TPXimpact

Annual Report and Financial Statements
2022

Our vision

We deliver impactful, sustainable digital outcomes that make a positive difference to how individuals and society experience the world.

One TPXimpact

REVENUE

£79.7m

FY2021: £50.3m

↑ 58%

FTE

607

FY2021: 495

↑ 22%

ADJUSTED PROFIT AFTER TAX[1]

£9.2m

FY2021: £5.2m

↑ 77%

Profit after tax on continuing activities of £0.8m (FY2021: loss of £2.0m)

ADJ EBITDA[2]

£12.2m

FY2021: £7.1m

↑ 72%

EBITDA of £9.1m (FY2021: £1.9m)

CASH CONVERSION

95%

£7.9m at bank (FY2021: £5.7m)

ADJUSTED DILUTED EARNINGS PER SHARE[3]

10.0p

FY2021: 6.2p

↑ 61%

Diluted earnings per share from total operations of 0.9p (FY2021 loss per share of 3.5p)

FINAL DIVIDEND

0.6p

FY2021: 0.4p

↑ 50%

tCo2e PER £1M REVENUE

34.28 tCO2e

FY2021: 37.32 tCo2e

↓ 8.1%

HOURS DONATED

1,970

FY2021: 1,654

↑ 19%

FEMALE REPRESENTATION

47%

FY2021: 48%

↓ 1%[4]

NEW JOBS CREATED

63

FY2021: 55

↑ 14.5%

OVERALL ETHNIC MINORITY REPRESENTATION

19%

FY2021: 13%

↑ 6%[4]

1 Adjusted profit after tax is calculated as a non-IFRS measure relating to continuing operations only. To arrive at adjusted profit after tax, adjustments made comprise the add back of acquisition, restructuring and costs associated with the Change Programmes, amortisation related to acquired intangibles, share-based payments, the impact of fair value adjustments, and the tax impact of these adjustments

2 Adjusted EBITDA is a non-IFRS measure that the Group uses to measure its performance and is defined as earnings before interest, taxation, depreciation and amortisation and after add back of costs related to acquisitions, restructuring and the TPXimpact Change Programme announced in September 2021. It also adds back discontinued operations in the year, fair value adjustments and share based payment charge

3 Adjusted diluted earnings per share is calculated based on adjusted profit after tax as defined above. An adjusted diluted share count is calculated by taking the weighted average basic shares and including the maximum shares to be issued in respect of contingent consideration to be paid based on performance measures met in the period, together with the maximum share options and other share awards outstanding

4 Absolute change in % representation

Contents

Letter to shareholders

Neal Gandhi
Co-Founder and Chief Executive Officer

Welcome to our annual report for the financial year 2021-22.

I'm really pleased to present our results for the first time as TPXimpact, showcasing our new name, our new brand, and all the exciting new opportunities that lie ahead for us as an organisation.

It's also a further chance for me to tell you about why we underwent this change.

We're in the business of change, and that is reflected in how we look upon ourselves. As an ambitious, purposeful, agile organisation, always looking at the longer term, we're prepared to make changes that many others would not consider. When we conducted our strategy review in May 2021, we realised that despite stunning financial results, we needed to become a single, integrated organisation in order to achieve our longer term goals.

The Panoply was built on the idea of complementary companies working together to provide a scaled, digitally native transformation offer to our customers. We sought a middle ground between being a holding company, with different businesses working in isolation from each other, and a fully integrated model. This approach enabled us to collaborate, drawing on the expertise of different areas of the group, and providing a wealth of capabilities for our clients. However, it also created inefficiencies within our internal operations.

As we grew, and to facilitate our vision for future growth, uniting as one single organisation was the next logical step. We needed to create a robust organisation that wasn't dependent on a few individuals. We needed to change our acquisition model so that we could integrate acquired companies faster. If we did not, eventually inefficiencies would begin to show, preventing us from achieving our full potential.

So, having spent summer 2021 planning our approach and designing our new identity, we publicly announced our intention to bring the group of companies within The Panoply together under one single brand — TPXimpact. We've built a scalable business model, combined seven of our businesses so far, and are currently ironing out the wrinkles before integrating

REVENUE

£79.7m

(FY2021: £50.3m)

ADJUSTED EBITDA

£12.2m

(FY2021: £7.1m)

ADJUSTED DILUTED EARNINGS PER SHARE

10.0p

Diluted earnings per share from total operations of 0.9p (FY2021: loss per share of 3.5p)

our most recent acquisitions. This in turn will enable us to achieve our ambitious growth goals, and achieve revenues of hundreds of millions of pounds each year in the future.

Integrating ten companies into one — perhaps unsurprisingly — turned out to be harder than we thought, and I'd like to take this opportunity to thank my colleagues for their incredible hard work making this happen throughout this year.

Our goal remains as it always has been, to create meaningful change, at scale, within our clients organisations. Our size and scale as TPXimpact mean we can now meet the needs of the organisations we work with in bigger and better ways, and we've begun significant programmes of work with the likes of the Department for Education, UNICEF UK and the Welsh Ambulance Service NHS Trust.

We've written a book, *Multiplied*, on the need for new approaches to digital transformation in the public sector, built a new brand, and created a new employee experience offer, making sure we're looking after the people who make all of this possible.

Throughout this time, we've also put our values at the core of everything we do, guided by our promise to create positive impact for people and the planet. You can read more about this on pages 36-79 in this report. As we grow, we're also making sure we stay agile, avoiding pitfalls by giving our people the autonomy they need to do their jobs.

As we wrote in *Multiplied*, and as this year has shown, everything can change. At TPXimpact, we're committed to being at the forefront of that change, taking opportunities to create value for our clients every step of the way.

I hope you enjoy reading this report.

Best wishes,

Neal Gandhi

Neal Gandhi

Investment case

Luke Murphy
Head of Investor Relations

TPXimpact operates in one of the few sweet spots in the UK economy — digital transformation in public services — and in five of the six most important technology investment areas post-pandemic, including customer experience and engagement, infrastructure and cloud, automation, business intelligence and DevOps — all feeding into TAM (Total Addressable Market) of c. £20bn. Achieving its FY23 vision of £100m run rate revenue a year early, TPXimpact sets its sights on 2025 with a £200m target to achieve.

1. Significant addressable market

The market will continue to face increased client expectations for innovations, going deeper and faster in their transformations. TPXimpact is perfectly positioned to support the transition from heritage to new solutions which has accelerated since the start of the pandemic.

- £60.4bn: UK Software and IT Services Market
- 9% CAGR to 2024: Consulting segment*

2. Attractive financial profile

Consistently delivering strong revenue and EBITDA (Earnings before interest, taxes, depreciation and amortisation) momentum, while the benefits from moving to a single brand, combined with our operating model, positions the business to continue to build EBITDA margin.

- £79.7m Revenue
- £12.2m Adj EBITDA
- EBITDA of £9.1m (FY2021: £1.9m)
- 15% Adj EBITDA Margin (EBITDA Margin 11.4%)

3. Strong future growth opportunities

TPXimpact is expertly positioned to achieve its future growth opportunities. Acquisitions continue to provide additional capabilities, enabling clients to look no further for suppliers. Whilst organic growth continues to build momentum in new market segments, most recently Health and Wellbeing.

- Divisional setup, enabling sector specialists to cross-pollinate work with their wealth of experience
- Over 800+ employees across the UK, Norway and Bulgaria
- Specialist Head of Mergers & Acquisitions driving future strategy
- Recurring revenue £40.5m (up from £29.7m in FY2021)

* *Tech Market View, Market Trends and Forecast Report, 2022*

4. Transparent and trustworthy

Continuously recognised as an ESG leader by balancing profit and purpose alongside the delivery of impactful digital outcomes for our people, planet and communities. We must now take our place beside government and not-for-profits to help tackle some of society's biggest problems.

- Best communication of ESG - IR Society Best Practice Awards 2021
- ESG and Diversity & Inclusion Company of the Year - Small Cap Awards 2022
- 1,970 community action hours logged

5. Brand excellence

TPXimpact provides its people more room to think and innovate, more flexibility, and more opportunities to deliver change that matters most. TPXimpact is continuously recognised as an alternative to the heritage consultancies. Candidates are attracted by the opportunity to work on truly impactful digital transformational projects, whilst being supported by a business that puts them first.

- 63 new roles created
- Key partner hires from central and local government and NHSX

6. Leading public sector digital transformation provider

TPXimpact exists to transform the organisations, services and systems that underpin society and that drive business success. We work closely with our clients by combining our deep understanding of people and behaviours with a philosophy of putting people and communities at the heart of every transformation.

With c.72% of our client base representing the public services sector, we are confident that our revenue streams are *protected in times of both economic recession and upswing*, as public sector efficiencies requirements are here for years to come.

- Marquee clients in the public services sector include: NHS, Homes England, Rural Payments Agency, Unicef UK.

240
new hires

TPXimpact our story

moving from 10 Businesses

We've got a long history of delivering great results for our clients.

to one

In July 2021 we made the decision to bring our 10 transformation businesses together to meet the growing needs of organisations in new ways.

The same people, providing the same world leading services, all united *within TPXimpact.*

We provide full end-to-end digital transformation. If IT systems are holding our customers back, if their processes are getting in the way, or if they just think things could be better but not sure how — we can help.

Our agile multidisciplinary delivery teams

Experience

Client Services

Technology

Delivery

Why we're here

We drive fundamental change in approaches to product and service development, delivery and technology. Equipping our teams to deliver quickly and decisively through an approach we call Autonomy with Responsibility.

How we work

Our agile, multidisciplinary teams work in the open, focusing time and energy where it adds the most value, and challenging you to explore new perspectives.

We'll provide a dedicated team of lead consultants, strategists, creatives and technologists to deliver for your project.

Benefits of agile project management

Ability to adapt – allows teams to agree the highest priority items for a project and to reprioritise if needed.

Ability to scale – increased flexibility allows the team to be scaled as and when necessary.

Ability for teams to work together – effective communication and a joint project priority list allows for multiple teams to collaborate.

Evolving product – working iteratively ensures the product evolves in line with user feedback and needs.

Ease of handover and testing – working as part of the team throughout ensures a smooth handover at the end of the project.

TPXimpact our story continued

Our reach is growing

As of today, our team is made up of over 600 permanent staff and associates, over 300 of whom are based in the UK.

Like many organisations, we've taken on a hybrid approach, using regional hubs and remote working to ensure continuity of our services for our clients and allow our staff the flexibility to choose the right environment for them.

We have nine regional hubs across London (South & East), Manchester, Canterbury, Bristol, Cardiff, Leeds, Chesterfield and Edinburgh, as well as additional operations in the Nordics and Bulgaria.

600+
permanent staff

300+
UK based

9 **regional hubs**

Our vision for 2023 and 2025

FY2022 performance against commercial and impact vision

In 2020 we laid out our 9-step Commercial & Impact, which we wanted to achieve over the three years to FY2023. Last year we implemented a new set of goals, on the basis of the progress made to date against the 2023 Vision and with our continued strong organic growth alongside our pipeline of acquisition opportunities. We took the opportunity to introduce longer-term goals to March 2025.

Below is a summary of our performance against these goals.

	Ambition	2023 Vision	2025 Vision	Progress
		Commercial		
1	Organic revenue growth and to become a top 20 public sector supplier	Produce 10% to 15% organic revenue growth per annum	Top 20 public sector supplier by 2025	• Like for like organic revenue growth of 16%** • 72% Public Services revenue
2	Generate significant cash reserves	Ensure c.70% operating profit drops through into positive cash flow to generate significant cash reserves		• 95% Cash conversion £7.9m at bank***
3	To deliver a progressive dividend policy	To deliver a dividend policy of 15% to 20% of net income (Adjusted profit after tax)		• Final Dividend £0.6p up 50% (FY2021: £0.4p) • Aggregate Dividends of £0.9p (FY2021: £0.6p)
4	To make further earnings enhancing acquisitions	To make £35m of acquisitions by 2023	To make £100m of acquisitions by 2025	• Nudge Digital & RedCortex acquired in the period • Peak Indicators and Swirrl acquired post period end
5	To keep leverage low	Leverage (net debt) below 1x Proforma* EBITDA		• Net debt as at 31st March 2022 of £10.1m. Significantly less than 1x Pro Forma EBITDA.
6	To increase our Revenue on a run rate basis	Achieve a run rate revenue of £100m by March 2023 and deliver £12 - £14m EBITDA	Achieve a run rate revenue of £200m (£150m public sector, £50m commercial) by March 2025	• Consensus analyst revenue expectations for FY23 £97.4m • Consensus analyst EBITDA expectations of £13.7m • 72% Public sector Revenue • 28% Commercial sector revenue

	Ambition	2023 Vision	2025 Vision	Progress
		Impact		
7	Close the gaps	Close the gaps that exist in our business and wider industry. Decreasing pay gaps, representation gaps and gaps in inclusivity	Work towards halving the 21 gaps that we have identified across representation, pay and inclusion for employees from underrepresented backgrounds	• We made progress against 29% of our gaps this year, and have now halved or closed 6/21****
8	Leave no trace	Measuring and offsetting our historic footprint entirely and to implement science-based reduction targets	To embed science-based reduction targets	• We have hired an in-house sustainability analyst to help create and deliver our Science Based Target Initiative plan.
9	Equip our communities with futureproof skills	Equip our communities with futureproof skills. Kick-starting 1,000 digital careers	Kick-starting 1,000 digital careers by 2023 and to kick-start 5,000 digital careers, reaching 5,000 unique beneficiaries through our community action and community investment programmes by 2025***	• 686 careers kick-started in FY2022***** • We have now kickstarted 1,288 careers to date.

* *Leverage (net debt over Pro Forma EBITDA) Pro Forma EBITDA relates to the adjusted EBITDA if all acquisitions acquired in the year had been in the Group for the full financial year on a like-for like basis.*

** *like-for-like is a non-GAAP/IFRS measure that presents the prior year being restated to show the unaudited numbers of the existing and acquired businesses consolidated for the same number of months as they have been in FY2022. For FY2021, this incorporates the like-for-like pre-acquisition results for Arthurly, Difrent, Keep IT Simple, Nudge Digital and RedCortex Limited as if they have been included in the Group for the same amount of time as they have been in FY2022.*

*** *Cash conversion is calculated by reference to adjusted profit after tax after deducting the costs relating to acquisitions and restructuring*

**** *Based on YoY progress against 19 gaps across representation, pay and inclusivity*

***** *1 career kick-started = 1 unique beneficiary from our community action or community investment programmes who have benefited from at least 1 hour of skills development training*

Our values

Our founders set out to create a better way of doing business, putting people and the planet first.

Autonomy

We trust our teams and empower them to make their own decisions. Our positive work environment supports personal and professional growth and respects work-life balance.

Responsibility

We give people the flexibility and support they need to thrive. We are conscious of the impact of our actions and are accountable to all our stakeholders.

User-centred

We use design approaches to put people at the heart of everything we do. Our constant focus on users ensures we always meet their needs and solve their problems.

Collaborative

We work in partnership with our clients, listening and challenging to get better outcomes.

Lasting impact

Positive change, for the long term. We'll share our skills and set your teams up for sustainable success.

Community action

Our people donate hundreds of hours to community action each year, and we donate 1% of our time and profits to charitable organisations.

Our services

Our multidisciplinary teams use technology, user-centred design and data to deliver better results, improving outcomes for individuals, organisations, communities and society.

Organisational design and change

We take a design-led approach to deliver sustainable and lasting transformation, helping you to become more customer centric, adaptive, and resilient.

Technology and engineering

We integrate strategy, design, and technology to create ambitious technology roadmaps for organisations operating at scale.

Digital experience

Our passionate teams of strategists, creatives and technologists design and deliver meaningful, contextual, customer-centred digital experiences, from web platforms through to native mobile apps.

Enterprise applications

We combine our industry knowledge, vendor agnostic partnership approach, and scaled agile delivery model with the technical power of the world's leading enterprise platforms to deliver true transformation.

Data and AI

We help organisations harness the power of their data assets by creating the infrastructure, culture, and technology solutions required to discover new business opportunities and enable smarter decision making

Managed services

As a digitally native business, we provide the skills and experience needed to manage the full lifecycle of your services from targeted on-demand cloud engineering, to legacy transformation, and mission critical support of your cloud and on premise estate 24 hours a day, 7 days a week.

Expertise across all areas

Working in partnership to deliver impactful work

Our vision is to deliver impactful, sustainable digital outcomes that make a positive difference to how individuals and society experience the world. Over the past 14+ years we've worked with hundreds of public, third sector and not for profit organisations to support and deliver complex products, projects and programmes.

This includes work across a diverse range of clients and causes, from start ups to global organisations, with a focus on the following sectors:

Case Study: Pushing digital boundaries at Welsh Ambulance Services NHS Trust

Service
Enterprise applications

Sector
Health

Client
Welsh Ambulance Services NHS Trust

"TPXimpact has become an essential partner to WAST as we continue pushing digital boundaries that result in real improvements to patient outcomes. They provide experienced resource and reliable advice to us on our roadmap forward."

Jason Killens
Chief Executive, Welsh Ambulance Services NHS Trust

Challenge

The Welsh Ambulance Services NHS Trust (WAST) is one of the most clinically advanced ambulance services in the world, providing patients with high quality care. WAST serves more than three million people in Wales, across a broad and diverse geography of urban, rural and coastal landscapes.

WAST's call handlers and clinical contact centre staff deal with more than half a million calls, 24 hours a day and 365 days a year. Staff attend more than 300,000 urgent and emergency calls per year. Flexible, digital systems capable of operating at scale are therefore essential.

Digitally advanced, WAST is one of several boards at the forefront of the NHS Wales Microsoft Office 365 rollout. However, while there was a desire for a swift adoption of the 365 service, WAST recognised the need for specialist support in their internal modernisation and transformation programmes.

Solution

TPXimpact supported the WAST technical team with programme and project management, system design and development, change management, training, and test and release resource across a range of new technical initiatives.

In addition to rolling out Office 365, we worked with the digital team in WAST to produce emergency vehicle status reports in Microsoft's Power BI data visualisation software. Insights from these real time reports are used to deliver improvements to frontline services and have made a real difference to how operations are closely managed by WAST and associated local Health Boards

Impact

As part of this work, we also supported WAST in their agenda to assist users in working on a device of their preference, and from a location of their choice. We helped WAST move to Microsoft InTune as a mobile device platform, which has integrated application and device security built in.

Along with providing staff with greater flexibility, this also enabled the organisation to decommission existing services as they moved to a single unified Microsoft platform, saving licensing costs and streamlining operations.

We're honoured to partner with WAST and continue to support the organisation in its digital journey.

Case Study: Introducing agile ways of working to UNICEF UK

Service
Digital experience

Sector
Not for profit

Duration
14 weeks

Client
UNICEF UK

"It was an absolute pleasure to work with TPXimpact, they really challenged and stretched our thinking. We wanted the team to be active participants in designing and developing this new way of working, rather than it being "done to them". Thanks to TPXimpact, I believe we nailed this. The final thing to say is that TPXimpact are a really nice bunch of people to work with."

Mike Flynn
Deputy Executive Director - Public Engagement, UNICEF UK

Challenge

UNICEF UK works with families, local communities, organisations and governments to protect and support children. Although the charity was successfully raising money, their yearly income and contribution rates weren't increasing in line with their expectations or organisational requirements.

To tackle this, they undertook an organisation wide restructure to help manage their cost to income ratio, drive better efficiencies and ready themselves for their future ambitions.

As part of this, a newly formed Public Engagement team was created to bring together brand, communications, marketing and individual fundraising. Together, they would harness their public facing activity to create better integration and set themselves up for future growth plans.

UNICEF UK partnered with TPXimpact to help co-create and design new ways of leading, planning and delivering work in the newly formed Public Engagement team. This work would help them collaborate effectively and make sure their efforts and resources were directed in the right place.

Solution

We began with a Discovery phase which looked at UNICEF UK's values and principles, and their existing approaches across planning, governance, and project delivery. This helped us to identify factors limiting the team's ability to adopt new strategies, show us where we needed to focus our efforts and define a shared ambition with their Executive Leadership team.

By holding regular meetings and design sessions with the Public Engagement team, we co-created their new strategic framework, setting out the team's priorities and direction. We were able to augment this with additional sessions with the Executive team, wider surveys and one to one interviews with other senior stakeholders to really pinpoint UNICEF UK's ambitions for the future and build out the structure and processes needed to get there.

We have been able to test these new initiatives in a number of ways to further embed, evolve and refine this new way of planning and working within Public Engagement.

Impact

The strategic framework we built with the Public Engagement team gave them a roadmap to build a relevant, innovative and compelling audience experience.

The new agile ways of working mean the team can prioritise outcomes and respond more quickly to changing audience and environmental demands. This audience led approach will keep their activities relevant, effective and efficient, generating better results. Understanding the role of effective governance and leadership will also help the team to build confidence, empowering them to work together more effectively.

Thanks to our partnership, the Public Engagement team is equipped to fulfil their purpose to inspire, connect and empower the UK public to take action and deliver lasting support to make the world fit for every child.

In addition to working with this team, we've been able to use the project findings to identify more opportunities to scale this way of planning and working across the wider organisation. This will help UNICEF UK to work more effectively, and fulfil their ambition to become more responsive as an organisation.

Our new business model

Last year we made the decision to incorporate all of our operating businesses into a single integrated business— TPXimpact. By bringing together expertise from across the different companies, we were able to develop a new simplified operating model. Designed to support and service clients in an agile way, without the red tape, bureaucracy and approval gateways seen at many of the heritage consulting firms. In the new operating model, we deliver work for clients through our five divisions the two main ones being Consulting and Digital Experience (DX) divisions. These divisions are supported by a small number of shared business enablement teams.

Consulting

Author: Matt Skinner, MD Consulting

Introduction

The Consulting Division brings together more than 170 employees from the previous FutureGov, Foundry4 and Difrent agencies. Combining their technology, service design, change and community organising skills, they help clients solve complex challenges and digitally transform their organisations.

Working as part of multidisciplinary teams and partnering with clients, they take a design-led, agile approach to developing and implementing solutions that meet client needs. Solutions might take the form of new digital technologies, new ways of working, new operating models and structures, totally new services and client experiences or any combination of these.

We are creative, entrepreneurial and user-led in our work. We advocate for end-users, ensuring that what we design and build improves the lived experience for staff and end-users. To ensure our work is sustainable, we support open source technologies and embed skills and knowledge transfer in our approach. We are deeply passionate about the impact of our work on the communities, people and planet and measure this in many ways.

Consulting remit

Most of our consulting clients are in the public and health sectors. We've worked with hundreds of clients in central, local and regional government, the NHS, and associated bodies. However, we also have a growing client base in commercial sectors, most notably in utilities.

Many of our employees have a background in health and the public sector. They bring their deep expertise, knowledge and relationships to our work. They care about outcomes and are committed to improving service delivery for users and citizens.

Our new business model

continued

Our teams are all experienced in the Government Service standards and are dedicated to making public services more accessible to citizens. We have several long-term 3yr+ partnerships with public sector organisations supporting wholesale transformation and redesign of their technology, organisational structure and services.

We also have several technology partnerships, including with the leading Cloud services providers Microsoft and Amazon. These partnerships allow us to leverage the best of these platforms to help our clients create products and digital environments fit for the 21st century.

Highlights of the past year

This year we have come together as TPXimpact, which has helped clients to access even deeper capabilities and knowledge. In the consulting division, we've been able to help clients with much broader end-to-end digital transformation in their organisations. For example, we've assisted Hackney Council in transforming end-to-end housing services for staff and residents. This work has involved quickly forming several multidisciplinary teams across technology, design and product leadership to work alongside in-house digital teams.

As TPXImpact, we've also partnered more seamlessly with the Digital Experience (DX) division to combine our skills and knowledge to help clients. For example, in local government, we were delighted to help Northamptonshire West and Northamptonshire North to launch their new website following unitisation. This project combined consultancies' strengths in service design, product ownership and technology strategy with the DX division's credibility in Drupal(open-source web content management system), having the most extensive certified team in the country.

Bringing together the former organisations within consulting has also allowed us to make more strategic commitments. For example, we've launched an engineering academy helping us to recruit and progress diverse talent from seldom heard groups into the organisation. We are also in the process of planning a similar academy for our design team.

We've also been delighted in the growth of our work in central government and health. We have long-term relationships with departments including the DFE, DLUHC, HMLR, HMRC, NHSx, NHSBSA and NHSBT. We are deploying specialist teams to help with everything from user research to user-centred design to product design, complex service and organisation redesign.

Outlook for the year ahead

In the year ahead, we are looking to help our clients solve even more significant challenges in their organisations and communities. We are thrilled to be adding new data skills and knowledge to our capabilities as Swirrl, and Peak Indicators join the consulting division. These new capabilities will allow us to offer our clients significantly enhanced data solutions.

As one of the largest in-house nationwide design teams with significant experience in the public sector, we will continue to help our clients take bold and challenging moves to improve services for users. This year we will continue to grow our technology team, remaining technology agnostic and agile in our approach - providing clients with even greater access to technology experts who can help them implement 21st century digital tools and techniques.

As a purpose-driven team, we'll continue focusing on making an impact through our work. We'll be targeting winning work where we can help clients make a real difference in addressing the climate emergency. We'll also continue to work in the open, sharing our outputs and what we are learning so others can benefit.

Digital Experience (DX)

Author: Rebecca Hull, MD Digital Experience (DX)

The heritage of the Digital Experience division of TPXimpact goes back as far as 2001. Coming together as more than 120 employees from three agency businesses (Deeson, Manifesto and Nudge), we share a common passion for digital and for making a difference through our work.

Our purpose, our reason for being, is apparent; we believe that all organisations have a responsibility to be a force for good in the world. Continually building on a wealth of excellent skills, knowledge, culture and decades of history, we exist to create a legacy we can feel proud of, to enable better outcomes for people, the planet and the communities we serve. Our vision is to harness the best of our creative and technology capability and our values to shape a better business and industry, to make a more significant impact by creating sustainable digital experiences that people use daily.

We build digital solutions and experiences to make people's lives easier, better, and fairer. We support the transformation of organisations by caring about what they do, sharing how we work and pushing ourselves and our industry forward. We build long-term partnerships with our clients, resulting in expertly crafted solutions that create a true and measurable impact.

DX remit

Our clients are primarily in the not-for-profit, higher education, culture, 'visit', healthcare, commercial and public affairs sectors. We work with many leading charities, including 13 of YouGov's top recognised charity brands. Long-term client relationships characterise our client roster; typically, we act as trusted digital partners, working with clients at pace and scale to understand their audience and business needs and requirements for their digital futures.

The division's work for clients focuses on supporting organisational change, digital experience delivery and technology transformation. Services provided include design and prototyping, customer engagement and acquisition, motion and immersive content, research, user experience and technology strategy. Bringing together the technology teams from the three companies means we can deliver a broad technology portfolio spanning content and experience management, system integration and bespoke development alongside marketing automation and personalisation.

Highlights of the past year

In the not for profit sector our Partnership with Breast Cancer continues to go from strength to strength. We are working to help unify their digital ecosystem to support their strategy that by 2050, everyone diagnosed lives and is supported to live well. This is a huge programme of change which straddles the entire organisation and our role is to help bring it all together to deliver maximum impact. Our programme team have recently started the foundations of the digital build and there is growing excitement of what's to come next.

Higher Education sector - We continue to firmly establish ourselves as trusted advisors within the Higher Education sector. With the University of Edinburgh, we've completed year 1 of a 6 year partnership that has seen us define and establish a complete overhaul of their sprawling digital estate. With Kingston University we have outlined a 3 year roadmap to reimagine how they engage and recruit students through the website.

We have continued to strengthen our foothold in the culture and visitor attraction sector. This year we started working with major clients in the industry, including the Royal Academy of Arts, and the British Library. We also kicked off an exciting project for the Zoological Society of London (ZSL), which has been our client for a few years, and is both a major visitor attraction, and an international conservation science charity. *The ZSL website is a key digital focal point for the organisation.* We are currently in the process of rebuilding the website ecosystem of ZSL, to give a digital home to the two zoos which are part of ZSL (ZSL London and ZSL Whipsnade Zoos), demonstrate the impact of its science conservation work, and ultimately showcase its vision: "a world where wildlife thrives".

We have been proud to partner with UNICEF UK, following an organisational wide restructure, we worked together to co-create and design new ways of leading, planning and delivering work in the newly formed Public Engagement directorate. This work is helping them collaborate effectively as a new team and making sure their efforts and resources are directed in the right place.

In the health sector, we continued our partnership with Health Education England and began a new one with NHS Digital. For both of these clients we are augmenting their in house delivery and support capabilities by providing specialist digital and technology expertise including specific assistance with the Bloomreach content management system.

Outlook for the year ahead

During the next year we intend to build upon the division's momentum to evolve into the next level of Digital Agency, creating a pathway that allows us to explore new opportunities in DX and as well as new sectors, focused on delivering exciting and sustainable digital outcomes.

As always we will be focused on further enhancing the customer experience work we do for our clients, ascending the value chain by combining deeper strategic expertise with our native digital approach. We will continue to align with analyst definitions of best practice digital customer experience management drawing upon services from across TPXimpact to deliver integrated technologies that support composition, management, delivery and optimisation of contextualised digital experiences. This will help differentiate the TPXimpact experience offer against its competitors in the traditional DX landscape.

Market overview

The UK Software and IT Services Industry

The UK Software and IT Services (SITS) industry continued to be strongly influenced by the effects of Covid-19, with spending on digital services increasing — particularly in Health and Central Government. That said, with the urgency of the pandemic behind us, organisations are moving from tactical spending to strategic investment, as they embed digital approaches for the long term.

The war in Ukraine caused uncertainty for many Software and IT Services providers this year, however, our low-risk supply chain ensured this had minimal effects on our operations. Our team in Bulgaria has been working to help Ukrainian refugees, running donation campaigns and relocating families, and we are proud to support them during this time.

Spotlight on our sectors

Central Government - Holly Hall Hare-Scott, Partner — Central Government

The effects of Covid-19 in FY21/22 further exacerbated the need for innovative and disruptive technologies to transform internal and external Civil Service processes, as well as the way the government interacts with UK citizens.

This digital technology revolution is creating the greatest reform in governmental ways of working for generations. Policymakers are heavily focused on how data can drive efficiencies and gain new insights, moving away from legacy systems and historic manual ways of working to something new.

Merging the traditional ways of working for policymakers within the civil service towards an agile, data-centric movement is a steep learning curve, but one that is being readily accepted by the government. "User experience" in particular is a key buzzword – with every department wanting to create user-centric processes.

We've seen this in our work with several organisations this year, including the Department for Education (DfE) which wanted to improve the way teachers access information to encourage and retain talent.

It's widely understood that UK citizens expect government services to be as polished as those in the private sector, something that is being championed by the Parliamentary Secretary for the Cabinet Office, Heather Wheeler MP, who has responsibility for digital governance and a desire to deliver world-class digital solutions for the UK civil service. Looking ahead, the introduction of the 2022 to 2025 Roadmap for Digital and Data sets out an ambitious transformation of digital public services.

This roadmap sets a path for widespread digital adoption to enable the Civil Service to offer value to the taxpayer through smarter ways of working, delivering a better service and championing the UK as a leader in digital transformation.

Local Government - Jen Byrne - Client Service Director

It's been another challenging year for local government. The complexity of need that organisations deal with, and the systemic partnership approach required to tackle it, are not matched by the budgets available. The sector is still recovering from the financial shock of Covid-19, and the most recent funding settlement from central government has again only provided certainty for the following financial year.

This has done nothing to dampen the appetite for innovation in the sector, however, with significant change continuing to take place across a range of fields. On 1 July 2022, 42 integrated care systems were established across England. This marks a significant change to governance, funding and commissioning at a local level. Through working closely with NHS colleagues, upper-tier local authorities will play a key role in shaping the future of health and care at a local level. Through our work with North East Lincolnshire and Buckinghamshire, we have seen first-hand the power and potential these new arrangements could have to improve outcomes for residents.

There is also a continued focus on devolution. County deals were announced earlier this year that gives nine local areas the opportunity to set up Mayoral Combined authorities that are similar to those in Greater Manchester and the West Midlands. There is a real appetite for this change at a local level, but this is balanced out by a realisation that it means changes to ways of working, partnerships, governance and place leadership which will need working through.

Finally, the Levelling Up Bill brings forward changes that will touch on everything from community infrastructure, planning, and regeneration to climate and net zero.

From our work on the Towns Fund. We have seen first hand the appetite to drive economic opportunity and improved services at a local level, and we expect there to be a continued focus on this over the coming year.

Health and Care - Iain O'Neil, Managing Partner - Health

This has obviously been another difficult year for the Health and Care sector as it comes to terms with the effects of Covid on increased demand and the impact of Brexit and Covid on falling staff numbers. All of this only increases the need for the NHS and care providers to be able to unlock the power of digital transformation.

There are some significant movements in the landscape which it is hoped will help accelerate the pace of change. This builds on the back of the behaviour change we saw throughout the pandemic that has drastically increased the number of people engaging with digital tools and virtual consultations.

We expect this to continue in the next financial year, particularly via the Integrated Care Systems (ICSs) created by the NHS in England. This new structure divides up the 55 million people living in England into 42 regional systems which the NHS hopes will help to join up care across settings and around a patient or service user's needs.

The ICSs will be responsible for the vast majority of spending on technology enabled transformation and have accountability to deliver population health management platforms by 2025. This is really exciting for us as we have good experience and credentials in the NHS, in social care and in the third sector — all of whom will need to come together to form new governance structures, agree new ways of working and crack the problem of data sharing and designing location agnostic user experiences. To this end we have begun working with a number of fledgling ICSs to help them on this journey.

The other big shifts are the changes being implemented by the Government and NHS England in order to streamline the Arms Length Body landscape, particularly around technology transformation.

After almost three years, NHSx has now been dissolved and absorbed by NHS England and next year NHS Digital will go the same way — leading to more cohesive decision making in the digital space. However, as we know ourselves, changes like this require a lot of effort and attention so it is important that partners like us are able to continue to deliver the NHS's strategic transformation aims.

The desire to transform and unlock the power of digital to help tackle increasing waiting lists and growing numbers of people with chronic conditions is obviously not confined to England. There are significant changes afoot in Wales too — where we are working to support Digital Health and Care Wales to transition from a Waterfall project approach to transformation to something more Agile and product centred. We're also working towards similar goals in Scotland where we have been supporting the Scottish public sector to build its digital skills, knowledge and experience of digital ways of working.

Market overview continued

Not for profit - Lou Lai, Chief Client and Transformation Officer - Digital Experience Division

The role charities have to play within society has never been more vital. For the majority of the not-for-profit sector, March 2020 marked the beginning of one of the most challenging periods of their existence. By June 2020, one in ten UK charities faced imminent bankruptcy, whilst the sector as a whole estimated an income shortfall of £10bn — a fifth of its overall annual income.

As charities navigated a constantly changing landscape, they saw challenges with raising vital funds, whilst demand for services increased — causing a huge imbalance in the resources required to meet people's needs.

This continued into 2021 as we saw subsequent waves of the pandemic and an emerging cost of living crisis.

For healthcare charities, for example, the acute pressures on the NHS continue to create a harmful ripple effect. People with serious health issues are getting diagnosed later and having treatment delayed either due to the backlog or continued complications from Covid. As a result, rates of serious illness and deaths are increasing. In this context charities that provide services are literally a lifeline for so many.

According to the Charities Aid Foundation, the number of people giving to charity has dropped, with donation levels in 2021 below average. However, whilst some charities have struggled, others have thrived, reacting to forced changes in traditional fundraising by doubling down on digital fundraising techniques. The nature of volunteering and connecting with local groups changed during the pandemic — technology powered meaningful connections for some audiences, while digital exclusion became a potential barrier for others.

Such unprecedented macro-economic pressures have driven many charities to restructure. The ability to adapt quickly — in other words, to be agile — is now a key business differentiator. As we move further into a hybrid, part-remote, part in-person industry, plenty is still set to change.

We're seeing organisations look to adapt where possible, to increase digital and technological maturity and set themselves up to be modern, responsive organisations. This way, they'll be able to respond better to meet the needs of their audiences and users whilst navigating a fast changing external market.

Commercial - David Biden, Partner

FY21/22 saw some of the greatest shifts in working practices and customer behaviours for the commercial markets in decades.

In Q1 and Q2 we were still living with heavy pandemic restrictions which changed the way people consumed services and purchased goods. This created a demand for digital skills like never before as organisations rapidly set up new digital channels to get their goods and services to clients over the internet or through new home delivery channels.

The gradual lifting of restrictions in Q3 and Q4 enabled organisations to return to physical contact with customers as people flooded back to all of the experiences they had missed such as holidays, dining out and socialising. However, the majority of digital channels remained as the physical reopened. This huge increase in digital operations and in turn the ability to track and monitor customer behaviour created a tidal wave of new data for organisations, many of which are not set up to receive, analyse and act on the answers this data can provide.

Consumer behaviour shifts also affected the data patterns that were used for many AI models. This disrupted the predictions these data and AI models were able to make as they were seeing drops and spikes in data (think footfall of physical stores) never seen before. These then needed to be adjusted to ensure future predictions were not skewed by what we hope is a once-in-a-lifetime anomaly.

All of this led to a huge increase in demand for data analysis, scientists and engineers, at a time when the UK has a national shortage of skills in these fields. Today and in the future, those positioned to provide quality people in this area will flourish. We have recently invested in setting up our technical academy to ensure we have a stable long-term talent pipeline of quality engineers and analysts.

Our growth strategy and acquisitions

Organic Growth

Strategy

In anticipation of starting this new financial year as one brand - TPXimpact began planning for how growth should be delivered began in November 2021. A small, experienced team reviewed what was needed to deliver our growth ambitions and the existing talent we had across the portfolio of group businesses. This involved a pool of around 35 people, spread across five businesses. We developed a new operating model, formed of three disciplines – sales, bids & marketing. By February new teams were in place and we had our first 'all hands' session to form relationships and start focusing on setting ourselves up for a successful 22/23.

Sectors

Our first priority as a team was to create a first cut of our sector strategies for the financial year. These needed to ensure that we had a clear plan to utilise our deep sector knowledge, our technical expertise and provide our teams with the purpose-led work that motivates them to get out of bed in the morning.

Our sector teams worked with stakeholders across the company to develop growth strategies for central government, local government and health. Each strategy covers market intelligence, known and likely opportunities areas which match our skillset, target accounts (existing and new), key relationships, sales targets, account ownership and marketing plans.

Services

The huge benefit our clients are now seeing is that having brought together our 10 companies under one roof, we can now provide a genuinely joined up offer. Our clients don't need to navigate separate parts of the business anymore, and we don't have to partner with other companies to provide capabilities we're lacking, because TPXimpact now delivers all aspects of digital transformation. The capabilities we've brought together under this new brand allow us to provide clients with everything they need for their digital transformation journey, from deep agile expertise, to CTO as a service, from data platforms to product leadership and from intelligent automation to user centred design – we can take them from Discovery to Live and continuous improvement, with everything in between.

Partners

Our focus is to continue to build our opportunities together with our partners. Since forming under one TPXimpact we are now able to offer end to end Microsoft services from cloud and software engineering through to enterprise platforms, data, and low code. The acquisitions of RedCortex and Peak Indicators have accelerated the growth of this relationship. Their Gold Partner status across multiple disciplines has further advanced our ability to perform partnership programmes with Microsoft of significant value.

In addition to our strong relationship with Acquia, we are currently developing a partnership with Okta for identity and exploring Drupal for local Government. Our partnerships are actively account managed with dedicated teams in regular communication, sharing ideas, and opportunities and building these relationships on a personal basis.

Our growth strategy and acquisitions continued

Acquisitive growth

Author: Leigh Hunter, Head of M&A

Introduction

I joined the TPXimpact team in September 2021 to help drive the M&A agenda to deliver the 2025 Commercial Vision - it certainly has been an exciting journey so far with 3 deals completed in the first 6 months!

Prior to joining TPXimpact, I was working on various mid-market sell-side and buy side transactions across the business services sector. I have been able to bring all of this experience to TPX with the aim of enhancing our Mergers & Acquisitions programme and strategy.

Since I joined the team, we have successfully completed three acquisitions and are in the process of refining our plans for the integration of these businesses. I look forward to leading TPXimpact's M&A activity forward toward our 2025 Commercial vision and am excited about what the future holds for the business.

Growth through acquisition

Since our IPO in December 2018, TPXimpact has completed 16 acquisitions. During FY22 we acquired two companies — Nudge Digital and RedCortex, post period we announced the acquisition of Peak Indicators and Swirrl IT, which completed in early April 2022.

Acquisitions during the past year

Nudge Digital

In June 2021, we acquired Nudge Digital, a digital services agency which delivers strategy-led services primarily to the pharmaceutical industry and health sector. Bristol-based Nudge, provides strategic consultancy and digital execution on mission-critical services, from global pharmaceutical projects to the software underpinning social housing and social care.

The acquisition was strategically important to us as it strengthened our overall position in healthcare and, importantly, provided an entry into the pharmaceutical industry at a time when the NHS is looking at precision medicine, risk stratification and data-driven personalised care plans for patients.

The majority of the Nudge staff and projects have now been integrated into our Digital Experience division.

"At the time of acquisition, we probably had the same nervousness as others who had gone through the process, about what the future held and how our organisation would integrate whilst still remaining true to the principles behind its origin. We needn't have worried. Martin and I have found the discussions we held during the M&A process have come to fruition, we have been fully supported in our integration and have sustained our values and identity."

Martyn Matthews, Co-founder, RedCortex

RedCortex

TPXimpact acquired Cardiff-based RedCortex in December 2021. Founded in 2016, RedCortex is a leading technology services supplier to the Welsh Public Sector, particularly focused on healthcare and transport alongside Government and local authority projects in the region. Clients include NHS Wales, (see the case study on page 15), the Welsh Government and Transport for Wales.

Not only has RedCortex strengthened TPXimpact's existing foothold in the Welsh Public Sector, it continues to build on TPXimpact's operational momentum to create regional hubs across the UK. The addition of RedCortex also extended TPXimpact's Microsoft stack capabilities with RedCortex being a Gold Partner across multiple disciplines which further advances its ability to perform partnership programmes with Microsoft of significant value. Additionally, RedCortex added an established apprenticeship programme to TPXimpact's long-term staffing strategy, taking school leavers from South Wales and turning them into digital professionals.

Shortly following completion of the transaction, RedCortex won a contract with Digital Health and Care Wales (DHCW) for Microsoft 365 and Cloud Services, an OJEU compliant tender, with significant competition from many large ICT integrators. TPX was one of two organisations running head to head in the final selection, and RedCortex's track record of reliable quality delivery to high profile public sector contracts shone through. RedCortex has also increased its reach across the Health and Central Government sectors by recently winning a contract to spearhead an all-Wales infrastructure review and alignment programme.

"The reason we started conversations with TPXimpact was the shared values, ethos and vision that business can be a force for good. Now on the inside, we can see they most definitely walk the talk and we are excited and proud to be a part of the next step of that journey as TPXimpact's Data & Insights team.

One of the key objectives for joining the TPXimpact family was to enable our customers to have access to a broader set of high quality like minded technical resources. We have already placed TPXimpact resources on our projects to expand our customer footprint and we have worked closely with TPX's Growth teams to win more deals using our knowledge and experience in the Data & Insights space. Since the acquisition, our opportunity pipeline has grown significantly and our performance has exceeded our forecast."

Andy Ball, Co-founder, Peak Indicators

Peak Indicators and Swirrl

Prior to year end, TPXimpact announced the acquisition of Chesterfield-based Peak Indicators, a data science services and analytics consultancy, and Stirling-based Swirrl, a cloud-based open data consultancy specialist. Both acquisitions were completed in early April 2022. These acquisitions were strategically important to TPX, significantly expanding the Group's capabilities in artificial intelligence (AI), data science and analytics. Together they will form TPXimpact's Data & Insights capability, opening a new market opportunity that the Company has so far addressed by working with associates. With 65 full-time staff members, this new capability will be positioned to assist clients across TPX's target sectors in gaining stronger insights to aid their decision making.

Integration strategy

We have been working on developing an integration blueprint, recognising that integration will look different for different businesses and capabilities going forward. The blueprint sets out the following priorities:

- Work collaboratively with the founders to understand potential quick wins, address key risks and challenges, and identify future opportunities
- Ensure a balance of business-as-usual priorities in TPXimpact and the integrating business is maintained
- Be pragmatic in how we integrate to preserve value, client focus and team focus.
- Establish an operating model that minimises friction and enables strong collaboration between connected capabilities within the relevant TPX division
- Establish clear go-to-market approaches for new capabilities under the TPXimpact brand

Future strategy

M&A will continue to play a significant role in helping to achieve our 2025 goal of £200m run-rate revenue. Our M&A activity will focus on adding new sectors and services and bolstering the existing capability of our integrated operations.

Capability focus areas will be:

- E-commerce
- Cyber security
- Mobile app development
- Artificial intelligence and machine learning
- Strategic consulting
- Devops and devsecops
- Automation

We have a strong M&A pipeline and we anticipate that a number of earnings enhancing acquisitions will be completed in the year to balance organic growth with acquisitive growth.

Our continuing success has enabled our HSBC revolving credit facility to be extended in this period from £20m to £30m, of which £11m remains undrawn leaving us in a strong position to fund future acquisitions whilst maintaining leverage at sensible levels below 1.5x EBITDA.

Chairman's statement

Mark Smith
Chairman

This year we have delivered a strong financial performance while making extensive operational changes. As a Group we are driven by a distinct sense of purpose and throughout the year we have continued to deliver impactful change for our clients and communities. Our success to date can be attributed to the Group's agile leadership, strategic acquisitive growth and our talented team of employees whose commitment, skill and dedication are the backbone of our best-in-class service offering.

The restructuring of the business under the single brand TPXimpact is a vital step towards achieving our strategic targets and I am proud of all our teams, particularly those closest to the project, for the hard work that has gone into progressing towards full integration so far.

Complementing our organic growth, throughout this year we have successfully executed on our acquisitive strategy by welcoming Nudge Digital Ltd and RedCortex Ltd to the Group with a further two post-period acquisitions in Peak Indicators Ltd and Swirrl IT Ltd. These additions have significantly enhanced our service offering and have opened new market opportunities to us that were previously addressed by working with associates. The success of this strategy has significantly bolstered our competitive position in the public sector and allows us to continue delivering impactful digital change to organisations across the public, not-for-profit and commercial sectors.

Macro-economic developments

We, in common with all businesses, are currently facing a series of macro-economic challenges we have seen develop across this year and post-period end. We are now confronting a severely inflationary environment, together with a cost-of-living crisis amongst heightened political and economic uncertainty. However, TPXimpact is well-positioned to weather these challenges, and in many instances, to leverage opportunities that may appear amongst the disruption.

Digital transformation is an enduring theme, and one where we believe all organisations will continue to invest in the coming months. As during the pandemic, it is now even more imperative that companies deliver increased efficiencies and are best able to serve their customers.

Our purpose

TPXimpact is a purpose-led Group, determined to do business that delivers positive sustainable change to wider society and our unified brand reflects the importance of this mission to everyone across the business. I am proud to say that from Board level down, TPX is committed to improving people's lives through both its day-to-day digital transformation work, and also its extensive ESG programme.

In a year which has seen increasing pressure on essential public sector bodies, we are proud that our work has gone some way in allowing them to continue delivering their essential services to those most in need.

TPXimpact is committed to leading by example and in doing so, we want to change the composition of the technology sector. In the past year, we have had a focus on ethnic diversity and have continued to host a number of schemes, apprenticeships and partnerships to better enable those from under-represented backgrounds to gain access to the expertise, mentorship and support needed to thrive in this area. We are pleased to say that these have been a success and through our focus on D&I,

we have increased our overall minority representation from 13% to 19%. Whilst we understand that there is some way to go, we are pleased with the progress made and will continue to make TPXimpact a diverse and inclusive workplace while reporting our progress along the way.

Alongside our investment in people, we have been focused on further advancing our commitment to the other two areas of our ESG agenda, Planet and Communities. Moving forward, we will be committing to setting short and long-term Science Based Targets to align with the SBTi Net-Zero Standard. As a Group, we are also proud to report that our philanthropic donations have kept pace with our commercial growth through our 1% pledge. Over the course of the last year, we have donated over £59,000 to charities through our community investment and employee-led giving programmes.

I am also pleased that we have once again delivered our Future Leaders programme which aims to create positive change in communities and in the wider industry by supporting 10 digital entrepreneurs from underrepresented backgrounds over a two-month period to build their businesses; providing the expertise, mentorship and support needed to successfully develop themselves and their companies.

In addition to Future Leaders, TPXimpact supports; the Arkwright Scholarship, which sponsors diverse students looking to get into engineering; In2Science, which promotes social mobility and diversity in science, technology, engineering, and maths through work experience; and Code First Girls, which places four women or non-binary people on a Full-Stack Nanodegree.

Corporate governance

The Board is working to continuously improve the governance of TPXimpact. We carefully monitor the market and frequently assess the principal risks to the Group, remaining cognisant of the ongoing impact sector-wide challenges have on our end markets and stakeholders.

We greatly value our shareholders, for whom we are ultimately seeking to deliver value which has been achieved with purpose. Therefore, we believe that it is a priority to keep all shareholders up-to-date and engaged and we are committed to continually increasing transparency in all our corporate communications.

This year we have heightened our ESG governance and have built DEI requirements into the share award eligibility for all leaders. We want DEI to be a priority within the business and therefore we are going to use it as a metric to measure the performance of senior leaders within the Group. Performance on these metrics for leadership are now linked directly to their remuneration.

People

Our people are at the very centre of everything that we do and I would like to take this opportunity to sincerely thank all of them for their continued hard work and dedication. We have worked hard to create an environment which allows the diverse range of talent within TPXimpact to thrive and I believe that this plays a significant part in our continued success.

We are continually investing in our people in order to retain and attract the best talent available. This year we have launched our new employee value proposition which delivers increased benefits to staff including 30 days holiday each year on top of bank holidays, two months full sick pay for colleagues struggling with their mental or physical health, and green incentive schemes to encourage sustainable living such as an electric vehicle leasing scheme.

The Board is also pleased to note the launch of Employee Resource Groups (ERGs) to help amplify the voices of under-represented employees and make sure our workplace is inclusive for everyone and a board mentoring scheme to support diverse talent within the business.

Outlook

Looking ahead, we expect TPXimpact to greatly benefit from its structural change, expanded service offering and extended geographic outreach as we capitalise on the market opportunity available to us. Investment in digital transformation is continuing in the public and commercial sectors and it has become clear that this is now a necessity for all modern businesses. We are also bolstered by our growing presence in the commercial sector which allows for a diversification in our revenue streams and gives us strong foundations to navigate any headwinds in the coming period.

We will also continue to look at best-in-class companies who might join TPXimpact through acquisition and strengthen our existing client offering, geographical expansion in key areas and further our purpose driven strategy to enact meaningful change in the areas we work.

While we expect testing macro-economic conditions to continue, I am confident that our experienced and agile management team have the necessary skillset to capitalise on these opportunities and continue our strong momentum into FY2023. Moreover, with best-in-class expanded service offering and substantial market opportunity, we are well positioned to achieve our 2025 commercial objectives and continue delivering positive, sustainable change.

Mark Smith

Mark Smith
Chairman
7 September 2022

CEO statement

Neal Gandhi
Co-Founder and Chief Executive Officer

It has been an incredible year of change for the Group, and one of great success.

We began the year trading under The Panoply Holdings plc as a collection of 12 separate businesses and have brought together 10 under one unified brand: TPXimpact. Coming together in this way necessitated a comprehensive change programme across the Group but, even whilst this progresses, our teams have continued to perform excellently, demonstrating passion and drive across their work. As a result, we've achieved revenue from continuing operations of £79.7m, up 58% and delivered like-for-like organic revenue growth of 16%. We have achieved our first statutory profit after tax on continuing operations of £0.8m and adjusted EBITDA of £12.2m (EBITDA of £9.1m) slightly ahead of expectations, up 72% year on year and at an improved adjusted EBITDA margin (15% Adjusted EBITDA Margin (EBITDA Margin 11.4%)).

In a significant milestone for the Group, we hit the run rate revenue target of our 2023 Commercial Vision a full year ahead of schedule. However, we haven't sat on our laurels and immediately began looking ahead to our next major set of goals: our Commercial Vision for 2025. This includes our ambition to achieve a run rate revenue of £200m, deliver 70% of operating profit through to positive cash flow and to become a top 20 public sector supplier, by March 2025.

Alongside our financial success, we've also continued to deliver against our overarching purpose of delivering sustainable change with a positive impact. For example, we've helped the Welsh Ambulance Service – NHS Trust (WAST) modernise their internal operations, with Office 365, data insights and flexible mobile solutions; we've helped UNICEF UK design and deliver a new way of operating to work more effectively and achieve better outcomes for children; and we partnered with the Department for Education to find a way to identify users and deliver services more effectively.

We have continued to win an increasing number of new clients demonstrating our increasing ability to win and deliver more impactful projects.

Alongside delivering strong organic growth, we made two acquisitions in the period, and two post-period end. Together, these new businesses (Nudge Digital, RedCortex, Peak Indicators, and Swirrl) have bolstered the Group's capabilities, particularly around data, and helped establish our presence in new regions in the UK.

Growth strategy

Since inception, our growth strategy has always been built on the idea of bringing together complementary companies in order to build a full-service digital transformation capability, able to deliver outcomes to large clients at a fraction of the cost and time of their traditional suppliers. We build the business through organic growth and acquisitions, with the aim of moving towards our commercial and impact visions. Our culture and values allow us to remain agile and entrepreneurial while we grow.

The change programme the Group is undergoing, to come together as a single company, will see us streamline our service offering to clients, enabling increased organic growth in the future. The integration of our businesses will allow us to more efficiently deliver our services to the organisations that underpin society and further our objective to maximise our impact and effect fundamental and sustainable change that shapes organisations, services and systems.

Commercial vision for FY2025

Last year, we set out new Commercial and Impact Visions for FY2025. Below is a summary of our performance against these goals so far.

	Ambition	FY2022 progress
1.	To achieve a run rate revenue of £200m (£150m public sector, £50m commercial sector) by March 2025	Revenue FY2022 of £79.7m up 58% Consensus revenue for FY2023 of £97.4m*
2.	To deliver 10-15% organic revenue growth per annum	16% organic revenue growth
3.	To make further earnings enhancing acquisitions to strengthen our offer, achieve greater scale and support our overall vision	Two acquisitions completed during the period, two post-period end
4.	To become a top 20 public sector supplier by March 2025 on run rate basis	Started integration to one brand to allow us to report as a single supplier
5.	To deliver 70% of operating profit through to positive cash flow	95% Operating Profit to cash flow
6.	To deliver progressive dividend policy at 15%-20% of net income (Adjusted profit after tax)	Aggregate Dividends of 0.9p
7.	To deliver improving EBITDA margins	Adj EBITDA margin of 15% (up 100 bps on FY2021)

* *Consensus estimate is a forecast of TPXimpact's projected earnings based on the combined estimates of all equity analysts that cover the stock*

Impact Vision for FY25

	Ambition	FY2022 progress
1.	Work towards halving the 21 gaps that we have identified across representation, pay and inclusion for employees from underrepresented backgrounds.	Made progress against 29% of our gaps this year, and have now halved or closed 6/21
2.	To implement science-based reduction targets	Created an in-house carbon tracker
3.	To kick-start 5,000 digital careers, reaching 5,000 unique beneficiaries through our community action and community investment programmes	Kickstarted 686 careers in FY2022 adding up to over 1288

Strategic progress

Brand consolidation under TPXimpact

In September 2021, we announced our intention to restructure, from a collection of businesses to a single company under the name TPXimpact. By operating as one company and one team we are able to work more collaboratively, pitch for and deliver larger projects, eliminate inefficiencies and – in the longer term – build more substantial brand value.

We have made significant progress on this change programme over the period. We have, for example, overhauled the operating structure of the group, creating an environment within which we have launched two divisions as of 1 April 2022 under the TPXimpact umbrella: 'Consulting' and 'Digital Experience' ('DX'). This structure better reflects the way that we operate and charge. Several of our companies are now trading solely under 'TPXimpact' importantly, we've also brought together multiple

CEO statement continued

HR teams into one structure, giving us for the first time a single consolidated view of our people, which will enable us to focus on key productivity areas such as time to recruit, staff turnover, learning and development and of course utilisation.

Post period end we continue to work on creating an improved, single operational structure, which is just beginning to deliver substantial benefits around the elimination of inefficiencies. In a step-change for the Group we are creating a more professional, robust, mature business. As we reconstruct the Group, we are being careful to evaluate each process and ensure it is best-in-class, giving ourselves the strongest possible foundation on which to build. While this process is taking longer than initially envisaged, we know that it will benefit us exponentially in the longer term. We therefore now anticipate the change programme continuing to run throughout the balance of FY2023, with some further one-off associated costs. As we move forward, we remain confident that coming together will drive our future success.

We have also started to invest in the TPXimpact brand, with a view towards creating a market leading and differentiated brand promise and then telling our target audiences about it. This new, innovative enterprise brand will enable the Group to win bigger than ever before.

Complementary acquisitions

We have retained our core focus on acquiring complementary acquisitions to bolster our capabilities and enhance our go-to-market proposition. During the period, we acquired two companies:

- Nudge Digital Ltd, a Bristol-based digital services agency which delivers strategy-led services and has a good pipeline of pharmaceutical customers
- RedCortex Ltd, a Cardiff-based digital and cloud-based transformation Microsoft focused consultancy

And two more post-period end:

- Peak Indicators Ltd, a Chesterfield-based, leading data science services and analytics consultancy
- Swirrl IT Ltd, a Stirling-based, open data consultancy specialist with a focus on data integration and dissemination in public sector organisations

A key benefit of the acquisitions has been to bolster the Group's position in Wales and Scotland. As a result, we have won significant contracts with organisations based in these countries, for example with Digital Health and Care Wales, Transport for Wales and the Scottish Government.

In line with our commercial vision we remain focused on adding further earnings enhancing acquisitions in the current year.

Increased bank facilities

Post-period end we have also renewed and extended our existing banking facilities with HSBC in order to provide access to further capital. We now have an extended revolving credit facility (RCF facility) with HSBC (which has an initial term of three years and may be extended by a further year by mutual agreement) from £20.0m to £30.0m (of which £11m is undrawn) with a £15m accordion. The extended facility has the same security package as announced on 12 June 2019, namely that HSBC has taken security over TPX and all of the Group's material subsidiaries and their assets in connection with the RCF Facility. The RCF Facility contains customary terms and covenants, including financial covenants. However, despite this increased facility, we reiterate our commitment to net debt being no more than 1.5x adjusted EBITDA.

Establishing a strong foothold in healthcare

Through complementary acquisitions, new contract wins and further embedding with existing clients we have maintained our public sector presence further during the year, with this market now representing c.72% of Group revenue (FY2021: 71%).

One sector within the public sector which is increasingly becoming a key focus is healthcare. In July 2021, as part of our strategy to expand our presence in the sector, we announced the appointment of Noel Gordon as Senior Advisor to the Group. Noel has experience in public healthcare and the not-for-profit sector, including in previous roles as Chair of NHS Digital and Chair of Healthcare UK's advisory board. His leadership, together with some fantastic case studies in this area from recent acquisitions, have enabled us to build an exciting pipeline of healthcare projects and we look forward to growing our presence in the sector going forward.

Continued strong performance in Commercial

For FY2022, 28% of Group revenue came from the commercial sector, and it remains a key focus area for the business as maintaining a healthy balance of Commercial business provides the Group with resilience through diversification.

In the period we strengthened our presence in utilities and pharmaceutical in particular. Acquisitions made during the year have also bolstered TPXimpact's commercial sector portfolio, including contracts with two major multinational financial services companies brought to the Group through the acquisition of Peak Indicators.

Continued strength of digital transformation market

Digital transformation continues to be high on the agenda for organisations across the public and commercial sectors, with data from PWC revealing 60% of executives believe that digital transformation will be their most critical growth driver in 2022.

The UK Government announced a new Digital Strategy in June 2022, including a section on 'improving public services' that commits to publishing a cross-Government digital and data strategy later in 2022, setting out a vision for how the Government will improve the use of digital, data and technology across all public services. While the challenging broader macro-economic circumstances make operating in many spheres of business more difficult, facts such as these underpin our continued confidence moving forward.

Current trading and outlook

We are pleased to report over £20m of business won in Q1 FY2023. As part of this, we have made good strides in the commercial sector with at least three commercial clients expected to generate more than £3m revenue in the coming year. Alongside this, our latest acquisitions are performing well, with us already beginning to see substantial opportunities in Microsoft and data-based projects unlocking, thanks to the additional capabilities they brought the Group. Overall, we observe healthy market conditions and a continued high demand for our digital transformation services.

We have made significant progress on our change programme to move from a collection of businesses to a single company with unitary processes under the name TPXimpact, a process that has required a considerable investment of time and resource. This continued into the current year with investments being made in marketing our new brand, bringing in a number of senior hires across the organisation, centralised HR and finance teams and in improving our operational software.

Inevitably this had meant a period of substantial change in work processes and an internal focus which has, in the short term, impacted both top line growth and staff utilisation. This had a temporary impact on revenues and Adjusted EBITDA for April and May which subsequently returned to more normalised levels in June. As a consequence of this, we anticipate FY2023 to be a little more second half weighted than usual and have every confidence in meeting FY2023 market expectations of revenues of £97.4m and Adjusted EBITDA of £13.7m.

Neil Gandhi
CEO

7 September 2022

Financial review

Oliver Rigby
Chief Financial Officer

The year to 31 March 2022 saw significant further growth in the Group with statutory revenue up £29.4m or 58% to £79.7m (FY2021: £50.3m). The revenue increase was driven by like-for-like organic growth of 16% as well as the full year impact of FY2021 acquisitions and the acquisitions of Nudge in June 2021 and RedCortex in December 2021. The revenue mix continued to be focused on public services which accounted for 72% of revenue, slightly up year on year, from 71% in 2021. Healthcare remained at 9% of revenue, growing year on year from £4.6m in 2021 to £7.2m in 2022.

We continued to see a large amount of repeat business from customers, with 67% of customers billed in FY2022 also billed in FY2021, FY2020 or FY2019. Most excitingly we have seen an increase in the scale of the contracts we are now winning as a result of the combined services of the Group including seven deals over £3m up from just four in the prior year.

Gross Margins were flat at 31% against 31% in the prior year. We are targeting an improvement to our Gross Margin going forward and the strategy of moving to one brand and integrating operations is being implemented to achieve this. Multiple brands with separate operating models meant that hiring decisions were being made on an individual company rather than group wide basis. This has meant that our contractor to permanent staff ratio is higher than we would like which has had a negative impact on margins given the higher relative cost of contractors.

Adjusted EBITDA was £12.2m up from £7.1m in FY2021 representing an increase of 72%. EBITDA was £9.1m, up from £1.9m in FY2021 representing an increase of 378%. Adjusted EBITDA margin was 15% up from 14% in the prior year. Margin grew as a result of management costs not growing in line with revenue growth offset by an increase in post-Covid travel and entertaining related spend.

The Group reported its first statutory profit after tax on continuing activities of £0.8m (FY2021: loss of £2.0m). The Directors believe that an 'adjusted profit before tax' measure is more representative of the underlying performance of the Group. To arrive at adjusted results, adjustments made include acquisition and change related expenses, amortisation related to acquired intangibles and share-based payments and the impact of fair value adjustments along with the corresponding tax impact of the adjustments.

In addition, in the current year we have pulled out specific costs relating to the integration of group companies and rebrand to TPXimpact.

The following table summarises the adjustments:

	2022 £'000s	2021 Restated* £'000
Statutory profit / (loss) before tax on continuing operations	**2,526**	**(1,656)**
Amortisation of intangible assets relating to acquisitions	5,347	2,458
(Gain) / loss from fair value movement in contingent consideration	(152)	4,260
Share-based Payments	427	294
Costs relating to acquisition and restructuring	1,018	746
Costs relating to the change programme	1,764	–
Adjusted profit before tax on continuing operations	**10,930**	**6,102**
Tax (including impact of amortisation and costs relating to acquisition and restructuring adjustments)	(1,706)	(898)
Adjusted profit after tax on continuing operations	**9,224**	**5,204**

* *Please refer to note 1 which explains the restatement*

As a result of the acquisitive nature of the Group and its use of shares as consideration, the Directors believe that an adjusted share count for the purposes of calculating earnings per share is required. As such the Directors calculate an adjusted diluted share number by taking the weighted average basic shares and including the maximum shares to be issued in respect of contingent consideration to be paid, together with the maximum share options outstanding. The following table summarises the adjustments:

	2022 000s	2021 000s
Weighted average basic shares (excluding contingent shares)	84,583	63,784
Shares relating to future contingent consideration	4,051	13,728
Shares relating to share-based payments	3,732	4,436
Total	**92,366**	**81,948**
Earnings per share from continuing operations, basic	1.0p	(3.5p)
Adjusted diluted earnings per share	10.0p	6.4p

Based on these alternative non-IFRS measures the Group achieved adjusted profit after tax on continuing operations of £9.2m (FY2021: £5.2m) resulting in adjusted diluted earnings per share of 10.0p (FY2021: 6.4p). The basic earnings per share for the period was 1.0p (FY2021: 3.5p loss).

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 the accounting policies.*

Financial review continued

Cash flow and cash conversion

Net cash generated from operations before tax increased to £8.1m from £5.8m last year. Cash conversion, calculated by reference to the adjusted profit before tax but after deducting costs relating to acquisition and restructuring was 95%.

In total, cash increased in the year from £5.7m to £7.9m but net debt increased from £7.3m to £10.1m (excluding leases) as a result of payments made for acquisitions completed in the period. Cash consideration for acquisitions was £6.8m (net of cash acquired), with £5.0m funded through a drawdown from our revolving credit facility with HSBC and the remainder from cash reserves. The net debt position at the year end was significantly below 1x Pro Forma EBITDA.

Post period end HSBC have extended their revolving credit facility with the Group to £30m with a £15m accordion. The new facility is a sustainability-linked revolving credit facility that incorporates targets which align with our long-term ESG objectives. £19m has been drawn down in total for acquisitions leaving the Group at the year end with a further £11m to draw down for further acquisitions. This together with cash flow generated from operations provides a strong basis to continue our acquisitive growth into FY2023 although we remain committed to maintaining net debt to EBITDA below 1.5x.

Balance sheet

Goodwill and Intangible assets in aggregate have increased significantly in the year as a result of the acquisitions completed.

Total deferred consideration at 31 March 2022 was £3.4m. We continue to note that this is a liability that will be satisfied through the issue of shares and not through cash. Once this is removed, the Group's current ratio at the year end was 1.6 (FY2021: 1.6) providing solid liquidity.

Dividend

The Board are pleased to announce a final dividend of 0.6p per share subject to approval at the AGM. The proposed final dividend, if approved by shareholders, will be paid on 14 October 2022 to shareholders on the register at the close of business on 7 October 2022. This will take the total dividend paid to shareholders in respect of FY2022 to 0.9p per share up 50% year on year in line with the Board's progressive dividend policy.

Additional consideration

As at 31 March 2022, the total value of consideration that is payable is £3.6m, resulting in maximum further shares to be issued totalling 4.5m which reduces to 2.4m based on the closing share price as at 15 July 2022. A claw-back of £0.5m is due to the Group on publication of the Group's FY2022 financial statements resulting in a clawback of 0.4m shares. This is a significant reduction on prior year and reflects the Board's switch to non-earn-out based acquisitions.

Value £'000s	Minimum share price	Max shares to be issued 000s
961	0.740	1,299
1,587	0.820	1,935
119	0.825	144
898	0.831	1,081
(500)	1.225	(408)
3,065		**4,051**

Oliver Rigby
Chief Financial Officer
7 September 2022

Sustainable futures

Environmental, social & governance report

Bryony Wilde
Purpose Director

As our companies came together this year to form TPXimpact, we have had a unique opportunity to embed our environmental, social and governance goals into the foundations of the new business.

We have been able to take a step back and examine whether our systems, processes and behaviours are helping to set us apart as a purpose led business that is truly delivering value to all of our stakeholders.

Our response has been to double down on our commitment to our people, planet and community.

You can see this through our new industry-leading employee value proposition, our submission to become a certified B Corp and our further investment in the measurement and reduction of our emissions.

As we grow, we have greater leverage and more opportunities to create social impact. However, the scale of responsibility to ensure that our operations are being run in a way that is net positive to our people, environment and communities also increases exponentially.

ESG report
Sustainable futures

We're committed to radical transparency when it comes to our ESG reporting. We want to lead the way in terms of the quantity, quality and frequency of our data that we share. Our non-financial KPIs track the progress we're making in building sustainable futures for our people, planet and communities.

We align our sustainable futures strategy with the UN Sustainable Development Goals. We focus on SDG8 'Decent Work and Economic Growth' and have identified the targets 8.1, 8.4, 8.5 and 8.6 as priorities.

We use the World Economic Forum's (WEF) standard for consistent ESG reporting to identify the recommended metrics aligned with these targets. The WEF released a white paper in September 2020 to develop a core set of common metrics and disclosures on non-financial indicators for investors and other stakeholders. This framework incorporates all of the major existing ESG standards and splits the metrics into four pillars; principles of governance, people, planet and prosperity.

This table shows where you can find each metric, as described in the WEF framework within the ESG report. It also shows which SDG each metric relates to and which standard we have used to capture the data.

Theme	Metric	Reporting standard	SDG Target	FY2021	FY2022	See page
		PEOPLE				
Dignity and equality	Ethnicity pay gap (mean)	GRI 102-38	8.5	4%	12%	52
Dignity and equality	Ethnicity pay gap (median)	GRI 102-38	8.5	0%	15%	52
Dignity and equality	Gender pay gap (mean)	GRI 102-38	8.5	16%	19%	52
Dignity and equality	Gender pay gap (median)	GRI 102-38	8.5	19%	20%	52
Dignity and equality	Inclusion gap - Disability	GRI 405-1b	8.5	3%	12%	51
Dignity and equality	Inclusion gap - Gender	GRI 405-1b	8.5	0.00%	5%	51
Dignity and equality	Inclusion gap - LGBTQI	GRI 405-1b	8.5	0%	0%	51
Dignity and equality	Inclusion gap - Minority ethnic	GRI 405-1b	8.5	13%	9%	51
Dignity and equality	Inclusion gap - SEB	GRI 405-1b	8.5	1%	7%	51
Dignity and equality	Inclusion score - Overall	GRI 405-1b	8.5	85%	76%	51
Dignity and equality	Modern slavery statement		8.7	-	-	53

Theme	Metric	Reporting standard	SDG Target	FY2021	FY2022	See page
Dignity and equality	Overall representation - Black	GRI 405-1b	8.5	3%	6%	50
Dignity and equality	Overall representation - Disability	GRI 405-1b	8.5	6%	7%	50
Dignity and equality	Overall representation - Female	GRI 405-1b	8.5	48%	47%	50
Dignity and equality	Overall representation - LGBTQI	GRI 405-1b	8.5	12%	16%	50
Dignity and equality	Overall representation - Minority ethnic	GRI 405-1b	8.5	13%	19%	50
Dignity and equality	Risk of incidents of child and forced labour	GRI 408-1b, GRI 409-1	8.7	0	0	53
Dignity and equality	Senior representation - Black	GRI 405-1b	8.5	0%	0%	50
Dignity and equality	Senior representation - Disability	GRI 405-1b	8.5	6%	4%	50
Dignity and equality	Senior representation - Female	GRI 405-1b	8.5	36%	34%	50
Dignity and equality	Senior representation - LGBTQI	GRI 405-1b	8.5	13%	13%	50
Dignity and equality	Senior representation - Minority ethnic	GRI 405-1b	8.5	9%	8%	50
Dignity and equality	Wage level % (CEO:Median)	GRI 202-1, Adapted from DoddFrank Act, US SEC Regulations	8.5	4.7:1	4.9:1	76
Health and wellbeing	% employees participating in well-being programmes	Adapted from GRI:2016 403-2a	8.8	80%	68%	47
Health and wellbeing	Employee satisfaction score		8.5	7.6	7.1	46
Health and wellbeing	Employee wellbeing score		8.5	7.4	6.8	46
Health and wellbeing	Injuries and Fatalities	GRI:2018 403-9a&b, GRI:2018 403-6a	8.8	0	0	46

ESG report
Sustainable futures
continued

Theme	Metric	Reporting standard	SDG Target	FY2021	FY2022	See page
		PLANET				
Climate Change	Carbon offset total	GRI 305:1-3, TCFD, GHG Protocol	8.4	1,915 tCO2e	2,742 tCO2e	57
Climate Change	Reduction of energy consumption	GRI 305:1-3, TCFD, GHG Protocol	8.4	29.9 tCO2e	39.88 tCO2e	57
Climate Change	Energy Intensity ratio (per £1m revenue)	GRI 305:1-3, TCFD, GHG Protocol	8.4	37.32 tCO2e	34.28 tCO2e	57
Climate Change	Energy Intensity ratio (per FTE)	GRI 305:1-3, TCFD, GHG Protocol	8.4	4.3 tCO2e	5.01 tCO2e	57
Climate Change	Scope 1 emissions	GRI 305:1-3, TCFD, GHG Protocol	8.4	6.41 tCO2e	3.84 tCO2e	57
Climate Change	Scope 2 emissions	GRI 305:1-3, TCFD, GHG Protocol	8.4	23.5 tCO2e	36.04 tCO2e	57
Climate Change	Scope 3 emissions	GRI 305:1-3, TCFD, GHG Protocol	8.4	1,885 tCO2e	2,702.22 tCO2e	57
Freshwater availability	Water consumption	SASB CG-HP140a.1, WRI Aqueduct water risk atlas too	8.4	-	-	60
Nature loss	Land use and ecological sensitivity	GRI 304-1	8.4		-	60
		PRINCIPLES OF GOVERNANCE				
Governing purpose	Stated purpose		8.1	-	-	26
Protected ethics advice and reporting mechanisms	Protected ethics advice and reporting mechanisms		8.8	-	-	53
Quality of governing body	Governance body composition		8.5	-	-	88
Risk and opportunity oversight	Disclosure of risks		8.8	-	-	55
Stakeholder engagement	Material issues impacting stakeholders		8.8			80

Theme	Metric	Reporting standard	SDG Target	FY2021	FY2022	See page
		PROSPERITY				
Community and social vitality	Careers kickstarted		8.6	602	686	65
Community and social vitality	Charities Supported		8.6	50	114	65
Community and social vitality	Community Investment total	GRI 201-1,	8.1	£36,960	£59,368	65
Community and social vitality	Community Action hours		8.6	1,654	1,970	65
Community and social vitality	Tax paid	Adapted from GRI 201-1	8.1	£341,928	£1,739,983	117
Community and social vitality	Unique volunteers		8.6	72	119	71
Employment and wealth generation	CapEx	As referenced in IAS 7 and US GAAP ASC 230	8.1	£716,819	£1,590,394	121
Employment and wealth generation	Dividends paid	As referenced in IAS 7 and US GAAP ASC 230	8.1	£138,445	£652,000	34
Employment and wealth generation	Employee turnover	GRI 401-1a&b	8.1	18.46%	30.6%	46
Employment and wealth generation	Employee wages and benefits	GRI 201-1,	8.1	£24,171,021	£30,692,000	76
Employment and wealth generation	New hires (FTE)	GRI 401-1a&b	8.1	192	240	46
Employment and wealth generation	New jobs	GRI 401-1a&b	8.1	55	63	76
Employment and wealth generation	Operating costs	GRI 201-1,	8.1	£44,084,331	£68,146,681	117
Employment and wealth generation	Revenue	GRI 201-1,	8.1	£51,145,880	£79,708,628	117
Employment and wealth generation	Workforce Growth	GRI 401-1a&b	8.1	53%	22%	46
Innovation of better products and services	% revenue from controversial clients		8.1	1.9%	3.10%	79

ESG report
Sustainable futures
continued

Sustainable futures for our people.

What
We are closing the gaps that exist in our business and wider industry.

How
Decreasing pay gaps, representation gaps and gaps in inclusivity.

By contributing to SDG
8.5 - Decent, equal work opportunities for all.

Sustainable futures for our planet.

What
We are leaving no trace.

How
Measuring, reducing and offsetting our footprint.

By contributing to SDG
8.4 Decoupling economic growth from environmental degradation.

	By focusing on	By focusing on
Our **people** benefit from	Satisfied and happy employees	Greener lifestyles
Our **planet** benefits from	Socially responsible employees	Reduced emissions
Our **communities** benefit from	Diverse talent pipelines	Collective climate action
Our **clients** benefit from	Top quality talent	Sustainable clients and industry

Sustainable futures for our communities.

What
We are equipping our communities with future-proof skills.

How
Kickstarting 5,000 digital careers.

By contributing to SDG
8.6 - Youth education and training.

Sustainable futures through prosperity.

What
We are delivering impactful work.

How
Making a positive difference to how individuals and society experience the world.

By contributing to SDG
8.1 - Sustainable economic growth.

By focusing on	By focusing on
Community engagement	Meaningful work
Climate action	Green service offering
Community investment	An ethical business
Pro bono work	Reputational safety

People

Closing the gaps that exist in our business and wider industry

We're working to ensure sustainable futures for all of our people through a focus on employee wellbeing & satisfaction and workforce diversity, inclusion & equity.

As a professional services organisation, we don't underestimate the importance of the health, wellbeing and satisfaction of our workforce. We're creating an environment that helps diverse talent to thrive. We are a high growth, high impact business that relies on competent, committed and high performing employees. In return, we foster a positive work environment that supports personal and professional growth and respects work-life balance.

GENDER

47%

of our workforce are women

ETHNICITY

38%

Increased minority ethnic representation by 38% (13% to 19%)

BENEFITS

30

Increased holiday to 30 days + bank holidays.

GROWTH

Our workforce grew by*

22%

*Based on FTE

ESG report
People continued

> **"So happy to be part of a company with such great values. The people focus was really apparent in all of the changes and decisions shared. We should be proud that the business we work for, puts people at the heart of everything."**
>
> Anonymous, from our Diversity & Inclusion survey

Employee wellbeing & satisfaction

This year has come with a lot of change for our employees. We have brought together multiple different cultures and ways of working and asked a lot from our people. Within that time, we have continued to grow and have welcomed 240 new starters into the new company. Our employee turnover stood higher that we would have liked at 30.6% but we expect to see this settle as the new business and culture establishes itself.

This year, employees scored their satisfaction as 7.1 out of 10 on average (down from 7.6) and their wellbeing as 6.8 out of 10 (down from 7.4). We know it will take some time for teams to feel as comfortable within their new teams and with the new ways of working as they were within their smaller agencies, highlighting how important employee engagement is for us.

Our new employee value proposition

We recently launched our new employee value proposition which is designed to give responsible, autonomous employees the flexibility and support they need to thrive. We believe that this proposition sets us apart from our competitors as an employer of choice. Some highlights are:

- 30 days holiday each year on top of bank holidays to allow our people to reset, recharge and do the things that they love.
- a flexible approach for employees to choose when and where they work.
- better support for new parents with six months full pay for maternity, adoption and surrogacy leave and three months full pay for paternity
- at least two paid days off a year to volunteer and a further two for professional development
- a focus on health and wellbeing through our EAP, health plan and generous sick leave policy
- green incentive schemes to encourage sustainable living such as an electric vehicle leasing scheme
- shares in the business for all employees through a joining bonus and a tax efficient share incentive plan.

We are a low risk business in terms of occupational health and safety issues and had no serious injuries or fatalities at work last year.

Employee Assistance Programmes

TPXimpact provides free access to an Employee Assistance Programme (EAP) for all UK employees. We provide the EAP as a confidential resource designed to help our people to deal with personal and professional problems that could be affecting their home life or work life, health or general wellbeing. As part of this service, every employee is entitled to four free counselling sessions each year. This year the service received 56 calls and delivered 18 counselling sessions for our people.

Fitness challenge

Our annual steps challenge aims to boost employees' physical activity after the Christmas holidays. This year, the company *clocked up more than 14 million steps and covered 6,717km* over the course of three weeks. Their efforts helped to raise £5,200 which the winning team donated to the Ukrainian charity "Voices of Children", supporting young people affected by the war.

Wellbeing

We continued the Wellness Wednesday initiative which started during the first lockdown with more webinars hosted by external experts on educational topics like nutrition for gut health, breathing techniques for building resilience and energy management during the menstrual cycle. Overall 68% of our employees engaged in our wellbeing activities this year.

Diversity, inclusion and equity

The work that we are doing is helping to shape how societies experience the world, from their digital experiences, to how they access and navigate local services. We do not underestimate how important it is therefore to have a workforce that is representative of the communities that they are serving so that we can ensure our solutions work for everybody.

We are proud that our UK business is representative of the population when it comes to gender, ethnicity, sexual orientation and neurodiversity. We have had a real focus on ethnic diversity this year, through our recruitment, the launch of our Origins employee resource group and running a Future Leaders accelerator specifically for young Black people. This has resulted in us doubling our Black representation and increasing our overall minority representation from 13% to 19%.

We will continue to ensure that the quantity, quality and frequency of our DEI reporting is best in class and be totally transparent about our results and our progress. We truly believe that this is the most valuable thing that we can do, not only to hold ourselves to account but also to encourage our peers to acknowledge and address the issues that exist within our industry.

TPXimpact is working hard to intentionally build a culture that is inclusive of the diversity of talent that we want to attract. We intend to help change the composition of the tech sector by continuing to raise the standards of our DEI initiatives, raising awareness of issues and investing in a pipeline of diverse talent.

Here are some of the things we have been working on this year;

We set up ERGs

We set up the Employee Resource Groups (ERGs) to help amplify the voices of underrepresented employees and make sure our workplace is inclusive for everyone. We kicked off with three groups; Women, Origins and LGBTQI+. Some highlights from the first year are:

- monthly 'Coffee and Current Affairs' sessions have become a popular drop-in session to talk about issues affecting women, with everything from Britney Spears' conservatorship to the drinks spiking epidemic being discussed
- the Origins committee hosted a series of insightful lunch and learns over Black History Month and for Diwali exploring and celebrating these cultures
- women shared their experiences within the workplace and the ERG produced a report with recommendations and an accompanying video
- a series of meet-ups took place for LGBTQI+ employees and allies
- a new allyship channel was set up for those interested in learning from the ERGs and the first two events took place this year

ESG report
People continued

As the new organisation is taking shape, we will work to make sure that the ERGs are properly represented in the governance structure and there are clear links of escalation and accountability for issues or ideas that are raised by those communities.

We launched a board mentoring programme

We launched a board mentoring programme to champion and support diverse talent within the business. In our pilot year, we paired five ERG chairs with a member of the TPXimpact board, helping them to navigate the role of committee chair and supporting them more broadly in their career development.

This programme has served to:

- reward employees who have volunteered their time to help us achieve our DEI targets
- raise aspirations, particularly around securing a board level position in the future
- develop skills, through mentorship and guidance

We've made leaders accountable

We have built DEI requirements into the share award eligibility for all leaders. We want DEI to be a priority and therefore we are going to use it as a metric to measure the performance of senior leaders within the business. Performance on these metrics for leadership are now linked directly to their remuneration.

We made sure we were buying more diverse companies

We built DEI requirements into our mergers and acquisitions (M&A) process at the end of 2021. We request DEI data when we first start speaking to potential targets so that we can build this into the qualification and valuation process. This reflects our belief that good DEI practice does not only limit risk but adds value to the bottom line.

Alongside commercial and financial metrics, we will now base valuations on diversity and equity data, community investment and engagement and the environmental impact of potential acquisitions. Not only will this help us to achieve our own DEI targets, it should have a wider effect in recognising and encouraging positive behaviours for small business owners.

We've been investing in people from diverse backgrounds

We take a long-term view in investing in diverse talent pipelines. Our community investment strategy is based around equipping young people from diverse backgrounds with future-proof skills. You can read more about what we have been doing in that space on page 67.

This year, we launched a partnership with Code First Girls to place four women or non-binary people on a Full-Stack Nanodegree. After training, the successful candidates will join TPXimpact as full time Associate Engineers. The organisation is dedicated to helping more women & non-binary people break into and excel in the tech industry. We will focus on people from underrepresented communities, beginners to tech, those who identify as neurodiverse and those who grew up with no financial advantage.

How do we measure diversity, inclusion and equity?

We have developed a methodology that we call 'Gap Reporting' for measuring our diversity, inclusion and equity performance. Diversity can be complex. We are measuring lots of different and overlapping characteristics and the goalposts move all the time. That's why we use Gap Reporting — so we can easily identify how much work we have to do in each of the areas we report on.

What are our DEI goals?

We currently track over 25 gaps that we have identified across representation, pay and inclusion. We appreciate that diversity is about far more than just gender and skin colour and therefore try to be as thorough and expansive in our reporting as possible to get a full picture of the workforce and identify what the contributing factors might be for those who feel more or less included in the workplace.

Our end goal is that we have no gaps. No pay gaps, no difference in how included employees feel and no gap between our workforce and community diversity. We know we have a lot of work to do to get there but have put in place an ambitious target in the meantime to half all gaps from our benchmark year in FY2021 by 2025.

Our results

Notable Takeaways

Overall, we are a more diverse organisation than we were last year, particularly in terms of ethnicity.

We continue to measure, track and disclose more DEI data than any of our competitors.

We have really strong LGBTQI+ and neurodiversity representation at 16% and 14%, more than the general population.

We are a multicultural organisation, with over 20% of employees being foreign nationals.

We have not made the progress we would have liked in terms of senior representation.

Employees felt less of a sense of inclusion and belonging across all community groups.

ESG report
People continued

Diversity at TPXimpact

Senior Leadership

Women	34%	(FY2021: 36%)**	Population 50%
Minority Ethnic*	8%	(FY2021: 9%)**	UK Population 14%
Black*	0%	(FY2021: 0%)**	UK Population 3%
Disability	4%	(FY2021: 6%)**	Population 16%
LGBTQI+	13%	(FY2021: 13%)**	Population 3%
Neurodiverse	15%		Population 14%
Lower Socio Economic Background*	30%	(FY2021: 26%)**	UK Population 39%
Foreign Nationals	25%		

Overall

Women	47%	(FY2021: 48%)	Population 50%
Minority Ethnic*	19%	(FY2021: 13%)	UK Population 14%
Black*	6%	(FY2021: 3%)	UK Population 3%
Disability	7%	(FY2021: 6%)	Population 16%
LGBTQI+	16%	(FY2021: 12%)	Population 3%
Neurodiverse	14%		Population 14%
Lower Socio Economic Background*	28%	(FY2021: 23%)	UK Population 39%
Foreign Nationals	22%		

* for ethnicity and socio-economic background we have just used UK demographic data and included our UK employees

** last year we used the top pay quartiles of each business within the group to get to the senior representation number. Since merging, we are now on one payroll and therefore have used the top pay quartile of the combined payroll. In order to show progress we have adjusted FY21 numbers as if we were operating one payroll

71%	73%	61%	58%
of people agreed or strongly agreed with the comment	of people agreed or strongly agreed with the comment	of people agreed or strongly agreed with the comment	of people agreed or strongly agreed with the comment
I feel like I belong at my company	**I can bring my authentic self to work without worrying about repercussions**	**I can voice a contrary opinion without fear of negative consequences**	**Perspectives like mine are included in decision making**
Down from 87%	Down from 87%	Down from 82%	Down from 73%

Diversity

We measure overall representation and senior representation (top pay quartile) for employees from underrepresented communities. We have increased the number of communities that we measure this year to include neurodiverse employees and foreign nationals.

Our overall representation improved this year across most categories, most notably our ethnic diversity has improved with the percentage of Black employees doubling from 3% to 6% and minority ethnic employees as a whole increasing from 13% to 19%. We made less progress in diversifying the senior leadership team. This is in part due to the leadership teams that have been acquired throughout the year.

Disclosure

75% of our employees participated in our 2022 DEI Survey, up from 73% last year. For pay gap analysis we now have 100% of gender information and 93% of employees have disclosed their ethnicity. This increase (from 92% and 82% last year) is largely due to the implementation of our new HR system.

Inclusion

We work out inclusivity scores based on the average responses from inclusivity questions asked in the annual DEI survey. These questions and the methodology are based broadly on Kantar's inclusivity index.

Overall inclusion scores went down for all groups this year. Inclusion scores are based on questions around belonging at work and we therefore expected to see a bit of a dip in sentiment at this stage of such a large change programme as we moved people into new teams and asked them to build new relationships. Despite this, we managed to make progress in closing half of the gaps in how included employees feel based on their background/characteristics, particularly for minority ethnic groups.

This chart shows the percentage difference in inclusivity scores for the communities below over the last three years. The arrows show whether the gap in inclusivity scores has increased or decreased year on year.

ESG report
People continued

Equity
This year we continued to produce quarterly pay gap reports for both gender and ethnicity across the business.

Our gender pay gap has grown over the last 12 months. This is in part due to higher disclosure of gender, particularly for those in the top pay quartile, due to our new HR system. It is also due to a lack of female leadership in the new acquisitions. Our ethnic pay gap also grew fairly substantially. We have seen higher levels of representation but mainly within the bottom two pay quartiles. This is likely due to our focus on recruitment but also due to increased disclosure of ethnicity (within the bottom two pay quartiles) following the launch of the Origins ERG and the new HR system.

Mean Gender Pay Gap

19%

2021: 16%, 2020: 16%

Median Gender Pay Gap

20%

2021: 19%, 2020: 17%

Mean Ethnicity Pay Gap

12%

2021: 4%

Median Ethnicity Pay Gap

15%

2021: 0%

What's next?

1. Formalise the role of the Employee Resource Groups and help to amplify the voices of underrepresented communities
2. Focus on finding, recruiting and retaining diverse senior people
3. Equipping leaders with the right tools they need to create a culture of inclusion, psychological safety and empathy at TPXimpact

"I think TPX have been fantastic at fostering an environment where being a brown woman and a parent I feel comfortable and supported in my work which also allows flexibility and the ability to be able to work autonomously. I feel proud to be part of this company so thank you."

Anonymous, from the DEI Survey

Human rights

TPXimpact is fully committed to preventing modern slavery and human trafficking in our operations and supply chain. We do not tolerate modern slavery in any of its forms and have taken concrete steps to tackle and prevent modern slavery as stated in our Modern Slavery Statement statement.

In the past year, we conducted a risk assessment of the capacity of the organisation to manage and prevent the risks of modern slavery based on the Global Slavery Index and the UK Government's Modern Slavery Assessment Tool (MSAT) framework.

As part of the assessment, we mapped of our supply chain by taking into account:

- The risk profile of individual countries based on the Global Slavery Index
- The business services rendered by the suppliers falling under high risk services (e.g. cleaning service suppliers within personnel services)
- The presence of vulnerable demographic groups

In addition to this, TPXimpact includes Modern Slavery Training as part of the onboarding material for any new member of staff as well as existing and have a Whistleblowing Policy that encourages all employees, customers and suppliers to report any suspicion of slavery or human trafficking without fear of retaliation.

Planet

Leaving no trace

We are working to decouple our economic growth from environmental degradation by measuring, reducing and offsetting our impact on the planet. We are funding and supporting climate action, removing barriers for our employees and raising awareness of the climate emergency.

We understand the enormous threat that business as usual poses to our planet, our people and our communities. As we set the foundations for TPXimpact, we have the benefit of doing so with the knowledge that our planet is a crucial stakeholder. We are working hard to ensure that our operations are doing no harm and that our work is contributing to a more sustainable society.

ESG report
Planet continued

Our planet strategy

We understand that our impact on the planet includes more than just our emissions. The climate and ecological emergency needs an enormous number of solutions, ranging from regenerative and restorative programmes, big shifts in behaviour as well as commitments to reducing our footprint. We look to make a positive impact right across our sphere of influence; from the people who work for TPXimpact, to our *industry peers, to those organisations we work for and those who supply us.*

We have therefore looked at our environmental impact as; company impact, collective action and client and partners.

Company impact

The most significant part of our Planet Strategy is to reduce the carbon emissions contributing to the climate emergency. There are three stages to this; measure our carbon footprint, actively reduce emissions wherever possible, and offset any residual emissions.

This is the third financial year that we have fully measured emissions across all categories of Scope 1, 2 and 3. This has helped enormously with our collective knowledge. Our carbon accounting approach is as extensive as it is possible to have. We have shown our commitment to this by hiring an in-house Sustainability Analyst to work full-time on carbon footprinting and planet-related initiatives, alongside our existing Planet Officer. This will allow us to understand our footprint more deeply as well as report with more regularity, accuracy and reach in the future. As a result of this we can see what impact our activities are having on our carbon footprint on a monthly or quarterly basis and can act to reduce these impacts faster.

	FY2022	FY2021	FY2020
Scope 1 (tCO2e)	**3.84**	6.41	3.55
UK	3.84	6.41	-
Norway	0	0	-
Bulgaria	0	0	-
Scope 2 (tCO2e)	**36.04**	23.49	43.85
UK	11.52	4.79	-
Norway	5.70	4.87	-
Bulgaria	18.82	13.83	-
Scope 3 (tCO2e)	**2,702.22**	1,867.69	1472.38
Purchased Goods & Services	2,344.99	1,662.63	1,210.59
Employee Commuting (and Remote Working)	285.74	180.57	60.61
Business Travel	64.21	10.90	184.59
Fuel and Energy Related Services	7.17	13.59	15.45
Upstream transportation and distribution	0.11	0.27	1.14
Total Scope 1, 2 and 3 (tCO2e)	**2,742.00**	1,915.00	1,531.00
tCO2e per £1m Revenue	34.28	37.32	48.61
tCO2e per Full Time Employee (FTE)	5.01	4.30	4.05
Percentage of Renewable Scope 2 Energy (UK)	81.9%	-	-
Percentage of Renewable Scope 2 Energy (Global)	29.4%	-	-

ESG report
Planet continued

Scope 1 - direct emissions

We have achieved an absolute reduction in scope 1 emissions, in FY21 we had scope 1 emissions of 6.4 tCO2e which has been reduced to 3.8 tCO2e in FY22 representing a 40% decrease. This is due to our long-term strategy of moving away from offices with gas usage as it is not a renewable source of energy. Only three of our seven offices use gas to heat the building and we do not exercise operation control over the building in these leases. Therefore, under the GHG protocol this could be classed as indirect energy emissions (scope 2) but we have decided to still report them as direct scope 1 emissions to allow easier comparison to previous years. We are looking to eliminate scope 1 emissions entirely in the future.

Scope 2 – indirect energy emissions

Scope 2 has seen increases across the board for all three countries we are based in. Total scope 2 emissions have increased from 23.5 tCO2e in FY21 to 36.0 tCO2e in FY22 but they are still down on FY20's pre-covid levels of 43.0 tCO2e.

This can be explained by two factors. The previous financial year was heavily impacted by the pandemic and our offices saw much less footfall and therefore drew less electricity from the grid which led to lower scope 2 emissions. As a result of us moving away from gas heating in offices, electricity must be used to heat them instead, which in turn also increases scope 2 emissions. However, electricity is becoming increasingly decarbonised and is much more manageable as a source of sustainable energy than gas.

Three of our five UK offices use renewable energy suppliers, meaning 82% of our UK electricity usage, and 29% of our global usage, is from renewable energy suppliers. However, we report the headline numbers using a location-based approach based on the carbon intensity of the electricity grid where the office is located.

Total Scope 1 and 2 emissions (39.9 tCO2e) are up on the previous year (29.9 tCO2e) but are still significantly lower than pre-covid FY20 (47.4 tCO2e) numbers despite the large growth of the company's revenue and an 86% increase in FTEs over the past 2 years.

Scope 3 - purchased goods and services

Purchased goods and services remain the large bulk of our total emissions. They account for 86% of our total emissions. A steady growth in absolute emissions is due to the growth of the business. The 41% increase in purchased goods and services emissions from 1,662 tCO2e to 2,345 tCO2e is smaller than the

58% increase in revenue over the same period, and although we are working to decrease the annual growth in purchased goods and services emissions we can see the continuation of the decoupling of economic growth and increase in carbon emissions. We are also beginning to ask suppliers directly for their real emissions data and taking a longer-term view on decarbonising our supply chain. By moving away from being heavily dependent on spend-based estimates, we can directly compare suppliers in the same industry and make sensible procurement decisions for the good of the planet.

Scope 3 - employee commuting (and remote working)

Employee commuting emissions also include emissions associated with remote working. As part of our methodology this year we have decided to count contractors working on behalf of TPXimpact as employees for emissions purposes. In previous years they had been listed as suppliers in purchased goods and services and assigned a spend-based emissions factor which did not give a representative amount of emissions per contractor. This year we counted their home working and commuting emissions as if they were employees. The total commuting/homeworking emissions this year is 286 tCO2e, a significant increase on the 180 tCO2e from the previous year.

There are three factors explaining this:

- the inclusion of contractor's emissions
- the growth in the number of FTEs (22%)
- a 59% increase in employee commuting from the previous year which was heavily affected by the pandemic.

In FY21 the average commuting/remote working emissions per employee was 0.45 v 0.41 tCO2e in FY20. This slight increase is mainly due to more commuting taking place as more employees work from the office following the large impacts of the pandemic on FY21. Commuting to the office is more intensive than working from home in most cases so it increases the amount of emissions per employee for FY22.

Scope 3 - business travel

Business travel has increased from 11 tCO2e in FY21 to 64 tCO2e in FY22. This is still significantly lower than pre-Covid-19 levels of 185 tCO2e in FY20. The increase from the previous year is due to the return of regular business travel following the easing of restrictions. Despite large growth in the business we have still reduced business travel emissions from 2 years ago and are attempting to keep them as low as possible by changing the way we work. Teleworking and videoconferencing is always the priority, and if employees must travel then they are urged to use public transport. We are attempting to reduce flights as much as possible and they should only be taken in business critical situations.

Summary

Scope 1	Scope 2	Scope 3
0.14%	1.31%	98.55%

Overall our emissions have increased by 43% compared to a 58% increase in revenue. Scope 3 still remains the overwhelming majority of our emissions which is to be expected for a largely remote professional services business. The vast majority of scope 3 emissions come from the purchased goods and services category. Within this category the most common supplier types are IT, consultancy and recruitment firms. Although we began to adjust our estimations of contractors emissions this year, we believe many more suppliers within those categories are also contractors. Going

ESG report
Planet continued

forward we will be looking to reclassify more suppliers as employees if the activity is only that of a contractor working on behalf of TPXimpact so we can continue to make our emissions estimates more accurate.

Our economic intensity dropped for another consecutive year going from 37.32 to 34.28 tCO_2e/£1m revenue, a drop of 8%. The decoupling of economic growth with carbon emissions is a key goal for us, and we will be looking to repeat this decrease in future years to bring our economic intensity down to levels aligning with the 1.5°C Paris Agreement science based target.

Ecological impact

As a digital native professional service company, we don't manufacture or sell physical products that negatively impact nature, land use, ecological sensitivity, freshwater availability or water consumption. However, we accept that in order to operate we need buildings and infrastructure, which will negatively impact those things.

We therefore donate time and money to organisations who are tackling the ecological emergency to try to ensure that we are having a positive impact. We have continued to support Rewilding Britain this year, contributing towards many different direct rewilding projects as well as research, education and policy influencing.

Our offsetting approach

We have continued to offset our annual emissions using Verra verified projects and offset 2,742 tonnes, equivalent to our total emissions. This year we will settle our historic footprint offset bill, taking into account all acquired businesses from the date of incorporation, not the date of acquisition.

Collective action

There are approximately 29 million payrolled employees within the UK. We believe that there is a huge amount of collective power that could be leveraged if employers properly encourage and incentivise climate action and behaviour change amongst their workforce.

We don't think that businesses should expect employees to carry the burden of solving the climate and ecological emergencies on their own. Therefore, we have been delivering the following initiatives to facilitate positive environmental impact through the power of our employees:

- Our **Octopus Electric Vehicle (EV) leasing scheme** opens up the possibility of EV ownership to a wider range of people through a tax efficient salary sacrifice scheme. This year, 12 people signed up. Given that lifetime emissions from an EV is over two thirds lower than a vehicle with a combustion engine, these 12 cars are contributing to the decarbonisation of the transport industry.
- Our **Cycle Scheme** remains well used with an upper limit of £10,000 per person. This financial year, 10 more people have made use of the scheme helping to decarbonise employee travel.
- We launched a dedicated **Planet Employee Resource Group** (ERG) as a community for climate activists to advocate on behalf of the planet. The ERG rolled out its first campaign, taking on the subject of fashion. Tips were shared around how to reduce the impact of your wardrobe on the planet, culminating in a clothes swap in one of our London hubs.

- We organised a **planet philanthropy workshop** with Impatience Earth attended by over 100 employees. This helped highlight the importance of donating money to organisations specifically helping with all of the aspects related to climate and ecological emergencies. This resulted in £13,000 donated to planet related organisations such as Rewilding Britain, WWF, Sheldrick Wildlife Trust and Wiltshire Wildlife Trust.
- Over 140 **community action** hours (14% of the total) were donated to planet related projects or organisations this year including lake and river clean ups, preparing logs and planting trees in Vitosha mountain.
- We have continued to encourage the use of **Ecosia** throughout our business as a search engine and have our own dedicated sign up link to track the number of trees planted as a result of the actions of our employees. As of the end of FY2022, 67,236 searches by TPXimpact employees have financed the planting of 1,212 trees.

Client and Industry

Planet focused projects

We are growing our portfolio of planet focused client projects both in terms of revenue and impact.

Client work with a direct planet focus and work for organisations specifically helping the planet, made up 1% of our overall revenue this year and our total income from this work has increased by 50% since financial year 20/21. The impact of this work has also significantly increased. We're involved directly with the research, recommendations and implementations that will help our clients address the climate and ecological emergencies. We intend to increase the percentage of our revenue that comes from planet focused projects and clients this year and improve our reputation as the go-to professional services company for clients concerned about their environmental impact.

Some examples of work from this year;

- We have concluded our work with **Innovate UK and Emergent Energy** which helped identify previously unknown insights into smart local energy systems, from the perspective of local authorities, landlords and residents. Particularly pertinent was the work to design the future customer experience journey with layers of support to help residents manage their budget and household energy use.
- We worked with Open Innovations Leeds on a project sponsored by **Connected Places Catapult (CPC)**, the UK's innovation accelerator for cities, transport, and places. We designed prototypes showing how data and technology can promote collaboration, enable coordination and unlock net zero action in regards to retrofitting homes and bulk EV charging points. The bulk EV charging points data tool identifies the best locations for rolling out bulk charging infrastructure for fleets of vehicles and is helping planners see the benefit of collectively considering data from local authorities, the energy sector and net zero commitments.
- For **NHS Digital**, we analysed the rapidly growing digital sustainability market. The digital industry is now responsible for more emissions than the airline industry, which for NHS Digital is a very important issue. We defined the culture, approach and tooling needed to make the planet a stakeholder and sustainability a non-functional requirement throughout the delivery of their digital estate. Having been given a BIMA 10 Award for our groundbreaking work with reducing the emissions from The **Climate Group** website, this is an area we will continue to lead on.

ESG report
Planet continued

- Wild Ingleborough is a partnership project partnership between **Yorkshire Wildlife Trust, WWF-UK, Natural England, The University of Leeds, United Bank of Carbon and The Woodland Trust**. It is an ambitious, landscape-scale project working with the community to bring about nature's recovery in an area of the Yorkshire Dales. We enabled local people to help develop a community vision and co-design the project ensuring Wild Ingleborough provides benefits for local people, communities and businesses, whilst welcoming more diverse groups of visitors to enjoy the area.
- In partnership with **Knowledge Network on Climate Assemblies (KNOCA)** we have developed practical guidance for policy officials who are organising climate assemblies. The focus is on ensuring the process results in positive policy changes, with guidance across how to set up, facilitate and action an effective climate assembly.

Industry collaboration

As for our wider industry, we're playing leading roles at the BIMA Sustainability Council and the Sustainable Digital Infrastructure Alliance (SDIA). The BIMA Sustainability Council is helping BIMA member organisations (UK based advertising, digital and technology agencies) measure, understand and reduce their carbon footprint as well as understand and take action on the emissions caused by the digital products they build. We're actively partnering with the SDIA to release a tool that will measure the emissions caused by software running in data centres.

The student-led research projects we set for groups of Masters students at Loughborough University London highlighted that the impact on the planet caused by the digital industry is not taught in university education. This is especially worrying given the subjects being studied by the people taking part in the research were engineering, marketing and general business. These are our next generation of leaders, coming into the world of work with no appreciation of how to discuss, measure or reduce the carbon footprint of the digital industry. In the summer and autumn of 2022 we will be working with a Masters student who will focus her dissertation on this problem.

What's next?

- **Science based targets** – We will be committing to setting short and long-term Science Based Targets to align with the Science Based Targets Initiative Net-Zero Standard.

Therefore, we will be committing to:

- An absolute reduction in our Scope 1 emissions
- Using 100% renewable electricity
- Reducing the economic intensity of our scope 3 emissions

- **New funding model for our planet strategy** – To ensure that our investment in measuring, reducing and offsetting our impact on the planet keeps pace with our commercial growth, we will be ringfencing 0.5% of our pre-tax profits each year going forwards.
- **Historical emissions offset** – In our FY2021 annual report, we committed to offset all of the historical scope 1, 2 and 3 emissions of the various companies that came together to form TPXimpact. Given recent acquisitions, we now have more historical emissions to offset. We have done the calculations and our offsets will be purchased later in 2022. Emissions are a debt to the planet that we will pay back.

Community

Equipping our communities with future-proof skills

We have kickstarted over one thousand careers, investing both our time and money in activities which are equipping our communities with the skills they need to contribute to, and benefit from, the fourth industrial revolution.

We believe that everyone should have equal opportunities to participate in the world that we're helping to create. The tech sector is growing at an exciting pace and we need to make sure that we are making opportunities accessible to talent from all backgrounds. That is why we donate 1% of our time and 1% of our profits to invest in our local communities.

ESG report
Community continued

Community investment

Our philanthropic giving keeps pace with our commercial growth through our 1% pledge.

This year, we donated £59,368 to charities through our community investment and employee-led giving programmes. We understand that a large part of the value that we can offer to beneficiaries comes from our expertise, services and time, which is why we try to leverage all of our investments with additional non-financial support. This year we are proud to have supported 114 charities. Our key community investment partnerships year include;

Ada College – This year we ran not one but two Future Leaders programmes in partnership with ADA College, supporting 10 digital entrepreneurs from underrepresented backgrounds. You can read more about Future Leaders on page 68.

Arkwright Scholars – We continued our partnership with Arkwright Scholars to sponsor diverse students looking to get into engineering. We currently fund two scholarships and complement the grants with work experience and mentoring.

In2Science – We sponsored In2Science for the first time this year. They work to promote social mobility and diversity in science, technology, engineering and maths. Specifically we supported a cohort of students through a work experience programme in the summer and hosted a Robotic Process Automation workshop that was attended and viewed by over 200 young people.

Telerik School Academy – Telerik School Academy is the largest free IT education initiative for children in Bulgaria. We are delighted to have sponsored the educational activities for 1 academy for the 2021/2022 school year and supported the digital education of more than 20 children in the small town of Montana.

We have supported
10 Digital entrepreneurs
from underrepresented backgrounds

We have donated
£59,368
to charity this year

Sponsored the Digital Education of
20 Children
in the small town of Montana

Careers Kickstarted

Some companies excuse poor diversity on a lack of representation in the wider market. We don't. We recognise and embrace our responsibility to help diversify talent pipelines much earlier on. That is why we are committed to kickstarting 5,000 digital careers by 2025. We do this through a range of interventions that focus on both scale and depth of impact; from long-term transformative programmes to light-touch educational events that might just inspire somebody to get started in STEM. Our programme of activities touches young people between the ages of 11 to 30 and we break them down into Inspire, Upskill, Experience and Accelerate.

This year, we kick-started 686 careers, taking our total beneficiaries to date to 1,288.

Diverse Talent Pipelines

Brief but powerful engagements to whet the appetite of potential future talent.

Example Activities
Careers talks, workshops, panel discussions.

Opportunities to build and explore technical engineering and entrepreneurial skills.

Example Activities
Coding clubs, bootcamps.

Real life work experience which gives a taste of what life is like within the tech industry.

Example Activities
Placements, live briefs.

Bespoke and substantial support to champion high potential upcoming talent.

Example Activities
Accelerators, grants, board mentoring programmes.

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

ESG report
Community continued

> **"There is a huge need for programmes like this because it reaches to hard to reach entrepreneurs that just need that guidance and help to take their business to the next level - that be financially or in helping a young person build knowledge about how they are going to achieve their goals. "**
>
> **Daniel, founder of Talk2Dan**

Future leaders

Future Leaders is TPXimpact's flagship programme supporting young entrepreneurs from underrepresented backgrounds through funding, coaching, professional development training and networking. In 2021 we delivered our third and fourth programme with a new charity partner - Ada National College for Digital Skills.

This year, we ran an open programme for all underrepresented communities and one specifically for Black entrepreneurs to acknowledge the unique challenges that they face when starting out.

Between the two programmes we received 107 applications. Of those who disclosed 95% were from minority ethnic, 74% were from low income backgrounds and 33% had a disability.

To reflect the changing context of the last year, we ran one programme fully remote and another as a hybrid. The programme is largely delivered by experts within the business with 56 volunteers donating a total of 285 hours to support the entrepreneurs last year. We continue to improve the programme every time we deliver it and are attracting a high calibre of applicants that have real potential to diversify boardrooms of the future. As we come together as TPXimpact we will continue to deliver the Future Leaders programme, and invest more in championing our brilliant entrepreneurs and our alumni.

"This programme is a life changing experience where you will get all the support you need to follow your passion with a business mindset."

Camille, founder of The Black Wellbeing Collectvie

"It aided in rounding up my vision and plans for the future and I am now more motivated than ever that the hard work put in now will fall into place."

Jennifer, founder of Woo App

"The programme gives young entrepreneurs more opportunity than just help them exist a business and acknowledges the unique challenges entrepreneurs from underrepresented backgrounds face in business."

Jesse, co-founder of CORD

"All the workshops were relevant and the mentors were specifically assigned for each of us. I got the opportunity to meet amazing people that were able to share all their knowledge and give me a helping hand. Thanks to this programme I am not only a better entrepreneur but also a better person."

Alvaro, founder of OnBoard

"Programmes like this are so important because entrepreneurship is fundamentally about finding ways to solve some of our most pressing problems as a society. So if the voices, ideas and efforts of those who are often marginalised are not supported and given more space and opportunity, we will never be able to truly improve society- both for ourselves and for future generations. "

Zachi, founder of Dopo

"Future Leaders was incredible, truly honed my focus. Goal setting for startups can be kinda overwhelming. The initial challenge (for me) was figuring out how to grow a niche comms agency within such a competitive landscape. What the programme helped do was allow us to break those goals down into smaller, achievable targets. Meeting everyone was pretty inspiring also - both my programme mates and the speakers/wider company network."

Seyi, founder of CHL

ESG report
Community continued

Employee-led giving

Each year, we reserve a significant amount of our community investment budget for employee-led giving. This is through our headline campaigns such as our community action grants and annual Christmas Give, and also through smaller challenges and prizes throughout the year. The reason we do this is because we believe in the power of people to transform their communities. TPXimpact is made up of people who want to make a difference. They have different passions and priorities, but they all care deeply about improving the world around them. We encourage and empower our people to be change makers through our employee led giving programmes and also through our community action policy.

Christmas Give

Every December, TPXimpact makes a donation on behalf of each employee to a charity of their choice. Last year the initiative raised £12,350 which we donated to charities close to where our employees live and work. The Christmas Give helps to ensure that our community investment funds are being directed towards charities and causes that our people really care about.

Community action

As part of our 1% pledge, we target every employee to donate 1% of their time each year to community action, helping to build sustainable futures for people in the areas in which they live and work. As the world has started to open up again, we have seen our employees quickly return to face-to-face volunteering. Together, 115 unique volunteers donated 1,970 hours to 63 unique causes.

Case studies

BIMA digital day

In October, volunteers spent the whole day at Ark Burlington Danes Academy giving year 9 students an insight into the digital industry and the amazing roles and careers available. With the help of the volunteers, the students worked on an exciting brief from WWF to create breakthrough digital ideas to measure and reduce the UK's carbon footprint. They were encouraged to think about how they can use technology and digital solutions to make it easier for people to understand the true environmental footprint of products and services, allowing households, schools, universities and businesses to make choices that are good for the planet.

Blood drive

In October we started an awareness campaign on the importance of regular blood donation due to lack of resources in the NHS and their need to increase the number of donors in order to meet the growing demand for better-matched blood. Collectively, we donated 9,400 ml of blood from 19 volunteers, which could save up to 60 lives.

Lighthouse children's home

In November a couple of volunteers took the opportunity to go and help the Light House Children's Home, a charity that is rethinking the way children's housing is provided. They believe that children in care have the right to the same opportunities as everyone else – at home, school and in their communities.

The volunteers helped the team renovate their first children's home in Sutton, London. Putting together furniture for some of the carers and children's rooms.

Ukrainian refugee centre Varna

TPXquesters organised a goods collection campaign at their office in Sofia, Bulgaria for the Ukrainian Refugee Centre in Varna. Together with the biggest volunteering platform in Bulgaria - Timeheroes, they turned the office into a donation station for a day & collected donations for the refugee centre in Northern Bulgaria that was running out of supplies.

They managed to collect about 700 kilograms of food, clothes, medicines, baby products & *other necessities donated by 200+ people which were then carefully sorted & packed by* 50+ volunteers (TPXquesters staff, ex-staff members & external people). The donations were transported to Varna and were distributed to the refugees in need.

Your generosity makes such a difference to an organisation like ours. Thanks to your support, we will continue working on the frontline across England and Wales to do everything we can to support people facing huge challenges, which have been made more acute in the wake of the Covid-19 Pandemic as living costs spiral. This generous donation will help us to support even more young men to build stable, rewarding lives that they can be proud of. We are immensely grateful for your support which will help us restore nature. It is very valuable for us, especially at a time when we have additional financial difficulties for even basic needs.

Community action grants

This year Neal Gandhi, CEO of TPXimpact, pledged £100,000 to support our employee's community action activities. He did this because he wanted to make clear to our employees that we are serious about investing in our communities and wanted people to utilise their paid volunteering hours. The first 100 volunteers to complete their target of 16 hours community action were given a £1,000 grant to donate to a charity of their choice. We distributed 51 of those grants last year, supporting 48 unique charities in the UK, Bulgaria and Norway, in areas like diversity and inclusion, education, health, environmental sustainability, animals and more.

Prosperity

Delivering impactful work

Our people are delivering impactful digital transformation everyday, making a positive difference to how individuals and society experience the world.

We know that our biggest impact comes from the work that we do with our clients and in turn, generating economic growth which is providing sustainable livelihoods built on decent employment.

ESG report
Prosperity continued

Employment & wealth generation

The business has continued to grow and we continue to provide more well paid, decent jobs for our communities. This is reflected in our compensation package and new benefits package that was announced this year, you can read more about this on page 46.

Our FTE workforce grew by 22% this year and we created 63 brand new jobs excluding acquisitions. Our median UK salary is 2.7x higher than the Real living wage at £26.69 per hour — slightly lower than last year due to the acquisition of businesses with existing apprenticeship programmes. Our CEO: Median wage ratio remains low at 4.9:1 and we invested over £32m in employee compensation and benefits.

Employee ownership

TPXimpact supports the principle of wider share ownership amongst our employee base to achieve shared prosperity and equitable growth. This year, to celebrate the businesses coming together as TPXimpact we will gift all employees with £500 worth of share options following the publication of the Annual Report. We have committed to giving all new employees, whether through recruitment or acquisition, an initial gift of £500 share options redeemable after three years.

All employees are also able to acquire tax efficient shares through our Share Incentive Plan (SIP). The SIP was designed to enable employees to contribute up to £1,800 per year through salary sacrifice to purchase shares in the business. To reward employees and provide additional benefit, TPXimpact matches the purchase to these shares on a 1 for 1 basis. As of 31 March 2022, we had 222 employees contributing to the scheme.

Fair tax policy

This year we published our Fair Tax policy to articulate TPXimpact's position. We believe that paying fair taxes should be a basic requirement for all businesses. A lack of honest and transparent behaviour would undermine all the work that the business does to contribute to a better society. Our approach is as follows;

TPXimpact will;

- behave responsibly and act in a way that protects the interests of all of our stakeholders (including our people, planet and communities) whilst, maintaining shareholder value
- ensure the correct amount of tax is paid
- comply with all applicable tax laws, rules and regulations, without exception
- never enter into artificial arrangements in order to avoid taxation or to defeat the stated purpose of the tax legislation, or undertake aggressive tax planning
- operate with transparency including accurate disclosures to revenue authorities and maintaining an open and cooperative relationship with revenue authorities
- operate a model that identifies tax risks as they arise and provides for escalation of tax risks to the Audit & Risk Committee and;
- maintain the integrity and reputation of TPXimpact at all times

Client disclosure

We're a purpose driven business and want to ensure the work that we do is helping us to contribute to both our commercial and impact ambitions.

We've introduced a framework for handling sectors which may be seen as controversial so that we can be confident the clients we work with are aligned with our values. To ensure that we are accountable and responsible for the work that we do, we publish any revenue from controversial sectors each year in our client disclosure report. We use the Creatives for Climate template which was originally published by Futerra to show a full picture of where our income comes from.

Income by sector

Income by Public subsector

% revenue from potentially controversial sectors

This list of potentially controversial sectors is taken from the International Finance Corporation and ethical investment criteria.

0%
Arms

0%
Politics

0%
Tobacco

0%
Religion

0%
Gambling

0%
Pornography

0.3%
Alcohol

% revenue from high carbon clients

High carbon clients work in industries with high carbon emissions as identified by the International Energy Agency (IEA) and the Environmental Protection Agency (EPA).

0%
Aviation

0%
Concrete & cement

1.8%
Coal, oil & natural gas

0.6%
Meat & Dairy

0%
Plastics

0%
Private Cars

1.2%
Timber, Pulp & Paper

0.3%
Trucking & Shipping

0%
Chemicals & petrochemicals

0.3%
Iron, Aluminium and Steel Manufacture

Our top 10 clients by income

01	Building animal health, chemicals, pesticides and fish export replacement services for health, certification and **movement across UK borders**.
02	Designing, building and implementing a **householder appeals** service in partnership with a government department as well as releasing a beta applications service.
03	Setting up and co-managing a nearshore tech team to look after key parts of the **digital edition of a major British newspaper** and other media products.
04	*Integrating, testing and delivering a* ***Sustainable Farming Incentive*** *public beta solution which passed* GDS assessments. Performing a successful disaster/recovery test between data centres.
05	Prototyping, designing and implementing service delivery changes to a **benefits and housing needs** service for a local council, developing new modern tools to replace legacy systems.
06	Partnering with a central government department as their user-centred design & research capability partner. Working together to elevate the role of design and research across a range of internal and customer-facing **digital transformation projects**.
07	Supporting a local authority to enable the implementation of a **complex new ERP solution** (Unit4) as a shared deployment between two councils.
08	Building and co-managing a **technical capability team** for a major US client.
09	Working with a major gas network operator, delivering a transformation project which included an **IT operating model**, Azure cloud re-platforming, mobile field worker platform, and providing ongoing infrastructure and application support for critical services.
10	Partnering with multiple divisions within a world leading biotech business on **website builds, social media, campaign work, policy shaping exercises** and strategic insights.

Our 172 statement

The directors of TPXimpact must act in accordance with a set of general duties. Section 172 of the Companies Act requires Directors to take into consideration the interests of stakeholders in their decision making and is summarised as follows:

"A Director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and environment
- The desirability of the company maintaining a reputation for the high standards of business conduct, and
- The need to act fairly between shareholders of the company

This section serves as our Section 172 statement.

The Board considers, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareowners as a whole (having regard to the stakeholders and matters set out in Section 172(i)(a-f) of the Act in the decisions taken during the year ending 31 March 2022).

Our vision is to deliver impactful, sustainable digital outcomes that make a positive difference to how individuals and society experience the world.

The Board recognises that engagement with the Company's stakeholders is critical to the success of the business in realising this vision. The Directors continue to have regards to the interest of our people and the Company's other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation when making decisions. We recognise that promoting the long-term sustainability and success of the Company is intertwined with creating value for, and engagement with, our stakeholders. It should therefore be at the core of our business.

Engagement with stakeholders is not new and has been a part of the business since its inception, but the obligation to include the Section 172 statement presents an opportunity to illustrate to you how your Board engages with stakeholders and how this has impacted on your Company's decisions and strategies.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172 of the Act. Our intention is to behave responsibly and ensure that management operates the business in a responsible manner, operating within the high standards of business conduct and good governance expected of us.

Engagement with stakeholders

We understand that the success of our business is intrinsically linked to the impact we have on our people, planet and the communities we work with and for.

From our clients, our suppliers, our people, our shareholders and our planet, building strong effective relationships and engaging regularly is imperative to our continued success and impact.

Effective stakeholder engagement builds trust, strengthens our legitimacy as a socially responsible business and supports our efforts to develop and implement effective solutions to build sustainable futures for our people, planet and communities.

Our clients

We were there for our clients during one of the most challenging years businesses have ever seen, and we continue to be there for them as they emerge from this pandemic, trying to restore some sense of normality. The relationships our teams have built with our clients during the pandemic have enabled them to develop systems and processes that deliver truly tangible outcomes. By adopting an agile framework we focus on working with the customer to give them as much value as possible, as quickly as possible.

The original product or service is then enhanced through subsequent iterations with features that provide even more value with each new release. As customer behaviours and preferences change, we will know about it sooner and will be able to react more quickly.

How we engage with our clients:

- We constantly seek to introduce positive change at every opportunity. TPX looks to continually improve products, services and campaigns, as well as ways of working.
- By following the agile framework we are influenced by, the approach known as 'kaizen', which rests on the three pillars of feedback, efficiency and evolution. A core feature of Agile methods is regularly taking the time, as a team, to reflect on ways of working, so that inefficient practices can be identified and eliminated.

Engagement outcome: examples

At UNICEF UK they've been on a journey of change as they've restructured their organisation to achieve their future ambitions. With this came an opportunity to rethink ways of working, and the cultural and strategic shifts that might be needed to realise their new ambition and vision.

We brought together a panel from across UNICEF UK and TPXimpact to share their journey of co-creating new ways of leading, planning and ways of working in the newly formed Public Engagement directorate. By taking an agile approach, the teams were able to ensure staff were consulted and listened to, this process of feedback and evolution delivered faster and better outcomes for the UNICEF team.

Our shareholders

Our focus is to ensure that all of our shareholders are treated equally and fairly, so that they may fully benefit from our continued successful execution against both our impact and commercial vision. We believe it is important that our shareholders understand and support what we are trying to achieve as we rely on their continued confidence to support our growth activities.

How we engage with our shareholders

- Emerging from the pandemic has enabled us to meet in person again. Over the past 2 years, we have built our relationships with shareholders virtually, thankfully now we have been able to cement these relationships in real life. Whilst our engagement continues to operate in both a virtual and IRL basis, we believe that this will be the environment for many years to come. The balance enables management to meet with much more of our investment community in a shorter space of time, without the need for lengthy travel arrangements. Additionally, in support of our 'net zero' strategy we can keep corporate travel to a minimum while ensuring engagement with our shareholders.

  This year we engaged with our shareholders through various channels, mainly:
- Investor roadshows
- AGM, which the Chairman, Non-Executive and Executive Directors attend to ensure engagement with a broad range of shareholders
- Stock exchange announcements
- The annual report
- Retail investor events, including Mello and PI World

The Directors have regular contact with existing shareholders and potential investors in TPXimpact. Neal Gandhi and Oliver Rigby communicate via email, calls and face-to-face meetings with shareholders.

Engagement outcome: examples

In October 2021 the company successfully completed a secondary sale of 8,230,142 existing ordinary shares in the Company. The Shares represented approximately 9.7% of the Company's issued share capital at the time.

Our suppliers and business partners

We rely on our suppliers and business partners to deliver our services to our customers and to maintain our productivity. They have regard to several factors when considering a business relationship with TPXimpact, including; the success of our business, developing long term relationships, trust and credibility, ethics (Including anti-corruption and bribery, human rights and modern slavery).

How we engage with our suppliers and business partners

We are committed to building strong working relationships with our suppliers and business partners. It is the responsibility of all our employees to engage directly with our suppliers and business partners to ensure we are aligned on quality, ethics, innovation and delivery.

We partner with the world's leading technology providers, Microsoft, Amazon Web Services (AWS) and Google (GCP). Our relationships with these key technology partners are built on trust. Our partners look to us for the depth of our sector knowledge and technical expertise and credentials, our diverse range of capabilities, excellent service and deep relationships with our clients.

Our 172 statement

continued

Engagement outcome: examples

Through our partner engagement programme we have been able to build strong relationships, which have enabled us to better understand the partner's specific requirements, identifying how we can help through our customer relationships, and capabilities.

Through the acquisition of RedCortex, we have been able to extend our Microsoft stack capabilities. With RedCortex being a Gold Partner across multiple disciplines, we have been able to further advance our ability to perform partnership programmes with Microsoft of significant value.

Our people:

At TPXimpact we provide a place for our people to belong. To join people who care about the world and the work they do. When you work with us, you'll have more room to think and innovate, more flexibility, and more opportunities to deliver the change that matters most.

Our people are fundamental in offering our partners and clients the knowledge, deep expertise and creativity they are seeking enabling them to deliver the outcomes required. A great business is supported by a diverse range of people, thoughts, ideas and solutions. We ensure we recruit the very best person for the role, providing them with the benefits, salary and time to deliver their best work.

How we engage with our people

We are working to ensure sustainable futures for all of our people through a focus on employee wellbeing & satisfaction and workforce diversity, inclusion & equality. We do not underestimate the importance of our people, their health and wellbeing, ensuring we are communicating and engaging with them at all levels of the business.

As we become one TPXimpact we have been able to implement whole company programmes, developing a sense of community and building our new culture together. These engagements include:

- Quarterly all company town halls
- Employee resource groups
- Employee assistance programme
- Annual fitness challenge

Engagement outcome: examples

Details on the engagement with our people can be found in our dedicated people section, please see pages 44 to 53.

Our planet:

We are working to decouple our economic growth from environmental degradation by measuring, reducing and offsetting our impact on the planet. We are funding and supporting climate action, removing barriers for our employees and raising awareness of the climate emergency.

We understand the enormous threat that 'business as usual' poses to our planet, our people and our communities. As we set the foundations for TPXimpact, we have the benefit of doing so with the knowledge that our planet is a crucial stakeholder. We are working hard to ensure that our operations are doing no harm and that our work is contributing to a more sustainable society.

How we engage with our planet

We believe there is a huge amount of collective power that could be leveraged if employers properly encourage and incentivise climate action and behaviour change amongst their employees. Therefore, we have been delivering multiple initiatives to facilitate positive environmental impact through the power of our employees as well as the business as a whole;

- Appointment of Sustainability Analyst, Tanreece Chalal
- Partnerships with NGOs including Ecologi Gold Standard Projects to offset 2,735 tonnes and Rewilding Britain
- Membership of Sustainable Digital Infrastructure Alliance
- Membership of BIMA Sustainability Council
- Launched a dedicated Planet Employee Resource Group

Engagement outcome: examples

We understand that our impact on the planet includes more than just our emissions. The climate and ecological emergency needs an enormous number of solutions, ranging from regenerative and restorative programmes, big shifts in behaviour as well as commitments to reducing our footprint. We look to make a positive impact right across our sphere of influence; from the people who work for TPXimpact, to our industry peers, to those organisations we work for and those who supply us.

Details on the engagement with our planet can be found in our dedicated planet section, please see pages 54 to 62.

Our communities:

We believe that everyone should have equal opportunities to participate in the world that we're helping to create. The tech sector is growing at an exciting pace and we need to make sure that we are making opportunities accessible to talent from all backgrounds. That is why we donate 1% of our time and 1% of our profits to invest in our local communities. Our community investment work is focused on empowering vulnerable communities through technology and providing access to employment for diverse talent.

How we engage with our communities:

- Partnership with ADA National College for Digital Skills
- Two Future Leaders programmes, supporting 10 entrepreneurs from underrepresented backgrounds.
- Kick-started over one thousand careers
- Sponsored In2Science and Telerik School Academy in Bulgaria

Purposefully investing time and energy and empowering the communities in which we live and work is at the very heart of what we do.

As part of our 1% time pledge, every employee can spend 2 days each year participating in community action in the form of voluntary and pro-bono work for charities or charitable organisations or on a project with a specific charitable aim, either organised by the company or employee. As the world has started to open up again, we have seen our employees quickly return to face-to-face volunteering. Together, we donated 1970 hours to 63 unique causes with engagement from 119 unique volunteers.

Engagement outcome: examples

Details on the engagement with our communities can be found in our dedicated communities' section, please see pages 64 to 73.

Governance

Underpinning everything with strong principles of governance

We are committed to operating proper standards of good corporate governance and have established a corporate governance model based on the key principles of the Quoted Companies Alliance Corporate Governance Code ("QCA Code").

TPXimpact operates a business model and growth strategy that promotes the generation of shareholder value through its growth. The company promotes professionalism, openness, honesty and integrity between its customers, staff, shareholders and suppliers

Risk and risk management

The success of TPXimpact depends on the proper management of risk. TPXimpact has a governance structure to identify and monitor relevant risks at all levels of the business. The risks identified are ranked by likelihood and potential impact and then tracked through monthly board meetings. Once risks are identified, management will formulate and deploy mitigating strategies.

The principal risks and uncertainties that the Board believed could have a significant adverse impact on TPXimpact are set out below. The table is not intended to be exhaustive and the principal risks are not listed in order of seriousness or potential impact. There may also be risks that are not currently considered to be serious or which are currently unknown and risks that are outside of the business's control. Where reasonably possible, TPX has taken steps to manage or mitigate the risks, or potential risks, but it cannot entirely safeguard against all of them.

Risk	Impact	Mitigation
Impact of recession	Recession could impact the digital transformation spend of our customers and impact the revenue of the Group.	Our revenue is heavily weighted towards public sector spend and this should mitigate the risk of recession impacting revenue as we anticipate that government will continue to invest. *Digital transformation is often a route to create* greater efficiency and cost savings within a business or government department. In the commercial sector failing to invest in digital transformation could negatively impact its ability to compete.
Inflation	Impact on inflation increasing cost of workforce (employees as well as contractors) putting pressure on margin.	We continue to provide good pay and benefits to our employees and have provided increases across the board to reflect the impact of inflation. We will continue to monitor the market. We believe that in the current year we will be able to maintain margins through efficiency gains from the integration of businesses and a professionalisation of the organisation.
Brand changes	There is a risk that through brand changes we impact our ability to win new work.	We are investing heavily in our new brand over the course of FY2023. Changing the brand provides us with a good opportunity to go and speak to our customers about the wider group offering. Our services can be more clearly articulated under one brand rather than several.

Risk and risk management

continued

Risk	Impact	Mitigation
Identification and integration of investment opportunities	The Group's strategy is to grow both organically and through acquisitions. There is a risk that failure to complete on transactions will leave the Group with substantial unrecovered costs; or that a company that has been successfully acquired does not integrate effectively leading to the loss of synergies and disillusionment of our people.	The Group has a comprehensive M&A process to ensure that companies who join the Group aligns with the Groups' purpose, values and vision; adds strategic value to the Group and strengthens our proposition adding greater depth or breadth and has leaders who can work collaboratively. Once companies are part of the Group, the Group integrates the newly-merged company into its standard monthly reporting cycle where (financial) risks, if any, are identified.
Inability to recruit and retain a diverse workforce	The quality of the services provided by the Group's businesses are fundamentally derived from the quality of the Group's people. The Group's performance could therefore be adversely affected if it is not able to recruit, train and retain key talent in the Group's businesses and at the Group level.	Our goal is to have a diverse workforce that replicates the diversity of where we operate. The Group puts culture and purpose in the forefront of what we do to become an employer of choice for employees. We actively set our KPIs to focus on the diversity of our workforce and managed the KPIs with the same prominence as our financial KPIs.
Breach of legal, regulatory and contractual information security and data privacy legislation	Non-compliance could expose the Group to liability and fines (for example under GDPR), and negatively impact profit and cash flow in the short term, cause reputational damage and damage customer relationships and credibility in the market.	The Group reviews the impact of new information security and data privacy regulations and legislation on the Group and its customers. The output of these reviews influences the Group's internal controls and processes and the design of products, solutions and working practices.
Cyber security risk	The Group relies upon the confidentiality, integrity and availability of its IT systems internally and as part of its service offerings to customers. Cyber security events are occurring more frequently, and attacks are designed with greater complexity. A major cyber security event causing loss of availability or loss of customer data could limit the Groups' operations, expose the Group to fines and cause reputational damage, and damage customer relationships due to reduced credibility in the market.	Cyber security threats are monitored by each individual company and any risks of cyber security are communicated throughout the whole group on a timely basis.
Competitors with the ability to undercut our businesses	The Group's competitors include large consultancies and technology companies, as well as smaller niche companies. It is part of the Group's strategy to exploit the current disruption of the digital transformation services industry and to focus on working with clients to meet their needs.	The Group is focused on delivering first class services to clients and working hand-in-hand with clients to meet their needs. We believe that the way we provide services sets us apart from competitors so that our clients can see the value of the work that we perform. We continue to monitor the bid to win ratios to identify potential risks.

Board of directors

Mark William Smith
aged 67, Non-Executive Chairman & Senior Independent Director

Appointed Date: December 2018

Experience, relevant skills and contributions to the board:

Mark has held several senior roles in creative and innovative communication businesses. He began his career as a chartered accountant at Touche Ross & Co. (Deloitte). He then spent 30 years at Chime Communications, which was acquired by Providence Private Equity in 2015.

Mark is currently Non-Executive Chairman of Holiday Extras, a market leader in the provision of online ancillary travel services, where he has been Chairman for 5 years and Non-Executive Director for 18. He is also Chairman of Merit Group Plc (Previously The Dods Group), an AIM-listed intelligence, media, training and events company, operating in over 50 countries. Mark is also Chairman and Non-Executive Director of The Unlimited marketing Group a private equity-owned marketing services group and Non-Executive Chairman of Cognito Europe Limited having been appointed in April this year. They are a private consultancy specialising in marketing for Finance, Technology and Professional Services. Mark is also a Non-Executive Chairman of Mokum Communications, a private marketing services group.

External appointments:

Non-Executive Chairman of Holiday Extras, Non-Executive Chairman of Merit Group, Senior Adviser to the Sanctuary Counsel, Chairman of the Employee Ownership Trust at BritianThinks, Chairman and Non-Executive Director at Unlimited Group and Non-Executive Chairman of Cognito Europe Limited, Non-Executive Chairman of Mokum Communications.

Committee membership and board attendance
Remuneration Committee, 12/12

Neal Narendra Gandhi

aged 54, Co-Founder and Chief Executive Officer

Appointed Date: December 2018

Experience, relevant skills and contributions to the board:

Neal is a serial tech entrepreneur having co-founded four companies that exited successfully with a combined value of £117m. He co-founded his first company at the age of 21 and, under the brand name of Jungle.com, that company went on to be sold to GUS for £37m. In 1996 he co-founded Xplora and sold it to Nasdaq-listed USWeb in 1998.

Neal then co-founded Attenda, a managed services consultancy that went on to be sold for £72m; one part to Telecity Plc and the other to Darwin Private Equity. In 2006 he founded QuickStart Global, an offshore IT service provider, which grew rapidly, and in 2010 was listed in the Sunday Times Tech-Track 100 at number 3, his second company in that list with Attenda having been listed at number 2 in 2001.

External appointments:

None

Committee membership and board attendance

10/12

Oliver James Rigby

aged 41, Co-Founder and Chief Financial Officer

Appointed Date: December 2018

Experience, relevant skills and contributions to the board:

Oliver qualified as an accountant with MRI Moores Rowland LLP in 2006 before spending six years as an adviser in corporate finance with Daniel Stewart and Deloitte. Oliver acted as a Nominated Adviser to the AIM Market of the London Stock Exchange and was one of their youngest Qualified Executives.

Prior to co-founding The Panoply, Oliver set up Growth Company FD Limited in 2012 to provide part-time CFO and corporate finance support to growing businesses.

External appointments:

Director at Growth Company FD Limited

Committee membership and board attendance

Company Secretary, 12/12

Board of directors

continued

Christopher Paul Sweetland

aged 67, Non-Executive Director

Appointed Date: December 2018

Experience, relevant skills and contributions to the board:

Chris qualified as a chartered accountant with KPMG before spending 9 years overseas in a variety of financial roles with PepsiCo Inc. In 1989 when he was CFO for the Central Europe Beverages division, he was recruited by WPP to be part of their small central team.

Chris retired from his role as WPP's Deputy Group Finance Director in 2016, having been involved in all aspects of operations, investor relations and the many acquisitions that built that group. Chris also represented WPP on the overseas boards of a number of companies both in the UK and overseas.

Since his retirement, Chris has taken on a number of Non-Executive Director roles, including TPXimpact Chris is also a Non-Executive Director and Chair of the Audit Committee at Unlimited Marketing Group, a private equity-owned marketing services group.

External appointments:

Director at Unlimited Group

Committee membership and board attendance

Chairman of the Audit, Risk and AIM Rules and Compliance Committee, Member of the ESG Committee, 12/12

Isabel Jane Kelly

aged 56, Non-Executive Director

Appointed Date: December 2018

Experience, relevant skills and contributions to the board:

Isabel is the founder of Profit with Purpose, and co-founder of ESG-Experts, both provide consultancy to companies on fulfilling their social and environmental objectives and related legal requirements. She is an Industry Careers Advisor for MBA students at the Saïd Business School, Oxford University, and sits on the Board of Big Give, the UK's largest match-funding charity.

In 2002 Marc Benioff, CEO of Salesforce.com, hired Isabel to establish the Salesforce Foundation internationally (now Salesforce.org). For 12 years she grew and led an international team delivering technology, grants and programmes in 110 countries, as well as generating annual revenue of $12m to fund the work.

Isabel worked at Oxfam and Amnesty International for 12 years prior to joining Salesforce.

External appointments:

Trustee of Big Give, Fellow of the RSA.

Committee membership and board attendance

Chair of the ESG Committee and Remuneration Committee, 12/12

Rachel Cecilia Neaman

aged 56, Non-Executive Director

Appointed Date: October 2020

Experience, relevant skills and contributions to the board:

Rachel has extensive experience in digital leadership and transformation, having held several senior positions in the public, private and not-for-profit sectors, including as a CEO. She was the first Chief Digital Officer at the UK Department of Health where she developed its first digital strategy. She is now a business advisor, executive coach and mentor and runs her own consultancy providing advice and coaching on strategy, leadership and digital transformation to executives and Boards. She is also a lecturer and start-up mentor for PUBLIC's Gov Start programme and Percy Hobart Fellowship.

Rachel also brings significant additional advisory experience to the Board. She is an independent Governor of Birkbeck College, University of London, where she established and chairs its first Digital Committee, a member of the Board of the Campaign for Social Science, part of the Academy of Social Sciences, and a member of the Advisory Board of Digital Health.London. For ten years she was on the Board of Digital Leaders of which she is a former Chair. She has been featured in *Computer Weekly's* list of Most Influential Women in IT since 2016.

External appointments:

Partner at Strengths Unleashed, Faculty Member at the Public School of Technology, Director of Neaman Consulting, Governor of Birkbeck College University of London, Non-Executive Board Member at the Academy of Social Science, Advisory Board Member of DigitalHealth.London, Fellow of the RSA.

Committee membership and board attendance

Member of the ESG Committee, 10/12

Corporate governance report

TPXimpact is committed to operating proper standards of good corporate governance and has established a corporate governance model based on the key principles of the Quoted Companies Alliance Corporate Governance Code ("QCA Code"). The following outlines how the Company addresses the ten broad governing principles defined in the QCA Code. The Non-Executive Chairman is responsible for corporate governance and the overall leadership of the Board and *ensuring its effectiveness.*

TPXimpact operates a business model and growth strategy that promotes the generation of shareholder value through growth. The company promotes professionalism, openness, honesty and integrity between its customers, staff, shareholders and suppliers.

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders.

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 Company 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 c.72% of its client base representing the public sector and c.28% representing the commercial sector.

Since its inception, TPXimpact has identified and met numerous potential target companies and has completed sixteen acquisitions.

Unlike many buy and build models that have preceded TPXimpact, the Directors are focused on creating a business where employees join a culture of purpose, collaboration and innovation that delivers impactful work, profitable organic growth and agility at scale.

The Directors believe that our flexible operating model, our trusted, multidisciplinary teams of experts, and our commitment to making a difference meant we were perfectly placed to deliver long term value for shareholders.

TPXimpact has developed an efficient, formulaic approach for acquiring companies. With an extensive acquisition pipeline, the Directors intend to continue to supplement the organic growth of the business through the addition of complementary companies.

Key Strengths

The Directors believe that the business's key strengths include:

- **Significant market opportunity** – Tech Market View estimates the UK Software and IT Services (SITS) market is worth an estimated £60.4b in 2021, growing to £72b. The public sector (comprising c.70% of the group's revenue is worth an estimated £14.bn (2021) of this total. Further details regarding market outlook can be found on pages 18 to 19.
- **Alignment of interests** – TPXimpact's acquisition model involves a significant proportion of the consideration for an acquisition being issued in Ordinary Shares thereby ensuring alignment of interests with existing shareholders.
- **Profitable and cash-generative** – the business is profitable, cash generative and only intends to make accretive acquisitions going forward.
- **Focused growth strategy**
  - The acquisition model is designed to attract ambitious companies, confident in their ability to grow profitably and rewards collaboration;
  - Management has an extensive network to help identify, attract and execute future acquisitions.
- **Experienced management and Board with a proven track record** – TPXimpact is managed by highly experienced executive and non-executive directors combining strong sector, public company and international mergers and acquisitions expertise with a track record of building, growing and exiting services companies.

Principle 2 – Seek to understand and meet shareholder needs and expectations.

TPX proactively engages with its shareholders and potential shareholders alike. This is through a series of mechanisms:

- **Formal announcements** – as a London Stock Exchange (LSE) AIM-listed company, we make all statutory announcements through the LSE's regulatory news service (RNS). A feed is maintained on our investor area. TPXimpact reports formally to shareholders by the publication of its annual and half-yearly financial statements.
- **Analyst and investor presentations** – the Executive Directors present the half-yearly and annual results to institutional investors, analysts and the media. The presentations are available on the investor section of the website.

- **AGM** – Notification of the date of the AGM is sent to shareholders at least 21 working days in advance of the meeting. Details are set out in the Notice of Meeting. The Directors (and the external auditor) are available at the AGM to answer questions, both meeting, and informally afterwards. All details can be found on the Investor Announcements Section of the website.
- **News releases** – in addition to statutory announcements, we use RNS Reach to present regular business news and updates to shareholders. We also have a full news service available on The Panoply website.
- **Interactive sessions** – TPXimpact Executive Directors arrange regular (twice yearly) face to face sessions with any interested shareholders or potential shareholders, and are also available for updates at any point in the year. See contact details below.
- **Investor focused website** – we maintain a full section on the main TPXimpact website for investors. This includes real-time RNS announcements; the latest Investor Documents, presentations and reports; share information and share dealing interactive feeds; this corporate governance statement; a full list of investor-related contacts.
- **LSE Profile** – we also maintain a profile on the London Stock Exchange Issuer services website.
- **Investor email** – we also manage an investor email account for any direct queries – investors@tpximpact.com.

Contact with major shareholders is principally maintained by the Executive Directors, who ensure that their views are communicated to the Board as a whole. The Chair is also available to discuss governance and other matters directly with major shareholders. At every Board meeting, the Board is provided with the latest brokers' reports and a summary of the contents of any meetings with shareholders. The Board considers that the provision of these documents is a practical and efficient way for both the Chair and Senior Independent Director to be informed of major shareholders' opinions on governance and strategy and to understand any shareholder issues and concerns.

If you would like to know more about TPXimpact as a shareholder, or potential shareholder, please contact us through our investor's email address and we will put you in touch with one of our Executive Directors.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success.

Please see further details in the ESG Section of our Annual Report (Pages 36 to 76) and Financial Statements (Pages 115 to 187).

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Risk management activity is overseen by the Chief Executive Officer, Chief Financial Officer and Chief of Staff, with the support of the Executive Management Team.

Our framework enables us to remain vigilant to all known and emerging risks and opportunities. Effective risk management supports informed decision making; enables us to minimise impact from unforeseen internal or external events; and allows us to fully exploit emerging opportunities. Our objectives for risk management are to:

- Identify, measure, control and report on the business risk that may undermine the achievement of objectives, both strategically and operationally, through appropriate analysis and assessment criteria
- Effectively allocate effort and resources for the management of key and emerging risks
- Build an accurate picture at the highest level of the key risks facing our business, and use this information to drive business improvements in a considered and coordinated way
- Support and develop our reputation as a well-governed and trusted organisation
- Minimise costs and drive efficiencies in the way that pervasive risk is controlled across the business
- Identify weaknesses in, and opportunities to improve, our business processes

Risk registers

At the operational level, a risk register is maintained within every department. Risks are recorded and managed as required and are reviewed regularly by the management of each business.

At a Plc level, there is a single risk register for the business Significant risks, which records the top risks to the business.

Risk registers are reviewed on a quarterly basis which supports the escalation of any risks with a high residual impact, or potentially pervasive risks, to a higher level risk register as appropriate.

Risk appetite

The Board determines the amount and type of risk that TPXimpact is willing to take on in pursuit of its strategic objectives. The Board's appetite for risk is influenced by various key factors including (but not limited to) the overall economic, regulatory and operational landscape in which we operate.

Corporate governance report

continued

The Executive Management Team advises the Board of these key influences which enables the Board to adjust the amount of risk that TPXimpact takes on. Risk tolerance may, by business choice, differ in different parts of the company.

Review and assurance

Risk registers are updated as and when required. A full review is undertaken quarterly. The highest rated risks are presented to the Board every quarter by the CEO. Every six months the Board is presented with the detailed risk registers for each line of business. Further details can be found in our Risk Section of the Annual Report and Financial Accounts on pages 85-86 and 108-111.

Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair.

The PLC Board ("the Board") is responsible for the Company's corporate governance systems and processes that support good decision making.

The Non-Executive Directors, Mark Smith (Chair), Isabel Kelly, Rachel Neaman and Chris Sweetland are considered independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgement. Both Mark Smith, Chris Sweetland and Rachel Neaman own shares in TPXimpact and all four Non-Executive Directors hold options, however, this is not considered to alter their independent status.

Director's commitment to TPXimpact

The Directors acknowledge the importance of the principles set out in the QCA Code.

Our Non-executive Directors have committed in their letters of appointment to attend all reasonable board and committee meetings in addition to being reasonably available at other times for TPXimpact business. Our Executive Directors have entered into employment contracts which require them to attend all board and committee (of which they are a member) meetings.

The Non-Executive Directors meet at least once a year without the Executive Directors present. All Directors submit to re-election each year at the Annual General Meeting ("AGM") of the Company.

The Board meets at least four times each year with additional meetings when circumstances and urgent business dictate. At each meeting, the Board reviews a schedule of reserved matters including trading performance, financial strength, strategy (including investment and acquisition opportunities), risk management, controls, compliance, reports to shareholders and succession management.

The Directors have established three committees of its Board, namely the Audit, Risk and AIM Rules Compliance Committee, the Remuneration Committee and the Environmental, Social and Governance Committee (ESG Committee).

The Audit, Risk and AIM Rules Compliance Committee is chaired by Chris Sweetland and has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Enlarged Group's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit, Risk and AIM Rules Compliance Committee meets at least twice a year. Mark Smith is the other member of the Audit, Risk and AIM Rules Compliance Committee. Oliver Rigby, CFO, attends Audit, Risk and AIM Rules Compliance Committee meetings by invitation.

The Remuneration Committee is chaired by Isabel Kelly, and reviews the performance of the Executive Directors and determines their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meet at least once a year. Mark Smith is the other member of the Remuneration Committee.

The Remuneration Committee also considers Board policy in relation to the remuneration of the Chairman of the Board. Non-Executive Director remuneration is a matter for the Chairman and the executive members of the Board. No Director is involved in any decisions as to their own remuneration or benefits.

The Environmental, Social and Governance Committee (ESG Committee) is chaired by Isabel Kelly, and has the primary responsibility to assist Executive Management in setting the Company's general strategy with respect to ESG matters and to consider and recommend policies, practices, and disclosures that conform with the strategy.

The ESG Committee meets at least twice a year. Christopher Sweetland and Rachel Neaman are the other members of the ESG Committee.

Principle 6 – Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.

The Board members and their relevant experience and skills are detailed on pages 88 to 91. The Non-Executive Chairman believes that, as a whole, the Board has a suitable mix of skills and competencies covering all essential disciplines bringing a balanced perspective that is beneficial both strategically and operationally and will enable the Company to deliver its strategy. The Board consists of two executive directors and four non-executive directors, all of whom are independent. The nature of the Company's business requires the Directors to keep their skillset up to date. Updates to the Board on regulatory matters are given by Company's professional advisers when appropriate.

In addition to the support provided by the Company's retained professional advisers (Nominated Adviser, lawyers, auditor and M&A adviser), external consultants have been engaged to advise on a number of matters including tax planning and market research. External advisers attend Board meetings or committee meetings as invited by the Non-Executive Chairman to report and/or discuss specific matters relevant to the Company.

Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

Board performance effectiveness process

The Chairman is responsible for the regular evaluation of the Board's performance and that of its committees and individual Directors. Last year the Group undertook a board review, which focused on assessing the board's effectiveness and governance. Some of the actions coming out of the review included the following:

- More in-person meetings and dedicated strategy away-day once Covid restrictions are lifted
- Further integration of financial and non-financial reporting

Following the lifting of Covid restrictions all board meetings have returned to in-person and a strategy day was carried out on the 27th January 2022. Integration of financial and non-financial reporting has filtered throughout the business, with divisions reporting these through their monthly management accounts.

Succession planning and Board appointments

The Remuneration Committee meets as and when necessary to consider the appointment of new executive and non-executive directors, although the Board as a whole take responsibility for succession planning. Board members all have appropriate notice periods so that if a Board member indicates his/her intention to step down, there would be sufficient time to appoint a replacement, whether internal or external.

The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation and that any new Directors appointed by the Board during the relevant year must stand for election at the annual general meeting immediately following their appointment. Any Directors who are not employed by the Company or holding executive office who have served on the Board for at least nine years will be subject to annual re-election.

Board appointments are made after consultation with advisers including the Nominated Adviser who undertakes due diligence on all new potential Board candidates.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours.

It all started with the belief that organisations should make a positive difference to people's lives.

That small, talented teams organised in the right ways, with ambitious approaches to technology, design and data can deliver better results.

We've got a long history of delivering great results for our clients.

In 2021, transformation specialists Deeson, Difrent, Foundry4, FutureGov, Keep IT Simple, Manifesto, and Nudge Digital decided to come together, to meet the growing needs of organisations in new ways.

The same people, providing the same world leading services, all united within TPXimpact.

We drive fundamental change in approaches to product and service development, delivery and technology. Equipping our teams to deliver quickly and decisively through an approach we call Autonomy with Responsibility.

Our founders set out to create a better way of doing business, putting people and the planet first.

Autonomy

We trust our teams and empower them to make their own decisions. Our positive work environment supports personal and professional growth and respects work-life balance.

Responsibility

We give people the flexibility and support they need to thrive. We are conscious of the impact of our actions and are accountable to all our stakeholders.

User-centred

We use design approaches to put people at the heart of everything we do. Our constant focus on users ensures we always meet their needs and solve their problems.

Collaborative

We work in partnership with our clients, listening and challenging, to get better outcomes.

Lasting impact

Positive change, for the long term. We'll share our skills and set your teams up for sustainable success.

Corporate governance report
continued

Community action

Our people donate hundreds of hours to community action each year, and we donate 1% of our time and profits to charitable organisations.

Further details on our culture and four themes can be found on page 38-41.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

On behalf of the Board, the CEO has overall responsibility for managing the day to day operations and the Board as a whole is responsible for monitoring performance against the businesses goals and objectives. The individual Board members' specific responsibilities, contributions and skills are set out on pages 94 and 106.

The Board has established three standing Committees, the Audit, Risk and AIM Rules and Compliance Committee (Audit Committee), the Remuneration Committee, and the Environmental, Social and Governance Committee (ESG Committee). Membership of the Audit Committee, the Remuneration Committee and the ESG Committee during the year under review was exclusively Non-Executive.

Principle 10 – Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company maintains a regular dialogue with key stakeholders including shareholders to enable interested parties to make informed decisions about the Business and its performance. Further details regarding the Directors' engagement with stakeholders can be found in Section 172 on pages 80 to 83.

Historical annual reports and notices of general meetings can be found in the Financial Reports section of the Group's website.

The Board discloses the results of Annual General Meetings and these can be found in the Regulatory News section of the website.

The Audit Committee meets at least twice a year, although the Company's Auditors or any member of the Audit Committee may request a meeting at any time, should they consider that one is necessary. The role of the Audit Committee is to make recommendations to the directors and shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditors and to approve their remuneration and terms of engagement. Prior to the commencement of each annual or interim audit, the Audit Committee will discuss and agree the nature and scope of the audit with the External Auditors and in discussion with them, will monitor the integrity of the financial statements of the Group and approve any formal announcements relating to the Company's financial performance.

The Audit Committee develops and implements policies on the engagement of the External Auditors to supply non-audit services and will report to the Directors, identifying any matters where the Audit Committee considers that action or improvement is needed, making recommendations as to the steps to be taken.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference and may seek information it requires from any employee of the Company. The Audit Committee may seek outside professional advice at the cost of the Company, in order to secure any relevant experience or expertise it considers necessary to fulfil its duties.

The Audit Committee report can be found on pages 101 and 102 with the Independent Auditors report found on pages 107 to 114.

The Remuneration Committee report can be found on pages 98 to 100.

The ESG Committee report can be found on pages 36 to 76.

Environmental, Social and Governance Report

During the year the ESG Committee ("the Committee") comprised Isabel Kelly, Rachel Neaman and Christoper Sweetland, these members are independent Non-Executive Directors and details of their skills, experience and qualifications is set out on pages 88 to 91.

The committee also comprises the following members of the executive;

- Bryony Wilde, Purpose Director
- Luke Murphy, Head of Investor Relations
- Ching Chong, Group Financial Controller and Committee Secretary

James Herbert CEO of Foundry4 left the business during the year and therefore stepped down from the Committee. The Committee is in the process of undertaking an evaluation to find a suitable replacement.

The Committee will also invite divisional leaders and specialists relevant to the Committee's agenda, and Employee Resource Group (ERG) Leaders on a regular basis as appropriate.

Main responsibilities

The main responsibilities of the Committee are summarised below:

- Assist Executive Management in setting the Company's general strategy with respect to ESG Matters, and to consider and recommend policies, practices, and disclosures that conform with the strategy.
- To oversee the Company's reporting and disclosure with respect to ESG Matters made in compliance with existing and future legislation set by the Financial Conduct Authority and standards on environmental, social impact D&I related legislation.
- To assist the Executive Management in overseeing internal and external communications regarding the Company's position or approach to ESG Matters.
- To consider and bring to the attention of Executive Management and Board, as appropriate, current and emerging ESG Matters that may affect the business, operations, performance or public image of the Company or are otherwise pertinent to the Company and its stakeholders, and to make recommendations on how the Company's policies, practices and disclosures can adjust to or address current trends.
- To discuss and decide upon the procedure of controversial clients and their bearing against the controversial clients framework and to make recommendations on how the Company proceeds.
- To advise Executive Management on stockholder proposals and other significant stakeholder concerns relating to ESG Matters.
- To assess and advise on the impact of existing ESG strategy and metrics for M&A Matters.

Summary of activities in FY2022

In FY2022, the Committee was established with the core purpose of supporting the Company's ongoing commitment to people, planet and community matters relevant to the Company.

The Committee's core work programme focused on delivering against the WEF reporting framework and the specific targets and KPI's relevant to this framework. The Committee also supported the Executive Management on the application of the B-Corp certification, on which the company is awaiting auditing and accreditation.

There were six meetings held in the year from 1st April 2021 to 31st March 2022.

ESG reporting

The Committee reviewed and evaluated the appropriateness of the annual ESG report with management, including:

1. the clarity of disclosures and compliance with the World Economic Forum (WEF) Disclosure standards, Sustainable Development Goals (SDGs), Streamlined Energy and Carbon Reporting (SECR) and relevant financial and governance legislation.
2. Ensuring that the methodologies used to collect and aggregate data were fair and that the proxies and assumptions made to benchmark our data were reasonable.
3. The Committee is able to question management at both Group and business unit levels to gain further insight into the issues addressed in these reports.
4. The outputs of the reporting and disclosures help the Group identify their progress towards their 2023 and 2025 impact vision as set out on pages 10-11.
5. The key significant ESG reporting sections and outputs are further explained on pages 36 to 76 under the Sustainable Future section.

Isabel Kelly

Isabel Kelly
Chairman of the Environmental Social and Governance Committee

7 September 2022

Remuneration report

Remuneration committee

The Remuneration committee determines, on behalf of the Board, the Group's policy for executive remuneration and the individual remuneration packages for the Executive Directors. In setting the Group's remuneration policy, the Remuneration committee considers a number of factors, including the following:

- salaries and benefits available to Executive Directors of comparable companies;
- the need to attract and retain Executives of an appropriate calibre; and
- the need to ensure continued commitment of Executives to the Group's success through appropriate incentive schemes.

The Committee meets at least once a year.

Remuneration of Executive Directors

The remuneration packages comprise the following components:

- **Base salary**
  The Remuneration Committee sets the base salary by reference to responsibilities and the skills, knowledge and experience of the individual.
- **Bonus scheme and other benefits**
  There is no annual bonus scheme or other benefits in place currently.
- **Share Incentive Schemes**
  An unapproved option scheme was implemented in the prior period.
- **Other benefits**
  Private medical and life cover for employees including the Directors have been provided in the current year.

Remuneration of Non-Executive Directors

The fees paid to the Non-Executive Directors are determined by the Board. They are not entitled to receive any bonus or other benefits but did receive unapproved share options at the time of their appointment. Non-Executive Directors' letters of appointment are on a three-month rolling basis.

Directors' remuneration

Details of individual Directors' emoluments for the year (excluding employer's National Insurance contributions) are as follows:

	Salary including taxes £'000	Pension £'000	Share Option £'000	Other benefits £'000	2022 total £'000	2021 total £'000	2020 total £'000	2019 total £'000
Non-Executive								
Mark Smith (appointed 18 October 2018)	50	–	4	–	54	57	54	21
Christopher Sweetland (appointed 18 October 2018)	35	–	3	–	38	39	38	14
Isabel Kelly (appointed 18 October 2018)	35	–	3	–	38	39	32	12
Rachel Neaman (appointed 19 October 2020)	35	–	–	–	35	16	–	–
Executive								
Neal Gandhi (appointed 20 December 2016)	275	14	18	4	311	320	295	148
Oliver Rigby (appointed 20 December 2016)	190	10	18	2	220	210	180	150
Total	**620**	**24**	**46**	**6**	**696**	**681**	**599**	**345**

Directors' interests in shares

The interests of the Directors in the Ordinary Shares of the Company at 31 March 2022.

Name of Director	31-Mar 2022 Number	31-Mar 2021 Number	31-Mar 2020 Number	31-Mar 2019 Number
Christopher Paul Sweetland	80,000	80,000	30,000	30,000
Isabel Kelly	–	–	–	–
Mark William Smith	122,000	122,000	122,000	122,000
Rachel Neaman	1,765	1,765	–	–
Neal Gandhi	8,793,828	10,061,000	9,306,885	9,786,884
Oliver Rigby	4,226,515	5,097,781	5,066,107	5,124,930
	13,224,108	15,362,546	14,524,992	15,063,814

Remuneration report

continued

Directors' interests in share options

The directors have been granted options over the shares of the Company as follows:

	Granted in 2019	Lapsed during the year	Type	31-Mar-21 & 31-Mar-22	Exercise price	Date when Exercisable
Christopher Paul Sweetland	20,300	–	Unapproved scheme	20,300	74p	31/03/21
Christopher Paul Sweetland	20,300	–	Unapproved scheme	20,300	74p	31/03/22
Christopher Paul Sweetland	20,302	–	Unapproved scheme	20,302	74p	31/03/23
Isabel Jane Kelly	20,300	–	Unapproved scheme	20,300	74p	31/03/21
Isabel Jane Kelly	20,300	–	Unapproved scheme	20,300	74p	31/03/22
Isabel Jane Kelly	20,302	–	Unapproved scheme	20,302	74p	31/03/23
Mark William Smith	33,834	–	Unapproved scheme	33,834	74p	31/03/21
Mark William Smith	33,834	–	Unapproved scheme	33,834	74p	31/03/22
Mark William Smith	33,836	–	Unapproved scheme	33,836	74p	31/03/23
Neal Gandhi	135,338	–	EMI scheme	135,338	74p	31/03/21
Neal Gandhi	135,338	–	EMI scheme	135,338	74p	31/03/22
Neal Gandhi	135,340	–	EMI scheme	135,340	74p	31/03/23
Oliver Rigby	135,338	–	EMI scheme	135,338	74p	31/03/21
Oliver Rigby	135,338	–	EMI scheme	135,338	74p	31/03/22
Oliver Rigby	135,340	–	EMI scheme	135.340	74p	31/03/23

By order of the Board

Isabel Kelly

Isabel Kelly
Chairman, Remuneration Committee

7 September 2022

Audit, risk and AIM rules compliance committee

During the year The Audit, Risk and AIM Rules Compliance Committee ("the Committee") comprised Christopher Sweetland and Mark Smith. Both members are independent Non-Executive Directors and details of their skills, experience and qualifications set out on pages 88 to 91. The Chief Financial Officer and the Group Financial Director attend the meetings. The Committee will also invite specialists relevant and external auditors to the Committee's agenda if appropriate.

Main responsibilities

The terms of reference for the Committee are based on the Guidance on Audit Committees issued by the Financial Reporting Council. The main responsibilities of the Committee are summarised below:

- Review the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance
- Review the Group's internal controls established to identify, assess, manage and monitor risks, and receive reports from management on the effectiveness of the systems it has established, and the conclusions of any testing performed by internal audit and the external auditor
- Make recommendations to the Board in relation to the appointment of the external auditor and approve the remuneration and terms of engagement of the external auditor
- Assess the independence, objectivity and effectiveness of the external auditor and develop and implement policy on the engagement of the external auditor to supply non-audit services
- Review the integrity of the statement in the Annual Report on being fair, balanced and understandable, as required under the Companies Act 2006

Summary of activities in 2022

In 2022, the Committee's core work programme focused on a number of significant issues and other accounting judgements where the Committee believed the highest level of judgement was required and with the highest potential impact on the Group's financial statements. There were four meetings held in the year from 1 April 2021 to 31 March 2022.

Financial reporting

The Committee reviewed and evaluated the appropriateness of the interim and annual financial statements (including the announcements thereof to the London Stock Exchange) with both management and the external auditor, including:

a) At the Board's request, whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy

b) The clarity of disclosures and compliance with financial reporting standards and relevant financial and governance

c) Discussing the critical accounting policies and use of assumptions and estimates, as noted on pages 127 to 187 of this Annual Report and Financial Statements, and concluding that the estimates, judgements and assumptions used were reasonable based on the information available and had been used appropriately in applying the Group's accounting policies

d) Reviewing the going concern and viability of the Group over the longer term as part of its assessment of the Group's risks

The Committee is able to question management at both Group and business unit levels to gain further insight into the issues addressed in these reports. The key significant financial reporting issues and other accounting judgements are set below and further explained on pages 136 to 137 under section critical accounting judgements and key sources of estimation uncertainty.

Significant accounting judgements

- **Revenue and margin recognition**
  The Committee from time to time discusses revenue recognition within the Group and whether they are aligned to IFRS 15. This includes assessing any challenges that subsidiaries may face in implementing IFRS 15 in their finance framework and accounts and considering new acquisitions and revenue recognition policies.
- **Carrying value of goodwill and other intangibles**
  The judgement largely relates to the assumptions underlying the value in use of the cash-generating units, primarily the macroeconomic assumptions (such as discount rates) underpinning the valuation process. The Committee received reports from management who prepared reports setting out the allocation of the purchase price between goodwill and other intangibles. The Committee also received reports from management outlining the impairment model and the assumptions used.
- **Carrying value of investments**
  The judgement largely relates to the assumptions underlying the value of investments held by the parent company. The Committee received reports from management indicating their assessment of the potential impairment of investments including consideration of triggering events, the calculation of value in use and discount rates and sensitivity analysis.

Audit, risk and AIM rules compliance committee

continued

- **Fair value of contingent and deferred consideration**
  The Committee has reviewed the assumptions used to calculate the fair value of contingent consideration and deferred consideration. This primarily includes a review and challenge of any EBITDA adjustments used in the calculation of valuations.
- **Going concern**
  In order to satisfy itself that the Group has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern, the Committee considered the Group's budgets and forecasts, cash position (both existing and projected), bank facilities and covenants.

External auditor independence and *effectiveness*

The Committee will carry out a formal review each year, to assess the independence and effectiveness of the external auditor, CLA Evelyn Partners Limited (Formerly known as Nexia Smith and Williamson Audit Limited) The Committee has satisfied itself as to CLA Evelyn Partners Limited independence.

Christopher Sweetland

Christopher Sweetland
Chairman of the Audit, Risk and AIM Rules and Compliance Committee

7 September 2022

Director's report

The Directors present their Annual Report on the affairs of the Business, together with the Financial Statements and Auditor's report, for the year ending 31 March 2022.

Principal activities

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 Company 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 c.72% of its client base representing the public sector and c.28% representing the commercial sector.

Further information can be found in the Strategic Report on pages 4 to 11.

General information

TPXimpact Holdings Plc (Formerly know as The Panoply Holdings Plc, changed its name on 1 October 2021) is a public limited company listed on the AIM market of the London Stock Exchange on 4 December 2018 and is incorporated and domiciled in the UK. The Company's registered number is 10533096.

The Articles of Association for TPXimpact can be accessed on the website at www.tpximpact.com/investor-relations/

An updated version of our major shareholders table is available on our website.

Corporate governance

The statement on corporate governance on pages 88 to 106 is included in the Directors' Report by way of reference.

Results and dividends

Adjusted profit after tax was £9.2m (2021: £5.2m) (Statutory profit after tax on continuing operations of £0.8m (FY2021 : loss of £2.0m)) The audited financial statements of the Group are set out on pages 116 to 126. An interim dividend of 0.3 pence per share was declared for H1 2022, which was paid on 28 January 2022.

The Directors propose a dividend of 0.6p per share for the year ended 31 March 2022 (2021: 0.4p).

Strategic review

The information satisfying the strategic review requirements is set out in this report on pages 2 to 85.

Going concern

TPXimpact business activities, together with the factors likely to affect its future development, performance and position are set out on pages 4 to 11. The financial position of the Business, its billings, gross profit and profitability are described on pages 116 to 121. Details of the key risks and uncertainties in the business, along with the mitigation has been presented in the risks and *uncertainties is presented on pages 85 to 86.*

Having considered the Company's cash flows, liquidity position and borrowing facilities, and after reviewing the budgets and cash projections for the next twelve months and beyond, the Directors believe that the Company has adequate resources to continue operations for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors

The present membership of the Board is as follows:

- Mark Smith, Non-Executive Chairman,
- Chris Sweetland, Non-Executive Director,
- Isabel Kelly, Non-Executive Director,
- Rachel Neaman, Non-Executive Director,
- Oliver Rigby, Chief Financial Officer,
- Neal Gandhi, Chief Executive Officer.

The names and biographical details of the current Directors of the Company are given on pages 88 to 91. During the year under review, all Non-Executive Directors were independent of management and any business or other relationships which could interfere with the exercise of their independent judgement.

Details of Directors' interests in the Company's shares, service contracts and remuneration are set out in the Directors' Remuneration Report on pages 98 to 100.

Post-balance sheet events

Details of post-balance sheet events are given in Note 30.

Political donations

The Group has not made any political donations during the year. (2021: £nil)

Director's report

continued

Energy and Carbon Reporting

We are committed to reducing any negative impact we have on the planet and have invested significantly in expertise and technology to identify our greenhouse gas emissions.

This is the second year we have reported our emissions formally in-line with the UK Government's Streamlined Energy and Carbon Reporting (SECR) requirement. More in depth data, analysis and commentary on our environmental impact are included in the ESG section of this annual report and we will look to continually improve our environmental reporting as our processes evolve.

Energy and Carbon breakdown from 1st April 2021 to 31st March 2022

	FY 21-22		FY 20-21	
	UK	Global (excluding UK)	UK	Global (excluding UK)
Emissions from activities for which the company own or control including combustion of fuel & operation of facilities (Scope 1)/tCO2e	3.84	0	6.41	0
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location based)/tCO2e	11.52	24.52	4.79	18.70
Total gross Scope 1 & Scope 2 emissions/tCO2e	15.36	24.52	11.20	18.70
Energy consumption used to calculate above emissions:/kWh	75,238.85	96,899.25	–	–
Intensity ratio: tCO2e (gross Scope 1 + 2)/£1,000,000 revenue	0.19	0.31	0.22	0.37
Emissions from transmission and distribution and Well-to-Tank for fuel used in Scope 1 and 2 (Scope 3 category 3)/tCO2e	4.94	2.23	–	–

Reducing our impact

In the reporting period, we have carried out several actions to help us understand and reduce our greenhouse gas emissions. More details of these can be found in the ESG section of this report, however highlights include:

- We have shown our commitment to accurate carbon footprinting by hiring an in-house Sustainability Analyst to work alongside our Planet Officer on all issues related to the planet
- Continuing to invest in Gold Standard carbon offsets such as renewable energy projects as part of our policy to offset emissions
- Provided lower cost access to electric vehicles for employees using an EV salary sacrifice scheme
- We launched a dedicated Planet Employee Resource Group (ERG) as a community for climate activists to advocate on behalf of the planet

Methodology

To quantify the greenhouse gas emissions of our activities, we have followed the 2019 HM Government Environmental Reporting Guidelines and the Greenhouse Gas Protocol – Corporate Standard.

For natural gas (scope 1), emissions factors from the 2021 UK Government's Conversion Factors for Company Reporting (BAIS, 2021) were used. For global emissions, ecoinvent emissions factors were used. For offices where utilities are shared with other companies, we calculated the proportion which was allocable to our usage but using floorspace percentage.

For purchased electricity (scope 2), the location-based calculation approach of the GHG Protocol – Corporate Standard was followed, with emission factors from the 2021 UK Government's Conversion Factors for Company Reporting used. For global emissions, ecoinvent emissions factors were used. For offices where utilities are shared with other companies, we calculated the proportion which was allocable to our usage but using floorspace percentage.

For transmission and distribution and well-to-tank emissions (scope 3), emissions factors from the 2021 UK Government's Conversion Factors for Company Reporting were used.

Anti Corruption

There were no known incidents of corruption in the year.

Share Capital

As at 31st March 2022, TPXimpact had 87,386,595 Ordinary Shares (£0.01) in issue, listed on AIM. These shares hold the right to vote at a general meeting.

The Company has not purchased any of its own shares during the year.

Details of the number of share options held under the employee scheme are available in note 5.5 to the financial statements

Shares to be issued

The Company is required to issue further shares as contingent consideration for their acquisitions. A maximum of 4,051,000 shares remain to be issued under this obligation.

Further details of the remaining shares to be issued are provided in note 5.5 of the financial statements

Financial risk management and objectives

Details of financial risk management and objectives are contained in Note 25 to the Consolidated Financial Statements.

Awareness of relevant audit information

Each of the Directors who held office at the date of approval of this Directors' Report confirms that, so far as they are aware:

- there is no relevant audit information of which the Auditor is unaware; and
- the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

Annual General Meeting

The Annual General Meeting will be held in London on 30th September 2022- at 11 am. Notice of the Annual General Meeting will be sent to shareholders on 7 September 2022.

Independent Auditor

CLA Evelyn Partners Limited (Formerly know as Nexia Smith & Williamson Audit Limited) was appointed as Auditor to the Group on 12 September 2018. There are no contractual obligations in place that restrict our choice of statutory Auditor.

By order of the Board

Oliver Rigby
Company Secretary

7 September 2022

Statement of Directors Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

(i) select suitable accounting policies and then apply them consistently;

(ii) make judgements and accounting estimates that are reasonable and prudent;

(iii) state whether applicable IFRSs accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

(iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions, disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report and the Strategic Report, in addition to any other information included in the Annual Report and Financial Statements, is prepared in accordance with United Kingdom company law. They are also responsible for ensuring that the Annual Report & Financial Statements include information required by the AIM Rules.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial accounts.

Independent Auditor's Report to the Members of TPXimpact Holdings PLC

Opinion

We have audited the financial statements of TPXimpact Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Income Statement, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

Of the group's 23 reporting components, we subjected 12 to audits for group reporting purposes and 11 to specific audit procedures where the extent of our audit work was based on our assessment of the risk of material misstatement and of the materiality of that component. The latter were not individually significant enough to require an audit for group reporting purposes but were still material to the group.

The components within the scope of audit work covered 86% of group revenue, 86% of group profit before tax, and 86% of group net assets.

For the remaining 11 components, we performed analysis at a group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Three of the components subject to audit for group reporting purposes were based in Norway and Bulgaria respectively and their audits were carried out by component auditors based in Norway and Bulgaria. We held video and telephone conference meetings with the component auditors in Norway and Bulgaria as part of our audit approach, and reviewed their audit working papers. At these meetings, the group audit team discussed the component auditors' risk assessments and planned audit approach. Once the audit work was completed, the findings reported to the group audit team were discussed in more detail, and any further work required by the group audit team was then performed by the component auditor. In addition to these planned visits and meetings, the group audit team sent detailed instructions to the component audit teams and reviewed their audit working papers.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Description of risk	How the matter was addressed in the audit
Business combinations accounting – Group (See Note 8)	The Group has a business model based on acquiring businesses' and during the year, two acquisitions have taken place. There are significant judgements and assumptions involved to perform valuations of separately identifiable intangible assets arising from the acquisition of a business. There is a risk that the values and allocations of intangible assets and goodwill recognised are not in accordance with International Financial Reporting Standard (IFRS) 3 'Business combinations'.	We focused on this area due to the high level of judgements and assumptions necessary to perform valuations of separately identifiable intangible assets arising from the acquisition of a business. We challenged management on the identification of intangible assets and the inputs and assumptions used in the purchase price allocation ('PPA') to determine the value of the identifiable assets and liabilities: As part of our procedures we: • Reviewed the Share Purchase Allocation's ('SPAs') for each entity acquired during the period. • Obtained the PPA report prepared internally, together with the business combination calculations for each acquisition and checked the mathematical accuracy of these. Confirmed the basis of support for judgements used by management. • Used our internal valuations team to assess the valuation model prepared in respect of each acquisition, including the basis and methodology adopted for identifying separate intangibles distinct from goodwill and the fair value of the consideration recognised • Checked the appropriateness of discount factors applied • Considered the overall valuation of intangible assets identified relative to similar companies in the industry • Agreed the calculation of residual goodwill based on the consideration payable and identifiable assets and liabilities. • Reviewed acquisition costs to ensure these have been expensed within the Income Statement in line with IFRS3. • Reviewed the appropriateness of the of the useful lives applied to the intangible assets identified.

Independent Auditor's Report to the Members of TPXimpact Holdings PLC continued

Key audit matter	Description of risk	How the matter was addressed in the audit
Fair Value of contingent consideration – Group and Company (See Note 20)	The Share Purchase Agreements (SPAs) contain clauses for contingent consideration and clawback provisions based on the acquired entities' performance over the first two to four years following acquisition. Management are required to apply judgement to determine the fair value of the consideration payable, in accordance with IFRS 3.	We challenged the inputs and assumptions used to determine the fair value of the contingent consideration payable at acquisition and subsequently at the reporting date. As part of our procedures we: • Reviewed the SPAs to obtain an understanding of consideration payable. • Reviewed and challenged management's forecasts of future results which underpins how the contingent consideration is calculated. • Compared historical forecasts against actual results and corroborated management's assertions where reasonably practicable. • Checked the appropriateness of discount factors applied. • Assessed if any of the contingent consideration should be treated as employee benefits given that some of the vendors have been retained in the business.
Revenue – Group (See Note 3)	The Group's activities include the provision of business IT management, design, implementation and support services. These services have multiple deliverables and can be a fixed or variable price. A number of contracts are expected to span the year end and the acquisition dates. Judgement will be involved in determining the levels of revenue to be recognised in line with IFRS 15 'Revenue recognition', particularly for contracts which span the year end and acquisition dates.	As part of our procedures we: • Gained an understanding of the design and implementation of controls over revenue recognition which have been designed by the Group to prevent and detect fraud and errors in revenue recognition. • Reviewed terms of major customer contracts and assessed the accounting for each revenue stream for compliance with IFRS 15. • Performed tests of details on the different revenue streams starting tests from invoice and separately from contracts. • Performed cut off testing around the subsidiary acquisition dates and the year-end to determine if revenue is recognised in the correct period.

Key audit matter	Description of risk	How the matter was addressed in the audit
Carrying value of goodwill – Group (See Note 9)	The Group has a significant carrying value of goodwill arising on the acquisition of businesses in the prior year and current year. An annual impairment review is required *to assess the carrying value of goodwill* for each cash generating unit (CGU). Management uses a discounted cash flow model and compares the resulting valuation to the carrying value of goodwill for each CGU to assess if any impairment is required. There are significant judgements and assumptions, such as growth rates and discount factors, used by management in determining the valuation.	We reviewed management's assessment of impairment of goodwill. We challenged assumptions and assertions made by management in their assessment and considered whether the presence of impairment indicators should result in an impairment charge. As part of our audit procedures we: • Obtained the discounted cash flow models and the underlying valuations for each cash generating unit and checked the mathematical accuracy of these. Confirm the basis of support for judgements and assumptions used by management. • Reviewed and challenged management's forecasts of future results which underpins how the valuations are calculated. • Compared historical forecasts against actual results and corroborate management's assertions where reasonably practicable. • Used our internal valuations team to assess the valuation models and the appropriateness of the discount rates applied. • Performed sensitivity analysis on key assumptions used in the calculations.

Independent Auditor's Report to the Members of TPXimpact Holdings PLC continued

Key audit matter	Description of risk	How the matter was addressed in the audit
Carrying value of investments in subsidiaries – Company (See Note 11)	The Company has significant balances relating to investments in subsidiaries. The investments relate to the acquisition of subsidiaries in prior year and current year. The carrying value of the investments in subsidiaries is also underpinned by the future financial viability of the subsidiaries.	We reviewed management's assessment of impairment of the carrying value of investments in subsidiaries. We challenged assumptions and assertions made by management in their assessment and considered whether the presence of impairment indicators should result in an impairment charge. *As part of our audit procedures we:* • Challenged assumptions and assertions made by management in their assessment of the investment balances and considered whether the presence of impairment indicators should result in an impairment charge • Reviewed the forecasted results of the subsidiaries and corroborated management's assertions where reasonably practical • Discussed with management the underlying future and planned activities of the subsidiaries. • Reviewed any third party reports such as investor analysis • Obtained the discounted cash flow models and assessed the mathematical accuracy of each valuation • Considered the market capitalisation value of the group as at 31 March 2022

Our application of materiality

The materiality for the group financial statements as a whole ("group FS materiality") was set at £1,434,000. This has been determined with reference to the benchmark of the group's revenue, which we consider to be one of the principal considerations for members of the company in assessing the group's performance. Group FS materiality represents 1.75% of the group's revenue and as presented on the face of the consolidated income statement.

The materiality for the parent company financial statements as a whole ("parent FS materiality") was set at £932,000. This has been determined with reference to the benchmark of the parent company's assets as it exists only as a holding company for the group and carries on no trade in its own right. Parent FS materiality represents 1.14% of the parent company's assets as presented on the face of the parent company statement of financial position.

Performance materiality for the group financial statements was set at £932,000, being 65% of group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds group FS materiality. We judged this level to be appropriate based on our understanding of the group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits.

Performance materiality for the parent company financial statements was set at £606,000, being 65% of parent FS materiality.

We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds parent FS materiality. We judged this level to be appropriate based on our understanding of the parent and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging the assumptions used in the detailed budgets and forecasts prepared by management for the financial years ending 31 March 2023 and 31 March 2024;
- Assessing the mathematical accuracy of the detailed budgets and forecasts provided by management;
- Challenging the assumptions used by management in their forecasts and budgets, corroborating their judgements to supporting documentation;
- Comparing forecasts with actuals in the year and post year-end, to consider management's forecasting ability;
- Considering the sensitivity of the assumptions and re-assessing headroom after sensitivity;
- Considering the group's funding position and reviewing the group's new funding arrangements; and
- Reviewing and challenging management's calculations suggesting the Group is able to comply with all loan facility covenants in the 12 months from approval of the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a

Independent Auditor's Report to the Members of TPXimpact Holdings PLC continued

material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 106, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We obtained an understanding of the legal and regulatory framework applicable to the group as well as the laws and regulations applicable, and considered these throughout our testing. We obtained an understanding of the entity's policies and procedures by discussions with management. We also drew on our existing understanding of the group's industry and regulation.

We understand the company complies with requirements of these frameworks through:

- The Executive Directors updating operating procedures, manuals and internal controls as legal and regulatory requirements change.
- The Executive Directors' close involvement in the running of the business and internal reporting at Board meetings meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the group's ability to conduct business; and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the group:

- The Companies Act 2006 and IFRS in respect of the preparation and presentation of the financial statements;
- British, Norwegian and Bulgarian tax legislation; and
- AIM regulations and Market Abuse Regulations

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above;

- Made enquiries with management as to any legal or regulatory issues during the year
- We have reviewed Board minutes for evidence of non compliance
- We have obtained representation from management that they have disclosed to us all known instances of non-compliance or suspected non-compliance with laws and regulations

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journals and inflation of investment values. This was communicated to the other members of the engagement team who were not present at the discussion.

The procedures carried out to gain evidence in the above areas included;

- Testing of the high and critical risk balances as explained in the Key Audit Matters section; and
- Testing of manual journal entries, selected based on specific risk assessments applied based on the company's processes and controls surrounding manual journals.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, both the senior statutory auditor and the audit manager have a number of years' experience in dealing with companies subject to AIM Regulation.

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Drew.

Stephen Drew
Senior Statutory Auditor, for and on behalf of

CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants
45 Gresham Street
London
EC2V 7BG

7 September 2022

Consolidated Income Statement

	Note	2022 £'000	Restated* 2021 £'000
Revenue	3	79,709	50,315
Cost of Sales		(55,341)	(34,479)
Gross Profit		24,368	15,836
Administrative expenses		(21,738)	(17,586)
Other income		579	394
Operating profit/(loss)	4	3,209	(1,356)
Finance income	4	–	3
Finance costs	4	(683)	(303)
Net finance expense		(683)	(300)
Profit/(loss) before taxation		2,526	(1,656)
Taxation	6	(1,706)	(384)
Profit/(loss) for the period from continuing operations	27	820	(2,040)
Loss after tax on discontinued operations	27	(723)	(189)
Profit/(loss) for the period	27	97	(2,229)
Other comprehensive income for the year			
Exchange differences on translation of foreign operations		(226)	68
Total comprehensive loss for the period		(129)	(2,161)
Earnings per share from continuing and discontinued operations	7		
Basic (p)		*0.2p*	*(3.5p)*
Fully diluted (p)		0.1p	(3.5p)
Earnings per share from continuing operations			
Basic (p)		1.0p	(3.5p)
Fully diluted (p)		0.9p	(3.5p)

** 2021 was restated due to discontinued activities and the results of those activities has been disclosed separately for the current and prior period consolidated income statement.*

The accompanying accounting policies and notes on pages 127 to 187 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Goodwill	9	66,157	53,323
Intangible assets	10	28,493	29,370
Property, plant and equipment	12	297	292
Right of use assets	13	1,293	445
Deferred tax assets	22	47	15
Total non-current assets		96,287	83,445
Current assets			
Trade and other receivables	14	16,853	14,014
Contract assets	18	3,840	1,144
Other taxes and social security costs	19	71	137
Cash and cash equivalents	15	7,914	5,734
Total current assets		28,678	21,029
Assets held for sale	27	708	–
Total assets		125,673	104,474
Current liabilities			
Trade and other payables	16	(7,718)	(5,681)
Other taxes and social security costs	19	(4,160)	(3,887)
Corporate tax liability		(1,214)	(1,439)
Deferred and contingent consideration	20	(3,173)	(8,478)
Lease liabilities	13	(416)	(336)
Borrowings	17	(20)	(55)
Contract liabilities	18	(4,536)	(1,941)
Total current liabilities		(21,237)	(21,817)
Liabilities directly associated with assets held for sale	27	(103)	–

Consolidated Statement of Financial Position continued

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current liabilities			
Deferred tax liabilities	22	(6,696)	(5,133)
Deferred and contingent consideration	20	(198)	(3,741)
Borrowings	17	(18,000)	(13,000)
Provisions – dilapidations	29	–	(76)
Lease liabilities	13	(878)	(53)
Total non-current liabilities		(25,772)	(22,003)
Total liabilities		(47,112)	(43,820)
Net assets		78,561	60,654
Equity			
Share capital	21	874	804
Own shares	21	(356)	–
Share premium	21	6,449	5,691
Merger reserve	21	78,705	60,926
Capital redemption reserve	21	15	5
Other reserves	21	997	796
Retained earnings		(8,123)	(7,568)
Total equity		78,561	60,654

These financial statements were approved and authorised for issue by the Board of Directors on 7 September 2022. Signed on behalf of the Board of Directors by

Oliver Rigby
Director

Neal Gandhi
Director

Oliver Rigby

Neal Gandhi

The accompanying accounting policies and notes on pages 127 to 187 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital Redemption Reserve £'000	Foreign exchange reserve £'000	Share Option Reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2020	551	5,673	25,804	5	66	368	(5,201)	27,266
Loss for the period	–	–	–	–	–	–	(2,229)	(2,229)
Exchange differences on translation of foreign operations	–	–	–	–	68	–	–	68
Transactions with owners								
Shares issued	253	18	35,122	–	–	–	–	35,393
Dividends paid	–	–	–	–	–	–	(138)	(138)
Share-based payments	–	–	–	–	–	294	–	294
Equity at 31 March 2021	**804**	**5,691**	**60,926**	**5**	**134**	**662**	**(7,568)**	**60,654**

	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 2021	804	5,691	60,926	5	–	134	662	(7,568)	60,654
Profit for the period	–	–	–	–	–	–	–	97	97
Exchange differences on translation of foreign operations	–	–	–	–	–	(226)	–	–	(226)
Transactions with owners									
Shares issued	80	257	17,779	–	(257)	–	–	–	17,859
Share cancellations	(10)	–	–	10	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	–	(603)	(603)
Other adjustment	–	–	–	–	–	–	–	(49)	(49)
Share-based payments	–	–	–	–	–	–	427	–	427
Share options exercised	–	501	–	–	–	–	–	–	501
Own shares purchased by EBT	–	–	–	–	(99)	–	–	–	(99)
Equity at 31 March 2022	**874**	**6,449**	**78,705**	**15**	**(356)**	**(92)**	**1,089**	**(8,123)**	**78,561**

The accompanying accounting policies and notes on pages 127 to 187 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities:			
Profit/(loss) before taxation		1,764	(1,845)
Adjustments for:			
Depreciation	12, 13	584	835
Amortisation	10	5,347	2,509
Share-based payments	5	427	294
Foreign exchange (gains)/losses		(292)	(5)
Finance expense	4	683	303
Finance income	4, 27	–	(1)
Movement in fair value of contingent consideration	20	(152)	4,260
Profit on disposal of property, plant and equipment		4	–
Working capital adjustments:			
Increase in trade and other receivables		(3,754)	(1,032)
Increase in trade and other payables		3,488	483
Net cash generated from operations		8,099	5,801
Tax paid		(921)	(159)
Net cash generated from continuing operating activities		7,178	5,642
Net cash (used in)/generated from discontinued operating activities		(563)	–
Net operating cash flows		6,615	5,642
Cash flows from investing activities:			
Net cash paid on acquisition of subsidiaries	8	(6,840)	(10,813)
Deferred consideration payment	20	(467)	(259)
Purchase of property, plant and equipment	12	(249)	(137)
Additions to intangibles	10	(292)	(321)
Proceeds from sale of property, plant and equipment		6	–
Interest received	4, 27	–	1
Net cash used in investing activities from continuing operations		(7,842)	(11,529)
Net cash used in investing in discontinued activities		(165)	–
Net cash used in investing activities for total activities		(8,007)	(11,529)

Consolidated Statement of Cash Flows continued

for the year ended 31 March 2022

	Note	2022 £'000	Restated 2021 £'000
Cash flows from financing activities:			
New borrowings	26	5,000	8,000
Proceeds from exercise of share options		501	–
Purchase of own shares		(99)	–
Payment of lease liabilities	13	(362)	(610)
Finance costs		(683)	(331)
Dividends paid		(603)	(138)
Net cash generated from financing activities		3,754	6,921
Net increase/(decrease) in cash and cash equivalents		2,362	1,034
Cash and cash equivalents at beginning of the period		5,734	4,614
Effect of exchange rate fluctuations on cash held		(148)	86
Cash from discontinued operations		(34)	–
Cash and cash equivalents at end of the period	15	7,914	5,734
Comprising:			
Cash at bank and in hand		7,864	5,734
Cash held by trust	15	50	–
Cash and cash equivalents at the end of the reporting period		7,914	5,734

The accompanying accounting policies and notes on pages 127 to 187 are an integral part of these Consolidated Financial Statements.

Company Statement of Financial Position

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Investments	11	117,759	98,478
Intangible assets	10	394	–
Property, plant and equipment	12	4	4
Total non-current assets		118,157	98,482
Current assets			
Trade and other receivables	14	272	298
Amounts owed by Group undertakings	23	2,948	901
Cash and cash equivalents	15	514	344
Total current assets		3,734	1,543
Total assets		121,891	100,025
Current liabilities			
Trade and other payables	16	(1,269)	(561)
Other taxes and social security costs	19	(115)	(53)
Deferred and contingent consideration	20	(3,173)	(8,478)
Amounts owed to Group undertakings	23	(396)	(5,040)
Total current liabilities		(4,953)	(14,132)
Non-current liabilities			
Deferred and contingent consideration	20	(198)	(3,741)
Borrowings	17	(18,000)	(13,000)
Total non-current liabilities		(18,198)	(16,741)
Total liabilities		(23,151)	(30,873)
Net assets		98,740	69,152

Company Statement of Financial Position continued

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
EQUITY			
Share capital	21	874	804
Own shares	21	(257)	–
Share premium	21	6,449	5,691
Merger reserve	21	78,705	60,926
Capital redemption reserve	21	15	5
Other reserves	21	1,089	662
Retained earnings		11,865	1,064
Total equity		98,740	69,152

TPXimpact Holdings Plc has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the company profit and loss account.

The Company's profit for the year ended 31 March 2022 was £11.4m (2021: £2.4m).

The financial statements were approved by the Board of Directors on 7 September 2022 and were signed on its behalf by:

Oliver Rigby
Director

Oliver Rigby

Neal Gandhi
Director

Neal Gandhi

Neal Gandhi

The accompanying accounting policies and notes on pages 127 to 187 form an integral part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 March 2022

	Share capital £'000	Share premium £'000	Merger reserve £'000	Own shares £'000	Capital redemption reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2020	551	5,673	25,804	–	5	368	(1,204)	31,197
Profit and total comprehensive income for the period	–	–	–		–	–	2,406	2,406
Shares issued	253	18	35,122	–	–	–	–	35,393
Share-based payments	–	–	–	–	–	294	–	294
Dividends paid	–	–	–	–	–	–	(138)	(138)
Equity at 31 March 2021	804	5,691	60,926	–	5	662	1,064	69,152

	Share capital £'000	Share premium £'000	Merger reserve £'000	Own Shares £'000	Capital redemption reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2021	804	5,691	60,926	–	5	662	1,064	69,152
Profit and total comprehensive income for the period	–	–	–		–	–	11,404	11,404
Shares issued	80	–	17,779	–	–	–	–	17,859
Share cancellations	(10)	–		–	10	–	–	–
Share-based payments	–	257	–	(257)	–	427	–	427
Dividends paid	–	–	–	–	–	–	(603)	(603)
Share options exercised	–	501	–	–	–	–	–	501
Equity at 31 March 2022	874	6,449	78,705	(257)	15	1,089	11,865	98,740

The accompanying accounting policies and notes on pages 127 to 187 form an integral part of these financial statements.

Company Statement of Cash Flow

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities:			
Profit/(loss) before taxation		11,404	2,424
Adjustments for:			
Depreciation	12	3	1
Amortisation	10	8	–
Impairment of intercompany balances		914	886
Impairment of investments	11	510	100
Dividends received		(16,065)	(9,358)
Share-based payments	5	427	294
Foreign exchange losses		(5)	–
Finance expense		679	256
Movement in fair value contingent consideration	20	(152)	4,260
Working capital adjustments:			
Increase in trade and other receivables		(4,989)	(774)
Increase/(decrease) in trade and other payables		873	(72)
Net cash used in operations		(6,392)	(1,983)
Cash flows from investing activities:			
Acquisition of subsidiaries (paid)	8	(8,105)	(11,675)
Deferred consideration payment	20	(467)	(121)
Balances repaid from/(provided to) subsidiary companies		–	303
Purchase of property, plant and equipment	12	–	(4)
Purchase of intangible assets	10	(404)	–
Dividends received		11,142	6,131
Net cash generated/used in investing activities		2,166	(5,366)

Company Statement of Cash Flow continued

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Cash flows from financing activities:			
New borrowings	26	5,000	8,000
Finance costs		(502)	(221)
Costs relating to issue of new borrowings		–	(95)
Proceeds from exercise of share options		501	–
Dividends paid		(603)	(138)
Net cash generated from financing activities		4,396	7,546
Net increase in cash and cash equivalents		170	197
Cash and cash equivalents at beginning of the period		344	147
Cash and cash equivalents at end of the period	15	514	344
Comprising:			
Cash and cash equivalents at the end of the reporting period	15	514	344

The accompanying accounting policies and notes on pages 127 to 187 form an integral part of these financial statements.

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 the AIM as 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 following subsidiaries included in the consolidated financial statements of TPXimpact Holdings plc have taken advantage of the exemption from audit conferred by s479A of the Companies Act 2006:

- Manifesto Digital Limited (Registered number 07885631)
- Foundry 4 Consulting Limited (Previously Not Binary Limited) (Registered number 10686321)
- iDisrupted Limited (Registered number 09496322)
- Human Plus Limited (Registered number 11771564)
- Questers Global Group Limited (Registered number 08116392)
- Questers Resourcing Limited (Registered number 05640907)
- Deeson Group Holdings Limited (Registered number 11418077)
- Deeson Group Limited (Registered number 01073356)
- Greenshoot Labs Limited (Registered number 10967409)
- TPXimpact Limited (previously FutureGov Limited) (Registered number 06472420)
- US-Creates Limited (Registered number 05938821)
- Ameo Professional Services Limited (Registered number 09786677)
- Arthurly Limited (Registered number 11560054)
- Difrent Limited (Registered number 09227500)
- Keep IT Simple Limited (Registered number 10443621)
- Nudge Digital Limited (Registered number 05805455)
- RedCortex Limited – (Registered number 10335104)

1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with applicable UK Adopted International Financial Reporting Standards (IFRSs), with the Companies Act 2006 and the AIM rules for Companies. The measurement bases and principal accounting policies of the Group are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The financial statements include the financial results of the subsidiaries listed in Note 11 for the full year with the exception of the following subsidiaries/controlled entities from the date of acquisition. All subsidiaries are incorporated in the UK unless otherwise stated:

- *Nudge Digital Limited – acquired on 30 June 2021*
- RedCortex Limited – acquired on 6 December 2021

Further details of the above acquisitions can be found in Note 8 Business Combination.

Employee Benefit Trusts ('EBTs') are accounted for under IFRS 10 and are consolidated on the basis that the parent has control, thus the assets and liabilities of the EBT are included on the consolidated and parent balance sheets and shares held by the EBT in the

Notes to the Consolidated Financial Statements continued

Company are presented as a deduction from equity in the consolidated and parent balance sheets. TPXimpact Holdings Plc Employee Benefit Trust was Formed 6 September 2021 and is consolidated in the group financial statements.

1.2 Going concern

As detailed further in the Directors' report, after reviewing the budgets and cash projections for the next twelve months and beyond, the Directors believe that the Group and the Company have adequate resources to continue operations for the foreseeable future and for this reason they have adopted a going concern basis in preparing these financial statements.

In considering the business activities for the forthcoming 12 months, the directors have assessed the impact of principal risks and uncertainties through scenario modelling. This includes an assessment of the ongoing impact of inflation on our services, sector, customers and through looking at trends in the digital transformation sector.

At year end, the Group has a rolling credit facility with HSBC of £20m of which £18m has been drawn down. Of the £20m, the £2m is available as a working capital facility. This facility with HSBC, together with strong cash reserves within the Group provide comfort over the viability of the Group to prepare the financial statements on a going concern basis. Post period end HSBC have extended their revolving credit facility with the Group to £30m with a £15m accordion. The new facility is a sustainability-linked revolving credit facility that incorporates targets which align with our long-term ESG objectives. The impact on going concern of the extension of the facility is that the repayment date has been extended so the loan is no longer due for repayment until 2025. This improves the cash flow position of the business.

After performing all the above assessments and through modelling scenarios, it is concluded that we would maintain sufficient undrawn capacity and satisfy all borrowing facility covenants in the next 12 months.

New IFRS accounting standards adopted in the year

Developments adopted by the Group in 2022 with no material impact on the Group's financial statements

There were no new IFRSs, endorsed standards and amendments, improvements and interpretations of published standards applicable for accounting periods beginning 1 April 2021.

Developments expected in future periods of which the impact on the Group's financial statements is still being assessed

There are new IFRS accounting standards and amendments to existing accounting standards not yet effective in the current year, but none of these are expected to have a material impact on the Group in the following financial period, these are as follows:

- Amendments to IAS 37 Provisions, Contingent Liabilities, Contingent Assets Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

2. Principal accounting policies

a) Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 March 2022. A subsidiary is an entity controlled by the Company. Control is achieved where the Company has existing rights that give it the current ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with using the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Consolidated Statement of Financial Position at their fair values, which are also used as the cost bases for subsequent measurement in accordance with the Group accounting policies.

The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts, to the extent that they exceed the settlement amounts, are generally recognised in the profit or loss. Any deferred contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of consideration payable over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

The Group disposed of its subsidiary Greenshoot Labs Limited ('GSL') on 24 May 2022. The operations of GSL is therefore presented as discontinued operations. Note 26 sets out the details and impact of discontinued operations

b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole. Segment adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, share-based payments and fair value of contingent consideration. This is the measure of profit that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance.

When assessing segment performance and considering the allocation of resources, the Board of Directors review information about segment assets and liabilities. For this purpose, all assets and liabilities are allocated to reportable segments with the exception of borrowings.

During the year, there was a change in operating segments due to an internal restructure. Management's view is that the new structure better aligns with the entities' operations mainly as it relates to its revenue-generating activities and how the entities are managed and reported internally for decision making purposes. There were 9 segments in prior year and 5 in the current year. Where numbers for each segment has been disclosed for the current year, the prior year comparatives have been restated.

The Group is organised into, and managed through, the following operating segments, which are based on service and supported by central functions:

- Consulting
- Digital experience
- Bene Agere
- Questers
- RedCortex

In addition, management reviews revenue disaggregated by the following sectors to understand our customer base.

- Government – Sectors that are run by both local and central government
- Non-Government organisations (NGOs) – Organisations such as charities, cultural, housing associations etc that provide public services but are not run by Governments
- Commercial – Commercial clients that do not fall into the two categories above

Government and NGOs are classified as public services for reporting purposes.

Notes to the Consolidated Financial Statements continued

c) Goodwill

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired, and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

Goodwill is carried at cost less accumulated impairment losses. Impairment review is carried out annually. If there is an impairment, the cost is reduced by the accumulated impairment amount.

d) Revenue and revenue recognition

Revenue consists of the value of work delivered to clients during the year exclusive of VAT and is recognised as performance obligations are met in accordance with the terms of the contract which are primarily on a time and materials basis. Revenue is wholly attributable to the principal activities of the Group. The Group adopt IFRS 15 principles in recognising the revenue. Revenue recognised in excess of invoices raised is included within contract asset. Where amounts have been invoiced in excess of revenue recognised, the excess is included within contract liability.

The majority of the services are provided on a time and material basis where clients are billed monthly for the time spent on a project which corresponds directly with the value to the customer of the entity's performance completed to date and accordingly revenue is recognised at the amount billed. For fixed-price contracts where criteria to recognise performance obligations over time have been met, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined by actual labour hours and cost incurred relative to the total expected labour hours and cost. The use of labour hours and costs is a faithful depiction of the transfer of services as it directly relates to the effort required to satisfy the performance obligation. Only inputs relating directly to the performance in transferring the services are included when measuring progress to date. Due to changing circumstances, extent of progress and completion may be revised which may affect revenue and costs. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The majority of the contracts are one single performance obligation. However, some contracts include multiple deliverables. In most cases, the deliverable is separately identifiable from other promises in the contract; therefore, it is accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

Standard terms of payment within 30 or 60 days are typically adopted. There is therefore no financing component.

Revenue is recognised when the Group satisfies the performance obligations, the timing of which is set out in Note 3.2. For the majority, contracts are for performance obligations that are satisfied over time. However, there are some contracts which contain performance obligations that are only satisfied at a point in time. The revenue for these contracts is recognised when the performance obligation has been satisfied, for project development work this occurs when the customer accepts the final output.

When the customer has a right to return the product within a given period, the entity is obliged to refund the purchase price. For instance, if potential candidates put forward are considered unsuitable by the client and no one is recruited. The contract stipulates reimbursement of 50% – 100% of the fee, under the agreed terms of contract. Under IFRS 15, revenue is only recognised to the extent it is highly probable there will not be a significant reversal of revenue in a future period and is usually therefore recognised only when a successful candidate is recruited.

A small number of contracts have variable consideration associated with it, whereby a bonus is paid if certain cost savings are made by the client. These are recognised using the 'most likely amount method' once it has been identified that a significant reversal in the amount of cumulative revenue will not occur.

e) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in pounds sterling and rounded to the nearest £'000, which is the Company's functional and presentation currency and the Group's presentation currency.

Transactions and balances

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. All exchange differences are recognised in the Consolidated Income Statement.

As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into pounds Sterling at the rate of exchange applicable at the reporting date and their Income Statements are translated at the average exchange rates for the period. The exchange differences arising from the retranslation of foreign operations are taken directly to foreign exchange reserve.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rates of exchange at the reporting date. Currency translation differences arising are transferred to the Group's foreign exchange reserve and are recognised in the Income Statement on disposal of the underlying investment

f) Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

Depreciation is calculated on a straight-line basis so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	3 – 10 years (depending on the length of the lease)
Fixtures and fittings	4 – 5 years
Computer equipment	3 – 5 years

Useful economic lives and estimated residual values are reviewed annually and adjusted as appropriate.

g) Intangible assets acquired as part of a business combination and amortisation

In accordance with IFRS 3 "Business Combinations", an intangible asset acquired in a business combination is recognised at fair value at the acquisition date. A fair value calculation is carried out based on evaluating the net recurring income stream from each type of intangible asset. Intangibles are initially recognised at fair value, and are subsequently carried at this fair value, less accumulated amortisation and impairment. The following items were identified as part of the acquisitions of entities by the Group and were still owned at 31 March 2022:

- brand amortised over 2 – 5 years;
- customer lists amortised over 3 – 8 years;
- database over 5 years;
- Software Intellectual property over 3 – 10 years; and
- Software over 2 – 3 years.

The allocation of fair values to the tangible assets and the identification and valuation of intangible assets affect the calculation of goodwill recognised in respect of an acquisition and as such represent a key source of estimation uncertainty.

Notes to the Consolidated Financial Statements continued

h) Other intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product is available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion or relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 3 years.

i) Impairment testing of goodwill

Impairment reviews are tested at cash generating unit ("CGU") level. Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination. Nudge integrated into the Experience CGU while RedCortex formed its own CGU.

Impairment reviews are carried out using multi-year cash flow projections from the approved budgets of the Group. These are discounted using a weighted average cost of capital ("WACC") specific to each CGU. The internal rate of return for each CGU reflects the time value of money and the nature and risks of the CGU. Cash flows are estimated over a maximum of five years and a terminal value.

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses are credited to the carrying amount of the relevant goodwill.

j) Investment in subsidiaries and impairment

The investment in the Company's subsidiaries is recorded at cost less provisions for impairment. Carrying values are reviewed for impairment annually to determine if there is any indication that any of the investments might be impaired. The Company uses forecast cash flow information and estimates of future growth to assess whether investments are impaired.

If the results of operations in a future period are adverse to the estimates used for impairment testing, an impairment may be triggered at that point.

k) Taxation

Current tax is the tax currently payable based on taxable profit for the year. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Consolidated Income Statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

l) Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group and Company becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets as follows:

Amortised cost

These assets arise principally from the provision of services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at the transaction price that is directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables and contract assets are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables and contract assets is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administration expenses in the Consolidated Income Statement. On confirmation that the trade receivable and contract assets will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group and Company are classified in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group and Company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Consolidated and Company Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Fair value on contingent consideration

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised through profit or loss.

Notes to the Consolidated Financial Statements continued

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

m) Employee benefits

Share-based payments – equity-settled

All share-based payment arrangements are recognised in the financial statements. All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are indirectly determined by reference to the fair value of the share-based payments awarded.

Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the Consolidated Income Statement with a corresponding credit to "share option reserve". If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share- based payments expected to vest. Estimates are subsequently revised if there is any indication that the number of share-based payments expected to vest differs from previous estimates.

Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share-based payments ultimately exercised are different to that estimated on vesting.

Upon exercise of share-based payments, the proceeds received, net of attributable transaction costs, are credited to share capital and share premium.

The fair value for the share-based payment is measured using the binomial model for share-based payments with no market performance conditions and the monte carlo method for options with market performance conditions.

n) Pensions

Contributions to defined contribution schemes are charged to the Consolidated Income Statement as they accrue in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Consolidated Statement of Financial Position.

o) Presentation of results

In some instances, Alternative Performance Measures (APMs) such as adjusted EBITDA (refer to Financial Review on page 28) are used by the Group to provide 'adjusted' results. This is because Management are of the view that these APMs provide a more appropriate basis on which to analyse business performance and is consistent with the way that financial performance is measured by Management and reported to the Board.

Adjusted EBITDA is a non-IFRS measure, defined as the Group's operating profit before expensing depreciation of tangible fixed assets, amortisation, acquisitions and restructuring, impairment, change programme costs, gain or loss on fair value movement contingent consideration and share-based payments.

There are further APMs discussed within the Annual Report. See note 28 for further details.

p) Leases

Right-of-use assets

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for annual lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful economic lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- Fixed payments, including in-substance fixed payments
- *Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement* date
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising for a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit and loss If the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low value assets including IT equipment. Assets with a value less than £5,000 are considered low value. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has applied Amendment to IFRS 16: COVID-19 Related Rent Concessions. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, the Group assesses whether there is a lease modification. The Group has not received any material rent concessions during the current or prior year.

q) Grant income

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are generally recognised in the Consolidated Income Statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Judgement is applied in assessing when there is reasonable assurance the grant conditions have been complied with and that the grant money will be received.

r) Research and development

Research and development expenditure is recognised in the Consolidated Income Statement as an expense until it can be demonstrated that the conditions for capitalisation under IAS 38 'Intangible Assets' apply. The criteria for capitalisation include demonstration that the project is technically and commercially feasible, the Group has sufficient resources to complete development and the asset will generate probable future economic benefit.

During the year, research and development costs are within administrative expenses and are not identifiable with its own subheading. The allocation of the administrative costs that relates to research and development for the Group is carried out annually at the point of assessing for R&D tax credit relief as part of the tax work.

The Group benefits from both small, medium enterprises for R&D tax credits and research and development credits (RDEC).

Notes to the Consolidated Financial Statements continued

RDEC research and development credits are accounted for as having the substance of a government grant and recognised in other income. The grants are recognised on the basis of the fair value of claims made. A corresponding other receivable is recognised at the time the claims are accepted and will subsequently be offset against tax payable.

s) Equity

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's Ordinary Share capital is classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Further details of the categories of share capital and reserves and disclosed in Note 21.

t) Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, management is required to make estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities. The resulting accounting estimates, which are based on management's best judgment at the date of these financial statements, will seldom equal the subsequent actual amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below.

Critical judgements:

1. *Revenue recognition*

The main judgements are:

- Deciding what are the performance obligations in a contract
- Deciding whether the contract should be measured over time or at a point in time
- The cost to complete contracts to determine the percentage completion

Under IFRS 15, measurement and recognition of revenue required the Group to make judgements and estimates. In particular, there are a large number of contracts within the business which may require significant contract interpretation to determine the appropriate accounts such as whether promised goods and services specified in an arrangement are distinct performance obligations and based on the contract terms, whether the performance obligation should be recognised at a point in time or over time (refer to Note 3.2).

2. *Cash generating units (CGUs)*

IFRS 3 Business combination requires the management to assess the Cash Generating Unit (CGU) as part of purchase price allocation process. The Board uses their judgement in deciding the number of CGU per entity acquired during the year. CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

During the year, there was a change in cash generating units due to an internal restructure. Management's view is that the new CGU structure better aligns with the entities' operations mainly as it relates to its revenue-generating activities and how the entities are managed and reported internally for decision making purposes. There were 9 CGUs in the prior year and 5 in the current year.

The cash generating units in the prior year were as follows:

- Foundry4, Human Plus and Arthurly
- Bene Agere
- Questers
- TPXimpact and Ameo
- Manifesto

- Deeson
- Greenshoot Labs
- Difrent
- Keep IT Simple

For the current year, there are five CGUs within the group, with the two main ones being Consulting and Digital Experience. The current year cash generating units are as follows:

- Consulting – Consulting includes Foundry4, Human Plus, Arthurly, TPXimpact, Ameo, Difrent and Keep IT Simple
- Digital experiences (DX) – This includes Deeson, Manifesto and Nudge
- Bene Agere
- Questers
- RedCortex

Where numbers for each CGU have been disclosed for the current year, prior year comparatives have been restated.

3. *Intangible assets from acquisition*

Acquiring a business entity would include purchasing its intangible assets even when there were no intangible assets on its Statement of Financial Position. The board uses judgement in identifying the types of intangible assets as a result of business combination. During the year the board identified several intangibles such as customer list, brand, client database and software. Details of intangible assets identified on acquisitions are in notes 8 and 10.

Key source of estimation uncertainty:

1. *Impairment of goodwill (Group)*

Impairment of goodwill is subject to an annual review. The key estimate for the carrying value of CGU is the cash flows associated with the CGU and the WACC. Each of the CGU held by the Group is measured regularly to ensure that they generate sufficient positive cash flows to justify no impairment.

The Group performs an impairment review of CGUs on at least an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the intangible value is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Where there is indication of impairment, the goodwill is impaired by a charge to the Consolidated Income Statement. The key area of uncertainty is the projected revenue growth. Management perform sensitivity analysis to ascertain the level of growth rate that will start to impair the goodwill on a yearly basis. Further explanation is included in Note 9 – Goodwill and impairment.

2. *Impairment of investments (Company)*

An assessment of impairment of investments is performed if there is an indicator of impairment. The key estimate for the carrying value of the investment is the cash flows associated with the investment and the WACC. Each investment is reviewed regularly to ensure that they generate discounted positive cash flows.

The same principles used in the assessment of impairment of goodwill are used for estimating the 'value in use' of the cash flows of the investment. Where there is an indication of impairment, the investment is impaired by a charge to the company income statement. The key area of uncertainty is the projected revenue growth. Management perform sensitivity analysis to ascertain the level of growth rate that will start to impair the investment on a yearly basis.

3. *Measuring the fair value of contingent consideration (Group and Company)*

The fair value of contingent deferred consideration is determined by reference to the future EBITDA of the acquired business and applying the contingent deferred consideration formula as specified in the asset or share purchase agreement and discounting the net present value of the future cash flows. The total fair value of consideration for the businesses acquired during the year was £20m (2021: £43m) and the goodwill was calculated as £13m (2021: £18m). Further details are included in Note 8.

4. *Impairment of inter-group balances (Company)*

An assessment of the recoverability of intercompany balances is performed by reviewing the future cash flows of the subsidiary. Where there is an indication of impairment, a provision for doubtful debt is recorded by a charge to the Company income statement.

Notes to the Consolidated Financial Statements *continued*

u) Non-current assets held for sale and discontinued operations

Under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, where certain conditions are met, an asset or disposal group that is for sale is recognised as "held for sale". The Group has classified a disposal group as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. Such assets are measured at the lower of carrying amount and fair value less costs to sell, and are not depreciated or amortised, excluding certain assets that are carried at fair value under IFRS 5.

3. Segment reporting

The Group has identified its operating segments based on the internal reports reviewed and used by the Chief Operating Decision Maker (CODM), being the Board of Directors, in assessing the Group's performance and in determining the allocation of resources.

The Board has concluded that it monitors the Group's performance and makes business decisions around investments, resource allocation and acquisitions based on the Group's services. These services are noted below and consist of 5 reportable segments (3 in the previous financial year). Comparatives have been restated to present information under the new reporting segments.

- Consulting
- Digital experience
- Bene Agere
- Questers
- RedCortex

The Board of Directors primarily uses a measure of revenue and adjusted EBITDA which is taken as earnings before interest, tax, depreciation, amortisation, costs relating to business acquisitions and restructuring, costs relating to share- based payments and fair value movement in contingent consideration to assess the performance of the operating segments. Information about segment revenue is disclosed in the tables below.

3.1.1 Revenue

i) Revenue by service

Included in revenues arising from 'Consulting' services are revenues of £10.9m (2021: £3.2m) which arose from the Group's largest customer and represents 14% of the Group's total revenue.

	2022 £'000	Restated 2021 £'000
Consulting	57,781	35,442
Experience	16,090	9,210
Bene Agere	1,633	1,750
Questers	10,645	8,487
RedCortex	2,067	-
Intersegment eliminations	(8,507)	(4,574)
Total revenue	79,709	50,315

ii) Revenue by geography

	2022 £'000	Restated 2021 £'000
United Kingdom	70,942	42,143
Norway	1,633	1,750
Switzerland	2,641	1,080
EU	662	806
USA	3,389	4,160
Malaysia	270	–
Other	172	376
Total Revenue	79,709	50,315

3.1.2 Adjusted EBITDA by service

	2022 £'000	Restated 2021 £'000
Consulting	6,868	6,261
Experience	5,106	2,094
Bene Agere	699	(6)
Questers	1,184	1,004
RedCortex	303	–
Central services	(1,963)	(2,252)
Total adjusted EBITDA	12,197	7,101
Finance costs	(683)	(303)
Finance income	–	3
Depreciation and amortisation	(5,931)	(3,344)
Costs relating to business restructuring	(1,769)	(250)
Costs directly attributable to business combinations	(1,013)	(496)
Fair value moment in contingent consideration	152	(4,260)
Share-based payments	(427)	(294)
Other gains and losses	–	187
Profit/(loss) before tax	2,526	(1,656)

Notes to the Consolidated Financial Statements continued

3.1.3 Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

	2022 £'000	Restated 2021 £'000
Consulting	82,017	89,856
Experience	17,907	12,203
Bene Agere	2,618	2,551
Questers	6,645	5,805
RedCortex	16,745	–
Total segment assets from continuing operations	125,932	110,415
Assets held by discontinued operations	708	503
Total segment assets	126,640	110,918
Intersegment eliminations	(6,456)	(8,818)
Unallocated:		
Central services	5,489	2,374
Total assets per the Statement of Financial Position	125,673	104,474

3.1.4 Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the liability.

The Group's borrowings are not considered to be segment liabilities, but are managed by the Group finance function.

	2022 £'000	Restated 2021 £'000
Consulting	16,406	23,659
Experience	3,231	4,364
Bene Agere	757	709
Questers	2,050	4,019
RedCortex	3,765	–
Total segment liabilities from continuing operations	26,209	32,751
Liabilities of discontinued operations	103	1,197
Total segment liabilities	26,312	33,948
Intersegment eliminations	(6,456)	(8,818)
Unallocated:		
Central services	27,256	18,690
Total liabilities per the Statement of Financial Position	47,112	43,820

3.2 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point in time in the following service line:

Year ended 31 March 2022	Consulting £'000	Experience £'000	Bene Agere £'000	Questers £'000	RedCortex £'000	Other & Eliminations £'000	Total £'000
External revenue	50,797	15,399	1,633	9,813	2,067	–	79,709
Inter-segment revenue	6,984	691	–	832	–	(8,507)	–
Total revenue	57,781	16,090	1,633	10,645	2,067	(8,507)	79,709
Recognised at a point in time	–	–	–	10,164	–	833	10,997
Recognised over time	57,781	16,090	1,633	481	2,067	(9,340)	68,712
Total revenue	57,781	16,090	1,633	10,645	2,067	(8,507)	79,709

Notes to the Consolidated Financial Statements continued

Year ended 31 March 2021	Consulting £'000	Experience £'000	Bene Agere £'000	Questers £'000	RedCortex £'000	Other & Eliminations £'000	Restated Total £'000
External revenue	31,833	8,639	1,750	8,093	–	–	50,315
Inter-segment revenue	3,609	571	–	394	–	(4,574)	–
Total revenue	35,442	9,210	1,750	8,487	–	(4,574)	50,315
Recognised at a point in time	88	–	–	8,481	–	–	8,569
Recognised over time	35,354	9,210	1,750	6	–	(4,574)	41,746
Total revenue	35,442	9,210	1,750	8,487	–	(4,574)	50,315

• *Inter-segment revenues are eliminated on consolidation and reflected in the adjustments and eliminations column*

4. Operating profit/(loss)

	2022 £'000	Restated 2021 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation of property, plant & equipment (see note 12)	178	175
Depreciation of right-of-use assets (see note 13)	406	660
Amortisation of intangible assets (see note 10)	5,347	2,509
Employee costs (see note 5.2)	33,874	24,485
Costs directly attributable to business combinations	1,013	496
Costs relating to restructuring and change programme*	1,769	250
Disposal of fixed assets	(4)	-
(Gain)/loss on fair value movement contingent consideration (see note 20)	(152)	4,260
Share-based payments (see note 5.5)	427	294
Short-term leases (see note 13)	425	341
Net foreign exchange losses	99	5

* *Business restructuring costs were incurred in the year relating to the restructuring of personnel and aggregation of activities to a divisional structure. In the prior year, restructuring related mainly to the restructuring of personnel.*

4.1 Auditors remuneration

	2022 £'000	Restated 2021 £'000
Fees payable to the Company's auditors and its associates for the audit of parent company and consolidated financial statements	223	189
Fees payable to Company's auditors and its associates for the audit of Company's subsidiaries	29	26
Fees payable to Company's auditors and its associates for other services:		
Audit-related assurance services	9	9
	261	224

4.2 Finance income and costs

	2022 £'000	*Restated* 2021 £'000
Finance income		
Interest income from financial assets held for cash management purposes	–	3
Finance income	–	3
Finance costs		
Interest payable on bank loan and overdrafts	669	279
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	14	24
Finance costs expensed	683	303
Net finance costs	683	300

5. Employee costs

5.1 Directors and employees

The average number of staff employed by the Group during the financial year is 548 (2021: 495) as follows:

	2022	2021
Consultant**	444	380
Administrative staff***	64	72
Management	40	43
Total	548	495

*** Consultant includes 194 consultants employed by Questers solely for clients' projects, where they provide highly skilled IT teams to clients.*

**** Administrative staff also participate in income generating activities, sales and marketing.*

Employee numbers are stated including Directors.

Notes to the Consolidated Financial Statements continued

5.2 Employee remuneration

	2022 £'000	2021 £'000
Wages and salaries	28,999	21,053
Pension contributions	746	595
Share-based payments	427	294
Social security costs	3,182	2,261
Other benefits	520	282
Total	33,874	24,485

5.3 Key management personnel head count

	2022	2021
Number of key personnel for the parent company	6	6

	2022	2021
Number of key personnel for the Group	24	30

Group key personnel comprises of Directors of the parent company.

5.4 Key management emoluments

Emoluments for the key management personnel for the parent company.

	2022 £'000	2021 £'000
Wages and salaries	620	569
Pension contributions	24	37
Share-based payments	46	69
Social security costs	75	68
Other benefits	6	6
Total	771	749

The total emoluments for the Group's key personnel for the year:

	2022 £'000	2021 £'000
Wages and salaries	2,653	2,729
Pension contributions	115	138
Share-based payments	66	127
Social security costs	247	256
Other benefits	22	13
Total	3,103	3,263

The aggregate remuneration of the highest paid director of the Company was £311k (2021: £320k). The amount of pension contribution paid into the defined contribution scheme for the highest paid director totaled £14k (2021: £14k) in the year. A full breakdown of other benefits is detailed in the remuneration report.

Details of individual Directors' emoluments for the year (including employer's National Insurance ("NI") contributions) are as follows:

	Fees and Salaries		Employer's NI		Other benefits (refer to remuneration report)		Total	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Non-Executive								
Chris Sweetland	35	35	4	4	3	4	42	43
Mark Smith	50	50	6	6	4	7	60	63
Isabel Kelly	35	35	4	3	3	4	42	42
Rachel Neaman	35	16	4	2	–	–	39	18
Executive								
Neal Gandhi	275	275	35	35	36	45	346	355
Oliver Rigby	190	158	22	18	30	52	242	228
Total	620	569	75	68	76	112	771	749

5.5 Share-based payments

The Group has the following equity-settled share plans:

Enterprise Management Incentive Scheme 'EMI'

Share options were granted to employees as determined by key management personnel and the Remuneration Committee at IPO of the company. No further EMI options can be granted by the Group. The options cannot be exercised within two years unless specific criterias are met and have a maximum life of 10 years. Exercise of the options will be settled by the issue of shares and there are no cash alternatives. Options ordinarily are forfeited if the employee leaves the Group before the options vest.

Company Share Option Plan 'CSOP'

Share options are granted to employees as determined by key management personnel and the Remuneration Committee. The CSOP permits the Company to grant CSOP options which have tax advantages pursuant to the provisions of Schedule 4 to the Income Tax (Earnings & Pensions) Act 2003 ("Schedule 4"). The options cannot be exercised within one year unless specific criteria are met and have a maximum life of 10 years. Exercise of the options will be settled by the issue of shares and there are no cash alternatives. Options ordinarily are forfeited if the employee leaves the Group before the options vest.

Notes to the Consolidated Financial Statements continued

Unapproved Share Option Plan 'Unapproved scheme'

Unapproved share options are typically granted to employees based outside of the UK as determined by key management personnel and the Remuneration Committee. The options cannot be exercised within two years unless specific criteria are met and have a maximum life of 10 years. Exercise of the options will be settled by the issue of shares and there are no cash alternatives. Options ordinarily are forfeited if the employee leaves the Group before the options vest.

UK Share Incentive Plan (SIP)

The Group has established a Share Incentive Plan for UK employees in the current year. Under this scheme all eligible employees are able to purchase ordinary shares 'Partnership shares' through tax-efficient salary sacrifice. Each Partnership share offers a free matching award of ordinary shares on a one-to-one basis. 'Matching Share'. The shares are held in trust by Cytec Solutions Corporate Trustees who also administer the scheme. A minimum period of three years is imposed before the employee can withdraw.

(i) Total share-based payments

The number of outstanding options under each valuation method has been disclosed in the table below.

	Binomial Model	Monte Carlo model	Total
Number of outstanding options as at 31 March 2022	1,101,912	2,232,834	3,334,746

The following table lists the key inputs to the model used for the grant of share options in 2021.

There was no grant of share options made in 2022. Expected volatility was determined by calculating the historical volatility of the Group's share price over the expected term.

	May 2020 Grant	Dec 2020 Grant
Exercise price	82p	184.5p
Share price at grant date	48p	184.5p
Expected volatility[1]	38.40%	35.00%
Expected dividend yield	1%	0%
Risk free interest rate	0.06%	0.00%
Contractual life of option (years)	10	10

1 *The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information*

The total share-based payments expense included in the Consolidated Income Statement is:

	2022 £'000	2021 £'000
Share-based payments to employees	427	294
Total	427	294

The total share-based payments expense relating to Directors of the Company is £46k (2021: £69k).

The total share-based payments expense relating to key management personnel of the Group is £66k (2021: £127k).

The Group currently does not have tax liability in respect of the share options which have been issued to date as at 31 March 2022.

6. Taxation

Current tax	2022 £'000	Restated 2021 £'000
UK corporation tax for the period at 19% (2021: 19%)	(1,566)	(888)
Adjustments in respect of prior period provisions	575	(69)
Adjustments in respect of prior period R&D credits	–	172
Overseas current tax charge on income for the year	(56)	(53)
Total current tax	(1,047)	(838)
Deferred tax		
Current year	1,012	439
Change in deferred tax rate	(1,372)	–
Adjustments in respect of prior periods	(339)	15
Total deferred tax	(699)	454
Total tax credit/(charge)	(1,746)	(384)

The total tax charge for the year is £1,746k of which £1,706k is attributable to continuing operations and £40k is attributable to discontinued operations.

During 2022 a deferred tax credit of £724k (2021: £454k) was attributable to deferred tax on intangible assets acquired as part of business combinations. For further deferred tax information – see Note 22.

Notes to the Consolidated Financial Statements continued

The relationship between expected tax expense based on the effective tax rate of the Group of 99% (2021: 21%) and the tax expense recognised in the Consolidated Income Statement can be reconciled as follows:

	2022 £'000	2021 £'000
Profit/(loss) for the year before tax from total operations:	1,764	(1,845)
Tax rate	19%	19%
Expected tax (charge)/credit	(335)	351
Principal differences due to:		
Expenses not deductible for tax purposes	(306)	(907)
Non taxable income	19	(2)
Foreign tax suffered	35	–
Other timing differences leading to increase/decrease	(27)	–
Adjustments in respect of prior period provisions	575	(69)
Adjustments in respect of prior period R&D credits	–	172
Adjustments in respect of prior period deferred tax	(339)	15
Difference in overseas tax rates	–	14
Movement in deferred tax rates	(1,372)	–
Deferred tax asset not recognised	4	42
	(1,746)	(384)

7. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares excludes shares held by an Employee Benefit Trust (see Note 21) and has been adjusted for the issue/purchase of shares during the period.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share-based payments (see note 5) granted to employees where the exercise price is less than the average market price of the Company's ordinary shares and share purchase agreements (see note 8) where the terms and conditions could affect the measurement of basic and diluted earnings per share during the year ended 31 March 2022. A number of shares that were issued during the period are contingent on certain conditions being met and therefore these have been excluded from the calculation of the weighted average number of Ordinary Shares in issue.

The Group has also chosen to present an alternative earnings per share measure, adjusted earnings per share, with profit adjusted for non-underlying items because it better reflects the Group's underlying performance. This measure is defined on note 27.

For the year	2022 Number of shares 000	2021 Number of shares 000
Weighted average number of shares in issue, basic	84,583	63,783
Contingent consideration where all conditions are met	1,698	–
Less: Shares held by the Employee Benefit Trust (weighted average)	(3)	–
Less: Shares held by the SIP (weighted average)	(67)	–
Weighted average number of shares for calculating basic earnings per share	86,211	63,783
Weighted average number of dilutive shares	1,768	–
Weighted average number of shares for calculating diluted earnings per share	87,979	63,783

For the year	2022 £'000	2021 £'000
Profit/(Loss) after tax on continuing operations	820	(2,040)
Loss after tax on discontinued operations	(723)	(189)
Profit/(Loss) after tax on total operations	97	(2,229)

Earning per share is calculated as follows:

For the year	2022	2021
Basic earnings per share on continuing operations	1.0p	(3.5)p
Basic earnings per share on discontinued operations	(0.8)p	–
Basic earnings per share on total operations	0.2p	(3.5)p

For the year	2022	2021
Diluted earnings per share on continuing operations	0.9p	(3.5)p
Diluted earnings per share on discontinued operations	(0.8)p	–
Diluted earnings per share on total operations	0.1p	(3.5)p

Notes to the Consolidated Financial Statements continued

8. Business combinations

During the year the Company completed the acquisitions of Nudge Digital Limited and RedCortex Limited. A summary of the acquisitions is shown below.

Summary

Business combination summary as at 31 March 2022	Nudge £'000	RedCortex £'000	Total £'000
Date of acquisition	30 Jun 2021	6 Dec 2021	
Consideration payable	Cash and Shares	Cash and Shares	
% acquired	100%	100%	
Acquisition related costs	170	210	380
Intangible assets acquired on acquisition	2,059	2,418	4,477
Net assets/(liabilities)	1,963	375	2,338
Total identifiable net assets acquired at fair value	4,022	2,793	6,815
Cash	3,805	6,355	10,160
Shares (including deferred consideration)	2,808	6,812	9,620
Total fair value consideration	6,613	13,167	19,780
Goodwill	2,591	10,374	12,965
Cash flow			
Total cash consideration less cash acquired	1,397	5,443	6,840

All acquisition-related costs which were not directly attributable to the issue of shares are included in administrative expenses in the Consolidated Income Statement and in operating cash flows in the Statement of Cash Flows.

Having joined the Group, Nudge will sit within the Experience CGU and RedCortex will form its own CGU.

(I) Revenue and profit/(loss) if acquired from 1 April 2021

The consolidated pro-forma revenue and profit/(loss) for the year ended 31 March 2022, had the acquisitions occurred on 1 April 2021 are shown below. These amounts have been calculated using the subsidiary's results adjusted for:

- differences in the accounting policies between the Group and the subsidiary; and
- the additional depreciation and amortisation that would have been charged, assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 April 2021, together with the consequential tax effects.

Revenue	From Acquisition date to 31 March 2022 £'000	12 months to 31 March 2022 £'000
Nudge	2,053	3,011
RedCortex	1,124	4,769
	3,177	7,780

Profit before tax	From Acquisition date to 31 March 2022 £'000	12 months to 31 March 2022 £'000
Nudge	1,005	1,327
RedCortex	39	803
	1,044	2,130

Revenue	12 months to 31 March 2022 £'000
Entire group including Nudge and RedCortex	84,311
Total	84,311

Profit before tax	£'000
Entire group including Nudge and RedCortex	5,469
Total	**5,469**

(ii) Cashflows from investing activities – acquisition of subsidiaries

The cash paid for acquiring the companies and the cash acquired are summarised as follows:

Entity	Cash paid for acquisition £'000	Cash obtained in acquisition £'000
Nudge	3,804	2,408
RedCortex	6,355	912
Total	**10,159**	**3,320**

Notes to the Consolidated Financial Statements continued

The cash paid by the parent company only is as follows

Entity	Cash paid for acquisition of subsidiaries £'000
Nudge	1,750
RedCortex	6,355
Total	**8,105**

Goodwill comprises the value of expected synergies arising from combining the operations of the acquiree and acquirer, customer relationships and brand which has been recognised as intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

Business combination explained by entity

a. Nudge Digital Limited

On 30 June 2021, TPXimpact Holdings plc acquired the entire issued share capital of Nudge Digital Limited, a digital services agency which delivers strategy-led services primarily to the pharmaceutical industry, health sector and, more recently, to local authorities, with a particular focus around care pathways. Nudge Digital Limited, company registration number 05805455 is incorporated in England and Wales. Its registered office is 7 Savoy Court, London, England, WC2R 0EX.

Bristol-based Nudge, provides strategic consultancy and digital execution on mission-critical services, from global pharmaceutical projects to the software underpinning social housing and social care. The acquisition was strategically important to us as it strengthened our overall position in healthcare and, importantly, provided an entry into the pharmaceutical industry at a time when the NHS is looking at precision medicine, risk stratification and data-driven personalised care plans for patients. The majority of the Nudge staff and projects have now been integrated into our Digital Experience division.

The consideration for the acquisition was £6.6m, satisfied through the payment of £3.8m cash and the issue of 1,190,476 new ordinary shares in TPXimpact Holdings plc.

Nudge	Book cost £'000	Fair value adjustments £'000	Fair value £'000
Intangibles			
Brand	–	124	124
Customer lists	–	1,935	1,935
Tangible assets			
Property, plant and equipment	7	–	7
Current assets			
Trade and other receivables	935	–	935
Cash and cash equivalents	2,408	–	2,408
Current liabilities			
Trade and other liabilities	(658)	–	(658)
Tax liability	(339)	–	(339)
Non-current liabilities			
Deferred tax	–	(390)	(390)
Net assets	**2,353**	**1,669**	**4,022**
Cash			3,805
Shares issued (Non contingent equity)			2,808
Fair value of total consideration			**6,613**
Goodwill			**2,591**

The trade and other receivables are all considered recoverable. Cash consideration of £3.8m includes £1.75m paid by the parent company, TPXimpact Holdings plc.

b. RedCortex Limited

On 8 December 2021, TPXimpact Holdings plc acquired the entire issued share capital of RedCortex Limited which is a Microsoft Gold Partner providing cloud transformation, architecture and programme management services mainly to the NHS, Welsh Government and Rail sectors. RedCortex, company registration number 10335104 is incorporated in England and Wales. Its registered office is 5th Floor, Trafalgar House, Fitzalan Place, Cardiff, Wales, CF24 0ED.

Not only has RedCortex strengthened TPXimpact's existing foothold in the Welsh Public Sector, it continues to build on TPXimpact's operational momentum to create regional hubs across the UK. The addition of RedCortex also extended TPXimpact's Microsoft stack capabilities with RedCortex being a Gold Partner across multiple disciplines which further advances its ability to perform partnership programmes with Microsoft of significant value. Additionally, RedCortex added an established apprenticeship programme to TPXimpact's long-term staffing strategy, taking school leavers from South Wales and turning them into digital professionals.

The consideration for the acquisition was £13.2m, satisfied through the payment of £6.4m cash and the issue of 2,645,302 new ordinary shares in TPXimpact Holdings plc.

Notes to the Consolidated Financial Statements continued

RedCortex	Book cost £'000	Fair value adjustments £'000	Fair value £'000
Intangibles			
Brand	–	228	228
Customer lists	–	2,190	2,190
Property, plant and equipment	19	–	19
Current assets			
Trade and other receivables	924	–	924
Cash and cash equivalents	912	–	912
Current liabilities			
Trade and other liabilities	(1,016)	–	(1,016)
Taxes and social security costs	(3)	–	(3)
Non-current liabilities			
Deferred tax	–	(461)	(461)
Net assets	**836**	**1,957**	**2,793**
Cash			6,355
Share issued (Non contingent equity)			6,812
Fair value of total consideration			**13,167**
Goodwill			**10,374**

The trade and other receivables are all considered recoverable.

8.1 Acquisitions post year end

On 6 April 2022, TPXimpact Holdings plc acquired the entire issued share capital of Swirrl IT Limited, a software and services business. The core operations of the business are to help government organisations to disseminate and manage their data enabled decisions. Swirrl IT Limited, company registration number SC337356 is incorporated in Scotland. Its registered office is Macfarlane Gray House Castlecraig Business Park, Springbank Road, Stirling, Stirlingshire, FK7 7WT.

The consideration for the acquisition was £3.2m, satisfied through the payment of £1.2m cash and the issue of 888,888 new ordinary shares in TPXimpact Holdings plc.

The acquisition related costs for Swirrl were £0.2m.

On 7 April 2022, TPXimpact Holdings plc acquired the entire issued share capital of Peak Indicators Limited, a visionary data science and analytics consultancy offering services such as analytics, Data engineering and Data science. Peak Indicators Limited, company registration number 06704556 is incorporated in England and Wales. Its registered office is 7 Savoy Court, London, United Kingdom, WC2R 0EX.

The consideration for the acquisition was £3.5m, satisfied through the payment of £1.4m cash and the issue of 938,888 new ordinary shares in TPXimpact Holdings plc.

The acquisition related costs for Peak were £0.2m.

The Group is currently performing a fair value review of Peak Indicators Limited and Swirrl IT Limited's assets and liabilities and will report these within its next published financial statements.

These acquisitions were strategically important to TPX, significantly expanding the Group's capabilities in artificial intelligence (AI), data science and analytics. Together they will form TPXimpact's Data & Insights capability, opening a new market opportunity that the Company has so far addressed by working with associates. This new capability will be positioned to assist clients across TPX's target sectors in gaining stronger insights to aid their decision making.

9. Goodwill and impairment

	Cost £'000	Accumulated impairment losses £'000	Carrying amount £'000
As at 1 April 2020	35,672	–	35,672
On acquisitions	17,651	–	17,651
As at 31 March 2021	53,323	–	53,323
On acquisitions	12,965	–	12,965
Assets held for sale	(131)	–	(131)
As at 31 March 2022	66,157	–	66,157

The acquisitions during the year were Nudge and RedCortex. Management have concluded that Nudge is a part of the Experience cash generating unit and RedCortex is a separate cash generating unit. In the year ended 31 March 2022, there is a total of five cash generating units (CGU).

Impairment tests for goodwill

The value of CGUs is assessed according to the projected performance of the relevant businesses. This is performed by calculating the recoverable amount of all CGUs based on value-in-use calculations. These calculations use a post-tax cash flow projection based on latest forecasts by each CGU which are extrapolated to cover a 5 year period. The forecasts used are the latest forecasts. A risk-free discount rate is based on WACC using the CAPM model. As the WACC used in the value-in- use calculation is the post-tax WACC, the implied pre-tax WACC has been subsequently calculated and disclosed below.

Each reporting period, management compares the resulting cash flow projections by CGU to the carrying value of goodwill. Any material variance in this calculation results in an impairment charge to the Consolidated Income Statement. The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them. The growth rate used varies between years, with the maximum growth rate shown in the table below.

As well as the following assumptions, EBITDA margin based on historic and latest forecasts have been used for each CGU and ranges from 9% to 24%. A long-term growth rate of 2.2% based on CPI as at 31 March 2022 was used to extrapolate cash flows beyond the budget period.

Notes to the Consolidated Financial Statements *continued*

CGU	Carrying value 31 March 2022 £'000	Annual revenue growth rate %	Pre-tax discount rate %
Consulting	41,029	13%	16.6
Digital Experience	9,920	10%	16.6
Bene Agere	1,844	10%	12.0
Questers	2,992	13%	18.4
RedCortex	10,372	10%	16.6

Based on the impairment review carried out at the end of 31 March 2022, management believes that the projection of cash flows from the CGUs exceeds the carrying value of the goodwill.

Sensitivity analysis:

Management concluded that the key factor for sensitivity analysis is the revenue growth rate from FY2023 onward. The discount factor is assumed to be easily determined by way of the known risk of the market and the cost of debt which is based on the credit facility from HSBC at 2.5% plus SONIA. If the forecasted annual revenue for each CGU falls by the following rate shown in the table below, goodwill impairment would be required.

CGU	Annual revenue reduction rate %
Consulting	69%
Digital experience	56%
Bene Agere	15%
Questers	75%
RedCortex	51%

10. Intangible assets

Intangible assets are non-physical assets which have been obtained as part of an acquisition or research and development activities, such as innovations, introduction and improvement of products and procedures to improve existing or new products. All intangible assets have an identifiable future economic benefit to the Group at the point the costs are incurred. Customer lists and brands are amortised over a maximum period of six years from the date of acquisition.

Group

Intangible assets	Brand £'000	Customer List £'000	Database £'000	Software (IP) £'000	Software £'000	Total £'000
Cost						
As at 1 April 2020	1,577	8,638	50	50	198	10,513
Additions	–	–	–	–	321	321
Acquired on acquisition	1,038	21,788	–	141	–	22,967
As at 31 March 2021	2,615	30,426	50	191	519	33,801
Additions	–	–	–	–	829	829
Acquired on acquisition	352	4,125	–	–	–	4,477
Assets Held for Sale	–	(64)	–	(50)	(836)	(950)
As at 31 March 2022	2,967	34,487	50	141	512	38,157
Amortisation						
As at 1 April 2020	392	1,487	12	6	25	1,922
Charge for the year	409	2,031	10	9	50	2,509
As at 31 March 2021	801	3,518	22	15	75	4,431
Charge for the year	554	4,719	10	47	197	5,527
Assets Held for Sale	–	(27)	–	(11)	(256)	(294)
As at 31 March 2022	1,355	8,210	32	51	16	9,664
Net book value						
As at 31 March 2022	**1,612**	**26,277**	**18**	**90**	**496**	**28,493**
At 31 March 2021	1,814	26,908	28	176	444	29,370
As at 1 April 2020	1,185	7,151	38	44	173	8,591

Notes to the Consolidated Financial Statements continued

Company

Intangible assets	Software £'000	Total £'000
Cost		
As at 1 April 2020	–	–
Additions	–	–
Acquired on acquisition	–	–
As at 31 March 2021	–	–
Additions	402	402
As at 31 March 2022	402	402
Amortisation		
As at 1 April 2020	–	–
Charge for the year	–	–
As at 31 March 2021	–	–
Charge for the year	8	8
As at 31 March 2022	8	8
Net book value		
As at 31 March 2022	**394**	**394**
At 31 March 2021	–	–

11. Investment in subsidiaries

Investment in subsidiaries

Cost	Total £'000
As at 1 April 2020	54,952
Additions	43,626
As at 31 March 2021	98,578
Additions	19,791
As at 31 March 2022	118,369
Accumulated impairment	**Total**
As at 1 April 2020 and 1 April 2021	100
Impairment in the year	510
As at 31 March 2022	610
Net book value	
As at 31 March 2022	117,759
As at 31 March 2021	98,478
As at 1 April 2021	54,952

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid plus the fair value of contingent consideration determined at the acquisition date.

Investments include £249k for Greenshoot Labs Limited which was classified as held for sale as at 31 March 2022 and was sold subsequent to the end of the financial year.

Notes to the Consolidated Financial Statements continued

At 31 March 2022, the Company had the following subsidiaries:

Companies	Country of incorporation	Registered address	Principal activity	Shareholding
Foundry4 Limited (previously Not Binary Limited)	England & Wales	7 Savoy Court, London, WC2R OEX	Digital service consultancy, software development, data and automation	100%
Human Plus Limited	England & Wales	7 Savoy Court, London, WC2R OEX	IT focus on Robotic Process automation (RPA)	100%[1]
iDisrupted Limited	England & Wales	7 Savoy Court, London, WC2R OEX	Ceased trading in the year	100%
Manifesto Digital Limited	England & Wales	7 Savoy Court, London, WC2R OEX	Digital experience agency	100%
Questers Global Group Limited	England & Wales	7 Savoy Court, London, WC2R OEX	Holding company	100%[2]
Questers Resourcing Limited	England & Wales	7 Savoy Court, London, WC2R OEX	Provides dedicated highly skilled talent pool to businesses from Sofia, Bulgaria	100%
Arthurly Limited	England & Wales	7 Savoy Court, London, WC2R OEX	Capabilities in hyperscale cloud projects	100%
Difrent Limited	England & Wales	7 Savoy Court, London, WC2R OEX	Digital transformation consultancy	100%
Keep IT Simple Limited	England & Wales	7 Savoy Court, London, WC2R OEX	Delivers managed services with expertise in service integration & management	100%
Questers Bulgaria EOOD	Bulgaria	Sofia, 17 H. Ibsen Str.,fl.5 BG175406553	Provides dedicated highly skilled talent pool to businesses from Sofia, Bulgaria	100%
Deeson Group Holdings Limited	England & Wales	7 Savoy Court, London, WC2R OEX	Holding company	100%
Deeson Group Limited	England & Wales	7 Savoy Court, London, WC2R OEX	Digital experience agency	100%[3]
Greenshoot Labs Limited	England & Wales	7 Savoy Court, London, WC2R OEX	IT development mainly in conversational interfaces and AI	100%
Bene Agere Norden AS	Norway	Postboks 573 Sentrum 0105 Oslo	Strategic and management digital transformation	100%
TPXimpact Limited (previously FutureGov Limited)	England & Wales	Runway East (Second Floor) 20 St. Thomas Street, London, SE1 9RG	Digital and service design consultancy	100%[4]

Companies	Country of incorporation	Registered address	Principal activity	Shareholding
Us-Creates Limited	England & Wales	Runway East (Second Floor) 20 St. Thomas Street, London, SE1 9RG	Dormant	100%
Ameo Professional Services Limited	England & Wales	Runway East (Second Floor) 20 St. Thomas Street, London, SE1 9RGL	Strategic and management consultancy focusing on digital transformation	100%
FutureGov Australia Pty Limited	Australia	Level 4, 29 Kiora Road, Miranda NSW 2228	Dormant	100%
Nudge Digital Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Digital experience agency	100%
RedCortex Limited	England & Wales	5th Floor, Trafalgar House, Fitzalan Place, Cardiff, Wales, CF24 0ED	Cloud transformation, architecture and programme management	100%

1 *Foundry4 Limited (previously Not Binary Limited) owns 100% of Human Plus Limited*

2 *Questers Global Group Limited fully own Questers Resourcing Limited and Questers Bulgaria*

3 *Deeson Group Holdings Limited owns 100% of Deeson Group Limited*

4 *TPXimpact Limited owns 100% of FutureGov Australia Pty Limited and US Creates Limited*

Notes to the Consolidated Financial Statements continued

12. Property, plant and equipment

Group	IT equipment £'000	Fixtures & Fittings £'000	Leasehold Improvements £'000	Total £'000
Cost of assets				
At 1 April 2020	200	104	185	489
Acquisition of subsidiaries	37	12	–	49
Additions	133	4	–	137
Disposals	(73)	(11)	–	(84)
At 31 March 2021	297	109	185	591
Depreciation				
At 1 April 2021	84	24	91	199
Charge for the year	94	13	68	175
Disposals	(64)	(11)	–	(75)
At 31 March 2021	114	26	159	299
Net book value				
At 31 March 2021	183	83	26	292
At 31 March 2020	116	80	94	290

Group	IT equipment £'000	Fixtures & Fittings £'000	Leasehold Improvements £'000	Total £'000
Cost				
At 1 April 2021	297	109	185	591
Acquisition of subsidiaries	23	3	–	26
Additions	173	–	–	173
Disposals	(27)	(25)	(185)	(237)
Assets held for sale	(3)	–	–	(3)
At 31 March 2022	463	87	–	550
Depreciation				
At 1 April 2021	114	26	159	299
Charge for the year	155	17	6	178
Disposals	(40)	(16)	(165)	(220)
Assets held for sale	(3)	–	–	(3)
At 31 March 2022	**226**	**27**	–	**253**
Net book value				
At 31 March 2022	237	60	–	297
At 31 March 2021	183	83	26	292

Company	IT equipment £'000	Total £'000
Cost of assets		
At 1 April 2020	1	1
Additions	4	4
At 31 March 2021	5	5
Depreciation		
At 1 April 2020	–	–
Charge for the year	1	1
At 31 March 2021	1	1
Net book value		
At 31 March 2021	4	4
At 31 March 2020	1	1

Notes to the Consolidated Financial Statements continued

Company	IT equipment £'000	Total £'000
Cost of assets		
At 1 April 2021	5	5
Additions	3	3
At 31 March 2022	8	8
Depreciation		
At 1 April 2021	1	1
Charge for the year	3	3
At 31 March 2022	4	4
Net book value		
At 31 March 2022	4	4
At 31 March 2021	4	4

13. Right of use assets/Lease liabilities

The Group leases various offices and office equipment. Rental contracts vary from rolling 3 month contracts to fixed contracts up to several years.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Amounts recognised in the Statement of Financial Position

Right-of-use assets relate to property rentals where the lease term is greater than 12 months in duration. Items that do not meet the criteria of a right-of-use asset have been recorded in the income statement and are summarised below.

The Statement of Financial Position shows the following amounts relating to leases:

Right-of-use assets	2022 £'000	2021 £'000
Leased buildings	1,293	445
	1,293	445
Lease liabilities		
Current	416	336
Non-current	878	53
	1,294	389

The maturity profile of the Group's lease liabilities is as follows:

	£'000	£'000
Within one year	415	341
In more than one year but less than two years	409	74
In more than two years but less than three years	523	–
	1,347	415
Effect of discounting	(53)	(26)
Lease liability	1,294	389

Notes to the Consolidated Financial Statements *continued*

Right-of-use assets	Leased buildings £'000	Total £'000
Cost of assets		
1 April 2021	1,688	1,688
Additions	1,253	1,253
At 31 March 2022	2,942	2,942
Depreciation		
1 April 2021	1,243	1,243
Charge for the year	406	406
At 31 March 2022	1,649	1,649
Net book value		
At 31 March 2022	1,293	1,293
At 31 March 2021	445	445

The income statement shows the following amounts relating to leases:

	2022 £'000	2021 £'000
Interest on lease liabilities	13	24
Expenses relates to short term leases	425	341
Expenses relating to leases of low-value assets, excluding short term leases of low-value assets	21	1
	459	366

Amounts recognised in the Consolidated Statement of Cash Flows	2022 £'000	2021 £'000
Total cash outflow for leases	341	610

14. Trade and other receivables

Group	2022 £'000	2021 £'000
Trade receivables	15,924	12,963
Prepayments	559	470
Other receivables	370	581
Trade and other receivables	16,853	14,014

Trade receivables at the reporting date comprise amounts receivable from the provision of the Group's products and services.

The average credit period taken on the provision of these services is 73 days (2021: 93 days).

A breakdown of trade receivables by currency is provided in Note 25.

Trade receivables are non-interest bearing and generally have a 30 to 60 day payment term. The age of trade receivables before impairment is as follows:

	2022 £'000	2021 £'000
Not yet due	10,632	7,971
Past due 1-30 days	3,117	3,348
Past due 31–60 days	1,183	1,510
Past due 61–90 days	951	80
Past due 91–120 days	49	45
Past due 121+ days	59	204
Trade receivables before impairment	15,991	13,158
Provision for bad debt	(67)	(195)
Trade receivables as at 31 March	15,924	12,963

Loss rates are calculated based on actual credit losses over the past three years and adjusted to reflect differences between the historical credit losses and the Group's view of the economic conditions over the expected lives of the receivables. The Group's provision for the loss allowance is £67k (2021: £195k).

Company	2022 £'000	2021 £'000
Other receivables	272	298
Trade and other receivables	272	298

Notes to the Consolidated Financial Statements continued

15. Cash and cash equivalents

Group	2022 £'000	2021 £'000
Cash at bank and in hand	7,864	5,734
Cash held by trust	50	–
Total cash and cash equivalents	7,914	5,734

Cash balances are held with a small number of counterparties, with high credit ratings. Borrowings were taken out during the year. These are discussed in note 17.

Company	2022 £'000	2021 £'000
Cash at bank and in hand	514	344
Total cash and cash equivalents	514	344

The Directors consider that the carrying amount of these assets is a reasonable approximation of their fair value. The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings.

16 Trade and other payables

16.1 Current

Group	2022 £'000	2021 £'000
Trade payables	5,236	3,996
Accruals and other payables	2,482	1,685
Trade and other payables	7,718	5,681

Company	2022 £'000	2021 £'000
Trade payables	607	202
Accruals and other payables	662	359
Trade and other payables	1,269	561

17. Borrowings

The Group entered into a three year £5m revolving credit facility ("RCF") with HSBC UK Bank Plc ("HSBC") on 11 June 2019. The RCF was amended to £7m in September 2020 and £2m was drawn down for the acquisition of Difrent. In February 2021, the RCF was further extended to £20m and £6m was drawn-down for the acquisition of Keep IT Simple. In the year ended 31 March 2022, a further drawdown of £5m was made for the purchase of Nudge and RedCortex. Of the total facility, £18m has been drawn down and £2m was undrawn as at the year end.

Post period end the facility with HSBC was renewed and extended in order to provide access to further capital. The revolving credit facility with HSBC was extended (which has an initial term of three years and may be extended by a further year by mutual agreement) from £20.0m to £30.0m (of which £11m is undrawn) with a £15m accordion. The extended facility has the same security package as announced on 12 June 2019, namely that HSBC has taken security over TPX and all of the Group's material subsidiaries and their assets in connection with the RCF Facility.

As at 31 March 2022 the Group can draw-down up to £5m for working capital purposes with the remainder set aside for acquisitions.

Prior to the post period end renewal and extension and as at 31 March 2022, interest is payable on a monthly basis at an average margin of 2.5% plus SONIA.

The RCF reaches maturity in June 2023 and under the terms of the RCF facility, the Group is required to comply with the following financial covenants:

- the adjusted leverage (based on net debt over adjusted EBITDA) should be less than 1.75 and
- the interest cover taken as adjusted EBITDA over net finance costs must be more than 4.

Adjusted EBITDA is taken on a proforma basis, assuming that all companies have been part of the Group for 12 months.

The Group has complied with these covenants throughout the reporting period. As at 31 March 2022, the adjusted leverage was 0.7 and the interest cover was 38.1.

All the financial assets of the company and its material subsidiaries are secured against the loan.

Group secured	2022 £'000	2021 £'000
Bank loans	18,000	13,000
Total secured borrowings	18,000	13,000
Group unsecured		
Credit cards & unsecured borrowings	20	55
Total unsecured borrowings	20	55
Total borrowings	**18,020**	**13,055**

Company secured	2022 £'000	2021 £'000
Bank loans	18,000	13,000
Total secured borrowings	18,000	13,000
Total borrowings	**18,000**	**13,000**

Notes to the Consolidated Financial Statements continued

18. Assets and liabilities related to contracts with customers

All revenue relates to contracts with customers. The Group have a number of contracts where it receives payments from customers based on a billing schedule. Revenue recognised in excess of invoices raised is included within contract assets. Where amounts have been invoiced in excess of revenue recognised, the excess is included within contract liabilities.

Group	2022 £'000	2021 £'000
Current contract assets	3,840	1,144
Loss allowance	–	–
Total contract assets	3,840	1,144
Contract liabilities	4,536	1,941
Total contract liabilities	4,536	1,941

There was an increase due to entities acquired part way in the previous financial year now having a full year of activity and also, activity from new entities acquired during the current financial year.

Contract liabilities have increased due to overall contract activity where customers are paying in advance for performance obligations that have yet to be satisfied.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried- forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

Group	2022 £'000	2021 £'000
Revenue recognised that was included in the contract liability taken over on acquisition	598	144
Revenue recognised that was included in the contract liability balance at the beginning of the period	1,144	1,454
Revenue recognised from performance obligations satisfied in previous periods	478	–

Unsatisfied long-term contracts

The majority of customer contracts for the Group as at 31 March 2022 are 12 months or less. Long term contracts with unsatisfied performance obligations as at 31 March 2022 are £nil (2021: £nil).

19. Other taxes and social security costs

Group

Current liability	2022 £'000	2021 £'000
VAT	2,435	2,423
Other taxes and social security costs	1,725	1,464
Total	4,160	3,887

Current Asset	2022 £'000	2021 £'000
Corporation tax	–	22
VAT	71	115
Total	71	137

Company

Current Liability	2022 £'000	2021 £'000
VAT	27	12
Other taxes and social security costs	88	41
Total	115	53

Notes to the Consolidated Financial Statements continued

20. Deferred and contingent consideration

The consideration payment for the acquired businesses includes deferred consideration, in the form of equity payment, contingent upon certain results being achieved over relevant periods.

Group	2022 £'000	2021 £'000
Opening fair value at 1 April	11,752	16,545
Initial fair value for deferred contingent consideration on acquisitions in the year	–	2,093
Settlement of deferred consideration (shares)	(8,229)	(11,025)
Settlement of deferred consideration (cash)	(467)	(121)
Movement on fair value contingent consideration	(152)	4,260
Fair value at 31 March	2,904	11,752
Deferred consideration measured at amortised cost	467	138
Acquired as part of business combination	–	467
Settlement in the year (cash)	–	(138)
Amortised cost at 31 March	467	467
Total	3,371	12,219
Deferred and contingent consideration as at 31 March:		
Deferred and contingent consideration due less than one year	3,173	8,478
Deferred and contingent consideration due more than one year	198	3,741
As at 31 March	3,371	12,219

Company	2022 £'000	2021 £'000
Fair value at 1 April	11,752	16,545
Initial fair value for deferred contingent consideration on acquisitions in the year	–	2,093
Settlement of deferred consideration (shares)	(8,229)	(11,025)
Settlement of deferred consideration (cash)	(467)	(121)
Movement on fair value contingent consideration	(152)	4,260
Fair value at 31 March	2,904	11,752

Company	2022 £'000	2021 £'000
Deferred consideration measured at amortised cost	467	–
Deferred consideration on acquisitions in the year	–	467
Settlement in the year	–	–
Amortised cost at 31 March	467	467
Total	3,371	12,219
Deferred and contingent consideration as at 31 March:		
Deferred and contingent consideration due less than one year	3,173	8,478
Deferred and contingent consideration due more than one year	198	3,741
As at 31 March	3,371	12,219

The contingent consideration is due from 1 April 2022 to 30 September 2023.

The fair value movement of £(152)k in the year (2021: £4,260k) resulted from the unwinding of the discount and changes in the value of contingent consideration based on latest forecasts.

21. Share capital and reserves

Share capital and reserves comprise of the following categories:

- Share capital: The nominal value of shares in issue.
- Share premium: The excess of the value received for shares issued over their nominal value less transaction costs and amounts used to fund bonus issues.
- Merger reserve – Under section 612 of the Companies Act 2006, where a company issues equity shares in consideration for shares in another company and secures at least 90% equity holding in another company, then the excess consideration over the nominal value of the shares issued should be recorded as a merger relief reserve.
- Capital redemption reserve: The nominal value of shares cancelled.
- Foreign exchange reserve: Cumulative gains or losses recognised on retranslation of overseas operations.
- Share option reserve: The cumulative charge recognised under international financial reporting standards less amounts exercised.
- Retained earnings: Cumulative gains or losses not recognised elsewhere, less amounts distributed to shareholders. In the current year, an interim dividend of £603k was made by the Company.
- Own shares: the value of shares held by the Employee Benefit Trust and the Employee Share Incentive Plan.

Notes to the Consolidated Financial Statements continued

Shares issued and fully paid	2022 £'000	2021 £'000
Beginning of year	804	551
Issued during year/share options exercised	80	253
Share cancellations	(10)	–
Shares issued and fully paid	874	804

Share capital allotted, called up and fully paid	2022	2021
Ordinary shares of £0.01 each		
At 31 March	87,386,595	80,428,360

Movement in ordinary shares	Number of shares £'000	Par value £'000	Share premium £'000	Merger reserve £'000	Own Shares £'000	Total £'000
At 1 April 2020	55,052	551	5,673	25,804	–	32,028
Acquisition of subsidiaries	14,562	146	–	24,225	–	24,371
Settlement of contingent consideration	10,805	107	–	10,897	–	11,004
Shares issued to SIP scheme	9	–	18	–	–	18
As at 31 March 2021	80,428	804	5,691	60,926	–	67,421
Acquisition of subsidiaries	3,836	38	–	9,581	–	9,619
Settlement of contingent consideration	3,309	35	–	8,198	–	8,233
Cancellation of shares	(972)	(10)	–	–	–	(10)
Exercise share options	688	7	501	–	–	508
Shares issued to SIP scheme	98	–	257	–	99	356
As at 31 March 2022	87,387	874	6,449	78,705	99	86,127

The share price with reference to the acquisitions in the year ranged from 264.6p to 273.0p.

Own Shares

Holding of own shares are stated at cost and represent shares purchased by TPXImpact Holdings plc Employee Benefit Trust (EBT) in the Company for the purpose of funding the Group's share-based incentive plans. In addition, own shares also include shares held by the Share incentive plan (SIP) on behalf of employees until vesting conditions have been met. Details of these arrangements are disclosed in note 5.5 on pages 145 to 146. The trustees of the EBT purchase the Company's ordinary shares in the open market using funds provided by the Company. The Company has provided a loan facility to the EBT which is drawn down monthly by the Trust to enable it to meet its administrative costs. As part of the SIP scheme the company gives 1 free 'Matching Share' for every 1 Partnership Share purchased by the employee. Details of the number and value of shares has been disclosed below:

	EBT	SIP Scheme
Number of shares	51k	107k
Market value of shares	£99k	£257k

22. Deferred tax

Deferred tax liability

Accelerated capital allowances and intangible assets arising from acquisition of subsidiaries:	2022 £'000	2021 £'000
As at 1 April	5,133	1,623
Deferred tax arising from acquisition of subsidiaries	851	3,964
Movement in income statement for the year	712	(454)
As at 31 March	6,696	5,133

The Government had announced an increase in corporation tax rate to 25% which becomes effective 1 April 2023. As at the balance sheet date, this was enacted and therefore has been reflected in current year's trading results.

Deferred tax asset

Tax losses:	2022 £'000	2021 £'000
Unused tax losses for which no deferred tax asset has been recognised	19	44
Potential tax benefit available for offset against future profits in the jurisdiction in which the loss arises	5	8

Accelerated capital allowances	2022 £'000	2021 £'000
As at 1 April	15	–
Movement in income statement for the year	32	15
As at 31 March	47	15

Notes to the Consolidated Financial Statements continued

23. Ultimate controlling party and related party transactions

In the opinion of the Directors there is no ultimate controlling party. All other transactions and balances with related parties, which are presented for the Group and the Company, are detailed below.

Transactions with subsidiaries

(i) Transaction Company (to and from) subsidiaries:

Transactions with subsidiaries comprise sale and purchase of services in the ordinary course of business at normal commercial terms. Total income accrued in the Company as a result of management fees was £2.5m (2021: £1.4m). During the year the Company received £16.1m (2021: £9.4m) dividends from its subsidiaries (refer to Company Statement of Cash Flow). There were also purchases totalling £0.4m (2021: £0.1m). Intercompany loans to and from subsidiaries for the year are noted in the table below.

Balances outstanding at 31 March 2022 and 2021 in respect of the transactions between Company and its subsidiaries are shown below:

Outstanding balances between Company and subsidiaries	2022 £'000	2021 £'000
Other receivables from Group undertakings	1,997	797
Intercompany loans to Group undertakings*	951	104
Intercompany loans from Group undertakings	(396)	(5,040)
Total	2,552	(4,139)

* *Intercompany loans to Group undertakings are interest-bearing at a market rate of 3% and are repayable on demand. As at 31 March 2022, the balance was £1.9m (2021: £1.1m) with a provision of £0.9m (2021: £1.0m).*

Other receivables from Group undertakings relate to management fees due to the Company from its subsidiaries. As at 31 March 2022, the balance was £1.2m (2021: £1.2m), with a provision of £0.4m (2021: £0.4m).

In addition, the Company owed £232k (2021: £2k) to subsidiaries which is included within trade payables.

The expected credit loss on intercompany receivables and loans is £2.2m based on actual credit losses over the past three years and adjusted to reflect differences between the historical credit losses and the Company's view of the economic conditions over the expected lives of the receivables. The Company's provision for the loss allowance as at 31 March 2022 was £2.2m (2021: £1.3m).

(ii) Transaction amongst subsidiaries:

Transactions with subsidiaries comprise sale and purchase of services in the ordinary course of business at normal commercial terms. Total intercompany sales revenue was £2.1m (2021: £0.4m).

Transactions with Directors

Details of Directors' interests in the Company's shares, service contracts and remuneration are set out in the report of the Remuneration Committee to members on pages 92 and 93.

The director's loan provided to Neal Gandhi of £50k in the year ending 31 March 2019 from its subsidiary, Questers Resourcing Limited remains outstanding as at 31 March 2022. This is interest free and repayable on demand.

In December 2018, the Group acquired Questers Global Group Limited. Neal Gandhi owned shares in Questers Global Group Limited totalling 58.5 per cent. The fair value of contingent consideration shares due to him in the coming FY2023 is £434k and nil thereafter.

Total dividends paid to directors during the year was £7k (2021: £30k).

24. Financial instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. The significant accounting policies regarding financial instruments are disclosed in Note 2.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Contract Assets
- Deferred and contingent consideration
- Lease liabilities
- Borrowings

Financial assets and liabilities measured at amortised cost

The book values of the financial instruments (excluding equity shares) used by the Group, from which financial risk arises, are as follows (note prepayments and other receivables are not financial assets under IFRS 9 but are disclosed for ease of reconciliation):

Group

Financial assets at amortised cost*	2022 £'000	2021 £'000
Trade receivables	15,924	12,963
Other receivables	370	581
Contract assets	3,840	1,144
Cash and cash equivalents	7,914	5,734
As at 31 March	28,048	20,422

** The fair value of financial assets carried at amortised cost approximates to the carrying amounts because of the short maturity of these instruments.*

Financial assets at amortised cost include the following debt investments which are included within 'Other receivables':

	2022 £'000	2021 £'000
Loans to related parties	50	50
As at 31 March	50	50

Notes to the Consolidated Financial Statements continued

Financial liabilities at amortised cost less than one year	2022 £'000	2021 £'000
Trade payables	5,236	3,996
Other payables	719	263
Accruals	1,763	1,422
Borrowings	20	55
Deferred and contingent consideration	467	467
Lease liabilities	416	336
As at 31 March	8,621	6,539

Financial liabilities at amortised cost greater than one year	2022 £'000	2021 £'000
Borrowings	18,000	13,000
Lease liabilities	878	53
As at 31 March	18,878	13,053

At a Company level, the principal financial instruments used from which financial instrument risk arises, are as follows:

- Intercompany loans and other receivables due from Group undertakings
- Cash and cash equivalents
- Trade and other payables
- Deferred and contingent consideration
- Borrowings
- Intercompany loans due to Group undertakings

Company

Financial assets at amortised cost	2022 £'000	2021 £'000
Other receivables	181	298
Other receivables from Group undertakings	1,997	797
Intercompany loans to Group undertakings	951	104
Cash and Cash equivalents	514	344
As at 31 March	3,643	1,543

* *The fair value of financial assets carried at amortised cost approximates to the carrying amounts because of the short maturity of these instruments*

Financial liabilities at amortised cost due on demand or within one year	2022 £'000	2021 £'000
Trade payables	607	202
Accruals and other payables	662	359
Deferred consideration	–	467
Amounts owed to Group undertakings	396	5,040
As at 31 March	1,665	6,068

Financial liabilities at amortised cost due greater than one year	2022 £'000	2021 £'000
Borrowings	18,000	13,000
As at 31 March	18,000	13,000

Fair value measurement

Financial instruments in the category "fair value through profit or loss" are measured in the Consolidated Statement of Financial Position at fair value. In determining fair value, the group has classified its financial instruments into three levels of fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in an active market for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 – Inputs for asset or liability that are not based on observable market data (that is unobservable inputs)

The following table presents the Group's and Company's assets and liabilities that are measured at fair value at 31 March 2022:

			2022			2021
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Contingent consideration (see below)	–	–	2,904	–	–	11,752

Reconciliation for level 3 is shown below:	2022 £'000	2021 £'000
Opening balance	11,752	16,545
Additions	–	2,093
Settlements	(8,696)	(11,146)
Fair value movement deferred contingent consideration (reflected in Consolidated Income Statement)	(152)	4,260
Deferred contingent consideration (See Note 20)	2,904	11,752

Fair value gains and losses have been recognised in administrative expenses.

Notes to the Consolidated Financial Statements continued

25. Risk management

The Group finances its activities through equity and bank financing. No speculative treasury transactions are undertaken, and no derivative contracts were entered into. Financial assets and liabilities include those assets and liabilities of a financial nature, namely cash and borrowings. The Group is exposed to a variety of financial risks arising from its operating activities, which are monitored by the Directors and are reported in the Risk and Risk Management section on pages 85 to 86.

25.1 Cash and liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group policy throughout the year has been to ensure continuity of funding by a combination of available bank facilities and the issue of equity. The following table shows the contractual maturities of financial liabilities measured at amortised cost:

Contractual maturities of financial liabilities at 31 March 2022:

	Group					Company				
	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Effect of discounting £'000	Total £'000	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Effect of discounting £'000	Total £'000
Trade and other payables (Note 16)	7,718	–	–	–	7,718	1,269	–	–	–	1,269
Borrowings (Note 17)	486	18,956	–	(1,422)	18,020	486	18,956	–	(1,422)	18,020
Deferred consideration (Note 20)	467	–	–	–	467	–	–	–	–	–
Lease Liabilities (Note 13)	415	409	523	(53)	1,294	–	–	–	–	–
Amount owed to Group undertakings (Note 23)	–	–	–	–	–	396	–	–	–	396
	9,086	**19,365**	**523**	**(1,475)**	**27,499**	**2,151**	**18,956**	**–**	**(1,422)**	**19,685**

Contractual maturities of financial liabilities at 31 March 2021

	Group					Company				
	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Effect of discounting £'000	Total £'000	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Effect of discounting £'000	Total £'000
Trade and other payables (Note 16)	5,681	–	–	–	5,681	561	–	–	–	561
Borrowings (Note 17)	554	13,148	–	(647)	13,055	499	13,148	–	(647)	13,000
Deferred consideration (Note 20)	467	–	–	–	467	–	–	–	–	–
Lease Liabilities (Note 13)	341	74	–	(26)	389	–	–	–	–	–
Amount owed to Group undertakings (Note 23)	–	–	–	–	–	5,040	–	–	–	5,040
	7,043	**13,222**	**–**	**(673)**	**19,592**	**6,100**	**13,148**	**–**	**(647)**	**18,601**

25.2 Capital risk management

Factors affecting the economy

The macro-economic impact of the Covid-19 pandemic and the conflict in Ukraine is uncertain. It is reflected by a rapidly increasing inflation rate and a high cost of living. This continues to evolve, with potential disruption to financial markets including currencies, interest rates, borrowing costs and the availability of debt financing.

However, the Group's financial risk management strategies seek to reduce our potential exposure in relation to these risks.

The Group has a combined cash and cash equivalent of £7.9m, providing significant headroom over short term liquidity requirements.

The Group's operating activities result in customer credit risk, for which provisions for expected credit losses are recognised. This customer related credit risk is generally short term in duration and while Covid-19 and other macroeconomic conditions impacts on our customers it had no material impact on credit loss provisioning at 31 March 2021 and remains a risk in relation to this matter for the year ending 31 March 2022.

The Group's policy on capital structure is to maintain a level of gross cash available, which the Board considers to be adequate to fund a range of potential EBITDA movements, taken from a series of business projections and scenarios. Based on these business projections which takes into account the impact of Covid-19 the Board believes it has sufficient cash resources at its disposal to pursue its chosen strategy of maximising shareholder returns from its customer base.

The Group manages its capital to ensure that trading entities in the Group will be able to continue as going concerns, while maximising the returns to shareholders through the efficient use of cash and equity. The capital structure of the Group consists of cash at bank and in hand and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity on page 119.

The Directors seek to promote recurring revenues to a wide range of business customers, to reduce the risks associated with fluctuations in the UK economy and to increase the long-term value to customers and shareholders.

The declaration and payment by the Group of any future dividends on the Ordinary Shares and the amount will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. In order to maintain or adjust the capital structure, the Group may adjust the amount of any pay-outs to the shareholders, return capital to the shareholders, issue new shares and make borrowings or sell assets to reduce debt.

25.3 Credit risk

The Group's policy is to monitor trade and other receivables and avoid significant concentrations of credit risk. The principal credit risk arises from trade receivables. Aged receivables reports are reviewed monthly as a minimum. The credit control function follows a policy of sending reminder letters that start once an invoice is over 30 days overdue. These culminate in a legal letter with the threat of legal action. In a limited number of cases, legal action has been pursued. An aged analysis of receivables is shown in Note 14 to the financial statements.

In line with IFRS 9, the Group assesses the credit risk balances at each reporting date, to assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The simplified approach has been applied to trade debtors to measure the loss allowance at an amount equal to the lifetime expected credit loss (ECL) at initial recognition and throughout its life. The credit risk is assessed by reviewing the contract income amount compared to the amount subsequently recovered. The Group does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers, including some government authorities. Assessment of the average expected credit loss across the Group is deemed to be low over a period of 36 months to 31 March 2022 with the exception of Bene Agere in 2021. The bad debt provision as at 31 March 2022 was assessed to be £67k (2021: £195k). Trade receivables are stated net of an impairment for estimated irrecoverable amounts to £16m (2021: £13m). This impairment has been determined by reference to known issues. The Group was not adversely affected by the impact of Covid-19 on the expected credit loss assessment.

Write-offs are made when the irrecoverable amount becomes certain. During the year £67k of bad debt was written off against the provision which primarily relates to Difrent. The Group's main risk relates to trade receivables which are stated net of the provisions above. No collateral is held as security against these debtors and the carrying value represents the fair value.

Notes to the Consolidated Financial Statements continued

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward- looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified that the GDP and the unemployment rate of the countries in which it sells its goods and services are the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

25.4 Foreign currency risk

The Group's main foreign currency risk is the short-term risk associated with accounts receivable and payable denominated in currencies that are not the subsidiaries' functional currency. The risk arises on the difference in the exchange rate between the time invoices are raised/received and the time invoices are settled/paid. For sales denominated in foreign currencies the Group will try to ensure that the purchases associated with the sale will be in the same currency. Most monetary assets and liabilities of the Group were denominated in pound sterling except for the following currency in the table below, and which are included in the financial statements at the sterling value based on the exchange rate ruling at the Statement of Financial Position date.

Sensitivity analysis in foreign exchange rates shows an increase or decrease by 10% in exchange rates against GBP, with all other variables held constant, would increase or decrease net assets attributable to shareholders by approximately £294k (2021: £234k).

The maximum exposure to foreign currency risk for the Group trade receivables at the reporting date was:

	2022 £'000	2021 £'000
Norwegian Krone (NOK)	252	168
European Union currency (EUR)	99	57
United States of America Dollar (USD)	–	615
As at 31 March	351	840

The maximum exposure to foreign currency risk for Group cash and cash equivalents at the reporting date by was:

	2022 £'000	2021 £'000
European Union currency (EUR)	126	127
Norwegian Krone (NOK)	444	352
Australian Dollar (AUD)	–	2
Bulgarian Lev (BGN)	89	43
United States of America Dollar (USD)	21	166
As at 31 March	680	690

The maximum exposure to foreign currency risk for the Group trade and other payables at the reporting date was:

	2022 £'000	2021 £'000
USD	11	5
EUR	–	–
NOK	208	265
BGN	100	78
As at 31 March	319	348

25.5 Interest rate risk

In the year ended 31 March 2022, the Group has an RCF facility balance of £18m denominated in GBP. The facility has been taken out on a floating rate basis (SONIA) for a period of 3 years up to June 2023. Interest rate risk arises on the change in SONIA which affects the interest payable by the Group.

Sensitivity analysis in interest rates show that with an increase in 100 basis points, with all other variables held constant, the net assets attributable to shareholders would increase or decrease by approximately £202k. Management periodically reviews the interest rates with lenders to manage the interest rate risk associated with the loans.

26. Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Partial settlement of a business combination through the issue of shares (see note 8)
- Acquisition of right-of-use assets (see note 13)

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Liabilities from financing activities				
Group	Borrowings £'000	Leases £'000	Sub-total £'000	Cash/bank overdraft £'000	Total £'000
Net (debt)/cash at 1 April 2020	(5,000)	(999)	(5,999)	4,614	(1,385)
New borrowings	(8,000)	–	(8,000)	8,000	–
Loans acquired on acquisition	(55)	–	(55)	–	(55)
Cash flows	–	610	610	(6,880)	(6,270)
Net (debt)/cash as at 31 March 2021	(13,055)	(389)	(13,444)	5,734	(7,710)
New borrowings	(5,000)	–	(5,000)	5,000	–
Loans acquired on acquisitions	(20)	–	(20)	–	(20)
New leases	–	(1,267)	(1,267)	–	(1,267)
Cash flows	55	362	417	(2,820)	(2,403)
Net (debt)/cash at 31 March 2022	**(18,020)**	**(1,294)**	**(19,314)**	**7,914**	**(11,400)**

Net cash increase in the year due to an increase in trading and cash acquired on acquisition offset by a cash outflow for acquisitions completed in the year.

Notes to the Consolidated Financial Statements continued

Company	Borrowings £'000	Intercompany loans £'000	Sub-total £'000	Cash/bank overdraft £'000	Total £'000
	Liabilites from financing activities				
Net cash at 1 April 2020	(5,000)	(3,227)	(8,227)	147	(8,080)
New borrowings	(8,000)	–	(8,000)	–	(8,000)
New borrowings – non cash items	–	(1,813)	(1,813)	–	(1,813)
Cash flows	–	–	–	197	197
Net (debt)/cash as at 31 March 2021	(13,000)	(5,040)	(18,040)	344	(17,696)
New borrowings	(5,000)	–	(5,000)	–	(5,000)
New borrowings – non cash items	(20)	(396)	(416)	–	(416)
Cash flows	–	–	–	220	220
Net (debt)/cash at 31 March 2022	(18,020)	(5,436)	(23,456)	564	(22,892)

Net cash increase in the year due to increase borrowings offset by a cash outflow for acquisitions completed in the year.

27. Discontinued operations

On 1 December 2021 the group announced its intention to dispose of Greenshoot Labs Limited, "GSL", a wholly owned subsidiary. The Board considers that GSL has a great product, however it would require significant investment to develop the right sales and marketing functions required to gain commercial traction in an Enterprise software market. As the entity operates within a non-core sector for the group, the directors made the decision to dispose of the entity. The total consideration for the sale was £2.2m.

The sale of the subsidiary was completed post year end on 24 May 2022 and as such is reported in the current period as a discontinued operation. The associated assets and liabilities were consequently presented as held for sale in the 2022 consolidated statement of financial position. The results of the entity was presented as discontinued operations in the current year consolidated statement of comprehensive income. The prior year statement of comprehensive income was also restated to show the results of the discontinued operation. Financial information relating to the discontinued operation for the group is set out below.

	2022 £'000	2021 £'000
Revenue	93	782
Cost of Sales	(439)	(489)
Gross (loss)/Profit	**(346)**	**293**
Administrative expenses	(427)	(499)
Other income	16	19
Operating profit/(loss)	**(758)**	**(187)**
Finance income	–	–
Finance costs	(4)	(2)
Profit/(Loss) before tax from discontinued operations	**(762)**	**(189)**
Taxation	39	–
Profit/(Loss) for the year from discontinued operations	**(723)**	**(189)**

The major classes of assets and liabilities of Greenshoot Labs Limited classified as held for sale as at 31 March 2022 are, as follows:

	2022 £'000
Assets	
Intangible assets	579
Property, plant and equipment	8
Trade and other receivables	19
Contract assets	13
Other tax and other statutory assets	55
Cash and cash equivalents	34
Assets held for sale	**708**
Liabilities	
Trade and other payables	(86)
Other tax and other statutory liabilities	(17)
Liabilities directly associated with assets held for sale	**(103)**
Net assets directly associated with disposal group	**605**

Immediately before the classification of Greenshoot Labs Limited as discontinued operations, the recoverable amount was estimated for the assets of the entity and no impairment loss was identified.

As at 31 March 2022, there was no further write-down as the carrying amount of the disposal group did not fall below its fair value less costs to sell.

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 year.

Notes to the Consolidated Financial Statements continued

Income statement reconciliation:

	Continuing operations 2022 £'000	Discontinued operations 2022 £'000	Total 2022 £'000	Continuing operations 2021 £'000	Discontinued operations 2021 £'000	Total 2021 £'000
Revenue	79,709	93	79,802	50,315	782	51,097
Cost of Sales	(55,341)	(439)	(55,780)	(34,479)	(489)	(34,968)
Gross Profit	**24,368**	**(346)**	**24,022**	**15,836**	**293**	**16,129**
Administrative expenses	(21,738)	(427)	(22,165)	(17,586)	(499)	(18,085)
Other income	579	16	595	394	19	413
Operating profit/(loss)	**3,209**	**(758)**	**2,451**	**(1,356)**	**(187)**	**(1,543)**
Finance income	–	–	–	3	–	3
Finance costs	(683)	(4)	(687)	(303)	(2)	(305)
Profit/(Loss) before tax	**2,526**	**(762)**	**1,764**	**(1,656)**	**(189)**	**(1,845)**
Taxation	(1,706)	39	(1,667)	(384)	–	(384)
Profit/(Loss) after tax for the year	**820**	**(723)**	**97**	**(2,040)**	**(189)**	**(2,229)**

28. Alternative performance measures

Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). 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. The* adjusted EBITDA is based on the results of continuing operations.

	2022 £'000	2021 £'000
Operating profit/(loss)	3,209	(1,543)
Amortisation of intangible assets	5,347	2,509
Depreciation	584	835
Gain/(Loss) on fair value movement contingent consideration	(152)	4,260
Share based payments	427	294
Costs directly attributable to business combinations	1,013	496
Costs relating to the change programme	1,764	–
Costs relating to business restructuring	5	250
Adjusted EBITDA	12,197	7,101

29. Provisions

	Total £'000
As at 1 April 2020	23
Charge during the year	53
As at 31 March 2021	76
Utilised during the year	(76)
As at 31 March 2022	–

30. Post-balance sheet events

On 6 April 2022, TPXimpact Holdings plc acquired the entire issued share capital of Swirrl IT Limited, a software and services business. The core operations of the business are to help government organisations to disseminate and manage their data enabled decisions. Swirrl IT Limited, company registration number SC337356 is incorporated in Scotland. Its registered office is Macfarlane Gray House Castlecraig Business Park, Springbank Road, Stirling, Stirlingshire, FK7 7WT.

The consideration for the acquisition was £3.2m, satisfied through the payment of £1.2m cash and the issue of 888,888 new ordinary shares in TPXimpact Holdings plc. The ordinary shares in TPXimpact was issued at a price of 225 pence per share (the "Swirrl Consideration Shares"). The Swirrl Consideration Shares will be subject to lock-in and orderly market arrangements until 1 April 2024. The orderly market provisions will apply to all of the Consideration Shares until 1 April 2025.

On 7 April 2022, TPXimpact Holdings plc acquired the entire issued share capital of Peak Indicators Limited, a visionary data science and analytics consultancy offering services such as analytics, Data engineering and Data science. Peak Indicators Limited, company registration number 06704556 is incorporated in England. Its registered office is 7 Savoy Court, London, United Kingdom, WC2R 0EX.

The consideration for the acquisition was £3.5m, satisfied through the payment of £1.4m cash and the issue of 938,888 new ordinary shares in TPXimpact Holdings plc. The ordinary shares in TPXimpact was issued at a price of 225 pence per share, (the "Peak Indicators Consideration Shares"). The Peak Indicators Consideration Shares will be subject to lock-in and orderly market arrangements with one-third of the Peak Indicators Consideration Shares being released on each of the first three anniversaries of completion of the acquisition. The orderly market provisions will apply to all of the Peak Indicators Consideration Shares until the fourth anniversary of completion.

The Group is currently performing a fair value review of Peak Indicators Limited and Swirrl IT Limited's assets and liabilities and will report these within its next published financial statements.

Post period end HSBC have extended their revolving credit facility with the Group to £30m with a £15m accordion. The new facility is a sustainability-linked revolving credit facility that incorporates targets which align with our long-term ESG objectives.

TPXimpact Holdings Plc (TPXH) disposed of its subsidiary Greenshoot Labs Limited post year end to OpenDialog AI Limited (ODAL). The sale of the subsidiary was completed on 24 May 2022 for a total aggregate price of £2,187,500. The price was satisfied on completion of the transaction by the allotment and issue by ODAL to TPXH of 800,000 ordinary shares of £0.00001 each in the capital of the Buyer, such Consideration Shares having an aggregate value of at least £2,187,500 and being equal to at least 17.5% of the fully diluted share capital of ODAL. GSL was classified as asset held for sale and discontinued operation as at the year end and financial information relating to the entity is set out in note 26.

Directors, Secretary and Advisers

Directors

Mark Smith
Non-Executive Chairman

Chris Sweetland
Non-Executive Director

Isabel Kelly
Non-Executive Director

Rachel Neaman
Non-Executive Director

Neal Gandhi
Chief Executive Officer

Oliver Rigby
Chief Financial Officer

Secretary

Oliver Rigby

Company number

10533096

Registered office

7 Savoy Court,
London WC2R 0EX

Nominated adviser and Joint broker

Stifel Nicolaus Europe Ltd
150 Cheapside,
7th Floor,
London EC2V 6ET

Joint broker

Dowgate Capital Limited
15 Fetter Lane,
London EC4A 1BW

Solicitors

Harbottle & Lewis LLP
14 Hanover Square,
London W1S 1HP

Registered Auditor

CLA Evelyn Partners Limited
(formerly Nexia Smith & Williamson Audit Limited)
45 Gresham Street,
London EC2V 7BG

Bankers

HSBC UK Bank plc
4th Floor,
3 Temple Quay, Bristol BS1 6DZ

Registrars

Neville Registrars
Neville House,
Steelpark Road,
Halesowen B62 8HD

Financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

TPXimpact Ltd,
7 Savoy Ct,
London WC2R 0EX
@TPXimpact
hello@TPXimpact.com
tpximpact.com