RNS Number : 9282N
TPXimpact Holdings PLC
28 November 2024

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TPXimpact Holdings PLC

("TPX", or the "Group", or the "Company")

Unaudited Interim Results

First half performance in line with market expectations
FY25 outlook unchanged

TPXimpact Holdings PLC (AIM: TPX), the technology-enabled services company focused on people-powered digital transformation, is pleased to announce its unaudited interim results for the six months ended 30 September 2024.

All key profitability metrics improved in the first half of the year despite market-driven pressures on the top-line.

Financial highlights[1]:

- Revenue of £37.8m (H1 2024: £41.6m), a decrease of 9.2% reflecting market headwinds; Adjusted EBITDA[2] up over 15% to £2.3m (H1 2024: £2.0m)
- New business wins of £35m in the first half, with increasing momentum: Q1: £9m, Q2: £26m and £29m so far in Q3
- Gross margin up to 28.3% (H1 2024: 26.2%)
- Adjusted EBITDA[2] margin increased to 6.1% (H1 2024: 4.8%)
- Reported operating loss reduced to £(3.4)m (H1 2024: £(9.0)m),
- Adjusted profit before tax[2] up over 90% to £1.1m (H1 2024: £0.6m)
- Reported loss before tax reduced to £(4.1)m (H1 2024: £(10.1)m)
- Adjusted diluted earnings[2] per share up strongly to 1.2p (H1 2024: 0.5p)
- Reported diluted loss per share improved to (3.6)p (H1 2024: (10.2)p)
- Net debt[2] (excluding lease liabilities) as at 30 September 2024 of £7.9m (31 March 2024: £7.1m; 30 September 2023: £12.8m)

Operational highlights:

- On track to achieve key objectives of the three-year plan
- Simplified the business earlier than planned into three core businesses: Digital Transformation, manifesto and KITS
- Prompt response to revenue headwinds with selective cost actions expected to save well over £3m on an annualised basis
- Gaining new business momentum including a post-period major contract win with Ministry for Housing, Communities and Local Government - up to £19m over three years
- Over 90% of H1 revenues came from public services clients
- Employee retention rates improved to 88% (H1 2024: 86%) on an annualised basis
- Total headcount (including associates) of 620 people at 30 September 2024: permanent employee (FTE) numbers decreased by 4.5% in H1 to 510 people and the number of associates reduced by over 17% to 110 (down over one-third against 30 September 2023)
- Female representation stands at 52% (H1 2024: 51%) and ethnic minority representation stands at 21% (H1 2024: 20%)
- Carbon footprint reduced by 9.6% to 613.7 tCO_2e

Post-period outlook

- No change in FY25 targets: flat revenue growth for the year and Adjusted EBITDA in the range of £7-£8 million, and net debt of around 1x EBITDA
- FY26 target of like-for-like revenue growth of 10-15% reaffirmed
- FY26 target of 100-300 basis point progression on proforma Adjusted EBITDA margins reaffirmed, which would equate to an underlying Adjusted EBITDA margin of 10-12% before NIC changes and 9-11% after NIC changes, taking effect from 1 April 2025
- Backlog or committed revenue now represents over 90% of FY25 projected revenues and the pipeline of potential new business remains promising

[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 7.*

Bjorn Conway, Chief Executive Officer of TPXimpact Holdings PLC, commented:
"The Company has shown remarkable resilience in the first half of the financial year. Despite revenue headwinds in our core client sector of Central Government, all key profitability metrics showed improvement and growth.

"We welcomed the improved visibility evident from the Chancellor's Budget announcement on 30 October 2024 in relation to Central Government spending plans for the next financial year, which we expect to result in an uplift in activity in the second half. The increased momentum in new business wins, together with the steps we have taken to improve and simplify the business, provide a solid foundation for achieving our financial targets for the second half of the year and beyond.

"As we commence our planning process for the next financial year, we remain confident in the continued execution of our three-year strategic plan and cautiously optimistic that more favourable market conditions will prevail. The Company is well-positioned to seize the opportunities emerging from Central Government's growth agenda as and when they

materialise, whilst maintaining our commitment to being a responsible and sustainable business, exemplified by our accreditation as a B-Corp. We look forward to providing further updates on our progress over the coming months."

-Ends-

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018. The person responsible for this announcement is Steve Winters, Group CFO.

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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 client base representing public services.

More information is available at www.tpximpact.com.

CEO's statement

All key profitability metrics improved in the first half of the year despite market-driven pressures on the top-line. Although the first half of FY25 started well, revenue over the course of the summer months was impacted by a slowdown in spend in our core client sector of Central Government. The well-publicised £22-40bn "Black Hole" in Government finances led to delays in the client decision-making process, both in terms of the award of new contracts and delaying spend on existing commitments. At the same time, our manifesto business has been impacted by continued spending constraints in its core client base in the not-for-profit and charitable sector. Like many of our competitors, these developments have directly impacted revenues which, in our case, decreased by over 9% in the first half.

The conclusion of the Departmental Spending Reviews and the announcement of the Chancellor's Budget on 30 October 2024 provided some visibility in relation to Central Government spending plans, which should provide plenty of opportunity for TPXimpact to play a major part in the Government's digital transformation initiatives as and when they materialise.

The rebranded manifesto business is also seeing some signs of green shoots in the not-for-profit/charitable sector, although the market backdrop remains uncertain. KITS showed good revenue growth and renewed an important contract with the Rural Payments Agency for up to £10m over the next three years.

New business trends have improved in the second quarter and Q3 has started well with the previously announced, major award from the Ministry of Housing, Communities and Local Government ("MHCLG") for up to £19m over three years to support their planning reform programme. Whilst the pipeline of new business remains encouraging, and visibility has improved, we remain cautious about the speed at which spending will resume; we are anticipating an increase in activity in the second half of the current year, supporting our H2 growth outlook, with more significant initiatives being implemented in the next financial year following the conclusion of the spring Spending Review. As a result, we have maintained our view that full-year revenues for FY25 will be broadly flat, whilst next year should show an acceleration in top-line growth in line with our target of 10-15%.

Our response to the market-driven headwinds on revenue was to conduct a comprehensive business improvement programme to ensure our cost base is aligned with current and future areas of strategic focus and growth. This exercise was initiated in Q2 and concluded in October. Management expect the actions taken will save well over £3m in employee costs on an annualised basis, with an immediate impact on the second half of this year.

Adjusted EBITDA in the first half increased by over 15% to £2.3m and Adjusted profit before tax increased by over 90% to £1.1m. Metrics on a reportable basis also showed notable improvement. These trends reflect disciplined cost control, whilst ensuring the business has a sound foundation for the expected acceleration in growth when it comes.

This foundation is further underpinned by a sound balance sheet, with net debt (excluding lease liabilities) of £7.9m at 30 September 2024, against £12.8m at the same time last year. Given the weighting of profitability (and therefore operating cash flows) to the second half of this year, we expect to achieve our full-year leverage target of around 1.0x at year-end.

Overall, the Company has continued to make good progress towards achieving its three-year plan, despite the short-term market pressure on revenues. Management have completed the simplification of the business into the three core pillars of Digital Transformation, manifesto and KITS. Each has a clear organisational structure, a highly capable leadership team and appropriate accountabilities in place to support long-term growth and efficiency.

People

Our people have worked tremendously hard in this challenging period and I am pleased that this has been reflected in an employee retention rate of 88%, a little higher than at the same time last year (86%). Our certification as a B-Corp in January 2024 has further galvanised our efforts to act responsibly as a business, and has no doubt contributed to what we believe is a compelling employee and client proposition.

As a People-Powered Digital Transformation company, we continue to bring our PACT values-Purpose, Accountability, Craft, and Togetherness-to life, focusing on initiatives that empower our people, encourage accountability and enhance operational excellence. Our investment in learning and development initiatives has continued with over 160 participants in our flagship Leadership Essentials training initiative, which also offers a programme of continuing professional and personal development, fostering impactful and accountable leadership. In addition, the recent launch of our Progression Framework is designed to help individuals understand their current skill levels, contributions, and development goals in the context of a purpose-driven culture which thrives in a commercially sustainable business.

In line with our commitment to creating an inclusive and equitable workplace, we have achieved Disability Confident Employer status and entered the Social Mobility Foundation's Employer Index for the first time. Gender and ethnicity representation figures have increased slightly compared with the first half of last year to 52% and 21% respectively. In October 2024, the Company proudly became a Living Wage Employer accredited by the Living Wage Foundation, highlighting our dedication to fair pay for all our people.

Purpose

As a purpose-driven organisation, we are committed to aligning profit with purpose, with continued progress across our ESG (Environmental, Social, and Governance) metrics.

Total carbon emissions reduced by 9.6% to 613.7 tCO$_2$e (H124: 672.8 tCO$_2$e) like-for-like, underscoring our commitment to sustainability. Carbon intensity on an FTE basis decreased by 10.0% to 2.34 tCO$_2$e/FTE (annualised) whilst carbon intensity per £1m of revenue held steady at 16.2 tCO$_2$e/£1m, due to lower first half revenues. We have also improved our carbon reporting processes to ensure more timely and comprehensive internal reporting of carbon emissions, allowing management to focus time and energy on addressing the carbon profile of our supply chain.

We continue to integrate social value initiatives within the business, which remain an important contributor to public sector bid scores. Recent initiatives include a one-week In2Science internship for a cohort of secondary school students and the FY25 Future Leaders programme which provides five young digital entrepreneurs with funding, coaching, and access to expertise from our teams.

We have further improved our MSAT (the Modern Slavery Assessment Tool) created by Central Government score to 83% from 70% at the end of last year and from 43% 18 months ago. MSAT scores are becoming more relevant to the bid process on Central Government contracts, so this progress is commercially beneficial as well as indicative of a greater focus on the wider, human implications of the supply chain.

In summary, the Company has emerged from a challenging first half in good shape, ready for the opportunities the Government's Digital Transformation strategy will bring over the coming months and years. We remain passionate about delivering high-quality solutions to the challenges our clients face and believe we are well-placed for continued success as and when market conditions allow.

Bjorn Conway

CEO, TPXimpact

28 November 2024

Financial Review

The interim results for the six months ended 30 September 2024 (H1 2025) are in line with the trading update issued on 12 November 2024 and show resilience in profitability despite a decrease in revenue driven by challenging market conditions in the Company's core client sector of Central Government.

Revenues decreased by 9.2% to £37.8m in the first half of the year (H1 2024: £41.6m). Growth in our Digital Transformation business (76% of H1 2025 Group revenues) was impacted by the spending constraints imposed by Central Government since the General Election in July, although recent new business momentum has been very positive. Revenues in our manifesto business (13% of H1 2025 Group revenues) eased due to clients in the not-for-profit/charitable sector holding back spend, although recent new business trends are encouraging. The KITS business (11% of H1 2025 Group revenues) was less affected by Government spending controls and benefitted from a three-year renewal of up to £10m from the Rural Payments Agency. Sequentially, Group revenues increased by 2.3% in Q1 and decreased by 19.1% in Q2 (against an exceptionally high growth comparative of over 38% in Q2 2024), reflecting the impact of more severe spending controls in Central Government over the summer months.

New business wins accelerated to £26m in Q2, from £9m in Q1. This increased momentum in new business has continued in Q3 with wins of £29m to date in the quarter, including the previously announced Planning Reform contract awarded by the Ministry for Housing, Communities and Local Government (MHCLG) of up to £19m over three years. Public service clients represented over 90% of revenues in the first half, reflecting the significance of Central Government (66% of H1 2025 revenues) to the Group. Our top 10 clients represented 71% of H1 2025 revenues.

Cost of sales decreased by 11.9% to £27.1m (H1 2024: £30.7m), largely offsetting the decline in revenues. Gross profit was therefore £10.7m (H1 2024: £10.9m) and gross margins increased to 28.3% from 26.2%. The prior period gross margin was suppressed by the challenges faced by the RedCortex business (now part of the Digital Transformation business unit) last year. Nevertheless, gross margin improvement has still occurred due to a reduction in the number of associates, partly offset by lower utilisation rates in Q2 as revenues came under pressure. We expect utilisation rates to improve as increased new business wins come on stream and the full effect of cost-saving actions implemented in Q2 take effect. These savings amount to well over £3m on an annualised basis.

In the first six months of the year, total headcount, including associates, decreased by 7% to 620 people at 30 September 2024 compared with almost 670 people at 31 March 2024 and around 700 people a year ago. Permanent FTE reduced by 4.5% in the first half to 510 people and the number of associates fell by over 17% to 110, giving a ratio of permanent FTE/associates of around 80:20. Over the last twelve months, the number of associates in the business has fallen by over one-third. These figures illustrate the discipline applied by management over both FTE and contractor headcount in the first half to respond to the pressure on revenues. In addition, the Company's business improvement programme concluded in early October 2024 and this will further reduce headcount in Q3.

Employee retention in the first half was 88% (on an annualised basis) against 86% a year ago, a continuing reflection of the attractive employee proposition offered by the Company, enhanced by our B-Corp status.

Adjusted EBITDA increased to £2.3m (H1 2024: £2.0m) in the first half, despite the decline in revenues, resulting in an improved Adjusted EBITDA margin of 6.1% (H1 2024: 4.8%).

The Group made a reported operating loss of £(3.4)m in the first half against an operating loss of £(9.0)m for the same period last year, reflecting a £Nil goodwill impairment charge compared with a £5.6m charge taken in H1 2024. Charges for share-based payments increased to £0.9m (H1 2024: £0.5m) due to share incentive grants in the first half, whilst restructuring and transformation costs increased to £1.5m (H1 2024: £0.7m), including a £1.1m charge in relation to the business improvement programme initiated in Q2. Amortisation of acquired intangible assets decreased to £2.7m (H1 2024: £3.9m). Excluding these items, the core administrative expenses of the Group were slightly lower at £9.2m (H1 2024: £9.3m), reflecting disciplined control over indirect headcount and discretionary costs.

Adjusted profit before tax of £1.1m increased by 90% against last year (H1 2024: £0.6m) and the reported loss before tax reduced to £(4.1)m (H1 2024: loss of £(10.1)m). Finance costs in the first half decreased to £0.7m (H1 2024: £1.1m) due to lower average borrowings during the period. Taxation amounted to a credit of £0.8m (H1 2024: £0.9m) due to deferred tax credits on amortisation of intangible assets and the utilisation of prior year tax losses. Adjusted profit after tax more than doubled to £1.1m (H1 2024: £0.5m).

Reported diluted earnings per share for the first half improved to a loss of (3.6) pence per share (H1 2024: loss of (10.2) pence per share), reflecting the reduction in reported losses in the period. On an adjusted basis, diluted earnings per share more than doubled to 1.2 pence per share (H1 2024: 0.5 pence per share), in line with the increase in adjusted profit after tax.

Whilst the Board has decided there will be no interim dividend in respect of the first half of this year (H1 2024: Nil pence per share), dividend policy will continue to be reviewed on a regular basis and take account of improved performance in due course.

Net debt and Cash flow

Net debt (excluding lease liabilities) at 30 September 2024 was £7.9m compared with £7.1m at 31 March 2024 and £12.8m at 30 September 2023. The £0.8m increase in net debt in the first half of the year reflects net cash generated from operations (before working capital movements) of £0.8m, a small seasonal working capital outflow of £0.3m, interest paid of £0.7m, share repurchases for the Company EBT (Employee Benefit Trust) of £0.5m, and long-term lease payments of £0.5m, offset by a £0.4m corporation tax refund.

Debtor days continued to improve to 37 days at 30 September 2024 from 43 days at 31 March 2024 and 46 days at 30 September 2023, reflecting our continued focus on strong working capital management.

The leverage (net debt/12M Adjusted EBITDA) ratio was 1.6x at 30 September 2024 and interest cover was 3.3x, with both metrics comfortably ahead of the Company's banking covenants. Gross borrowings reduced to £12.2m at 30 September 2024 as the Company used £4.0m of surplus cash to pay down debt in Q1.

Current trading

Trading in October was in line with the Company's internal forecasts, with margins continuing to expand on prior year, reflecting the cost saving actions initiated in Q2. Backlog or committed revenue currently represents over 90% of full-year projected revenues and the pipeline of potential new business remains promising, although the exact timing of when some of these pipeline opportunities will materialise remains subject to Central Government's current spending constraints.

Outlook

The Company is well-positioned to support the Government's five missions for a better Britain and its focus on sustained growth over the course of this Parliament. As the recent MHCLG Planning Reform win amply illustrates, there is plenty of opportunity for TPXimpact to play a major part in the Government's digital transformation initiatives as and when they materialise. There is improved visibility in relation to Central Government spending plans following the conclusion of the Departmental Spending Reviews and the Chancellor's Budget announced on 30 October. We expect this to feed through to new initiatives in the next financial year following the spring Spending Review, with an increase in activity in the second half of the current year.

Our confidence in the Company's long-term growth prospects therefore remains strong and the Board reaffirms its FY25 target of flat revenue growth, with an adjusted EBITDA target of £7-8 million in line with consensus estimates. Management are also targeting a net debt (excluding lease liabilities) to Adjusted EBITDA ratio of around 1.0x at 31 March 2025.

The Company has assessed the changes to Employer NIC rates and thresholds announced in the Budget on 30 October 2024, which take effect from 1 April 2025. The Company estimates that these changes would have resulted in an additional charge of around £0.8m for the current FY25 financial year on a proforma basis, reducing consensus Adjusted EBITDA margins by around 100 basis points.

The Company has recently commenced the initial stages of its planning and budgeting process for FY26 and will incorporate the headwinds arising from these NIC changes into its plans for next year. Although the Company will do its best to absorb some or all of these additional costs in the medium-term, there is nevertheless a negative short-term impact on the cost base that is largely outside the Company's control.

As a consequence, the Board is maintaining its guidance of Adjusted EBITDA margin progression in FY26 of 100-300 basis points, but off a lower proforma FY25 base. In practice, this means the Company is now targeting an Adjusted EBITDA margin of 9-11% in FY26 (previously 10-12%) to take account of the NIC changes that will apply from 1 April 2025. Targeted FY26 like-for-like revenue growth remains 10-15% in view of the expectation that more normal spending patterns and opportunities will emerge over the coming months, driven by the Government's agenda for growth and the outcome of the spring Spending Review.

The ongoing, successful execution of our strategy provides a solid foundation for achieving these 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

28 November 2024

Consolidated Income Statement

For the six months ended 30 September 2024

	Note	Unaudited 6 months to 30 September 2024 £'000	Unaudited 6 months to 30 September 2023 £'000	Audited Year ended 31 March 2024 £'000
Revenue		37,776	41,622	84,269
Cost of sales		(27,071)	(30,718)	(63,090)
Gross profit		**10,705**	**10,904**	**21,179**
Administrative expenses		(14,362)	(19,937)	(44,384)
Other income		259	45	404
Operating loss		**(3,398)**	**(8,988)**	**(22,801)**
Finance costs		(687)	(1,070)	(2,046)
Loss before tax from continuing operations		**(4,085)**	**(10,058)**	**(24,847)**
Taxation		822	874	2,664
Loss after tax from continuing operations		**(3,263)**	**(9,184)**	**(22,183)**
Profit after tax from discontinued operations		-	2,213	1,811
Net loss		**(3,263)**	**(6,971)**	**(20,372)**
Other comprehensive (loss)/income:				
Exchange difference on translation of foreign operations		-	(22)	(22)
Exchange adjustments recycled to the income statement on disposal of discontinued operations		-	27	94
Total comprehensive loss for the period		**(3,263)**	**(6,966)**	**(20,300)**
Earnings per share from continuing and discontinued operations				
Basic (p)	6	(3.6p)	(7.7p)	(22.5p)
Fully diluted (p)	6	(3.6p)	(7.7p)	(22.5p)
Earnings per share from continuing operations				
Basic (p)	6	(3.6p)	(10.2p)	(24.5p)
Fully diluted (p)	6	(3.6p)	(10.2p)	(24.5p)

Consolidated Statement of Financial Position

At 30 September 2024

	Note	Unaudited 30 September 2024 £'000	Unaudited 30 September 2023 £'000	Audited 31 March 2024 £'000
Non-current assets				
Goodwill		40,190	49,085	40,167
Other intangible assets		11,430	19,521	14,173
Property, plant and equipment		128	330	220
Right of use assets		1,520	1,907	1,546
Other investments		2,188	2,188	2,188
Deferred tax assets		798	169	613
Total non-current assets		**56,254**	**73,200**	**58,907**
Current assets				
Trade and other receivables		9,498	10,904	11,449
Contract assets		2,590	7,513	3,214
Corporate tax asset		180	257	437
Cash and cash equivalents		4,167	7,171	8,934
Total current assets		**16,435**	**25,845**	**24,034**
Assets held for sale		-	731	-
Total assets		**72,689**	**99,776**	**82,941**
Current liabilities				
Trade and other payables		(6,456)	(8,658)	(7,762)

	Note			
Trade and other payables		(6,456)	(8,658)	(7,762)
Contract liabilities		(959)	(977)	(1,784)
Other taxes and social security costs		(3,724)	(2,472)	(4,250)
Lease liabilities		(875)	(637)	(714)
Total current liabilities		**(12,014)**	**(12,744)**	**(14,510)**
Liabilities directly associated with assets held for sale		-	(385)	-
Non-current liabilities				
Deferred tax liabilities		(2,840)	(4,855)	(3,537)
Borrowings	5	(12,060)	(19,979)	(16,050)
Lease liabilities		(799)	(1,396)	(1,009)
Total non-current liabilities		**(15,699)**	**(26,230)**	**(20,596)**
Total liabilities		**(27,713)**	**(39,359)**	**(35,106)**
Net assets		**44,976**	**60,417**	**47,835**
Equity				
Share capital		922	922	922
Own shares		(912)	(983)	(955)
Share premium		6,538	6,538	6,538
Merger reserve		50,449	73,703	50,449
Capital redemption reserve		15	15	15
Foreign exchange reserve		-	(67)	-
Retained earnings		(12,036)	(19,711)	(9,134)
Total equity		**44,976**	**60,417**	**47,835**

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Own shares	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2024	**922**	**6,538**	**50,449**	**15**	**(955)**	**(9,134)**	**47,835**
Loss for the period	-	-	-	-	-	(3,263)	(3,263)
Transactions with owners							
Own shares transferred from EBT	-	-	-	-	515	(515)	-
Own shares purchased by EBT	-	-	-	-	(472)	-	(472)
Share options exercised	-	-	-	-	-	12	12
Share based payments	-	-	-	-	-	864	864
At 30 September 2024 (Unaudited)	**922**	**6,538**	**50,449**	**15**	**(912)**	**(12,036)**	**44,976**

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	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**
Loss for the period	-	-	-	-	-	-	(13,401)	(13,401)
Exchange adjustments recycled to the income statement on disposal of discontinued operations	-	-	-	-	-	67	-	67
Transfer to retained earnings	-	-	(23,254)	-	-	-	23,254	-
Transactions with owners								
Own shares transferred from EBT	-	-	-	-	28	-	(28)	-
Share-based payments	-	-	-	-	-	-	752	752
At 31 March 2024 (Audited)	**922**	**6,538**	**50,449**	**15**	**(955)**	**-**	**(9,134)**	**47,835**

Consolidated Statement of Cash Flows

For the six months ended 30 September 2024

	Unaudited 6 months to 30 September 2024	Unaudited 6 months to 30 September 2023[1]	Audited Year ended 31 March 2024[1]
	£'000	£'000	£'000
Cash flows from operating activities:			
Loss before taxation from total operations	(4,085)	(7,820)	(23,014)
Adjustments for:			
Depreciation	488	476	931
Amortisation of intangible assets	2,746	3,918	7,681
Impairment of goodwill and intangible assets on classification as held for sale	-	1,848	1,848
Impairment of intangible assets	-	-	1,673
Impairment of goodwill	-	5,564	14,492
Share-based payments	941	466	1,390
Foreign exchange losses	-	38	38
Finance costs	687	1,081	2,057
Loss from fair value movement of contingent consideration	-	7	7
Loss on disposal of property, plant and equipment	-	-	16
Gain on sale of discontinued operations	-	(3,774)	(3,580)
Working capital adjustments:			
Decrease in trade and other receivables	2,478	358	4,111
Decrease in trade and other payables	(2,753)	(2,067)	(346)
Net cash generated from operations	502	95	7,304
Tax received	437	10	236
Net operating cash flows	939	105	7,540
Cash flows from investing activities:			
Disposal of subsidiaries	-	6,236	6,071
Purchase of property, plant and equipment	-	(22)	(37)
Proceeds from sale of property, plant and equipment	-	-	12
Additions to intangible assets	-	(82)	(170)
Net cash generated from investing activities	-	6,132	5,876

Cash flows from financing activities:			
Repayment of borrowings	(4,000)	(4,300)	(8,300)
Purchase of own shares	(472)	-	-
Payment of lease liabilities	(485)	(332)	(718)
Interest paid	(761)	(1,015)	(2,211)
Proceeds from exercise of share options	12	-	-
Net cash used in financing activities	(5,706)	(5,647)	(11,229)
Net (decrease)/increase in cash and cash equivalents	(4,767)	590	2,187
Cash and cash equivalents at beginning of the period	8,934	6,772	6,772
Effect of exchange rate fluctuations on cash held	-	(26)	(25)
Cash and cash equivalents including cash from discontinued operations	4,167	7,336	8,934
Cash from discontinued operations	-	(165)	-
Cash and cash equivalents at end of the period	4,167	7,171	8,934
Comprising:			
Cash at bank and in hand	4,136	7,115	8,882
Cash held by trust	31	56	52
Cash and cash equivalents at end of the period	4,167	7,171	8,934

[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 previous financial periods.

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 2024 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 2024, which have been prepared in accordance with UK-adopted international accounting standards, with the Companies Act 2006 and the AIM rules for Companies.

This consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2024 were approved by the Board of directors and delivered to the Registrar of Companies. The report of the auditors on those accounts issued an unqualified opinion 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 forecasting sales growth and EBITDA margins, to support 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 2024. 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 2024 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 2024.

5. Borrowings

At 31 March 2024, the Group had a revolving credit facility with HSBC of £30m with a £15m accordion of which £16.2m had been drawn down.

In June 2024, the Company and its bankers agreed to ease the Group's lending 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. The Group satisfied these revised covenants throughout the period from inception to the period ended 30 September 2024.

In June 2024, £4.0m 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 £30m to £25m.

6. Earnings per share

	6 months to 30 September 2024 Number of shares	6 months to 30 September 2023 Number of shares	Year ended 31 March 2024 Number of shares
	'000	'000	'000
Weighted average number of shares for calculating basic earnings per share	90,628	90,299	90,368
Weighted average number of dilutive shares	4,036	1,363	3,142
Weighted average number of shares for calculating diluted earnings per share	94,664	91,662	93,510

	6 months to 30 September 2024	6 months to 30 September 2023	Year ended 31 March 2024
	£'000	£'000	£'000
Loss after tax from continuing operations	(3,263)	(9,184)	(22,183)
Profit after tax from discontinued operations	-	2,213	1,811
Loss after tax from total operations	(3,263)	(6,971)	(20,372)
Adjusted profit after tax from continuing operations[1]	1,124	499	1,919

Earnings per share is calculated as follows:

	6 months to 30 September 2024	6 months to 30 September 2023	Year ended 31 March 2024
Basic earnings per share			
Basic earnings per share from continuing operations	(3.6p)	(10.2p)	(24.5p)
Basic earnings per share from discontinued operations	-	2.5p	2.0p
Basic earnings per share from total operations	(3.6p)	(7.7p)	(22.5p)
Adjusted basic earnings per share from continuing operations	1.2p	0.6p	2.1p
Diluted earnings per share			
Diluted earnings per share from continuing operations[2]	(3.6p)	(10.2p)	(24.5p)
Diluted earnings per share from discontinued operations[2]	-	2.5p	2.0p
Diluted earnings per share from total operations[2]	(3.6p)	(7.7p)	(22.5p)
Adjusted diluted earnings per share from continuing operations	1.2p	0.5p	2.1p

[1] Adjusted profit after tax on continuing operations is defined in note 7.

[2] 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.

7. 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 (excluding lease liabilities). We believe this information, along with comparable GAAP measurements, is useful to shareholders and analysts in providing a basis for measuring our financial performance. The adjusted EBITDA is based on the results of continuing operations.

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 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):

	30 September 2024	30 September 2023	31 March 2024
	£'000	£'000	£'000
Cash and cash equivalents	4,167	7,171	8.934
Borrowings due after one year	(12,060)	(19,979)	(16,050)
Net debt	**(7,893)**	**(12,808)**	**(7,116)**

Reconciliation of operating loss to adjusted EBITDA:

	6 months to 30 September 2024 £'000	6 months to 30 September 2023 £'000	Year ended 31 March 2024 £'000
Operating loss	**(3,398)**	**(8,988)**	**(22,801)**
Amortisation of intangible assets	2,746	3,894	7,657
Depreciation	488	334	789
Loss from fair value movement of contingent consideration	-	7	7
Impairment of intangible assets	-	-	1,673
Impairment of goodwill	-	5,564	14,492
Share-based payments[1]	941	501	1,425
Restructuring and transformation costs	1,522	674	1,387
Adjusted EBITDA	**2,299**	**1,986**	**4,629**

[1] Includes social security costs.

Reconciliation of loss before tax to adjusted profit after tax:

	6 months to 30 September 2024 £'000	6 months to 30 September 2023 £'000	Year ended 31 March 2024 £'000
Loss before tax from continuing operations	**(4,085)**	**(10,058)**	**(24,847)**
Amortisation of intangible assets	2,746	3,894	7,657
Loss from fair value movement of contingent consideration	-	7	7
Impairment of intangible assets	-	-	1,673
Impairment of goodwill	-	5,564	14,492
Share-based payments[1]	941	501	1,425
Restructuring and transformation costs	1,522	674	1,387
Adjusted profit before tax from continuing operations	**1,124**	**582**	**1,794**
Tax (excluding impact of amortisation of intangible assets and share-based payments)[2]	-	(83)	125
Adjusted profit after tax from continuing operations	**1,124**	**499**	**1,919**

[1] Includes social security costs.
[2] Tax on restructuring and transformation costs for the period ended 30 September 2024 is £nil due to the utilisation of tax losses.

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