its continued, rapid development.

Current trading

Like-for-like revenue growth for the two months ending 31 May 2024 was over 11%, which is in line with our full year target range of 10-15%. Profitability was in line with budget and ahead of the same period last year. £9m of new business was won in the first quarter and the current pipeline of opportunities is very strong, despite the General Election.

Outlook

In the trading update released on 30 May 2024, the Board reaffirmed the 2025 full-year targets of 10-15% like-for-like revenue growth and further improvement in Adjusted EBITDA margins of 2-3% on top of the 5.5% achieved in 2024. We expect the July General Election to lead to a heavier second-half weighting of revenue and profitability than usual. This is likely to mean more subdued top-line growth in the summer months (against tough comparatives), with a subsequent acceleration commencing in Q3. Backlog or committed revenues represent around 70% of targeted full year revenues.

Management are also targeting a leverage ratio of c.1.0x at 31 March 2025, which would allow for share repurchases of £1-2m into the Company's EBT during the second half of the year. These shares will be used to satisfy long-term employee share incentive awards due to vest next year.

With respect to 2026, management continue to target like-for-like revenue growth of 10-15% and an Adjusted EBITDA margin of 10-12%, in line with our previously announced, three-year strategic goals. The ongoing, successful execution of our strategy provides a solid foundation for achieving our targets and we firmly believe that the fundamental demand for our skills and services will remain strong for the foreseeable future.

Steve Winters

CFO, TPXimpact

9 July 2024

Unaudited preliminary results for the year ended 31 March 2024

Consolidated Income Statement

For the year ended 31 March 2024

	Note	Unaudited 2024 £'000	Audited 2023 ¹ £'000
Revenue		84,269	69,672
Cost of sales		(63,090)	(50,816)
Gross profit		21,179	18,856
Administrative expenses		(44,384)	(38,377)
Other income		404	492
Operating loss		(22,801)	(19,029)
Finance costs		(2,046)	(1,084)
Loss before tax from continuing operations		(24,847)	(20,113)
Taxation		2,664	1,494
Loss after tax from continuing operations		(22,183)	(18,619)
Profit after tax from discontinued operations		1,811	1,061

Net loss		(20,372)	(17,558)
Other comprehensive (loss)/income:			
Exchange differences on translation of foreign operations		(22)	20
Exchange adjustments recycled to the income statement on disposal of discontinued operations		94	-
Total comprehensive loss for the year		(20,300)	(17,538)
Earnings per share from continuing and discontinued operations			
Basic (p)	7	(22.5p)	(19.5p)
Fully diluted (p)	7	(22.5p)	(19.5p)
Earnings per share from continuing operations			
Basic (p)	7	(24.5p)	(20.6p)
Fully diluted (p)	7	(24.5p)	(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 4.

Consolidated Statement of Financial Position

At 31 March 2024

	Note	Unaudited 2024 £'000	Audited 2023 £'000
Non-current assets			
Goodwill	5	40,167	59,486
Intangible assets		14,173	23,458
Property, plant and equipment		220	473
Right of use assets		1,546	1,438
Other investments		2,188	2,188
Deferred tax assets		613	159
Total non-current assets		58,907	87,202
Current assets			
Trade and other receivables		11,449	17,812
Contract assets		3,214	2,999
Corporate tax asset		437	335
Cash and cash equivalents		8,934	6,772
Total current assets		24,034	27,918
Total assets		82,941	115,120
Current liabilities			
Trade and other payables		(7,762)	(8,943)
Contract liabilities		(1,784)	(3,608)
Other taxes and social security costs		(4,250)	(4,073)
Deferred and contingent consideration		-	(225)
Lease liabilities		(714)	(564)
Total current liabilities		(14,510)	(17,413)
Non-current liabilities			
Deferred tax liabilities		(3,537)	(5,796)
Borrowings		(16,050)	(24,317)
Lease liabilities		(1,009)	(909)
Total non-current liabilities		(20,596)	(31,022)
Total liabilities		(35,106)	(48,435)
Net assets		47,835	66,685
Equity			
Share capital		922	919
Own shares		(955)	(983)
Share premium		6,538	6,538
Merger reserve		50,449	73,474
Capital redemption reserve		15	15
Foreign exchange reserve		-	(72)
Retained earnings		(9,134)	(13,206)
Total equity		47,835	66,685

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

Share	Share	Merger	Capital redemption	Own	Foreign exchange	Retained
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	capital £'000	premium £'000	reserve £'000	reserve £'000	shares £'000	reserve £'000	earnings £'000	Total £'000
At 1 April 2023	919	6,538	73,474	15	(983)	(72)	(13,206)	66,685
Loss for the year	-	-	-	-	-	-	(20,372)	(20,372)
Transfer to retained earnings	-	-	(23,254)	-	-	-	23,254	-
Exchange differences on translation of foreign operations	-	-	-	-	-	(22)	-	(22)
Exchange adjustments recycled to the income statement on disposal of discontinued operations	-	-	-	-	-	94	-	94
Transactions with owners								
Shares issued	3	-	229	-	-	-	-	232
Own shares transferred from EBT	-	-	-	-	28	-	(28)	-
Share-based payments	-	-	-	-	-	-	1,218	1,218
At 31 March 2024 (Unaudited)	922	6,538	50,449	15	(955)	-	(9,134)	47,835

For the year ended 31 March 2023

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Own shares £'000	Foreign exchange reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2022	874	6,449	78,705	15	(356)	(92)	1,089	(8,123)	78,561
Loss for the year	-	-	-	-	-	-	-	(17,558)	(17,558)
Reclassification to retained earnings ¹	-	-	-	-	-	-	(1,089)	1,089	-
Exchange differences on translation of foreign operations	-	-	-	-	-	20	-	-	20
Transfer to retained earnings	-	-	(12,147)	-	-	-	-	12,147	-
Transactions with owners									
Shares issued	45	89	6,916	-	(90)	-	-	-	6,960
Own shares transferred from EBT	-	-	-	-	11	-	-	(11)	-
Dividends paid	-	-	-	-	-	-	-	(815)	(815)
Share-based payments	-	-	-	-	-	-	-	65	65
Own shares purchased by EBT	-	-	-	-	(548)	-	-	-	(548)
At 31 March 2023 (Audited)	919	6,538	73,474	15	(983)	(72)	-	(13,206)	66,685

¹ 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 year ended 31 March 2024

	Unaudited 2024 ¹ £'000	Audited 2023 ¹ £'000
Cash flows from operating activities:		
Loss before taxation from total operations	(23,014)	(18,971)
Adjustments for:		
Depreciation	931	706
Amortisation of intangible assets	7,681	6,347
Impairment of intangible assets	1,673	1,770
Impairment of goodwill	14,492	9,995
Impairment of goodwill and intangible assets on classification as held for sale	1,848	-
Share-based payments	1,390	65
Foreign exchange losses/(gains)	38	(1)
Finance costs	2,057	1,105
Loss from fair value movement in contingent consideration	7	188
Loss on disposal of property, plant and equipment	16	6
Gain on sale of discontinued operations	(3,580)	(1,606)
Working capital adjustments:		
Decrease in trade and other receivables	4,111	1,271
Decrease in trade and other payables	(346)	(1,141)
Net cash generated from/(used in) operations	7,304	(266)
Tax received/(paid)	236	(1,522)
Net operating cash flows	7,540	(1,788)

Consolidated Statement of Cash Flows continued

For the year ended 31 March 2024

Cash flows from investing activities:		
Net cash paid on acquisition of subsidiaries	-	(1,969)
Disposal of subsidiaries ²	6,071	(127)
Purchase of property, plant and equipment	(37)	(340)
Additions to intangibles	(170)	(244)
Proceeds from sale of property, plant and equipment	12	-
Net cash generated from/(used in) investing activities	5,876	(2,680)
Cash flows from financing activities:		
New borrowings	-	6,300
Repayment of borrowings	(8,300)	-
Purchase of own shares	-	(548)
Payment of lease liabilities	(718)	(445)
Interest paid	(2,211)	(1,146)
Dividends paid	-	(815)
Net cash (used in)/generated from financing activities	(11,229)	3,346
Net increase/(decrease) in cash and cash equivalents	2,187	(1,122)
Cash and cash equivalents at beginning of the year	6,772	7,948
Effect of exchange rate fluctuations on cash held	(25)	(54)
Cash and cash equivalents at the end of the year	8,934	6,772
Comprising:		
Cash at bank and in hand	8,882	6,717
Cash held by trust	52	55
Cash and cash equivalents at end of the year	8,934	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 year.

² Disposal of subsidiaries comprises cash consideration received of £7.5 million less cash disposed of £1.4

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 financial information set out in this announcement does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006 for the year ended 31 March 2024. The statutory accounts for the year ended 31 March 2024 have not yet been delivered to the Registrar of Companies, nor have the auditors yet reported on them. This preliminary announcement does not constitute statutory accounts under section 435 of the Companies Act 2006.

2. Basis of preparation

The unaudited consolidated preliminary financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the UK and the AIM rules for Companies.

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

Going concern

After reviewing the budgets and cash projections for the next twelve months and beyond, the Directors believe that the Group and the Company has adequate resources to continue operations for the foreseeable future and to meet the requirements of its debt covenants. For this reason they continue to adopt the going concern basis in preparing the financial statements.

3. Accounting policies

The accounting policies used in the preparation of the unaudited preliminary consolidated financial statements for the year ended 31 March 2024 are consistent with those which were adopted in the annual statutory financial statements for the year ended 31 March 2023.

4. Discontinued operations

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

The Group disposed of its equity interests in TPXImpact Norway AS on 13 October 2023 to companies controlled by the managing partners of the business for a nominal consideration of £1. This disposal was 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 operations of both Questers and TPXImpact Norway are presented as discontinued operations in the consolidated income statement with the comparatives and related notes restated accordingly. The Questers disposal generated a gain of £3.7 million and the TPXImpact Norway disposal generated a loss of £0.1 million and a £1.8 million impairment was recognised on classification as held for sale. These are included in profit after tax on discontinued operations in the year ended 31 March 2024.

Income statement reconciliation:

	Continuing operations 2024	Discontinued operations 2024	Total operations 2024	Continuing operations 2023	Discontinued operations 2023 ¹	Discontinued operations 2023 re-presented ²	Total operations 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	84,269	7,171	91,440	69,672	27	14,008	83,707
Cost of sales	(63,090)	(6,102)	(69,192)	(50,816)	(58)	(11,959)	(62,833)
Gross profit	21,179	1,069	22,248	18,856	(31)	2,049	20,874
Administrative expenses	(44,384)	(2,852)	(47,236)	(38,377)	(76)	(2,412)	(40,865)
Gain on sale of discontinued operations	-	3,580	3,580	-	1,606	-	1,606
Other income	404	47	451	492	-	27	519
Operating (loss)/profit	(22,801)	1,844	(20,957)	(19,029)	1,499	(336)	(17,866)
Finance costs	(2,046)	(11)	(2,057)	(1,084)	-	(21)	(1,105)
(Loss)/profit before tax	(24,847)	1,833	(23,014)	(20,113)	1,499	(357)	(18,971)
Taxation	2,664	(22)	2,642	1,494	(54)	(27)	1,413
(Loss)/profit after tax	(22,183)	1,811	(20,372)	(18,619)	1,445	(384)	(17,558)

¹ In the year ended 31 March 2023 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.

5. Goodwill

Goodwill decreased by £19.3 million during the year ended 31 March 2024. This is primarily due to impairment charges in relation to RedCortex and Digital Experience of £10.4 million and £4.1 million respectively, as well as £3.0 million of goodwill disposed in respect of Questers and a £1.8 million impairment in TPXimpact Norway on classification as held for sale.

6. Borrowings

At 31 March 2024, the Group had a revolving credit facility with HSBC of £30 million (with a £15 million accordion) of which £16.2 million had been drawn down following repayments during the year of £8.3 million.

In June 2023, management and HSBC 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. The revised covenants at 31 March 2024 were met. In June 2024, management and HSBC agreed to ease the covenants one quarter ahead of schedule. The covenants now comprise two measures to be assessed at each quarter end: (i) Net debt (excluding lease liabilities) to rolling twelve month Adjusted EBITDA of 2.5x or less; and (ii) rolling twelve month Adjusted EBITDA to net finance costs of at least 3.0x for the periods ending 30 September and 31 December 2024 and 3.5x for the year ending 31 March 2025 and thereafter.

In June 2024, a further £4.0 million was repaid and the Group and HSBC also agreed to extend the maturity of the revolving credit facility by one year to July 2026 while reducing the amount of the facility from £30 million to £25 million.

7. Earnings per share

	2024 Number of shares '000	2023 Number of shares '000
Weighted average number of shares for calculating basic earnings per share	90,368	90,185
Weighted average number of dilutive shares	3,142	3,839
Weighted average number of shares for calculating diluted earnings per share	93,510	94,024

	2024 £'000	2023 ¹ £'000
Loss after tax from continuing operations	(22,183)	(18,619)
Profit after tax from discontinued operations	1,811	1,061
Loss after tax from total operations	(20,372)	(17,558)
Adjusted profit after tax from continuing operations ²	1,919	875

Earnings per share is calculated as follows:

	2024	2023 ¹
Basic earnings per share		
Basic earnings per share from continuing operations	(24.5p)	(20.6p)
Basic earnings per share from discontinued operations	2.0p	1.1p
Basic earnings per share from total operations	(22.5p)	(19.5p)
Adjusted basic earnings per share from continuing operations	2.1p	1.0p
Diluted earnings per share		
Diluted earnings per share from continuing operations ³	(24.5p)	(20.6p)
Diluted earnings per share from discontinued operations ³	2.0p	1.1p
Diluted earnings per share from total operations ³	(22.5p)	(19.5p)
Adjusted diluted earnings per share from continuing operations	2.1p	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 4.

² Adjusted profit after tax on continuing operations is defined in note 8.

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.

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.

Like-for-like

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 year ended 31 March 2024, 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):

	2024 £'000	2023 £'000
Cash and cash equivalents	8,934	6,772
Borrowings due after one year ¹	(16,050)	(24,317)
Net debt	(7,116)	(17,545)

Reconciliation of operating loss to adjusted EBITDA:

	2024 £'000	2023 £'000²
Operating loss	(22,801)	(19,029)
Amortisation of intangible assets	7,657	6,155
Depreciation	789	371
Loss from fair value movement in contingent consideration	7	188
Impairment of intangible assets	1,673	1,770
Impairment of goodwill	14,492	9,995
Share-based payments ³	1,425	84
Costs directly attributable to business combinations	-	229
Restructuring and transformation costs	1,387	2,541
Adjusted EBITDA	4,629	2,304

¹ Borrowings due after one year comprise gross borrowings less unamortised debt issuance costs.

² 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 4.

³ Includes social security costs.

Reconciliation of loss before tax to adjusted profit after tax:

	2024 £'000	2023 £'000¹
Loss before tax on continuing operations	(24,847)	(20,113)
Amortisation of intangible assets	7,657	6,155
Loss from fair value movement in contingent consideration	7	188
Impairment of intangible assets	1,673	1,770
Impairment of goodwill	14,492	9,995
Share-based payments ²	1,425	84
Costs directly attributable to business combinations	-	229
Restructuring and transformation costs	1,387	2,541
Adjusted profit before tax on continuing operations	1,794	849
Tax (excluding impact of amortisation of intangible assets and share-based payments)	125	26
Adjusted profit after tax on continuing operations	1,919	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 4.

² Includes social security costs.

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