

TPXIMPACT HOLDINGS PLC

Registered Company number 10533096

Audited Accounts For the year ended 31 March 2023

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People-powered **TRANSFORMATION**

Annual Report and Financial Statements 2023

TPXimpact

Supporting organisations to build a better
future for people, places and the planet.

ABOUT TPXimpact

People-powered

TRANSFORMATION

We're a purpose-driven digital transformation company supporting organisations to build a better future for people, places and the planet.

Combining human-centred design, data, experience and technology, we're creating sustainable solutions that support organisations to improve lives in an equitable and responsible way.

We support public, private and third sector organisations to deliver complex programmes, projects and products that enable them to deliver better services, experiences and outcomes.

BUSINESS PERFORMANCE

Revenue	Adjusted EBITDA*	Adjusted diluted earnings per share**	Reported operating loss
£83.7m	£2.5m	0.7p	£(19.4)m
FY22: £79.7m	FY22: £12.2m	FY22: 11.3p	FY22: Profit £3.2m

Headcount (FTE)	tCO ₂ e per FTE	Net debt (excluding lease liabilities)*	Total dividend
798	2.02 tCO ₂ e	£17.5m	0.3p
FY22: 607	FY22: 2.60 tCO ₂ e	FY22: £10.1m	FY22: 0.9p

Hours donated	New jobs created	Female representation	Overall ethnic minority representation
2,565	139	50%	19%
FY22: 1,970	FY22: 63	FY22: 47%	FY22: 19%

*Adjusted EBITDA and net debt (excluding lease liabilities) are defined in note 28 to the financial statements.

**Adjusted diluted earnings per share is defined in note 7 to the financial statements.

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LETTER TO SHAREHOLDERS

Björn Conway | Chief Executive Officer

“Helping some of the largest organisations in the UK deliver their digital transformation journeys”

I am pleased to share our annual report for FY23, and what marks a new chapter for TPXimpact.

Reimagining service delivery, increasing engagement and improving access and beneficial use of information has never been more important, and TPXimpact is uniquely positioned to help solve the most valuable, critical, and complex challenges.

The team at TPXimpact has consistently delivered magnificent results for our clients – engaging citizens at the very genesis of new policy; improving usability and engagement through user-centred design; increasing open access to information; and helping some of the largest organisations in the UK deliver their digital transformation journeys.

All this was achieved with the true TPXimpact ethos, empathy, and sense of purpose that runs through the core of our business and is enshrined in our new values of Purpose, Accountability, Craft and Togetherness.

Our client's needs and team's passion in meeting them, provided a ready foundation to our new vision of 'A world enriched by people-powered transformation' and its realisation through our 3-year strategy that begins with 'Balancing Purpose and Commercial Focus' to build a sustainable business whilst delivering for people, places, and the planet.

£115mNew business
wins**21.1%**Like-for-like
headcount growth**84%***Staff retention
rate**£126k**Environmental
investment**876**Careers
kick-started**14%**Gender pay gap
(median)(FY22: 20%)

We already bring together expertise from across our business and use our depth and scale to win and deliver critical multi £m, multi-year contracts. Our 3-year strategy makes this easier and more efficient, as we continue to support our teams by simplifying the business, improving operations, and reducing internal friction.

The last year has been a challenging one for all TPXimpact stakeholders and led to us having to recalibrate our financial objectives. Despite the challenges, our teams maintained their focus on our clients, and we jointly believe that we are building a good, balanced, business that will positively impact all stakeholders.

I would like to thank our members, shareholders and communities for their continued support and I hope that the pages that follow provide a clear picture of what we have achieved, the future potential within TPXimpact, and our route map to deliver it.

Best wishes,



Björn Conway
Chief Executive Officer, TPXimpact

** based on Q4, annualised*

OUR INVESTMENT CASE

Luke Murphy | Head of Investor Relations

We have an ambitious plan for progressive and predictable growth and profitability, built upon our commitment to People, Places and the Planet.

1.	We operate in an attractive and growing market	<p>TPXimpact is well-positioned to address the significant market opportunity presented by the UK digital transformation market, expected to grow at a CAGR of over 22.2% from 2022 to 2030¹. Focusing on transforming services and experiences through user centred design, digital adoption and implementation, TPXimpact can help businesses leverage cloud computing and data analytics to enhance their operations and contribute to the growth of the UK economy.</p> <ul style="list-style-type: none">• UK digital technology: potential market growth to £413bn by 2030²• UK Software and IT Service Market: £77.9bn by 2025³
2.	With deep relationships across the public, private and third sectors	<p>At TPXimpact, we specialise in helping our clients through their digital transformation journey. We are proud to deliver high-quality solutions that enhance services, experiences, and outcomes, which is why we are increasingly recognized as a leading alternative digital transformation provider in the UK public services sector.</p> <p>Our expertise and commitment to quality have earned us the trust of a diverse range of clients, including the Department for Levelling Up, Housing and Communities, His Majesty's Land Registry, Department for Education, Digital Health and Care Wales, East Sussex County Council, Breast Cancer Now and HSBC.</p> <p>We take pride in our diverse client base, with over 72% of revenues coming from the public services sector and the remaining 28% from the commercial sector.</p> <p>Our team is made up of passionate individuals who care deeply about the work we do and the positive impact we make on society and the world. We are always eager to help new clients create positive, sustainable change.</p>
3.	With the potential to deliver strong and progressive financial performance, whilst maintaining our commitment to wider social values	<p>New business wins have accelerated significantly over the last year, demonstrating the increasing strength and breadth in our client proposition. The size of contracts we are winning shows the trust our clients have in our ability to deliver complex and multi-faceted programmes of change.</p> <p>This solid foundation will drive significant organic revenue growth in both the short and long-term, with a target of 15-20% in the current financial year.</p> <p>We are committed to converting this impressive revenue growth to a corresponding improvement in profitability and margins, targeting double-digit Adjusted EBITDA margins by FY26. Through a focus on improved performance management systems and operational efficiencies, we believe these levels of margin are achievable and sustainable.</p> <p>Overall, our refreshed strategy underpins our immediate priorities and longer-term objectives: leveraging technology and the talent in the business to drive growth and truly deliver value to our clients, whilst maintaining our commitment to People, Places and the Planet.</p>

1. U.K. Digital Transformation Market Size, Share & Trends Analysis Report By Solution, By Service, By Deployment, By Enterprise Size, By End-use, And Segment Forecasts, 2023 - 2030

2. Unlocking the UK's Digital Ambitions, AWS, PublicFirst 2022

3. Market outlook update: Trends and forecasts 2022 -2025, TechMarketView

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| 4. | We take pride in our diverse and growing employee population | <p>Our commitment to a diverse and growing employee population is a reflection of our belief in the power of people to drive transformation. We take pride in the diversity of our workforce with 50% represented by women and 19% from minority ethnic backgrounds.</p> <p>Our team consists of around 800 permanent employees and a further 300 associates who are the driving force behind our people-powered transformation mission. We believe that our commitment to diversity and inclusivity not only strengthens our team, but also enables us to better serve our clients and deliver innovative solutions that drive growth and progress.</p> |
| 5. | Who are focused on delivering for all stakeholders | <p>As a company, we are committed to delivering value to all our stakeholders. We recognise that our success is intrinsically linked to the well-being and prosperity of the people, places, and planet we serve. We strive to create an inclusive and diverse work environment that empowers our people to drive people-powered transformation and innovation. We work closely with our partners to deliver sustainable solutions that promote economic growth and social development. Our customer-centric approach ensures that we deliver exceptional experiences that meet and exceed their expectations. Finally, we are dedicated to creating long-term value for our shareholders by pursuing a responsible and sustainable growth strategy that delivers strong financial performance while also creating a positive impact on society and the environment.</p> |
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OUR STORY

TPXimpact was born from the idea that **organisations, experiences and services can and should be better – not tomorrow, but today.** We're guided by a belief that by combining human-centred design with the building blocks of technology, data and experience, we can deliver sustainable solutions that enable people, places and the planet to thrive.

We are a company immersed in the new digital landscape, we're here to help organisations adapt and respond. We're questioning assumptions and finding new ways forward, reimagining services that are ready to face the future and always pushing for better.

We have vast experience and heritage, bringing together highly skilled people from a number of progressive businesses with expertise in design, data, experience and technology. These great minds enable us to deliver world-leading services that drive real change.

OUR REACH IS GROWING

Our team is made up of 1100+ permanent staff and associates.

We believe in a hybrid approach, using regional hubs and remote working between our teams and with our clients. This helps us ensure the continuity of our services and allows our people the flexibility to choose the right environment for them.

We have regional hubs across London, Manchester, Bristol, Cardiff, and Chesterfield and co-working hubs in Leeds, Newcastle, Edinburgh and Swansea, as well as additional operations in the Nordics and Bulgaria. We are especially excited by our stunning new London office at the Hickman Building in Whitechapel, which we relocated to in July 2023.

OUR EXPERTISE

Working in partnership to deliver impactful work.

Our vision is a world enriched by people-powered digital transformation, building a future where organisations improve lives in an equitable and responsible way. Past and present we work with hundreds of public, private and third sector organisations to support and deliver complex products, projects and programmes.

We have a diverse portfolio of clients and causes, from start ups to global organisations.

OUR STORY continued

OUR SERVICES

Our rich heritage in digital transformation means we are able to provide capabilities across the whole ecosystem.

DESIGN	DATA	EXPERIENCE	TECHNOLOGY
We help our clients apply design thinking to understand their problems and their users' needs so they can find the best way forward. Solve specific challenges and discover opportunities to transform their organisation across strategy, structure, services, and ways of working.	We make data easy to find, access, and use, harnessing the power of AI, data modeling, and visualisation so they can make predictions and smarter business decisions. We'll help them build a data culture in their organisation that's sustainable, ethical, governed, and secure.	Experience is everything. We'll help them connect with their audiences across digital platforms so their brand gets the attention it deserves. Improve customer loyalty and conversion rates through engaging, personalised digital journeys with <i>measurable results</i> .	Our clients rely on us to help them build the high-quality, scalable systems and services that underpin their organisation. We'll support them to transform their operations through the latest approaches in cloud, automation, and engineering standards so they're ready for the future.

OUR VISION AND PURPOSE

VISION	PURPOSE	HOW
<p>A world enriched by people-powered digital transformation.</p> <p>We'll build a future where organisations improve lives in an equitable and responsible way.</p>	<p>Delivering positive impact together.</p> <p>We positively challenge, connect and enable our clients' organisations to deliver greater outcomes for people, places and the planet.</p>	<p>Making change happen by...</p> <ul style="list-style-type: none">• Building ambition, reimagining services and experiences to activate change.• Getting to the heart of user need to deliver compelling products, services and experiences.• Applying great minds and creativity to solve complex problems.• Using the best design, technologies and data to power better outcomes.

CASE STUDIES

Co-designing Teacher Identity with the Department For Education

Client: Department for Education

Challenge:

The Department for Education (DfE) lacked an accurate database of UK teachers, hindering their support and employers' access to employment histories. We partnered with DfE to create a reliable system to store and manage teacher data, improving services and user experience in education.

Solution:

We collaborated with DfE to explore the creation of Teacher Identity profiles, including unique identifiers like Teacher Reference Numbers (TRN), to address the lack of cohesive identity in education. We've built the services to link the existing database to new services and now we're transforming how DfE manages that data.

Impact:

Our collaborative work with DfE revealed 12 areas where Teacher ID could streamline administrative processes and enhance DfE services. We tested scalability in Claim and Teaching Vacancies Service, proposing automation to expedite payments, simplify applications, and provide reliable data to schools.

Additionally, we developed "Find a lost TRN" to alleviate email requests and enhance administrative efficiency. Implementing Teacher ID will now reduce costs, improve user experience, and benefit both educators and employers.

Providing a business continuity solution for 111 out of hours

Client: Digital Health and Care Wales

Challenge:

The 111 Out of Hours (111 OOH) GP service in Wales faced a major challenge when a cyber attack shut down the Adastra system, impacting around 1,000 NHS staff and requiring manual business continuity procedures.

Solution:

Digital Health and Care Wales (DHCW) approached our M365 Centre of Excellence (CoE) to develop a temporary solution. We rapidly prototyped an intuitive user interface integrated with the M365 Power Platform, including PowerBI reporting, automation tools, and integration with the Welsh Demographic Service. The solution was expanded to all Health Boards, with a training programme and ongoing support.

Impact:

The all-Wales solution provided case visibility, reducing misassignment and lost cases. Integration with the Welsh Demographic Service improved data consistency, with over 90% of cases using NHS numbers.

The Power Platform ensured continuity of care with a single file record for each case. Despite the tight timeline, the solution was successfully rolled out nationwide within a week, ensuring uninterrupted service.

CHAIRMAN'S STATEMENT

Mark Smith | Chairman

Overview

FY23 has been a year of considerable change for TPXimpact in which the Group faced a combination of market issues and significant operational challenges as part of its integration project. The Board introduced a new management team in Björn Conway as Chief Executive Officer and Steve Winters as Chief Financial Officer to continue the good work of our co-founders, Neal Gandhi and Oliver Rigby.

I would like to reiterate my thanks to Neal and Olly for the exceptional leadership they showed in setting out their vision for TPXimpact to achieve its full potential through brand consolidation, and for their recognition in stepping down that a different type of leadership was required to take the Group forward.

Since my update on the HY23 interim results in November 2022, the focus for the Group has been navigating these internal operational challenges as we continue our process of consolidating under one brand. Nevertheless, TPXimpact's core go-to-market proposition is unchanged, with our teams continuing to deliver innovative end-to-end digital transformation across our four business units: Consultancy, Digital Experience (DX), Data & Insight and International.

I am delighted with the way Björn and Steve have quickly embedded themselves within the heart of the organisation and have set about identifying those processes to help optimise our transition to one brand, as well as engaging with our teams across the Group. Following a tough first half which was significantly impacted by the scale of our consolidation project, and with trading below expectations into Q3, we were pleased to deliver a Q4 performance above our revised expectations, including a record number of new business wins and the signature of two significant contracts with two central government departments.

The Group continues to improve the efficiency of communication between our teams and systems. The Board remains convinced that this strategy to bring together our Group businesses under one unified brand is the correct and necessary decision, enabling TPXimpact to optimise its efficiency and support long-term and scalable growth.

It has been a particularly challenging year for the Group, and I would like to thank all our stakeholders – from our customers, our valued employees, and our shareholders – for their continued support throughout the year.

Market dynamics

Through its strong relationships across multiple sectors and extensive expertise in digital transformation services, TPXimpact is well-positioned in an attractive and rapidly expanding market.

More than ever across the public sector there is a need for organisations of all sizes to communicate more effectively and achieve efficiency savings. Across this complex and vast landscape, digital transformation services are poised to replace heritage and legacy systems. Equally, for those organisations in the commercial sector, there remains an ongoing need to drive efficiencies and maintain a competitive edge over their peers. The Group will seek to maintain a healthily diversified balance of work across Central Government, Local Government, Health, Charitable and Commercial sectors.

Our purpose

Despite the considerable change the Group has undergone operationally, at its core TPXimpact remains a purpose-led organisation committed to delivering a net benefit to the people, places and wider planet in which we operate. This sense of purpose is reflected in the values of the Group and through our colleagues, who care deeply about the need to accelerate positive change across society.

As part of our vision to support the next generation of talent, we are pleased to continue working with our fantastic charity partners; Apps for Good, Arkwright Scholars, In2Science and Telerik Academy. Each of these partnerships, alongside our own flagship Future Leaders programme have been supporting young people from diverse and underrepresented backgrounds to obtain the skills and support they need to be successful in the tech industry. This year our programmes reached over 870 beneficiaries.

Corporate governance

Throughout the challenges of FY23 we have maintained continuity as a Board. Neal Gandhi, founder and former CEO, joined the Board in a non-executive capacity and Oliver Rigby, founder and former CFO, provided transitional support and continues to support the ESG committee.

The Board of TPXimpact is committed to enhancing the governance of the organisation on an ongoing basis. We diligently monitor market conditions and regularly evaluate the key risks that affect the Group, while being mindful of the broader challenges faced by our end markets and stakeholders.

We deeply appreciate the trust and support of our shareholders, as we strive to create long-term value for them through purpose-driven initiatives. Ensuring that our shareholders are well-informed and actively involved is of utmost importance to us. Therefore, we prioritise regular updates and aim to enhance transparency in all our corporate communications.

People

The collective effort and commitment of all our colleagues throughout the year has been instrumental in navigating the challenges we faced, and I extend my gratitude to every member of our team for their support.

The new vision and strategy for the business has helped to re-engage employees and we are pleased to see the emphasis that the new management team has placed on open and transparent communication. The wider organisation has crowdsourced a new set of values to guide decision-making and behaviours in a more integrated Group.

Employee retention improved throughout FY23. The 12 month run-rate based on Q423 was 84% and this improvement has continued into Q124. We are pleased to see the positive response and level of applicants for the new roles we have created within TPXimpact as the business grows to deliver the significant new contracts won in the latter part of FY23 and post-period.

We are pleased to report that our continued focus on Diversity & Inclusion has seen progression during the period with our minority representation at a senior level increasing from 8% to 11%. We are pleased with the progress made and will continue to make TPXimpact a diverse and inclusive workplace for all employees.

Alongside the enhancement of diversity and inclusion in senior representation, we have achieved a reduction in both our gender pay gap and median ethnicity pay gap over the past year. Although there is more progress to be made in closing these gaps, our mean gender gap currently stands at 15%, aligning closely with the UK average for all employees in 2022 (14.9%).

We track employee satisfaction through regular pulse surveys and promptly address any areas for improvement.

Looking ahead

We are seeing the benefits of our broadened range of services coming through, enabling us to capitalise on the significant market opportunity available as the ongoing investment in digital transformation across both the public and commercial sectors continues.

Increased demand for our services is already being seen through the record post-period contract wins with the Department for Education and His Majesty's Land Registry, highlighting the value placed in our offering and the opportunity available as we increase efficiencies and operate as a unified brand.

As we continue to progress against our strategy, we are confident that we have the right team in place to achieve sustainable growth in an expanding market and build on the momentum seen so far in FY24.

Mark Smith
Chairman, TPXimpact

CEO STATEMENT

Björn Conway | Chief Executive Officer

After a challenging year, the Group now has a clear strategy and three-year plan to build on the already strong foundations of successful client delivery and new business wins.

TPXimpact started FY23 with a plan to achieve strong top-line growth in the medium to long-term through an internal change programme to unify its component businesses under a single brand.

As reported in the September 2022 trading update, several challenges became evident as the change programme proceeded and our markets were disturbed by national events and an uncertain political landscape. As a result, our forecasts for the full year were revised. These forecasts were revised again in January 2023.

I am pleased to report that the business achieved the revised forecast with a strong order backlog of over £80m into FY24. This was on the back of a good Q4 performance by the business unit management teams and is a strong basis on which to build improved business performance in FY24 and beyond.

The teams at TPXimpact deliver amazing work for our clients, despite the business itself still requiring significant investment and development to better support our teams as they deliver good, predictable, outcomes for our stakeholders. The key challenge is to improve revenue conversion through to profit.

We have established a three-year strategy and plan to enhance appropriate governance, processes, systems, and inspiring leadership at all levels within the business to improve ways of working and, therefore, efficiency and profitability.

I am pleased with the progress the Group has made to date. We remain confident in the medium to long-term prospects for TPXimpact as we continue to appropriately integrate and streamline our businesses to deliver our services more efficiently to our clients – the organisations that underpin our society – and deliver sustainable change and tangible positive impact.

Demand for TPXimpact's differentiated service offering brings strong future growth opportunities

The market for TPXimpact's services and differentiated proposition remains strong. In combination with a more stable internal environment for our teams, this resulted in £115m of new business wins in FY23 and a good start to FY24 with over £90m of new business wins in the first quarter.

Operating under a single brand, TPXimpact has the scale to assist clients with large and strategically important programmes as well as offering the intimacy and adaptability to work alongside clients to improve their engagement with citizens, customers, and donors. We work right across the spectrum from early community and customer engagement, through service design and into delivery, and have the expertise and capability to deliver hybrid cloud solutions and support complex legacy platforms alongside our sector rich consulting capabilities.

In **Central Government**, we continue to see a substantial shift towards digital transformation to streamline and optimise service experiences and leverage Government data. Combined with the increasing use of Digital Marketplace frameworks enabling TPXimpact to compete directly with traditional large-scale suppliers this provides a growing market for our valuable services. The potential of our Central Government business and increasing client confidence in TPXimpact is evidenced by the growing scale of our contract wins, from low single digit millions at the start of FY23, to multi-year and tens of millions at the beginning of FY24.

Our **Local Government** clients look to TPXimpact to help them be future-ready and sustainable – whether that is accelerating the adoption of technology and digital solutions, addressing net zero targets, or improving financial resilience by helping to re-think long-term planning approaches, identify savings and develop flexible delivery models. Our work is led by data and insight and we are proactive in collaborating to tackle the most complex client challenges. We have invested in our local Government client facing teams to improve access to our services and support growth.

In **Health and Social Care**, FY23 was dominated by the merger of NHS Digital, NHSx and Health Education England into NHS England. This diverted attention from delivery and in conjunction with increased scrutiny of the move towards Integrated Care Systems (ICSs) reduced the

opportunities available for us to assist our clients. We used this period to diversify our business into frontline trusts and bring a wider range of capabilities to bear from across TPXimpact to support a more design-led approach to service transformation – a core, distinctive capability for TPXimpact. We see Health and Social Care as an exciting growth area over the next few years.

Our work with **NHS Wales**, delivered through our RedCortex business, continued to be very strong during FY23 due to our long track record and deep relationships. We won additional contracts and a place on a new digital transformation framework as TPXimpact. We have seen some softness in spend at the start of FY24 but expect normal spending patterns to resume in the second half of the year.

In our **Commercial sector**, we see clients continue to prioritise operational efficiencies leading to a rise in demand for hybrid cloud solutions and a growing interest in Artificial Intelligence (AI) driven by media coverage of tools like ChatGPT. In FY23, we experienced strong demand from existing clients to develop solutions for resilient, scalable, and secure cloud architectures and for business intelligence expertise to enable them to make the best use of their data. As we move into FY24, we are bolstering our commercial client teams as we look to deploy our experience and expertise with new clients.

Our **fundraising, not for profit, and membership and visits** clients are the cornerstone of our Digital Experience (DX) business. FY23 saw charities face challenging economic times with their audiences feeling the impact of cost-of-living pressures and a reduction in donor numbers. TPXimpact supports clients to provide exceptional experiences and utilises insights from data to inform audience needs and behaviours to optimise engagement. Similarly in the memberships and visits sector, member engagement and meaningful connections help organisations differentiate themselves, and our deep understanding of their member communities and needs, enables us to co-develop engaging on-line experiences supported by our digital tools.

Strong delivery and growing client confidence across our customer sectors is evidenced by increased engagement sizes and backlog.

We aim to provide tailored, insight and craft led, high-value work with, and for, our clients at a fair price that balances our desire to deliver purposeful work within a commercially sustainable business model.

CEO STATEMENT continued

Our new strategy underpins our continuing client success and will simplify and improve the business

Our vision of the future is of a world enriched by what we call "People-powered digital transformation" where, with our help, organisations improve lives in an equitable and responsible way.

The main strategic effort is to provide our already successful client-facing teams with efficient and effective support by removing points of friction in our business and improving our conversion of revenue to EBITDA. Our aim is to achieve 10-12% Adjusted EBITDA margins within 3 years.

Working effectively across its business units, TPXimpact draws together a unique blend of specialist capabilities to help clients transform and harness the best of digital technologies. This approach and the teams and capabilities that lie behind it are very much in demand with clients seeking better ways to engage with their customers, and to do so in a more cost-effective way.

The Change programme of early 2022 and subsequent Peak and Swirrl acquisitions has left the business operating through 7 units:

- The Consulting business unit
- The DX (Digital Experience) business unit
- The Data & Insights business unit, formed of the recently acquired Peak and Swirrl businesses
- RedCortex
- KITS (Keep IT Simple)
- Questers
- TPXimpact Norway

Integration within business units was partially complete at the end of H1 FY23 and much of the work of the last few months has been bringing teams within these business units together.

During the latter part of FY23 we undertook a number of initiatives to improve the business:

- implemented formal performance reporting and reviews underpinned by budgets and business plans owned by Group businesses
- improved the forward looking data and information available to business leaders from our existing systems
- established an Operational Board to coordinate change and improve underlying processes and systems
- recruited a new Chief People Officer at the end of Q3 to improve recruitment, ensure our team member proposition is strong, equitable, and aligned with our values, and reinvigorate our Employee Representative Groups
- increased employee engagement through greater transparency and access to senior management. As CEO, I communicate to staff most weeks through a short video and members of the senior leadership team chair our Employee Forum by rotation
- identified a new London HQ building to co-locate our teams and rationalise our footprint. We also improved our Chesterfield and Manchester hub facilities
- commenced a market based pay project to start to tackle inequalities inherent in a business formed of many acquisitions

To achieve our vision and improve business operations we have developed a three-year plan:

Year 1: focus and balance – establish the Consulting business as a scalable platform and complete the integration of three smaller agencies as the Digital Experience business.

Year 2: form and integrate – bring the Data & Insights, RedCortex and KITS businesses onto the Consulting platform as an integrated Digital Transformation business.

Year 3: grow and differentiate – as a simpler, more coherent, and operationally mature business, accelerate our growth and purpose-led differentiation.

This staged approach is designed to further unify the unique capabilities of TPXimpact under a single brand, increase efficiencies, and capitalise on the increasing market opportunity. It also enables TPXimpact to become a platform for future growth options, both organic and through acquisition.

As we move through the latter part of FY24 and into FY25, and the work to simplify and improve the business progresses, we expect the Group to deliver stronger and more predictable performance.

Underpinning our vision and strategy we have developed a set of values that help guide all team members in the decisions they make day-to-day with clients and colleagues. The way our values show up in our work was crowdsourced from TPXimpact team members and collectively are our 'PACT':

Purpose – positive change with measurable impact

Accountability – self organisation and accountability

Craft – bringing our best capabilities to bear through a shared vision of excellence

Togetherness – long lasting relationships built on honesty, openness, and trust

Our purpose in action (ESG)

TPXimpact has been formed on a solid foundation of shared values. Our people, our clients and our investors are attracted to us because of this commitment to social responsibility. Our shared belief that the business that we are building is a good one, that will positively impact all stakeholders, has been invaluable through a challenging period of change.

This year we have seen a huge acceleration in social value commitments being embedded into our client contracts, bringing our commercial and ESG work closer than ever before. A key tenet of our work over the next year is better integration and balancing our purpose with commercial outcomes.

We continue to set ambitious targets that ensure our business operations are positively impacting all stakeholders; investing in innovative carbon measurement, reduction and removal programmes, ensuring that we are inclusive by design at every stage of the employee lifecycle and supporting our communities where possible with time, skills, funding and opportunities. We fulfilled our commitments to fully offset our historical CO2 emissions, ran a successful Future Leaders programme and donated over 2,500 hours through volunteering programmes.

This year, as we prepare for B Corp certification, we have formalised our commitment to all stakeholders by amending our legal Articles of Association. These now enshrine our purpose-led approach into the legal structure of the business. As ever, we are committed to complete transparency when it comes to our ESG performance and we have made excellent progress this year across people, places and planet.

Future opportunities

Our current trading performance is encouraging, but there is still work to do to improve margin conversion and predictability.

As we progress against our strategy and improve the operational structure of the Company, we are putting in place the necessary measures to ensure TPXimpact will see growth driven by increasing demand for our services within the market. I am proud of how our people have faced the challenges during the period and I have every confidence that we are developing a strong team to achieve sustainable growth in the future.

Investment in digital transformation is continuing to grow at pace in the public and commercial sectors and it has become clear that this is now a necessity for all modern businesses. TPXimpact has the right portfolio of service offerings to capitalise on the growing market demand for digital transformation and we have confidence in the prospects for the Group moving forward.

Post-period we were pleased to announce two digital transformation contracts with the Department for Education and His Majesty's Land Registry that will deliver a cumulative value of up to £77m over a four-year period. The successful execution of these contracts, which reflect the capabilities we now possess through our consolidated service offering, represent the increasing momentum for the Group as we take on larger contracts and give the Board confidence in the Group's medium to long-term prospects.

Through our vision of a 'world empowered by digital transformation' and our strategy to simplify, streamline, and balance our purpose and commercial outcomes, we will build a scalable, coherent and differentiated business capable of sustaining 10-15% CAGR revenue growth and 10-12% Adjusted EBITDA margin whilst delivering great outcomes for our clients, people, places and the planet.

Björn Conway
Chief Executive Officer, TPXimpact

VISION FOR THE FUTURE

People-powered

TRANSFORMATION

TPXimpact will be an integrated, focused and high performing purpose-driven digital transformation business.

Our clients will benefit from a coherent and differentiated end-to-end transformation offer, delivered through an efficient professional services operating model.

The business will become simpler, more coherent and operationally mature. This clarity will enable TPXimpact to become a platform for future growth options, both organic and through acquisitions.

This vision represents the practical fulfilment of the original founding mission of The Panoply from 2018: *to become the purpose-driven alternative to the 20th century monolithic providers in digital transformation.*

We are building a platform for an integrated transformation business.

Our three year plan outlines how we will deliver our mission and make it a reality.

FOCUS & BALANCE

- More commercially balanced decision-making
- Improve margin & commercial performance
- Implement new systems to improve performance management
- Balance purpose and commercial focus better
- Grow strategic accounts and cross-sales
- Further integration when stability allows

FY24

FORM & INTEGRATION

- Integrate complementary businesses into the digital transformation platform
- Organic growth in Digital Experience
- Drive our people strategy to embed performance, commercial focus, and purpose
- Purpose as the heart of our business not an ESG add-on
- Improved management performance information

FY25

GROW & DIFFERENTIATE

- Accelerate growth primarily through digital transformation business, but also in digital experience agency
- Complementary in-fill acquisitions
- Winning and delivering larger/ more impactful programmes of work
- Broaden footprint to “end-to-end” engagements
- Purpose as our differentiator because it’s who we are
- 10–15% CAGR FY23 – FY26 and Adj EBITDA margin target of 10–12% in FY26

FY26

OUR BUSINESS MODEL

Our key strengths

Digital transformation expertise

What we do

TPXimpact offers end-to-end digital transformation services, including user-centred design, product management, software development, and DevOps. We have expertise across various industries and sectors, including public and private sectors.

How we add value

TPXimpact adds value by helping clients to modernise their digital infrastructure and processes, streamline workflows, and enhance customer experiences. We also help clients to identify new business opportunities and increase operational efficiency.

The value we create

TPXimpact creates value by delivering innovative and effective digital solutions that help clients to improve their business operations, customer engagement, and revenue growth.

Focus on customer needs

We focus on providing digital transformation services that are designed to meet the unique needs of our customers. Our approach is centred around understanding user needs and customer satisfaction.

We add value by understanding customer needs and providing customised solutions that improve their digital transformation processes. The company's approach ensures that solutions are designed from a user-centric perspective and that customers receive a high-quality experience. This focus on customer needs also means that TPXimpact is more likely to retain customers and build long-term relationships.

TPXimpact creates value by delivering high-quality, customized digital solutions that meet the unique needs of its customers. By prioritising user needs and satisfaction, TPXimpact helps customers achieve their goals and improves their efficiency and effectiveness. This approach also results in increased customer satisfaction and retention, which in turn can generate positive word-of-mouth recommendations and referrals.

Strong track record

TPXimpact has a strong track record of delivering successful digital transformation projects for clients across various industries and sectors.

TPXimpact adds value by leveraging its experience and expertise to develop customised solutions that meet the unique needs of each client. They also provide ongoing support and maintenance to ensure continued success.

TPXimpact creates value by delivering digital solutions that are tailored to each client's specific needs and goals. By providing ongoing support, they help clients to maximise the value of their investment in digital transformation.

OUR BUSINESS MODEL continued

Our key strengths	What we do	How we add value	The value we create
Commitment to sustainability	TPXImpact is carbon neutral. We're committed to measuring, understanding, reducing and removing our effect on the planet, through combatting our emissions, and supporting our employees in climate action.	By prioritising sustainability, TPXImpact is able to differentiate itself from competitors and appeal to customers who value environmentally responsible businesses. The company's commitment to sustainability also helps it attract and retain talented employees who are passionate about creating a positive impact in the world.	By prioritising sustainability, TPXImpact creates value in several ways. First, it helps to reduce the company's environmental impact, which is increasingly important to customers, employees, and investors alike. Second, it can help to reduce costs associated with resource consumption and waste, leading to greater efficiency and profitability. Third, it can help to build a positive reputation for the company, attracting customers who share its values and improving employee morale. Finally, by taking a leadership role in sustainability, TPXImpact can drive positive change throughout the industry and contribute to a more sustainable future for all.
People-powered transformation	TPXImpact focuses on creating a people-centric culture that empowers its employees to drive innovation and deliver value for clients.	TPXImpact adds value by fostering a culture of innovation and creativity that empowers employees to develop and implement cutting-edge digital solutions. They also prioritise employee well-being and professional development to ensure a motivated and engaged workforce.	TPXImpact creates value by delivering digital solutions that are developed and implemented by a highly skilled and motivated workforce. By prioritising employee well-being and professional development, they ensure that employees are equipped to deliver exceptional value for clients.

CONSULTING

INTRODUCTION

About Jen Byrne | MD – Consulting

Jen joined TPXimpact five years ago, initially to lead our Transformation work with Essex County Council; then becoming Delivery Director and Deputy Chief Executive of FutureGov, before the integration in 2021. She became Managing Director of Consulting in Autumn 2022.

Prior to TPXimpact, Jen's 20+ year career spans strategy, business development and social impact: designing new commercial structures to support multi-million pound investment in alternative delivery models for major pieces of public sector reform, including alternative education provision and public sector mutuals. She co-founded a successful social design consultancy; headed up Business Development functions for the UK's first public-private-voluntary partnership; and as Strategic Development Director for a £250m public service delivery organisation, trebled divisional turnover in her first year.

Business review

Our Consulting team delivers improved social and organisational outcomes for clients across a spectrum of sectors and problem spaces. In the past year, we've worked with 91 clients to deliver 214 projects in the UK, Middle East and North Africa.

We provide and deploy multi-disciplinary teams to work within the client context, combining agile delivery and product management to deliver at pace, whilst balancing deep user insight to imagine, design, test and implement new and improved products and services. Those multi-disciplinary teams allow us to explore and design within and for complex problem spaces and systems, and with a laser sharp focus on sustainability and impact, it means we deliver digital solutions which are resilient, future-ready, and more equitable.

We bring together one of the UK's largest user-centred design teams with; a tech and engineering function covering cloud, architecture, software and consultancy, our transformation and change practice, delivery and product management, and our community and political engagement experts.

Together, we provide full DDaT (digital, data and technology) capabilities across the whole digital lifecycle: working to Government service standards from discovery through to alpha, beta and live service. That means our design, change and engineering teams working alongside our clients from the first identification and exploration of a problem space through to the design and user testing of new approaches; refinement, build and implementation.

Through our transformation practice, we work with organisations facing complex challenges; working with senior/executive leadership teams to develop new and alternative visions, strategies, operating models and ways of working; providing detailed socio-economic investment models to underpin transformational change initiatives. That's particularly valuable in areas like local government, where Local Authorities are facing deep budgetary constraints against growing demand pressures.

We offer our clients additional specialist expertise and flexible ramp up capacity through our partner network: a highly curated alliance of organisations and associates who share our values, standards and align to our purpose-driven ambitions.

We operate predominantly, and not exclusively, with the UK public sector. 42% of our current portfolio are government departments and agencies, devolved administrations and arms-length bodies. Here, we typically deliver DDaT capability on a blended team basis, working through blended teams alongside clients to deliver outcomes as part of a longer term digital strategy or roadmap. These can be single capability contracts, i.e. with Department for Education (DfE) where we provide their Design/User Research specialists, or delivering a programmatic outcome through the digital lifecycle, as in Department for Levelling Up, Housing and Communities (DLUHC) where we are two years into a partnership to design and deliver a new approach to how individuals, communities and developers access funding from Government.

CONSULTING continued

Our work in health and social care is both national and local: supporting NHS England better understand health inequality with the NHS Race and Health Observatory; being the Care Quality Commission's two year strategic design partner; or helping an NHS Trust to design their digital transformation roadmap for the integration of health and social care.

We work in local areas to develop more inclusive democratic process through our community engagement and participation work; running citizen's assemblies from Barnet to Blackpool on issues such as the climate emergency and how local areas can mobilise responses. That's alongside major systems implementation programme support for Councils such as East Sussex and Birmingham – together ensuring localities have the systems, services and engagement they need to cope with future challenges.

The year ahead

Our Consulting business will grow by 50% to over 300 people, as we invest in further developing the in-house expertise to deliver, and expand on, the profile of new business secured in the latter part of FY23. Those more recent contract wins (post period end) are comparatively larger in monetary value, contract duration and scope (from time bound, single outcome objective engagements towards longer-term, deeper strategic transformation partnerships). Notable examples include HM Land Registry DDaT Delivery Partner (£49m/four years); DfE Teaching Workforce – Digital Outcomes (£27.5m/two years). Additionally, we've consolidated focus in particular Departments to supply specific expertise around policy endeavour, most notably the digital planning reforms underway in DLUHC, where we're now delivering DDaT teams for the Digital Planning Reform (£3.8m); Digital Planning beta platform (£9m); and Spatial Data Unit (£8m/two years).

To ensure complementary sector coverage, we've introduced new business qualification and conversion metrics so our portfolio of work is optimally balanced across geography, sector, specialism, duration and teaming models. Leveraging the capabilities of our entire TPXimpact group is a key priority, with sales and growth teams from sister business units convening around combined sector and market strategies and customer propositions.

And as part of our ongoing commitment to talent development, we've introduced a new graduate programme to create better routes into design (our fastest growing capability, covering service design, content design, interaction design and design research).

DATA AND INSIGHTS

INTRODUCTION

About Andy Ball | MD – Data and Insight

Andy joined TPXimpact in April 2022 through the acquisition of Peak Indicators. In October 2022 Andy became Managing Director of the Data & Insights division, created through combining the Peak Indicators team with Swirrl. The primary focus of D&I is to enable our customers to find, access and use their data to improve decision-making.

Throughout Andy's 25+ years in technology consulting his focus has very much been enabling organisations to drive business value from their data assets. Initially working as Data Warehousing consultant at PwC, Andy moved to Siebel Systems Limited as leader of their European Business Intelligence Competency Centre. Following the acquisition of Siebel by Oracle Corp, Andy became Practice Director of Oracle UK's Business Intelligence consulting practice.

Andy left Oracle in 2008 and co-founded Peak Indicators. Over the next 15 years Peak grew to be a 45+ person consultancy who delivered analytics solutions to a broad range of clients in Finance, Retail and Utilities sectors.

Business review

In April 2022 TPXimpact completed the acquisition of two data related businesses: Swirrl IT and Peak Indicators. The focus in FY23 has been to combine these acquisitions into a single division, Data & Insights (D&I), with the result that there was a significant amount of change in operational processes. Successes over the year included the announcement of a new divisional management team in July; TUPE processes completing in November; company name changes in January 2023.

D&I exists to support our customers' decision-making processes through the provision of the right data, in the right format, at the right time to the right person/machines. And to do this while ensuring that the necessary systems and processes deployed are robust, scalable, optimal, and secure.

D&I are very much data experts and technologists who work with business leaders and subject matter experts to drive value from their data assets. We provide in-depth skills and knowledge in 6 core competencies:

Data strategy & governance

We support clients in data architecture, infrastructure and governance practices, maturity analysis, strategy creation and execution enabling them to become more data-driven.

Data engineering

Supporting clients to make sense of their data across multiple data sources. Diving into the details of structuring, modelling, repeatability, security, and interoperability to build a robust data infrastructure.

Data analytics and insight

We help our clients understand what their data is telling them. We do this by bringing data to life through visualisation, dashboards and digital assistants, enabling them to make informed decisions.

Data science and artificial intelligence

Using powerful algorithms we will reveal patterns, trends and connections in our clients' data that deliver insights, deepen understanding, inform decisions and power innovative data solutions.

Cloud engineering and data operations

We provide the necessary skills to build and run the data platforms and services for clients who do not want the hassle of doing this themselves. We optimise, govern and secure their cloud operations, data and infrastructure 24 hours a day, 7 days a week.

Open and linked data

We bring our knowledge of data standards, data platforms and data ecosystems to help organisations make their data FAIR (Findable, Accessible, Interoperable and Re-usable).

DATA AND INSIGHTS continued

The year ahead

As data experts we are not limited to any single sector and have clients in Central and Local Government, the Not for Profit and Commercial sectors. Currently the Commercial sector accounts for approximately 60% of our revenue. However, Central/Local Government is growing quickly, and we expect that we will see this overtake commercial in the coming 18 months. In the last 12 months 100% of our revenues have been from UK based organisations.

For the year end 31 March 2023 D&I delivered like-for-like revenue growth of well over 30%, and we expect to see double-digit top-line growth over the next two years. As a result of this growth the size of our team within D&I will increase from around 70 in April 2023 to over 90 in March 2024. Part of this increase is due to our continued investment in our graduate programme, where we plan to take on an additional 8 people this year from the 250 applications we have received.

This enables us to deliver on both our commitment to grow new talent but also improve the diversity of the team. As well as our graduate intake, we will also be looking to recruit experienced hires in key growth areas: Data Engineering, Data Science & AI and Software Engineering.

The graduate programme focuses on developing skills required to support deployments that utilise partner technologies, primarily Microsoft, Oracle and the Infor/Birst Analytics tools. This year we are extending the curriculum to include software engineering to support our inhouse developed platforms.

The world of data is continually evolving, and this has been very apparent in recent months with media focus on ChatGPT and Artificial Intelligence (AI). As a result organisations and governments need to deepen their understanding of opportunities and risks with AI and we are well positioned to enable them. We continue to support several clients in their data science and AI initiatives, and it is an area that we are continuing to invest in. We are strengthening our delivery capabilities through focused recruitment, further enhancing our relationships with key technology partners (e.g. Microsoft and its Co-Pilot offering); and developing consulting propositions that enable our clients to understand the capabilities of this emerging technology.

Our focus continues to be to ensure that our current and future clients have the right technical infrastructure, data architecture and analytical tools/platforms to enable progress and make timely and informed decisions.

DIGITAL EXPERIENCE

INTRODUCTION

About Rebecca Hull | MD – Digital Experience

Rebecca joined TPXimpact in September 2017 as an Executive Team member leading Delivery and Operations in one of the founding Digital Agencies. Making a positive impact as COO, Rebecca took over as CEO of Manifesto and then as Managing Director of the Digital Experience division in June 2021, where she led the merger and integration of three digital experience businesses into the division we see today.

Rebecca's mission to make 'business a force for good' has shaped her career in defining ways. With over 25 years of experience designing and delivering large-scale digital and business transformation programmes, Rebecca has worked extensively across the financial, commercial and not-for-profit sectors. Through the leadership and delivery of complex change initiatives, Rebecca has played a pivotal role in the roll-out of the UK pension auto-enrolment programme and in helping not-for-profit organisations harness technology to drive higher revenue and long-term engagement. Harnessing this experience, Rebecca is passionate about supporting TPXimpact to build meaningful partnerships in communities where we can make a tangible contribution. A natural visionary, Rebecca understands that sustainable change combines the best of people, creativity, innovation and technology and distils this as the essence of the TPXimpact Digital Experience strategy.

Business review

Our Digital Experience (DX) business is founded on the integration of three former digital agency businesses. This process of merger and integration began in April 2022 and has resulted in a unified and growing digital experience sales, strategy and delivery capability. Honouring the strengths and USPs of the former agencies and expanding on these to complement and enhance other capabilities with TPXimpact, our business unit is making a name for itself across a number of sectors.

Digital Experience has a 3 year vision and plan to become the leading Definitive Digital Purpose and Impact agency. Our mission is to craft creative, effective and sustainable digital experiences that enrich how individuals and society experience the world. Everything we do is geared to delivering measurable impacts in these areas and this is achieved by working in long-term partnerships with our clients, providing a range of digital experience transformation services.

DX consist of 135 people, many of whom have been with the business for 5 years+. A process of restructuring has taken place in the past 12 months as part of the integration programme to create space to focus on our key markets.

We pride ourselves on our long-term relationships with our clients and we work with them to bring collaboration and challenge in support of their organisational goals and priorities. Their vision is our vision. We continue to focus on our heritage sectors which include Not for profit, membership and visitor attraction organisations, healthcare, higher education and public sector. Not for profit and Membership and visitor attraction account for circa 60% of our client portfolio. Working with organisations such as Breast Cancer Now, Royal Academy of Arts, Unicef UK, Zoological Society of London and Historic Environment Scotland, we help organisations utilise digital to breathe life into their brands, propositions and communities to drive higher levels of engagement, conversion and ROI.

We work with clients to help them dream big and move faster, taking ideas, problem and opportunity statements into reality, designing experiences that have been validated by their users through rapid experimentation and prototyping. Keeping innovation and creativity on the table as part of the conversation, we help our clients breakthrough with engaging interfaces that are designed for diversity and inclusion. We believe it is unacceptable that most digital platforms are designed in such a way that 1 in 5 can not use them from an accessibility perspective and we seek to address this. We also make the planet a stakeholder in every design decision, ensuring we are making a positive impact in reducing carbon emissions produced from digital products.

DIGITAL EXPERIENCE continued

We bring clarity and perspective to our clients' worlds, giving them valuable support with their decision-making. In our sectors, budgets can be under pressure and we act as a critical friend to help business leaders see the wood for the trees. We connect the dots, focusing on scalable ecosystems of digital interaction versus specific channels or technologies. We find opportunities to help them reduce waste and join gaps between big strategy and execution at the customer touch point. We break through blockers on their behalf, helping them to differentiate, focus on outcomes and support them to take their own stakeholders on their change journey.

Our service catalogue is large, delivered by teams of highly knowledgeable and passionate permanent, UK based staff. Our design studio is composed of business designers, strategists, researchers, user experience (UX) and creative designers, all united by a shared commitment to a human-centred approach, delivering services around design for accessibility, diversity and inclusion, digital sustainability and lean UX. Our creative teams create truly digital-first brand experiences, using these to bring brands to life with contemporary and differentiated interfaces and to create campaigns that spur action.

We have a digital marketing studio composed of strategist and channel specialists who are passionate about delivering measurable growth for clients, achieving increased volumes of high quality donors, sign-ups legacies for example. Our audits in this space help drive smarter decision-making aligned to our client's goals.

Our software engineering studio has a passion for the theory and application of technology to enable organisations to deliver their mission. We are a team of UK based experts in multiple domains and languages (including Node, React, .net, PHP and Java). We audit, recommend, design and implement leading solutions that provide a fully integrated DX ecosystem including content management systems (Drupal & Acquia site development, Umbraco, WordPress and Bloomreach) as well as DXP, digital asset management systems, personalisation engines, CDP, marketing automation, mobile app, MACH web application development services and support. We are also skilled in helping organisations recognise and unlock the value in their data offering services around data analytics, system integration, data dashboards, visualisation and digital asset management.

Impact driven

Measuring our impact is at the heart of our all delivery and we are proud of the statistics we collect around this. To name just a few, we have worked in partnership to help ZSL achieve 100% accessibility score, the Disasters and Emergency Committee (DEC) to deliver a Guinness world record of raising £62m in one week for their work in Ukraine and Breast Cancer Now to increase pre-event sign ups by 54%.

“Working with TPXimpact, from defining our digital strategic vision, through to roadmapping and a truly Agile build phase has been a seamless experience. They have consistently applied the user-experience principles we defined, adapted effortlessly to challenges and been instrumental in transforming our use of digital to accelerate our progress toward our organisation strategic objectives”

**David Hunt, Associate Director Digital,
Breast Cancer Now**

The year ahead

More than ever, our clients rely on digital to help them be in a state of readiness for whatever uncertain future comes next. In an unstable economy, with users affected by an increase in cost of living, digital can make an enormous difference to helping organisations pivot their strategy to swiftly meet changes in demand and opportunity.

These times demand that our clients can move even quicker than before and we are responding by offering digital experience accelerator packages that can be scaled to small or large opportunities. Innovation will always be at the heart of our thinking, the relentless pursuit of 'what next?'. In addition to our existing services, we will focus on working as an emerging tech advisor to our clients, helping them navigate and make the right choices between AI, VR, AR and more. At the same time, we are helping our clients upskill in progressive product leadership. By monitoring industry trends, partner activities, and competitor positions, these insights will guide us in prioritising experience initiatives and shaping business models of the future.

We love what we do and we care about making a difference and it shows in the quality of our work and our relationships.

TRENDS IN OUR MARKET

At TPXimpact, we believe that technology is a critical component of every industry, from the public to the private to the third sectors, and can differentiate businesses, save costs, and improve productivity.

Despite the Software and IT Services market's growth of 10.2% in 2022 and a forecast CAGR of 6.6% through 2025¹, UK organisations, both large and small, public and private, have faced numerous challenges this year. These include persistent skills shortages, widespread supply chain problems, and increasing inflationary pressures.

We understand that these times can be unpredictable and challenging for our clients. Therefore, we offer a partnership that delivers clear outcomes, fast return on investment, and the ability to manage uncertainty effectively. Our teams collaborate with clients to identify unique challenges and find innovative solutions, challenging assumptions and building capabilities. With our support, clients have the tools, insights, and confidence to continue iterating and innovating for long-term success.

Central Government | James Reeve | Managing Partner

Over the past year, the digital transformation sector within Central Government has undergone significant changes and witnessed substantial growth across various departments. However, this progress was occasionally hindered by notable national events and frequent governmental shifts, resulting in a temporary halt in new contracts and increased budget uncertainties, which posed challenges to the industry.

One noteworthy trend that emerged during this period was the ongoing transition of government departments towards procuring services through Digital Marketplace frameworks. This shift has disrupted long-established relationships with traditional suppliers, creating a more competitive market and opening doors for diverse agencies like TPXimpact to contribute to delivering essential services.

As user expectations continue to evolve, there is a growing demand for high-quality and intuitive services, influenced by the pace set by the private sector, particularly in smartphone app production. The government is catching up, with Government Digital Service's (GDS) flagship program focusing on digital identity generating significant interest. Once it becomes the primary method of authentication for government services, it is expected to drive widespread adoption of the gov.uk app. This transition will enable departments to meet user expectations for personalised and streamlined service experiences, leveraging data from various government departments to optimise user journeys and save time.

In parallel, the Central Digital and Data Office (CDDO), a newer partner to GDS, is maturing and directing its efforts towards enhancing data exchange through a data marketplace by 2025. This initiative has the potential to revolutionise government data operations in the coming years. As TPXimpact serves as the delivery partner for

the CDDO, we have gained first-hand experience of the disruptive opportunities this endeavour is likely to create for government departments. Subsequently, there will be a rapid increase in the data capabilities of government departments.

Moreover, this paradigm shift will facilitate the implementation of AI technologies, including sophisticated machine learning models and accessible large language models like ChatGPT, which are expected to be adopted by nearly all civil servants. This will enable deeper insights and the provision of more tailored services.

Looking ahead, it is evident that the central government sector is on the verge of significant transformation and growth. There is an increasing emphasis on data, user-centred design, software delivery, and organisational design, supported by strong leadership in departments and the Cabinet Office. This positions the central government sector for an exciting year of innovation and progress.

Local government | Claire Corbett | Managing Partner

We have observed a significant trend in the growing importance of local sustainability, which is driven by the urgent need to address net-zero targets. As a proactive player in this space, we have taken a leading role in shaping solutions that align with the net-zero agenda. Our focus is on providing technology that not only improves the quality of life but also reduces the carbon footprint of local services, actively contributing to positive change.

To ensure we are future-ready and actively addressing their long-term financial sustainability while enhancing outcomes for communities, we have established close partnerships with councils. Through collaboration and support, we assist councils in rethinking their approach to longer term business planning. By leveraging data and insights, we help them identify sustainable savings plans and develop

1. Market outlook update: Trends and forecasts 2022 -2025, TechMarketView

TRENDS IN OUR MARKET continued

adaptive, flexible delivery models. We believe that by integrating health and social care and redesigning internal functions, we can reduce demand, costs, and ultimately improve overall outcomes.

In our pursuit of being future-ready, we prioritise the accelerated adoption of technology and digital solutions. We leverage existing investments to enhance security, infrastructure resilience, and reduce operating costs. Our focus on digitally enabled service delivery involves developing new models based on Cloud-first principles, fostering digital skills readiness, and utilising robotics and AI to provide superior customer services.

Recognising the strain on resources due to an ageing population and increased life expectancy, we proactively anticipate upstream demand and target services effectively. By embracing community-led service models and enhancing resident engagement and participation, we strive for thriving communities and improved outcomes. We address social and economic inequalities by adopting new technologies and adopting a human-centred approach to service design. Active participation and collaboration with other organisations allow us to tackle complex challenges and design innovative solutions.

Furthermore, we undertake an organisational redesign to foster a new culture and new ways of working. By utilising data and insights, we identify needs, forecast demand, and innovate service delivery to provide more effective, equitable, and personalised services. Our comprehensive approach ensures that our responses align with market trends, drive opportunities, and create a positive impact on the communities we serve.

Health and Care | Iain O'Neil | Managing Partner

The pace of change driven by the Department of Health and Social Care and NHS England has faced challenges this year. The merger of NHS Digital, NHSx, and Health Education England into NHS England has diverted attention from delivery, as the digital and technology workforce of these organisations underwent downsizing, putting their roles at risk. This resulted in some high-profile digital leaders taking voluntary redundancy while others fought to maintain their positions in the new landscape. These changes had an impact on our programs, particularly those being delivered for Health Education England (HEE) and NHSx, as clients struggled with role identification and securing their positions amidst the departure of senior leaders who often served as program sponsors.

The move towards integrated care systems (ICSs) is also facing renewed scrutiny. A report from the Public Accounts Committee highlighted the lack of clarity regarding tangible benefits for patients and the timeline for improvements resulting from the shift to ICSs. Additionally, the review by Rt Hon Patricia Hewitt into the oversight, governance, and accountability of ICSs emphasised the difficulties ICSs face

in accessing the necessary data to operate and enhance health outcomes. NHS England's response to these data issues is the £480m procurement of a "Federated Data Platform,"² although the procurement process has faced delays and has yet to commence fully.

Despite these challenges in the healthcare sector, we have had a solid year, leveraging existing relationships with key clients such as NHS Blood and Transplant, Care Quality Commission (CQC), and frontline trusts like NHS Sussex and NHS Buckinghamshire. We have introduced and cross-sold a wider range of capabilities from across our business. Working with an increasing number of frontline trusts is an important response to the difficulties in financial flows from the centre, where we had significant exposure. We have established a strong track record of delivery in social care transformation, an area that is receiving renewed focus and could benefit from the integrated care systems as local leaders aim to address the challenges in patient flow from health to social care.

Additionally, we are developing expertise in user-centred design training for health. The company is supporting the Scottish NHS, Health Education England, NHSBT, and the CQC in adopting a more design-led approach to service transformation. The importance of user-centred design in the health sector is increasing and is on a trajectory to match its significance in central government.

2. *NHS Federated Data Platform and Associated Services, NHS England, GOV.UK*

Fundraising and Not For Profits | Lou Lai | Chief Client & Transformation Officer, Digital Experience | Amber Gregory | Client Strategy Partner, Digital Experience

We're living in uncertain times and in the wake of the pandemic, charities have faced a challenging economic climate, with their audiences feeling the pinch of the cost of living and cutting back on donations.

According to The Charities Aid Foundation UK Giving Report 2022³ this manifested itself in several ways, with people saying that they had already cancelled a regular donation to charity as a direct response to the rising cost of living, and then 1 in 12 people saying they had chosen to not make a one-off donation. While research by digital platform Enthuse revealed 55% of the public finds their financial situation makes it harder to donate.

In more positive news, people who are giving are giving more which is protecting overall charity income and while donations have dropped, there are some signs of hope within the data, particularly around how people are feeling about the cost of living. There is a reduction in how many people are feeling worse off which is encouraging, though this has yet to extend to the number of people feeling better off.

3. *Charities Aid Foundation, UK Giving Report 2022*

With this backdrop, it's increasingly crucial that charities are providing brilliant experiences for the people who are engaging with them, testing and learning, optimising experiences and delivering impactful digital content that is relevant to their interests and motivations to support. To do this it's vital that data and insight are used to build a richer picture of audience needs and behaviours, and is at the heart of decision-making across the organisation. Embedding an audience-led culture is a huge priority for the organisations we work with, understanding that this is a continuous process to respond to changing needs, behaviours and taking a test-and-learn approach is vital for protecting fundraising income.

Understanding where audiences are, and having a full picture of supporter behaviour shows clear opportunities for digital to connect with people, in the right way and at the right moment.

Membership and Visit | Richard Burley | Client Strategy Partner

The post-pandemic recovery phase has been a prominent theme for both membership bodies and visitor attractions in 2022. Notably, the largest UK membership bodies have experienced a steady increase in membership, as highlighted in the Memberwise Influence 100 List⁴. Organisations have placed significant emphasis on enhancing member engagement and implementing better measurement practices. Digital tools have emerged as key enablers in this process, with integrations with customer relationship management (CRM) systems and continuous optimisations to leverage data taking precedence for many.

Moreover, membership bodies have been continuously refining their member value proposition to reach new audiences, re-engage with dormant members, and demonstrate the value they offer, particularly as individuals face the challenges posed by the cost of living crisis.

In the realm of visitor attractions and cultural venues, there has been a noticeable rise in the conscious consumer who prioritises the environment and values meaningful connections. This presents a significant opportunity for these attractions to tailor their offerings around moments of connectedness. As a result, creating clear yet engaging online user experiences has become increasingly important in order to differentiate themselves from the competition and capture the attention of these conscious consumers.

By leveraging digital tools, integrating data-driven CRM systems, and continuously refining their value proposition, both membership bodies and visitor attractions can enhance their engagement with audiences, attract new members or visitors, and ultimately thrive in the post-pandemic recovery phase.

Commercial and Technology | Andy Ball | Managing Director – Data and Insight

As we transitioned from the pandemic, there was an expectation that FY23 would bring about a return to more predictable working practices. However, ongoing supply-side issues, combined with the repercussions of Russia's invasion of Ukraine, resulted in what is now known as the cost of living crisis. Consequently, many organisations continued to prioritise operational efficiencies, leading to a rise in hybrid cloud solutions and a growing interest in Artificial Intelligence (AI), driven in part by media coverage of tools like ChatGPT.

Hybrid cloud solutions involve organisations deploying and managing multiple cloud environments to reduce costs, mitigate risks, and leverage existing capabilities to support digital transformation efforts. The necessity to develop solutions across various cloud providers such as Microsoft Azure, AWS, and Google has created a persistent demand for skilled cloud engineers who can design resilient, scalable, and secure cloud architectures.

The media attention received by ChatGPT and similar AI tools has generated interest from organisations seeking to incorporate generative AI into their business processes. Advancements in technologies like large language models (LLMs) have enabled tasks such as automating content writing, software development, and video production to be accomplished using machine-based approaches. Interest in leveraging generative AI extends beyond traditional sectors like finance and retail, with industries such as healthcare, professional services (e.g., legal), marketing, and fashion exploring ways to harness the benefits offered by this technology.

The combination of hybrid cloud solutions and the application of generative AI represents a response to the evolving demands of organisations across various sectors as they strive to optimise their operations, enhance productivity, and seize new opportunities.

⁴ The 100 Largest UK Membership Bodies (Influence 100 list), MemberWise, 2023

FINANCIAL PERFORMANCE

Steve Winters | Chief Financial Officer

Reported revenues were up 5.0% to £83.7m, reflecting the contribution of acquisitions, including Peak Indicators Limited and Swirrl IT Limited both of which completed in April 2022 (and which are now fully integrated into a new Data & Insights division), and RedCortex Limited which completed in December 2021. The performance of these businesses was very encouraging, with combined like-for-like revenue growth of almost 30% in the year.

Group revenues were, however, down 7.2% on a like-for-like basis. A number of factors contributed to this performance, including a lower-than-normal order book in certain parts of the business as they entered the financial year and client delays in implementing projects, which especially impacted Q2 and Q3. Sequentially, like-for-like revenue fell by 1.6% in Q1, 11.2% in Q2, 14.6% in Q3 and 1.6% in Q4.

New business wins showed increasing momentum in the second half of the year with £41m in Q3 and £36m in Q4, and £115m in total for the year. Since year-end, this encouraging trend has accelerated even further, with new orders in the first quarter of FY24 of over £90m, largely due to two significant wins: up to £49m with His Majesty's Land Registry (HMLR) over four years and up to £27.5m with the Department for Education over two years, both of which commenced in May 2023. These wins demonstrate the value our increasing scale can offer our clients, especially in the key strategic sector of Central Government.

Public sector clients represented 72% of revenue in the year ended 31 March 2023 and our top 10 clients represented 39% of revenue compared to 42% last year.

Gross profit of £20.9m was down 14.3% from £24.4m on a reported basis and down over 27% on a like-for-like basis. Cost of sales was £62.8m, an increase of 13.6% on a reported basis and 2.4% on a like-for-like basis, again reflecting the impact of acquisitions. Gross margins therefore reduced to 25.0% from 30.6% last year, and from 32.0% on a like-for-like basis.

The Group continually assesses the appropriate mix of permanent headcount and contractors within cost of sales, with a view to optimising efficiency in servicing the needs of our clients. In the first half of the year, however, this efficiency was more challenging to achieve due to client delays in implementing projects, which impacted utilisation rates, particularly in our Consulting division (approximately 40% of Group revenues). In view of the level of new business won in the second half of the year, Consulting has embarked on a major recruitment campaign to expand permanent employee resource, although the full benefit of this will not come through until FY24.

A new benefits package for permanent employees was introduced in April 2022, which included increases in holiday entitlements, pensions and other benefits. These enhanced benefits, together with the effect of salary reviews in March 2022, impacted gross margins. Management remains committed to offering our employees a highly attractive benefits package as one of a number of measures to attract and retain talent, and differentiate TPXimpact as an employer which truly values the contribution and well-being of our employees.

Utilisation rates improved markedly in Q4 and we are targeting continued improvement in FY24 and beyond. The turn-around in Q4 was entirely attributable to the tenacity and commitment of our people who are devoted to delivering meaningful insight and value to our clients. The healthy order book, combined with higher utilisation rates and capacity, should lead to improved gross margins in FY24. We are also seeing signs of improved staff retention rates over the last six months, particularly in Consulting, our largest business.

On a reported basis, the Group made an operating loss of £(19.4)m compared with an operating profit of £3.2m last year. This reflects the £3.5m reduction in gross profit explained above, as well as the effect of administrative costs increasing to £40.8m from £21.7m last year. Administrative costs include £11.8m (2022: £Nil) of non-cash impairment charges in relation to goodwill and intangible assets recognised on past acquisitions, due to management's reassessment of the likely future performance of certain businesses in the Group.

Employee costs included in administrative costs increased to £12.6m (2022: £9.0m), reflecting the acquisitions of Peak Indicators and Swirrl IT, as well as a continued investment in talent to support the needs of the business going forward. On a like-for-like basis, total Group headcount of 798 (on an FTE basis) at 31 March 2023 compares with 659 people at 31 March 2022, an increase of 21.1%. Including contractors, the Group's aggregate workforce is currently approximately 1,100 people.

1. In measuring our performance, the financial measures that we use include those which have been derived from our reported results in order to eliminate factors which distort period-on-period comparisons. These are considered non-GAAP financial measures, and include measures such as like-for-like revenue, adjusted EBITDA and net debt. All are defined in note 28 to the financial statements.

Administrative costs also include £2.5m of restructuring costs (2022: £1.8m) arising from integration and restructuring actions aimed at improving the long-term health and efficiency of the business and £7.1m (2022: £5.9m) of depreciation and amortisation charges, primarily in relation to acquired intangible assets, previously recognised on acquisitions.

Adjusted EBITDA of £2.5m compares with £12.2m last year, representing a margin of 3.0% against 15.3%. A reconciliation of Operating (loss)/profit to Adjusted EBITDA is provided in note 28 to the financial statements.

The Group made a reported loss before tax on continuing operations of £(20.5)m in the year (2022: profit of £2.5m), and an adjusted profit before tax on continuing operations of £0.7m (2022: £10.9m). Finance costs were £1.1m in the year (2022: £0.7m), reflecting both higher net debt and increased interest rates.

Corporation tax amounted to a credit of £1.5m (2022: charge of £1.7m) due to the decrease in profitability of the Group. Adjusted profit after tax on continuing operations was £0.6m (2022: £10.0m).

The disposal of Greenshoot Labs gave rise to a gain on disposal of £1.6m which has been included in the income statement within income from discontinued operations.

Reported diluted earnings per share from continuing operations for the year was a loss of (21.1) pence per share (2022: earnings of 0.9 pence per share), reflecting the decrease in profitability in the year. On an adjusted basis, diluted earnings per share on continuing operations was 0.7 pence per share (2022: 11.3 pence per share).

During the year, the Board declared an interim dividend of 0.3 pence per share (2022: 0.3 pence per share), which was paid on 27 January 2023. In view of the Group's financial performance in the second half of the year, no final dividend will be declared or paid (2022: 0.6 pence per share). Therefore, total dividends declared and paid in respect of the year ended 31 March 2023 were 0.3 pence per share (2022: 0.9 pence per share). The Board is keen to reinstate a dividend when appropriate and will continue to keep dividend policy under review.

Cash flow and net debt

Net debt (excluding lease liabilities) at 31 March 2023 was £17.5m compared with £10.1m at 31 March 2022. The increase in net debt in the year of £7.4m includes £2.0m cash paid for acquisitions (net of cash acquired), £1.5m of corporate taxes paid, £1.1m of interest costs paid, £0.8m of dividends paid, £0.6m of capital expenditure (including intangible assets) and £0.5m of share repurchases into the Group's EBIT. Working capital improved slightly year on year.

The Company secured a waiver of its lending covenants from its bankers at 31 March 2023 and agreed a further waiver at 30 June 2023. Amended covenants (based on minimum liquidity and Adjusted EBITDA levels) will apply until the quarter ending 30 September 2024, at which time the original leverage metrics will be reinstated (Net debt to Adjusted EBITDA of 2.5x and Adjusted EBITDA to interest cover at 4.0x). These new lending arrangements provide renewed stability and a sound basis for the business to reach its performance goals.

Current trading

For the first quarter of FY24, trading was in line with management expectations, with like-for-like revenue growth of over 11%. With new business wins of over £90m in the first quarter, we are seeing increased momentum in new orders and are well-positioned for top-line growth in both the short and long-term. At the same time, management are very aware of the need to convert top-line growth into meaningful margin improvement and have initiated a number of measures focussed on efficiency, cost control and profitability.

Net debt (excluding lease liabilities) was £17.9m at 30 June 2023, a £0.4m decrease on 31 March 2023. The last remaining earnout liability in respect of historical acquisitions was settled in shares on 6 June 2023.

Outlook

There is no change to the Group's previously published targets for the year ending 31 March 2024, with like-for-like revenue growth of 15-20% and an Adjusted EBITDA margin of 5-6%, with margin improvement expected to be weighted to the second half of the year. Committed (or backlog) revenues in relation to the current financial year are well over £80m, significantly higher than at the same time last year.

With respect to FY25, management continue to target like-for-like revenue growth of 10-15% and a further improvement in Adjusted EBITDA margin of 2-3% on top of that targeted for FY24. Based on our three-year plan, we are targeting an Adjusted EBITDA margin of 10-12% in FY26.

TPXImpact has started the new financial year with renewed vigour, whilst recognising there is scope to improve our operational processes to enhance profitability, and respond positively to a challenging wider economic environment. We continue to believe the digital transformation market in the UK – in both the public and private sectors – remains attractive, with plenty of potential for continued growth, and that the Group is well-placed to take advantage of these trends.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Bryony Wilde | Purpose Director

TPXimpact has been formed on a solid foundation of shared values. Our people, our clients and our investors are attracted to us because of this sense of civic responsibility. Our shared belief that the business that we are building is a good one, that will positively impact all stakeholders, has been invaluable through a challenging period of change.

Our approach to environmental, social and corporate governance (ESG) remains simple. We measure our impact, then we find ways to reduce the negative impacts and increase the positives. In terms of measurement, we continue to be committed to radical transparency, investing in robust detailed reporting and publishing as much as possible in order to hold ourselves to account and to open source our methodology to support other businesses to do the same.

This year, as we prepare for B Corp certification, we have formalised our commitment to all stakeholders by amending our articles of association to be accountable to all stakeholders, not just shareholders. That means that we have enshrined our purpose-led approach into the legal structure of the business.

A key development we have seen over the last 12 months is a huge acceleration in social value commitments being embedded into our client contracts, bringing our commercial and ESG work closer than ever before. A key tenet of our work over the next year is better integration and balancing our purpose with commercial outcomes.

Our non-financial KPIs track the progress we're making in building sustainable futures for our people, planet and community. Through our ESG work we are contributing to the UN Sustainability Goal 8, Decent Work and Economic Growth. We have identified targets 8.1, 8.4, 8.5 and 8.6 as priorities and the table below shows how we feed into each one.

We have used the World Economic Forum's (WEF) standard for consistent ESG reporting to identify the recommended metrics aligned with these targets. The table shows where you can find information around each of these metrics and disclosures within the ESG report and also which standard we have used to capture the data.

Theme	Metric	Reporting standard	SDG Target	FY22	FY23	See page
People						
Dignity and equality	Ethnicity pay gap (mean)	GRI 102-38	8.5	12%	14%	39
Dignity and equality	Ethnicity pay gap (median)	GRI 102-38	8.5	15%	8%	39
Dignity and equality	Gender pay gap (mean)	GRI 102-38	8.5	19%	15%	39
Dignity and equality	Gender pay gap (median)	GRI 102-38	8.5	20%	14%	39
Dignity and equality	Inclusion gap – Disability	GRI 405-1b	8.5	12%	8%	37
Dignity and equality	Inclusion gap – Gender	GRI 405-1b	8.5	5%	3%	37
Dignity and equality	Inclusion gap – LGBTQI	GRI 405-1b	8.5	0%	3%	37
Dignity and equality	Inclusion gap – Minority ethnic	GRI 405-1b	8.5	9%	1%	37
Dignity and equality	Inclusion gap – SEB	GRI 405-1b	8.5	7%	5%	37
Dignity and equality	Inclusion score – Overall	GRI 405-1b	8.5	76%	72%	37
Dignity and equality	Modern slavery statement		8.7	-	-	43
Dignity and equality	Overall representation – Black	GRI 405-1b	8.5	6%	6%	38
Dignity and equality	Overall representation – Disability	GRI 405-1b	8.5	7%	8%	38
Dignity and equality	Overall representation – Female	GRI 405-1b	8.5	47%	50%	38
Dignity and equality	Overall representation – LGBTQI	GRI 405-1b	8.5	16%	15%	38
Dignity and equality	Overall representation – Minority ethnic	GRI 405-1b	8.5	19%	19%	38
Dignity and equality	Senior representation – Black	GRI 405-1b	8.5	0%	2%	38
Dignity and equality	Senior representation – Disability	GRI 405-1b	8.5	4%	6%	38
Dignity and equality	Senior representation – Female	GRI 405-1b	8.5	34%	36%	38
Dignity and equality	Senior representation – LGBTQI	GRI 405-1b	8.5	13%	8%	38

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

continued

Theme	Metric	Reporting standard	SDG Target	FY22	FY23	See page
Dignity and equality	Senior representation – Minority ethnic	GRI 405-1b	8.5	8%	11%	38
Dignity and equality	Wage level % (CEO:Median)	GRI 202-1, Adapted from DoddFrank Act, US SEC Regulations	8.5	4.9:1	4.6:1	35
Health and wellbeing	Employee satisfaction score		8.5	7.1	6.7	35
Health and wellbeing	Employee wellbeing score		8.5	6.8	6.8	35
Health and wellbeing	Injuries and fatalities	GRI:2018 403–9a&b, GRI:2018 403–6a	8.8	–	–	35
Planet						
Climate Change	Carbon offset total	GRI 305:1–3, TCFD, GHG Protocol	8.4	2,742 tCO2e	1,487 tCO2e	49
Climate Change	Reduction of energy consumption	GRI 305:1–3, TCFD, GHG Protocol	8.4	39.88 tCO2e	38.81 tCO2e	47
Climate Change	Energy intensity ratio (per £1m revenue)	GRI 305:1–3, TCFD, GHG Protocol		34.28 tCO2e	17.77 tCO2e	47
Climate Change	Energy intensity ratio (per FTE)	GRI 305:1–3, TCFD, GHG Protocol	8.4	2.60 tCO2e	2.02 tCO2e	47
Climate Change	Scope 1 emissions	GRI 305:1–3, TCFD, GHG Protocol	8.4	3.84 tCO2e	2.39 tCO2e	47
Climate Change	Scope 2 emissions	GRI 305:1–3, TCFD, GHG Protocol	8.4	36.04 tCO2e	36.41 tCO2e	47
Climate Change	Scope 3 emissions	GRI 305:1–3, TCFD, GHG Protocol	8.4	2,702 tCO2e	1,448 tCO2e	47
Climate Change	% renewable electricity tariffs		8.4	29%	47%	48
Principles of governance						
Governing purpose	Stated purpose		8.1	–	–	8
Protected ethics advice and reporting mechanisms	Protected ethics advice and reporting mechanisms		8.8	–	–	43
Quality of governing body	Governance body composition		8.5	–	–	62
Risk and opportunity oversight	Disclosure of risks		8.8	–	–	57
Stakeholder engagement	Material issues impacting stakeholders		8.8	–	–	54
Prosperity						
Community and social vitality	Careers kickstarted		8.6	686	876	41
Community and social vitality	Charities supported		8.6	114	77	41
Community and social vitality	Community investment total	GRI 201-1,	8.1	£59k	£89k	41

Theme	Metric	Reporting standard	SDG Target	FY22	FY23	See page
Community and social vitality	Community action hours		8.6	1,970	2,565	43
Community and social vitality	Tax paid	Adapted from GRI 201-1	8.1	£921k	£1,522k	103
Community and social vitality	Unique volunteers		8.6	119	193	43
Employment and wealth generation	CapEx (including intangible assets)	As referenced in IAS 7 and US GAAP ASC 230	8.1	£541k	£584k	104
Employment and wealth generation	Dividends paid	As referenced in IAS 7 and US GAAP ASC 230	8.1	£603k	£815k	104
Employment and wealth generation	Employee turnover	GRI 401-1a&b	8.1	30.6%	24.3%	35
Employment and wealth generation	Employee wages and benefits	GRI 201-1,	8.1	£33,874k	£44,421k	126
Employment and wealth generation	New hires (FTE)	GRI 401-1a&b	8.1	240	309	35
Employment and wealth generation	New jobs	GRI 401-1a&b	8.1	63	139	35
Employment and wealth generation	Operating costs	GRI 201-1,	8.1	£21,738k	£40,789k	99
Employment and wealth generation	Revenue	GRI 201-1,	8.1	£79,709k	£83,680k	99
Employment and wealth generation	Workforce growth	GRI 401-1a&b	8.1	22%	31%	1FC
Innovation of better products and services	% revenue from controversial clients		8.1	3.1%	2.2%	53
Innovation of better products and services	% revenue from public services		8.1	72%	72%	52

Social value through delivery

Swati Patel | Social Value Lead

The use of social value in public sector procurement has grown rapidly this year, and there is a clear momentum towards further acceleration in the coming years. Government organisations recognise the importance and potential of corporate social impact work and have developed guidance and tools to support social value through procurement. Social value has become an integral part of how the public sector does business and ultimately results in improved social, economic, and environmental outcomes for our communities.

The UK Government requires that social value is evaluated as part of the tender process. Under the Social Value Act 2012, when scoring bids, government institutions should award a minimum of 10% weighting for social value, so for us, that margin can, and often does, mean the difference between a successful or unsuccessful bid. Clearly, social value has become a major differentiator on bids across both central and local Government.

At TPXImpact we are delighted to be able to utilise our significant experience of delivering social value outcomes to embed social value within the work that we are delivering for our clients.

50%

of our workforce
are women

139

new jobs
created

19%

of our workforce are
minority ethnic

57%

of our workforce are
share or option holders

Katie Sloggett | Chief People Officer

We're a business powered by our people so in response to our Pulse survey, feedback from our employees, and also designing what good looks like aligned to our values and business strategy, Our People Strategy has been refreshed to deliver three priorities (December 2022 to March 2024):

- Deliver brilliant basics
- Facilitate vision, purpose and values
- Reward and recognition

We've made steps towards delivering brilliant basics through our reorganisation of the People team – focusing on delivering frictionless people services, so that our people can do their best work for our clients. This includes a review of all people services aspects such as policy, process and systems, all of which have made significant improvements to the employee and manager experience.

Our detailed strategic objectives have been cascaded through our new performance dialogue approach. This gives every employee the opportunity to see how their work aligns to the vision, purpose and direction of the organisation and their wider teams.

In 2022, we kicked off a project to evaluate every role within the organisation, with the aim of bringing equality to the many different practices that we'd inherited from

the legacy businesses – creating reward principles and an aligned strategy to address pay gaps. All roles have been evaluated and we've created job families, a grading structure and library so every employee can see what roles are similar to theirs or identify potential progression opportunities for them.

We know the last year has been hard and we've made cost of living payments to our people in March alongside a pay review.

Finally, we've created our new values, synthesising insight from employee voices heard in our Mission Lab work, employee survey and other interactions and aligning them with the strategy for the organisation. We are working to articulate and celebrate what makes us unique and proudly TPXimpact.

Employment and Wealth Generation

Our workforce has grown by over 21% this year on a like-for-like basis. We have attracted over 300 new starters, growing our total headcount to around 800 people. Excluding acquisitions we have created 139 new jobs. Our median salary is 2.6 x the living wage at £28.85 per hour and our CEO to median wage ratio remains low at 4.6:1. Our employee turnover has decreased from 30.6% to 24.3% and we expect to see this reduce much further as we mature and settle as a joined up business.

We support the principle of wider share ownership amongst our employee base. UK employees are able to acquire tax efficient shares through our Share Incentive Plan (SIP) and TPXimpact matches any shares on a 1:1 basis. As at 31 March 2023, 26% of UK employees were enrolled in the scheme.

Employee Engagement

TPXimpact is powered by its people. We strive to be the employer of choice for talent who are passionate about accelerating positive change through better services and experiences. In order to attract and retain that talent we are committed to making the employee experience as compelling as possible; offering competitive benefits, providing opportunities for growth and development, and creating a positive and supportive work environment.

This year our people scored their satisfaction as 6.7/10 (7.1 in FY22) and their wellbeing as 6.8 (6.8 in FY22). This year has been a challenge for our teams as it has been a period of significant change. We expect to see our wellbeing and satisfaction scores improve as the business finds focus, balance and more stability this year.

PEOPLE continued

May	September	October	January	March
Mental Health	Suicide Prevention	Blood Donation	Physical Health	Women's Health
Published blog posts from leadership about personal stories with mental health & ran resilience training for all employees, delivered MHFA training for 14 people and MHFA Refresher for 10 existing mental health first aiders	Published suicide crisis first aid guidance & delivered lunch & learn	Ran a campaign to encourage blood donation with a dedicated website to track donations. 26 people donated a total of 122 litres and impacted the lives of 78 people	Ran our annual step challenge with 141 participants and over 26 million steps & offered gym membership and wellbeing discounts	Delivered a webinar on menopause & perimenopause

Health and Wellbeing

We know that the health and wellbeing of our employees is essential to our success. When our employees are healthy and well, they are more productive, engaged, and creative and are less likely to be absent. Our people spend a significant amount of their time at work and we recognise that we have a duty of care to ensure that we're supporting their long-term health and wellbeing.

We have run multiple campaigns throughout the year to promote employee wellbeing.

We have an active cohort of mental health first aiders at a ratio of 1 to every 15 employees. They help us to set our mental health strategy and deliver on our mental health at work commitments. They also run bi-monthly drop-in sessions which are themed around different aspects of mental wellbeing. Our in-house team compliments the more formal health and wellbeing services offered through our EAP (Health Assured), employee benefits provider (Mattioli Woods) and occupational health provider (MediGold). This year our Employee Assistance Programme (EAP) line has been used 67 times with 87% of enquiries being about counselling. Our new health cash plan with Simply Health has also been well utilised with employees claiming back over £30,000 for treatments and therapies.

Diversity and Inclusion

As a service organisation, the most material impact we will have from our operations is on the people we employ. We are dedicated to making sure that the opportunities afforded by TPXimpact are offered in a fair and equitable way to talent from all backgrounds. Not only because it is the right thing to do but also because it is good for our business. In order to deliver better services and experiences to society, it is vital that we are deploying teams that reflect the diverse communities that we are serving, understanding their different needs and challenges.

We are immensely proud of the progress that we have made and are at least as representative of the UK as a whole when it comes to women, ethnic minorities, black, LGBTQI+ and neurodivergent communities. Our pay gaps are decreasing, as are the gaps in how included employees feel at work.

Here are some of the ways we have been investing in diversity and inclusion this year;

We invested in our ERGs

The four employee resource groups (ERGs) that TPXimpact launched last year have become incredibly popular and useful. They provide a sense of belonging and safety for traditionally underrepresented communities, they also serve to educate the business about issues affecting their fellow employees, creating a workforce that is more aware and more inclusive. This year we added a fifth ERG for neurodiverse employees. We also formalised the role of ERG chairs, giving them paid time to carry out their duties, in recognition of the importance of the position.

We did a deep dive into diverse recruitment

This year we have been running a series of internal discovery projects, galvanising teams of our in-house experts to look at how we can rapidly improve the business. One of the focus areas this year has been on how we might hire more diversely. The team looked at our hiring experience and subsequently made changes to the whole of the process, from how we advertise jobs, to how we represent the business and our values to how we interview for roles. We hope that these changes will make the process more inclusive and will attract more diverse talent.

We gave leaders the right tools

All of the wider leadership team in TPXimpact participated in a four-part 'Inclusive Leadership' training programme this year. The aim of the programme was to build a deep understanding of inclusion, embed inclusive behaviours across the leadership team and enable those behaviours across the whole organisation. We want to ensure that our leaders can drive trust, respect and engagement with the wider organisation and help to create a culture of inclusion, psychological safety and empathy.

Measuring Diversity, Inclusion and Equity

We use '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.

We currently track over 25 gaps 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 community representation and our workforce. 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 halve all gaps from our benchmark year in FY21 by 2025.

Diversity

We measure overall representation and senior representation (top pay quartile) for employees from underrepresented communities. Overall, we are as representative as the UK as a whole when it comes to ethnicity and gender, this being the first year that we are 50% female. In terms of LGBTQI, neurodiverse and foreign nationals, we are significantly more representative than the UK as a whole. Our notable gap is disability. It is more difficult to target disability representation simply by using community representation however we continue to focus on the disabled community when it comes to our

inclusion work. We have also made progress in making the senior leadership team more representative this year although we still have gaps to close when it comes to senior representation of women and ethnic minorities.

Inclusion score

72/100

(FY22: 76/100)

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 slightly for most groups this year. Specifically, when asking whether employees felt like they belonged in their workplace, we saw a drop off of to 54% (from 71% FY22) agreeing that they did. We have a lot of work in flight which is targeted at improving this score this year including: better articulation of what TPXimpact stands for, embedding our values in our ways of working, improved 'hubs' strategy and better internal communications. That said, our inclusion gaps continued to decrease for most groups.

Equality

In correlation with our improved senior representation, both our gender pay gap and median ethnicity pay gap have decreased over the last 12 months. We still have work to do to decrease our pay gaps but at 15%, our mean gender gap now sits alongside the UK average for all employees in 2022 (14.9%).

Notable Takeways

- We are at least as representative as the UK as a whole in terms of women, LGBTQI, minority ethnic and neurodiverse employees
- Both our mean and median gender pay gaps have decreased
- We have made progress in diversifying the senior team in terms of both gender and ethnicity
- We're making progress on how we deliver our people services to our employees (and prospective talent)
- Almost half of the employees who responded to our inclusion survey, stated that they don't know how to report on instances such as harassment or discrimination

PEOPLE continued

Diversity at TPXimpact

Senior Representation

Women	Minority ethnic	Black	Disability
36% FY22 34% Population 50%	11% FY22 8% Population 18%	2% FY22 0% Population 4%	6% FY22 4% Population 20%
LGBTQI+	Neurodiverse	Lower SEB*	Foreign national
8% FY22 13% Population 3%	14% FY22 15% Population 14%	29% FY22 30% Population 39%	20% FY22 25% Population 10%

Overall Representation

Women	Minority ethnic	Black	Disability
50% FY22 47% Population 50%	19% FY22 19% Population 18%	6% FY22 6% Population 4%	8% FY22 7% Population 20%
LGBTQI+	Neurodiverse	Lower SEB*	Foreign national
15% FY22 16% Population 3%	23% FY22 14% Population 14%	31% FY22 28% Population 39%	21% FY22 22% Population 10%

* Socio-Economic Background

Gender pay gap

15%

Mean pay gap
2022: 19%

14%

Median pay gap
2022: 20%

Ethnicity pay gap

14%

Mean pay gap
2022: 12%

8%

Median pay gap
2022: 15%

What's next?

- **Pay:** Work towards closing the pay gaps by sharing publishable salary bands for every job family and level.
- **Progression:** We're also creating a progression framework which supports development and defines how pay is progressed for our people.
- **Reward:** We will improve our benefits offer by introducing a range of voluntary options for people to choose from and introduce a recognition scheme linked to our values.
- **Inclusive behaviours:** All employees to participate in a workshop to highlight the importance of addressing micro incivilities and inappropriate behaviour, signposting where to seek support and report.

90

charities
supported

£89k

money
donated

2,565

hours
donated

876

careers
kickstarted

Zheni Rasheva | Social Impact Manager

It is our responsibility to give back to the communities that have helped us succeed. By investing in our local communities, we are not only making a difference in the lives of our neighbours, but we are also strengthening our businesses and our economy. When we invest in our communities, we create a ripple effect of positive change. We're helping to create jobs, improve education, and make our communities safer and healthier. We are also earning goodwill and trust with our clients, employees and investors.

TPXimpact commits 1% of its pre-tax profits to invest in local communities. This year we have distributed £89k, supporting over 90 charities and helping to kickstart 876 careers. This commitment funds our Career Kickstart

programme, including our flagship Future Leaders accelerator, and our people-powered giving programme which includes our community action and grant-giving work.

Careers Kickstarted

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 Science technology, engineering and mathematics (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 876 careers, taking our total to 2,082 since the initiative was launched in FY20.

Our Partners

We are proud to have long-term charitable partnerships with organisations that are helping to make our industry more accessible by providing high quality skills and training programmes for young people in our local communities. Our partners are:

Apps for Good – We sponsor the Future Founders category, giving secondary school students the skills and motivation to shape their futures with technology.

Arkwright Scholars – We fund scholarships each year for exceptional, diverse sixth-form students who are looking to get into engineering.

In2Science – In2Science are working to promote social mobility in STEM subjects. We sponsored a cohort of students through the programme.

Telerik Academy – Telerik Academy is the largest free IT education initiative for children in Bulgaria. We are delighted to have sponsored a class of students this year.

Diverse Talent Pipelines

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

Inspire

Careers talks, workshops, panel discussions.

Opportunities to build and explore technical engineering and entrepreneurial skills.

Upskill

Coding clubs, hackathons, bootcamps

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

Experience

Work experience, mentoring, live briefs

Bespoke and substantial support to champion high potential upcoming talent.

Accelerate

Accelerators, scholarships, board mentoring

PLACES continued

“I found the programme absolutely amazing. As a solo founder, I wasn’t sure how to navigate running a business. The programme gave me the guidance, the right people to help me out structure my business and support.”

Future Leader, 2022

Future Leaders

The Future Leaders programme is TPXimpact’s flagship community investment programme. It exists to give young entrepreneurs from diverse and underrepresented backgrounds, the skills, support and network they need to grow successful businesses. Now in its fourth year, we have supported 25 Future Leaders across 5 cohorts.

Participants are given 1:1 coaching, monthly professional development workshops, regular networking opportunities and a £500 monthly stipend to ensure that they have time to develop their businesses. At the end of the programme, the Future Leaders present their businesses at a mini-pitch event where they each receive further investment.

The programme is powered by volunteer experts from within TPXimpact with 155 hours donated from 36 volunteers this year. This allows us to achieve a huge social return on investment with 93% of programme costs going directly to the beneficiaries.

People-Powered Giving

TPXimpact is powered by people who are passionate about making a difference. They each have different passions and priorities but they are connected through a joint sense of civic responsibility. We encourage and empower all of our people to change the world around them by giving them paid time off for community action and also by allocating grants to support the causes they care about. Not only does this work benefit our wider community, it also helps to attract and retain talent who are aligned with our wider values and purpose.

Community Action

As part of our 1% pledge, we target every employee to donate 1% of their time each year to community action. This year we donated more time than ever before with 193 unique volunteers donating 2,565 hours to 74 impactful causes.

Grant Giving

Throughout the year we run numerous campaigns to give money to charity. Our headline campaigns are:

Community Action Grants – We allow employees who reach their target to apply for a £500 grant to donate to a charity of their choice. This year we distributed 15 grants to eligible employees supporting causes across wellbeing, education and the environment.

Christmas Give – Every year, TPXimpact makes a donation on behalf of each employee to a charity of their choice. This year we distributed over £10,000 in grants to causes that our people really care about.

What's next?

Togetherness: Focussing on bringing our teams and clients together to create more of an impact through project delivery, utilising our skills and passions.

Future Leaders expansion: Ensure that we are reaching underserved communities through the Future Leaders programme, expanding our reach outside of the south east of England.

Lasting partnerships: Maintain supportive and consistent relationships with our charity partners, giving them the confidence and stability they need to deliver excellent outcomes for beneficiaries.

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.

In the past year, we have conducted our annual 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 have mapped 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

Following the assessment we will conduct assurance testing and have conversations with the Suppliers who are noted as high risk to determine what they are doing to reduce the risk in their supply chain. We also completed the UK Government's Modern Slavery Assessment Tool and we have taken away progress points and started work on these.

In addition to this, TPXimpact includes Modern Slavery Training as part of the onboarding material for any new member of staff, and is populating information through our in-house learning and development site. This material includes external links to organisations and authorities that are working to prevent this heinous crime. TPXimpact also has a Whistleblowing Policy that encourages all employees, customers and suppliers to report any suspicion of slavery or human trafficking, internally without fear of retaliation.

2.02

FTE carbon tonne
(2.6 FY22)

£125k

invested in carbon
removals and avoidance

83%

renewable energy
in UK (82% FY22)

38%

reduction in
scope 1 emissions

**Neil Clark | Planet Officer | Tanreece Chahal |
Sustainability Analyst****Leaving no trace**

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 industry.

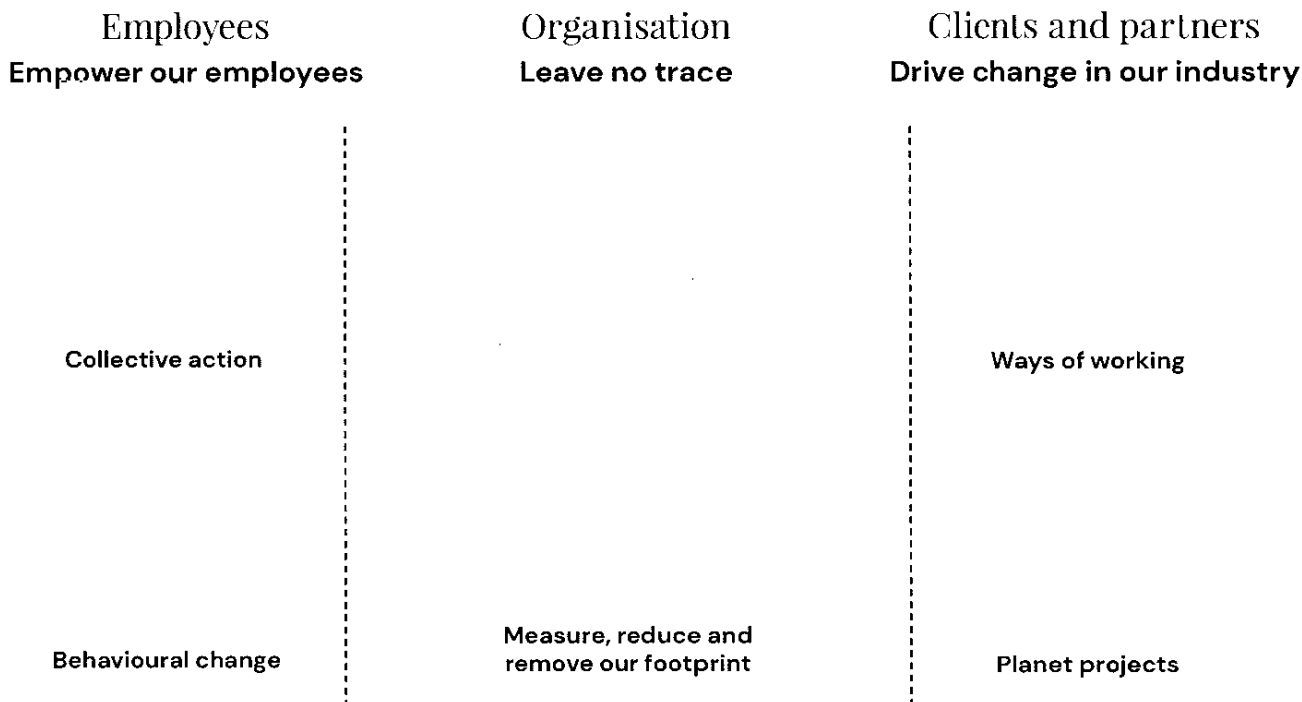
This year we have made significant improvements to our internal reporting systems, giving us more confidence in our carbon data. We've been using this data to inform decisions across the business from procurement to employee engagement.

We have continued to employ radical transparency in everything that we do for the planet, open sourcing our work and partnering with like minded organisations such as BIMA Sustainability Council, W3C sustainability web design guidelines and Umbraco Sustainability Community Group.

We have also rethought the way that we account for our carbon liability. Consciously moving away from industry voluntary carbon credits to a more progressive and thoughtful environmental investment approach.

We have a history of planet advocacy at TPXimpact and we continue to work to measure, reduce and remove 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 are increasing the amount of client work we do that has a positive impact on the planet. We are playing an active role in industry wide changes.

PLANET continued



Organisation

Measure

TPXimpact made two acquisitions this year, growing the size of business operations by adding an office as well as increasing our headcount and supply chain expenditure. This has had a clear impact on our absolute carbon emissions. Whilst our revenue growth did not correlate to the increase in business operations and therefore our carbon intensity ratio per £1m was therefore higher than expected in FY23, there were still clear reductions in some of the Greenhouse Gas (GHG) Protocol categories. A more representative comparison for this year is the carbon intensity ratio per head which decreased by 22%.

We have made significant changes to our carbon accounting methodology this year, and as a result we have also revised our carbon footprint for FY22 using the new methodology to provide a meaningful comparison between years. FY22 will now become our benchmark year in terms of our science based reduction targets.

We continue to invest in improving our methodology to ensure that we are reporting as accurately as possible. The main change which has caused a large reduction in reported emissions is reclassifying our contractors. Previously, contractors would be treated as part of the supply chain and given an emissions factor based on their industry. Now we look at the emissions generated from contractors' homeworking and commuting on our behalf instead, turning our spend-based approach into a hybrid one which more accurately reflects reality.

We've also improved our methodology in other ways. We have updated our commuting survey to capture our employee's post-pandemic travel habits more accurately and will be sending out an updated questionnaire annually. We have also looked at key areas of our emissions where we can move away from spend based data and use real quantity data. This includes calculating flight emissions based on km flown and calculating IT hardware emissions based on the number of individual items procured. To see our full methodology, please visit our Basis of Reporting document on our website.

Carbon report

	FY23	FY22 restated	% Change	FY22 original
Scope 1	2.39	3.84	-37.8%	3.84
Scope 2 location-based	36.41	36.04	1.0%	36.04
Scope 2 market-based	22.45	26.60	-15.6%	-
Percentage of renewable electricity (UK)	83.40	81.90	1.8%	81.9
Percentage of renewable electricity (Ovr)	47.40	36.50	29.9%	29.4
Scope 1 + 2	38.81	39.88	-2.7%	39.88
Scope 3				
Purchased Goods & Services	870.21	953.90	-8.8%	2344.99
Business Travel	135.18	64.21	110.5%	64.21
Commuting & Homeworking	435.39	358.31	21.5%	285.74
Fuel & Energy	7.65	7.17	6.7%	7.17
Scope 3 Total	1,448.43	1,383.59	4.7%	2702.22
Total	1,487.24	1,423.47	4.5%	2742.00
Per person	2.02	2.60	-22.3%	5.01
Per £1m	17.77	17.79	-0.1%	34.28

Scope 1

Our scope 1 emissions declined by 38%. This is due to our strategy of moving offices away from gas heating. Our Cardiff office switched from a gas-heated building to an electrically-heated one using 100% renewable electricity. We anticipate another large decrease in the next financial year as we move into our new London office.

Scope 2

Location-based scope 2 emissions are up by 1%. This is despite using electricity to heat more of our offices as opposed to gas, and we also gained an extra core office into our portfolio this year in Chesterfield. However, market-based scope 2 emissions are down 16% despite the above which highlights our drive to reach 100% renewable electricity by 2030 to align with the 1.5 degrees of warming reduction pathway of Science Based Targets initiative (SBTi). 83% of our UK electricity and 47% of our total electricity now comes from renewable electricity tariffs.

Scope 3 - purchased goods and services

Purchased goods and services sees the largest change between the original FY22 figures and the restated ones due to contractor emissions being reclassified into other categories. Much of our supply chain emissions in our original FY22 carbon footprint were actually due to spend associated with people working for the business. Overall emissions dropped 8.8% in this category between FY22 and FY23. This category is by far the largest part of our emissions. We have identified areas of our supply chain which are large causes of emissions and have put forward proposals to our Operational board on how we can incorporate sustainability into our future procurement policy. We hope to launch this policy in FY24.

PLANET continued

Scope 3 - employee commuting

Our employee commuting and home working emissions have increased by 21%. This is largely due to the growth in headcount as the emissions per employee has remained stable despite the conducting of a new commuting survey (0.46 tCO₂e per employee in FY23 vs 0.45 tCO₂e per employee in FY22). More employees are commuting than in our previous survey but the majority of these commutes are on sustainable transport, 81% of commutes are done via active or green transport methods such as walking, cycling, electric car or public transport. Although we report on homeworking emissions by using national average consumption data and emissions factors, 47% of our employees are on renewable energy tariffs and 4% of our employees generate their own electricity. This is higher than the national average and therefore reduces the impact of our home working emissions.

Scope 3 - business travel

Our business travel emissions have increased by 111%. This is partly due to increased travel as our habits readjust post-pandemic but it is also due to the availability of data. We have improved our reporting processes to receive more granular data on business travel from our expenses so we are now able to more accurately calculate the impact of our travel on the environment. The 135.2 tCO₂e generated in FY23 is still below our pre-covid 19 level of 184.6 tCO₂e in FY20 despite considerable growth in the business. Our travel emission breakdown is as follows:

Trains	43.0%
Flights	36.7%
Hotels	12.5%
Driving	6.9%
Other	0.9%

TPXimpact's carbon intensity for clients

We understand that many clients would like to calculate the emissions resulting from working with TPXimpact and that there are different ways in which companies will count their scope 3 emissions, so we are providing three different economic intensity emissions factors.

- Scope 1 & 2 emissions per £1m revenue – 0.46 tCO₂e/£1m
- Scope 1, 2 & owned* 3 emissions per £1m revenue – 7.37 tCO₂e/£1m
- Scope 1, 2 & 3 per £1m revenue – 17.77 tCO₂e/£1m

* Owned scope 3 emissions include everything except supply chain emissions from our purchased goods and services.

Reduce

Our science based target

By 2030 we'll halve our scope 1 emissions, use 100% renewable electricity and reduce the economic intensity of our scope 3 emissions by 58%. By 2050 we'll reduce our scope 1 emissions by 90% and reduce the economic intensity of our scope 3 emissions by 97%.

We are ahead of target for our scope 1 reductions but still have work to do on our scope 2 and 3.

- We now report quarterly on carbon emissions internally. Reports are shared with senior leadership and Board members and are discussed at the ESG Committee. This increase in reporting regularity allows us to act more quickly to make reductions where opportunities are spotted and helps to keep the planet high up the leadership agenda.
- We moved offices in Cardiff from a gas-heated office to one which uses no gas and 100% renewable electricity.
- We now give refurbished laptops to our new starters which has drastically reduced the emissions in this area and also saved the business money, demonstrating how emissions reductions and economic benefits can often come together. Impact on the environment has also been enshrined as one of the multiple factors in our IT procurement policy.
- We have disposed of over 60 laptops with our decommissioning partner Klyk. The vast majority of these were given a second life with social value enterprises and the remaining non-working devices were recycled. This resulted in a carbon saving of 5 tCO₂e.

- Our Octopus Electric Vehicle (EV) leasing scheme has opened up the possibility of EV ownership to a wider range of people through a tax efficient salary sacrifice scheme. Our scheme now has 23 cars on the road, which is a 75% increase from last year. There are a further six cars awaiting delivery. Given that lifetime emissions from an EV are over two thirds lower than a vehicle with a combustion engine, these cars are contributing to the decarbonisation of the transport industry, as well as reducing our own carbon emissions.

Remove

In 2020 we made a commitment that we would pay back the historic emissions debt of any company that we brought into the group by March 2023. That meant measuring and offsetting all of their historic emissions, from the date they were each incorporated.

To accomplish this, we used the years we had carbon data for to give us an average tonnage vs revenue to work out our historic emissions. We then applied a social cost of carbon of \$51 per ton as our internal carbon price, and used the resulting £100,000 budget to invest in TIME CO₂'s Planet Portfolio. We have since added £25,300 to this investment to account for our FY23 carbon output.

Carbon

4,886

Tons of Carbon protected
for 1 year

493

Tons of CO₂ removed

2,339

Tons of CO₂ reduced

Nature

526

Seedlings/trees planted

54

Tons of waste biomass
reused

45

Hectares of critical
ecosystems protected

Community

592

People directly benefited
(estimate)

46

Hours of training
(estimate)

2.26

Small businesses supported
(estimate)

PLANET continued

We chose a portfolio solution because it allows us to holistically support multiple, high-quality projects. Even more importantly, it allows us to focus on the outcomes we want to create – like creating jobs and protecting endangered species – and not just count tonnes of carbon. TIME CO2's portfolio approaches corporate responsibility to the planet differently, focussing on what the planet needs to achieve a net-zero, nature-positive world, instead of merely purchasing the cheapest carbon credits available to achieve "carbon neutral" claims.

Our support for the planet is spread across 13 projects and seven countries via the Planet Portfolio, with each project contributing to multiple, overlapping benefits. The largest share of projects focus on carbon removal. Several focus on eliminating potent greenhouse gases like refrigerants. A third of the projects are outside of the carbon markets entirely, focusing on what the planet needs, regardless of carbon crediting ability. Here is what our contribution to the projects has accomplished to date:

Clients and partners

This year, revenue from planet related projects and clients made up 3.5% of our total revenue, up from 1% in FY22. Our passion and experience in this area is shining through when we're bidding for work and when we're shaping new projects with existing clients. Some highlights of this work include:

Policy & strategy

- We worked with the Department of Energy Security and Net Zero to accelerate the development of two heat networks in the UK. Our research, analysis, prototyping and testing has led to proposals for two end-to-end services for those involved in coordinating heat network zones and connecting to heat networks.
- We worked with the Connected Places Catapult to show how councils can overcome the challenges of drawing on private investment to fund local authority's transition to net zero.

Community engagement and participation

- We ran the climate and biodiversity citizen's and young people's assemblies for Barnet Council and are currently planning the first regional climate assembly in South Yorkshire.
- In partnership with West Yorkshire Combined Authority we ran the mayoral innovation prize for young people's entrepreneurial ideas related to reducing West Yorkshire's emissions.
- We enabled local people, community groups and businesses to help develop a shared vision and co-design elements of the Wild Ingleborough project.

Digital & data foundations

- Our data platform underpins the DEFRA and Environment Agency's data services. All of the data on the platform is freely available to anyone via API. For example the flood telemetry data is refreshed every 15 mins and the service gets millions of requests a day from the likes of the BBC and Met Office right through to charities fighting water pollution.
- Our approach and data platform also underpins the UK Government's emissions dashboard which was presented by Sir Ian Diamond at COP26, as well as the Scottish Government's climate data. The level of transparency and self service help drive the awareness and trust needed for action.
- For a major conservation charity we have built their digital advertising revenue from nothing in 2020; to in excess of £0.5m in FY23, with a return on ad spend of 2.5x.

Industry collaboration

We believe it's vital for our industry to actively work together to help reduce the significant impact we're collectively having on the planet.

With that in mind, our employees are playing crucial roles in the BIMA Sustainability Council, W3C sustainability web design guidelines and Umbraco Sustainability Community Group. Each one of these groups contain multiple organisations that we compete against when bidding for new business, but these cross company alliances lead to vital advances in open, honest communication about things like best practices, case studies, client challenges, and supplier pressure.

The outputs from these groups are already leading to positive change within our industry and will continue as what they're working on now gets released during FY24.

Our employees continue to also be regular speakers and contributors at industry conferences, highlighting the vital role the industry has in avoiding the worst of the climate and ecological emergencies.

Employees

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 employees.

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 facilitated positive environmental impact through the power of our employees:

- Continuing to promote our Octopus Electric Vehicle (EV) leasing scheme with 23 cars now on the road.
- Maximised the amount of money our employees can use on our Cycle Scheme to £10,000.
- Donated over 200 hours to planet related projects or organisations this year.
- 34% of our UK employees chose to nominate Rewilding Britain to receive their Christmas Give donation.
- We have continued to encourage the use of Ecosia throughout our business as a search engine. To date we have performed 93,378 searches, financing the planting of 1,827 trees.

Planet ERG

Our Climate ERG ran a Clean Up Month in September to take action against the various forms of waste in our society and business.

50 people attended our drop in sessions to learn more about how to clean up their Gmail, Gdrive and social media; the software industry now accounts for more emissions than the aviation, shipping and rail industries combined.

20 people picked litter across Hackney, Sofia and Bristol.

During our repair cafe run by the Restart Project, six items were fixed, saving 8kg of waste and 291 kg Co2 emissions; the same as watching 505 hours of TV.

60 people attended our event with the Sustainable Digital Infrastructure Alliance (SDIA) to discuss how to decarbonise the digital industry, with a particular focus on websites.

The group finished off the calendar year by providing an alternative 12 days of Christmas all about how to reduce your footprint during the festive period, with many other employees contributing their own ideas.

What's next?

Reduction: Continue to develop and implement our credible transition plan, investing in implementations that support the reduction targets that we've set to align with global warming well below 2 degrees from pre-industrial levels.

- Moving offices to more sustainable buildings
- Increasing renewable energy consumption within buildings
- Continued rollout of sustainable procurement practices

Credibility: Achieve ISO14001 and B Corp certification, ensuring that our systems and performance are credible when it comes to the environment.

Governance: Ensure that climate risks are properly integrated into our governance structure and decision-making processes and that the Board and leadership are accountable.

CLIENT DISCLOSURE REPORT

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. 72% of our revenue this year came from the public services sector (FY22: 72%).

Income by sector

Income by subsector

We have a framework for handling sectors which may be seen as controversial so that we can be confident that 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. 2.2% of our revenue this year came from potentially controversial industries compared to 3.1% in FY22.

% 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

0.1%

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

0%

Chemicals & petrochemicals

1.4%*

Coal, oil & natural gas

0%

Iron, aluminium and steel manufacture

0%

Meat & dairy

0%

Plastics

0%

Private cars

1.2%

Timber, pulp & paper

0.6%

Trucking & shipping

* Our 1.4% is from a utilities company responsible for maintaining the gas network

OUR SECTION 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 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 ended 31 March 2023).

The Board recognises that engaging with the Company’s stakeholders is paramount to achieving our vision and business success. When making decisions, the Directors prioritise the interests of our people and other stakeholders, considering the community, environment, and the Company’s reputation. We understand that sustaining the Company’s long-term success is closely tied to stakeholder value and engagement, making it a fundamental aspect of our business.

Stakeholder engagement has been integral to our business since its inception. Within our Section 172 statement, we take this opportunity to showcase how the Board engages with stakeholders and its impact on decision-making and strategies.

The Directors are fully committed to fulfilling their responsibilities under Section 172 of the Act. Our aim is to act responsibly, ensuring that the business operates in alignment with high standards of conduct and good governance. Management is also dedicated to upholding these principles throughout the organisation.

Engagement with stakeholders

We acknowledge the inherent link between our business’s success and its influence on our people, places, and the planet we serve. Establishing robust and meaningful relationships, along with ongoing engagement with our clients, suppliers, employees, shareholders, and the environment, is essential for long-term prosperity and positive outcomes.

By engaging stakeholders effectively, we cultivate trust, enhance our reputation as a socially responsible enterprise, and gain the capacity to create sustainable solutions for our people, planet, and communities.

Our clients

We believe in a world enriched by people-powered digital transformation. Working together in close collaboration, we want to help our clients reimagine organisations, services and experiences to accelerate positive change and build a future where people, places and the planet are supported to thrive.

Led by passionate people, we care deeply about the work we do and the impact we have in the world. Working alongside our client’s teams, we work to understand their unique challenges and find new ways forward together; challenging assumptions, testing new approaches and building capabilities, leaving them with the tools, the insight and the confidence to continue iterating and innovating.

How we engage with our clients:

We engage with our clients by working alongside them, leveraging our scale and breadth of expertise to address their most complex challenges. Our approach is agile and adaptable, allowing us to understand and respond to their specific needs with empathy. As a sizable organisation, we have the capacity to deliver solutions at scale. Our work is driven by our purpose, which permeates every aspect of our client engagements—from our methodology to the results we achieve together.

Engagement outcome:

Details on the engagement with our clients can be found in our case study section, please see page 9.

Our shareholders

We prioritise the equal and fair treatment of all our shareholders, aiming for them to reap the full benefits of our ongoing success in both our impact and commercial endeavours. It is crucial that our shareholders comprehend and endorse our goals, as their enduring trust is vital to support our growth initiatives.

How we engage with our shareholders

At TPXImpact, we place great importance on actively engaging with our shareholders to foster a strong and collaborative relationship. We understand that our shareholders are crucial stakeholders who contribute to our ambition for strong and predictable growth and profitability.

To ensure effective communication and transparency, we employ a variety of channels to engage with our shareholders. Investor roadshows offer an excellent platform to showcase our company's sought-after offerings within the growing UK Software and IT Services market. These roadshows allow us to connect directly with shareholders, providing them with valuable insights into our strategy, performance, and future prospects.

Our Annual General Meeting (AGM) is another significant event where our Chairman, Non-Executive Directors, and Executive Directors actively participate. This ensures engagement with a broad range of shareholders, giving them the opportunity to voice their opinions, ask questions, and provide feedback. We believe in openness and transparency, and the AGM serves as a platform to reinforce this commitment.

We also recognise the importance of timely and accurate communication through stock exchange announcements. These announcements enable us to provide shareholders with critical updates on key developments, financial results, and other material information affecting the company.

Our Annual Report serves as a comprehensive overview of our business performance, strategy, and governance practices. It provides shareholders with a detailed understanding of our operations, financials, and our approach to sustainability and responsible business practices.

Furthermore, our Executive Directors, Björn Conway and Steve Winters, maintain regular and direct contact with both existing shareholders and potential investors. Through email, calls, and face-to-face meetings, they ensure ongoing communication, address queries, and provide insights into our vision, performance, and future plans. This personalised approach strengthens our relationships and enables us to understand and respond to the specific needs and expectations of our shareholders.

We deeply value the support and trust of our shareholders, recognising that their investment is an important contribution to our growth and success. We remain committed to delivering purpose in a positive way, converting revenue growth into margin improvement and creating long-term value for our shareholders.

Engagement outcome:

In September 2022, TPXImpact appointed Björn Conway as the new CEO and Steve Winters as the CFO. Over the next 6 months, Björn and Steve actively engaged with shareholders to establish strong relationships and gain insights into their perspectives and business concerns. These interactions took place through both face-to-face and virtual meetings, ensuring accessibility for all shareholders to connect and ask questions to the new management team. The support received from shareholders towards Björn and Steve during this period has been commendable. Meanwhile, the management team dedicated their time to comprehensively understand the business and develop an ambitious, but achievable three-year strategy and plan.

Our suppliers and business partners

At TPXImpact, our suppliers and business partners play a vital role in delivering our services and maintaining our productivity. When entering into a business relationship with us, they consider several important factors. These include the overall success of our business, the opportunity for long-term partnerships, and the establishment of trust and credibility.

Ethical considerations are also paramount in our collaborations. We actively promote and uphold principles such as anti-corruption and bribery, human rights, and the prevention of modern slavery. Our suppliers and business partners align with these values, ensuring that ethical standards are upheld throughout our operations.

How we engage with our suppliers and business partners

At TPXImpact, we prioritise cultivating strong relationships with our partners through regular meetings, joint planning, and open communication. This collaborative approach enables us to align our goals, exchange valuable insights, and tackle challenges together. We highly appreciate the input and expertise of our partners, as we understand that their contributions are pivotal to our overall success.

Our strategic partnerships with industry leaders Microsoft, Amazon Web Services (AWS), and Google (GCP) are founded on trust. These partnerships are built upon our partners' recognition of our extensive sector knowledge, technical expertise, diverse capabilities, exceptional service, and robust client relationships. 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.

OUR SECTION 172 STATEMENT

continued

Engagement outcome:

Through our partner engagement program, we have fostered strong relationships that enable us to gain a deep understanding of our partners' specific requirements. This understanding allows us to leverage our customer relationships and capabilities to provide tailored solutions.

The acquisition of Peak Indicators and Swirrl has further enhanced our Microsoft relationships and capabilities. This enhancement was demonstrated in our collaboration with Durham County Council. The council faced the challenge of organising unstructured historical collections with inconsistent metadata and making them accessible online. TPXimpact partnered with the council, leveraging cloud-based AI and Microsoft's technologies. Natural Language Processing (NLP) assigned tags and converted audio/video to text, while Cognitive Search enabled robust querying. Azure services effectively managed data flow throughout the process. You can read more about this by visiting our website.

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 to enable 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.

Engagement outcome:

Details on how we engage with our people can be found in our dedicated People section, please see pages 34 to 39.

Our planet

We recognise the untapped potential for collective action and behaviour change among employees in driving climate action. That's why we have implemented various initiatives to empower our employees and the business as a whole to make a positive environmental impact.

Engagement outcome:

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

Our places

We are committed to making a positive impact in the communities where we operate. Through our time pledge, each employee is empowered to dedicate two days per year to engage in community action. This can take the form of voluntary work, pro-bono services for charities, or participation in projects with charitable objectives. Whether organised by the company or initiated by employees themselves, these initiatives allow us to actively contribute to meaningful causes.

Engagement outcome:

Details on the engagement with our communities can be found in our dedicated places' section, please see pages 40 to 43.

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 risk at all levels of the business. The risks identified are ranked by likelihood and potential impact and then tracked through regular Board meetings. Once risks are identified, management will formulate and deploy mitigating strategies.

The principal risks and uncertainties that the Board believe 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.

Risks specific to the climate are outlined within the TCFD report on pages 74 to 77.

Risk	Impact	Mitigation
Impact of recession	Recession could impact the digital transformation spend of our customers and impact the revenue of the Group.	<p>Our revenue is heavily weighted towards public sector spend. This should mitigate the risk of recession impacting revenue as we anticipate that Government will continue to invest (subject to the impact of possible spend delays linked to a General Election).</p> <p>We see digital transformation as a route to create efficiency gains and cost savings within both public and private sector contexts so we anticipate continued spending in a recessionary environment.</p>
Inflation	Inflation will increase the cost of our workforce (employees as well as contractors) putting pressure on our margins.	<p>Pricing of new business proposals and review of rate cards takes account of inflationary pressures on the cost base, and therefore provides margin protection.</p> <p>We continue to provide competitive pay and benefits to our employees and have implemented salary increases that reflect the impact of inflation. These increases support employee retention, which has multiple benefits to the business, including predictability of staff costs and, therefore, sustainable margins.</p>
Impact of General Election	<p>A change of UK Government following a General Election could impact the digital transformation spend of Central Government (a key client of the Group) and, therefore, our revenue.</p> <p>In addition to spend appetite, there is the associated risk of delays in project approvals both before and after a General Election. During these periods of "purdah" departmental spend is reassessed and new priorities may be identified.</p>	<p>Digital transformation is often a route to create greater efficiency and cost savings within a government department.</p> <p>Our belief is that the Central Government appetite to use technology to deliver better and more efficient public services will continue regardless of the political party (or parties) in power.</p>

RISK AND RISK MANAGEMENT

continued

Risk	Impact	Mitigation
People	<p>The quality of the services provided by the Group's businesses is fundamentally derived from the quality of the Group's people.</p> <p>The Group's performance could therefore be adversely affected if it is not able to recruit, train or retain key talent in the Group.</p>	<p>Our People strategy aims to attract people with skill sets matching clients' needs and then retain our people with appropriate rewards, satisfying work and a supportive environment.</p> <p>Our goal is to have a diverse workforce that replicates the diversity of where we operate. The Group puts togetherness and purpose at the forefront of what we do in order to become an employer of choice for employees. We actively set our KPIs to focus on the diversity of our workforce as well as our financial targets.</p>
Cyber security risk	<p>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.</p> <p>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.</p>	<p>The Group has received ISO27001 accreditation for its two largest divisions and intends to broaden the scope of these accredited security standards across the wider business during FY23/24.</p> <p>TPXImpact utilises enterprise-grade, public cloud 'as-a-service' solutions which meet the National Cyber Security Centre (NCSC) Cloud Security Principles.</p> <p>Measures are in place to provide end-point protection, malware protection and data leakage prevention. Access to applications is managed with role based permission controls and a security incident management system is in place to report, assess, escalate and respond if a cyber security event occurs.</p>
Funding	<p>The Group is required to report against and meet certain financial performance thresholds ("Covenants") under the terms of its bank debt facility. The bank has the right to demand immediate repayment of borrowings if these performance covenants are not met.</p> <p>In the event that the bank made immediate demand for repayment of the current debt facility, the Group would likely face a materially higher cost of capital or, in extreme circumstances, be made insolvent.</p>	<p>The Group enjoys a supportive and transparent relationship with HSBC, who have provided debt facilities to TPXImpact since 2019.</p> <p>HSBC's recent review of the Group's short/medium term cashflow forecasts has been successfully concluded. The review has resulted in a re-based covenant profile which the Group believes matches the growth ambitions of the business whilst enabling necessary investment.</p>

Risk	Impact	Mitigation
Commercial	<p>TPXimpact operates in a highly competitive market against a broad spectrum of suppliers, from large global consultancies and technology companies to smaller, niche operators.</p> <p>The Group has to balance the dynamics of delivering high quality service alongside fair pricing to both retain clients and win additional clients whilst also delivering appropriate margin for the Group's stakeholders.</p>	<p>The Group's increasing scale has resulted in larger contract wins and deeper relationships with key clients (as TPXimpact becomes a more significant component of a client's supplier landscape). We are proactively building a longer term client relationship approach as we seek to bring more of the Group's service offerings to these key relationships.</p> <p>Our client focus is on high quality outcomes and high quality relationships. We believe this is the commercial foundation on which we can deliver appropriate returns for our stakeholders.</p>
Compliance	<p>The Group's increasing scale and larger public sector contract wins requires a more sophisticated approach to managing compliance risk across a broad estate – information security; data protection; insurance; ISO certifications; Modern Slavery; IR35; Health & Safety.</p> <p>Failure to manage these areas effectively could lead to breach of contract, business interruption, client relationship damage, new business headwinds, regulatory fines and reputational damage.</p>	<p>The Group's central operations model is maturing to manage and mitigate these compliance risks, with appropriate, dedicated resource.</p> <p>A focus on standardised, secure and scalable processes configured around ISO standards is driving an improved culture of risk management through the Group.</p>
Transformation	<p>The Group is committed to a significant transformation journey – taking a series of individual legacy companies through a divisional structure to the ultimate destination of one Digital Transformation business and one Digital Experience business.</p> <p>This complex journey presents a series of challenges from building a unified brand with market traction to maintaining change momentum with our people and deploying end-state infrastructure into a dynamic business environment.</p>	<p>The Group has created the Operational Board forum to bring together HR, operations and finance leads from across the business to establish and deploy the central operations framework. This collaborative approach helps to assess the functional needs of the business in its current and future state and seeks to mitigate (or actively accept) the impact of change. External consultants are engaged to supplement internal project teams and to ensure delivery of effective outcomes and systems, which the Group can operate independently post go-live.</p>
Internal Control	<p>The span of TPXimpact's consolidated operations is now broader than any of its individual legacy businesses.</p> <p>An increasingly mature system of internal controls is needed to ensure that the risks implicit to scale are actively managed.</p>	<p>The Group has adopted an ISO compliant business management system to embed the internal control procedures needed for a business operating at scale.</p> <p>TPXimpact has received ISO27001 (Information Security) and ISO9001 (Quality) accreditation for its two largest divisions and intends to broaden the scope of these accredited standards across the wider business during FY23/24.</p>

NON FINANCIAL INFORMATION STATEMENT

This section constitutes TPXimpact's Non-Financial Information Statement and is produced to comply with Sections 414CA and 414CB of the Companies Act 2006.

Reporting requirements	Relevant policy/code	Location
Environmental matters	Sustainability policy	
Employees	Code of conduct Health and safety policy Anti-bribery and corruption policy Whistleblowing policy Modern slavery policy Data protection policy	Available upon request
Human rights	Modern slavery policy Stakeholder engagement	
Social matters	Stakeholder engagement	
Anti-bribery and anti-corruption	Anti-bribery and corruption policy Community action policy Whistleblowing policy	
Principal risks		Pages 57 to 59
Business model		Pages 17 to 24
Non-financial key performance indicators		Pages 31 to 33

The Strategic Report was approved by the Board and signed on behalf by Björn Conway, Chief Executive Officer, on 5 September 2023.



Björn Conway
Chief Executive Officer, TPXimpact

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Mark William Smith

aged 67, Non-Executive Chairman

Appointed Date: December 2018

Experience, relevant skills and contributions to the board:

Mark has held several senior roles in a variety of businesses across several sectors. He is a qualified chartered accountant and was one of the five founders of Chime Communications plc where he spent over twenty-five years as Chief Financial Officer and subsequently Chief Operating Officer until Chime was acquired by Providence Private Equity in 2016.

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 6 years and Non-Executive Director for 19. He is also Chairman of Merit Group plc (Previously The Dods Group), an AIM-listed political and business intelligence company, operating in over 50 countries, 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. They are a private consultancy specialising in marketing for Finance, Technology and Professional Services. Mark is also Chairman of the Employee Ownership Trust of Thinks Insight and Strategy.

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 of Thinks Insight and Strategy, Chairman and Non-Executive Director at Unlimited Group and Non-Executive Chairman of Cognito Europe Limited.

Committee membership and Board attendance:

Audit, Risk and AIM Rules Compliance Committee, Remuneration Committee. 100% attendance.

Björn Alex Paul Conway**aged 54, Chief Executive Officer**

Appointed Date: October 2022

Experience, relevant skills and contributions to the board:

Björn joined TPXimpact as CEO in October 2022. Björn's brief was to stabilise the business, establish a new vision, strategy, and 3 year plan.

Björn has worked in professional services since 1994, as a Partner leading business transformation work at PA Consulting, and then as a Senior Partner at EY.

Between 2011 and 2016, Björn led EY's UK Government and Public Sector team operating across central government, local government, health and infrastructure. The business doubled in size over five years and was EY UK's largest market segment. In this role, he gained experience of scaled consultancy as well as an awareness of the limitations of traditional consultancy working.

Recently, Björn has concentrated on building a number of private businesses, including Dx3 where, as Founding Partner, he has focused on building integrated, full-spectrum digital transformation businesses.

External Appointments:

Founding Partner DX Cubed LLP

Committee membership and Board attendance:

100% attendance.

Stephen Richard Winters**aged 55, Chief Financial Officer and
Company Secretary**

Appointed Date: October 2022

Experience, relevant skills and contributions to the board:

Steve joined TPXimpact in April 2022 to lead a number of finance transformation initiatives throughout the business, subsequently being appointed CFO. Prior to TPXimpact, Steve was a long-standing member of the leadership team at WPP plc where he worked for over twenty years, most recently as Deputy Group CFO, and prior to that, as Group Chief Accountant. Steve was also a non-executive director and Audit Committee member of Chime Communications from 2016 to 2019

External Appointments:

Director, Wise Addition Limited.

Committee membership and Board attendance:

ESG Committee. 100% attendance.

BOARD OF DIRECTORS continued

Christopher Paul Sweetland

aged 68, 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 plc's 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 represented WPP plc on the 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:

Non-Executive Director at Unlimited Group, Non-Executive Director of M&C Saatchi plc (Post period end).

Committee membership and Board attendance:

Chairman of the Audit, Risk and AIM Rules and Compliance Committee. 100% attendance.

Isabel Jane Kelly

aged 57, 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. 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 100% attendance.

Neal Narendra Gandhi

aged 55, Founder & Non-Executive Director

Appointed Date: December 2018

Experience, relevant skills and contributions to the board:

Neal is a serial tech entrepreneur having co-founded four companies that he 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.

In 2016, Neal founded The Panoply (now TPXimpact) where he led the company through 16 acquisitions and made the strategic decision to move from a holding company model to a fully integrated group company. In September 2022, he stepped back from the CEO role and became a Non-Executive Director.

External Appointments:

Director of Spin Energy SRL, Director of Bridgelink Alpha SRL.

Committee membership and Board attendance:

100% attendance.

Rachel Cecilia Neaman

aged 58, 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, leadership coach and executive mentor and runs her own consultancy providing strategic advice to executives and Boards. She is also a High-Risk Assurance Reviewer for the Cabinet Office's Infrastructure and Projects Authority (IPA).

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:

Faculty Member of Holos Change Ltd, Partner at Strengths Unleashed Ltd, 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. 100% attendance.

CORPORATE GOVERNANCE REPORT

TPXimpact is deeply committed to maintaining 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"). As part of this commitment, we would like to outline how the Company addresses the ten broad governing principles defined in the QCA Code.

Under our corporate governance model, the Non-Executive Chairman assumes responsibility for ensuring the overall leadership of the Board and its effectiveness. This ensures that the Board operates in an accountable, transparent and ethical manner, and is aligned with the interests of all stakeholders.

TPXimpact operates a business model and growth strategy that prioritises the generation of shareholder value through sustainable growth. Our approach is built on promoting professionalism, openness, honesty and integrity between our customers, staff, shareholders and suppliers. This is an integral part of our commitment to good corporate governance, and we believe it is essential for maintaining the trust and confidence of all our stakeholders.

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

At TPXimpact, we are committed to this principle and strive to deliver sustainable value to our shareholders through our innovative approach to digital transformation.

Our core mission is to transform the organisations, services, and systems that underpin society and drive business success. We achieve this by leveraging strategic and creative thinking, innovative design, technology, and user-centred approaches to bring about significant improvements that amplify the impact of change.

To accomplish this, we work closely with our clients in agile, multidisciplinary teams spanning organisational design, technology, and digital experiences. We place people and communities at the heart of every transformation and have developed a deep understanding of human behaviour that underpins our work.

Our business model has been increasingly recognised as a leading alternative digital transformation provider in the UK public services sector, with approximately 72% of our client base representing the public sector and approximately 28% representing the commercial sector.

We are focused on building a culture of purpose, collaboration, and innovation that delivers impactful work, profitable organic growth, and agility at scale. We believe that our flexible operating model, our trusted,

multidisciplinary teams of experts, and our commitment to making a difference make us perfectly placed to deliver long-term value for our shareholders.

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 £66.5bn in 2022, growing to £77.9bn in 2025. The public sector (comprising c.72% of the group's revenue) is worth an estimated £15bn (2021) of this total. Further details regarding market outlook can be found on pages 25 to 27.
- **Rich heritage in digital transformation** – combining a rich heritage and expertise in human-centred design, data, experience and technology, we bring over 15 years of experience across the public, private and third sectors, creating sustainable solutions with the flexibility to learn, evolve and change.
- **People-Powered** – We have a huge range of capabilities which allows us to support organisations of all kinds to adopt new ways of working, new approaches and new skills to make transformation happen. But this alone doesn't tell people how we're any different from the other companies offering similar services.

What is different about us is our personality, our passion and our ways of working. At the heart of TPXimpact, we're a group of collaborative and empathetic people who care deeply about the work we do and the impact we have in the world.

- **"People-powered" reflects:**
 - our passionate people at TPXimpact;
 - the clients who go on a journey with us to create better outcomes;
 - the end-users, the people at the heart of the solutions.
- **Focused growth strategy** – we're on a mission to build a future where people, places and the planet are supported to thrive. Bringing over 15 years of heritage and expertise in human-centred design, data, experience and technology, we're passionate people who work in close collaboration with our clients to create sustainable solutions ready for an ever-evolving world.

We are building a platform for an integrated transformation business. Our three-year plan outlines how we will deliver our mission and make it a reality. This plan can be viewed on page 16.

- **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 expertise with a track record of building and growing exciting service 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:

- **Statutory announcements** – as a company listed on the London Stock Exchange's (LSE) AIM, TPXimpact ensures that all formal announcements are made through the LSE's regulatory news service (RNS). Our investors can access a feed of these announcements on our website's investor area. TPXimpact reports formally to shareholders by publishing annual and half-yearly financial statement and regular trading updates.
- **Analyst and investor presentations** – TPXimpact's Executive Directors present the half-yearly and annual results to institutional investors, analysts, and the media. These presentations are available on the investor section of our website.
- **Annual general meeting (AGM)** – Notification of the AGM's date 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 are available at the AGM to answer questions, both during the meeting and informally afterwards. All relevant information can be found on the Investor announcements section of our website.
- **News releases** – along with the statutory announcements, TPXimpact regularly presents business news and updates to shareholders through RNS Reach.
- **Interactive sessions** – TPXimpact's Executive Directors arrange regular face-to-face sessions twice a year with any interested shareholders or potential shareholders. They are also available for updates at any point in the year. Shareholders can find contact details on our website.

- **Investor-focused website** – we maintain a full section on our website dedicated to investors. This section includes real-time RNS announcements, the latest Investor Documents, presentations, and reports, share information and share dealing interactive feeds, this corporate governance statement, and a complete list of investor-related contacts.
- **LSE profile** – TPXimpact maintains a profile on the London Stock Exchange Issuer services website.
- **Investor email** – TPXimpact also manages an investor email account for any direct queries that shareholders may have – investors@tpximpact.com.

At TPXimpact, we value our relationship with major shareholders and maintain regular contact with them. The Executive Directors are responsible for ensuring that the views of major shareholders are effectively communicated to the Board. Additionally, the Chair is available to discuss governance and other matters with major shareholders. During Board meetings, the latest brokers' reports and a summary of any shareholder meetings are presented to the Board. This helps the Chair and Board to stay informed about major shareholders' opinions on governance and strategy, as well as any concerns or issues they may have.

As a potential shareholder or an existing shareholder looking to learn more about TPXimpact, we invite you to contact us through our investor email address (investors@tpximpact.com). We would be pleased to put you in touch with one of our Executive Directors who can provide you with further information about our company and answer any questions you may have.

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 30 to 60).

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 Operational Board, 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

CORPORATE GOVERNANCE REPORT continued

management supports inform decision-making, enables us to minimise the 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 a way that mitigates pervasive risk in the business.
- Identify weaknesses in, and opportunities to improve, our business processes.

Risk registers

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

At a PLC level, there is a single risk register for the key risks facing the group and the associated steps being taken to reduce and mitigate those risks.

Risk registers are reviewed as standard on a quarterly basis. Our framework provides a clear process for all staff to escalate issues through the appropriate risk channels to ensure that high impact and pervasive risks are flagged promptly to the relevant levels of management within the organisation.

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.

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. Every six months, the highest rated risks are presented to the Board by the CEO, and the Audit, Risk and AIM rules compliance Committee is presented with the detailed risk registers for each line of business. Further details can be found in the Risk Section of this Annual Report on pages 57 to 59.

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.

Neal Gandhi, the former CEO of TPXimpact now a Non-Executive Director, is not considered an independent director due to his significant shareholding in the company, owning 10.2%. While Mr. Gandhi has stepped down from his executive role, his substantial ownership interest could potentially influence his decisions and actions as a Board member on certain board matters. As a result, the Board has determined that he does not meet the criteria for independence set out in the QCA guidelines.

However, the Board still complies with the QCA requirement for a board to contain at least two independent Non-Executive directors and for the board to be at least 50% independent. The current Board consists of seven members, including four independent non-executive directors, all of whom have been assessed by the Chairman as meeting the QCA's independence criteria.

The four independent non-executive directors bring a range of relevant skills and experience to the Board, providing an objective and unbiased perspective on matters discussed at board meetings. The Board is confident that it has the necessary balance of skills, experience, and independence to oversee the company's strategy and performance effectively.

In summary, while Mr. Gandhi's significant shareholding precludes him from being classified as an independent director, the Board has taken steps to ensure compliance with the QCA guidelines and maintain the necessary independence to make objective and unbiased decisions.

Mark Smith, Chris Sweetland, Isabel Kelly and Rachel Neaman own shares and options in TPXImpact however, this is not considered to alter their independent status.

Directors' 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. One third of 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 or 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 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. Steve Winters 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 meets at least twice a year. Mark Smith is the other member of the Remuneration Committee. Katie

Sloggett, Chief People Officer, is also invited to attend 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, Rachel Neaman and Steve Winters are the other Board 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 62 to 65. 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 is composed of seven members, including two executive directors and five Non-Executive directors. With the exception of Neal Gandhi, who is considered a Non-Independent director due to his previous role as CEO and significant ownership stake, all other non-executive directors are independent.

Despite this, the Board still meets the QCA requirement for a board to have at least two independent non-executive directors and be at least 50% independent. This is because there are four independent non-executive directors, which is more than the required minimum of two. 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, financial public relations adviser, solicitors and auditors), external consultants have been engaged to advise on a number of matters including remuneration, M&A tax

CORPORATE GOVERNANCE REPORT continued

planning. 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.

The Board conducted a review of its effectiveness in June 2023, with the assistance of an independent third party. The review concluded that the Board was effective and highlighted certain areas to focus on going forwards. The Board is currently discussing these development areas and drawing up a plan to address them.

Succession planning and Board appointments

The Chairman and the Chair of the Remuneration Committee meet 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 search for and to appoint a replacement.

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. The normal maximum term for Directors will be nine years. 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.

Our values are at the core of TPXimpact as they guide our behaviours and decision-making, making us truly unique. Developing these values involved an extensive process data-led of listening and understanding. We carefully

considered the feedback from Pulse surveys, engaged in listening exercises, and reviewed the work that emerged from the mission lab and brand development. We also brought to life what we need to successfully deliver our strategic vision and plan.

During this thorough examination of our organisation, we identified what sets TPXimpact apart and how our people demonstrate their commitment to clients and each other. Based on this exploration, we have crafted a values framework that has been shared with the wider team members at TPXimpact to crowdsource. This design-led approach heard from the voices of our people what makes them proud and what excellence looks like, framed against our values.

One of the values that emerged as particularly significant is Purpose. It reflects the beating heart of our organisation—the impact we make on people, places, and the planet. Purpose is our driving force and the starting point of our values framework.

The second value is Accountability, which represents a maturing of Autonomy with responsibility, aligning with our current organisational stage and growth.

Craft is another essential value for us. It highlights our dedication to bringing precision, problem-solving, and creativity to our work, both with our clients and internally.

Finally, Togetherness captures the energy, fun, and user-centred approach that we embrace. It signifies the collaborative spirit we bring to our work, including people at every level and creating a sense of belonging to our teams.

Together, these values form our framework, known as PACT, representing our promises to ourselves and our clients. We engaged our teams in a user-centred process to define what greatness looks like in terms of Purpose, Accountability, Craft, and Togetherness. We explored how these values manifest in individuals, teams, client work, and leadership.

By integrating PACT into everything we do, including performance narratives, policy updates, and procedures, we aim to infuse TPXimpact with a distinctive feel that shapes our behaviour, decision-making, and overall approach as an organisation.

These values will be the essence of TPXimpact as we move forward, creating a unique and impactful experience for everyone involved.

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

The CEO, acting on behalf of the Board, holds ultimate responsibility for overseeing the day-to-day operations of the company. The Board, as a collective entity, is accountable for monitoring performance in relation to the business's goals and objectives. Detailed information about the specific responsibilities, contributions, and skills of individual Board members can be found on pages 62 to 65.

To ensure effective governance and oversight, 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).

Throughout the year under review, the membership of the Audit Committee, Remuneration Committee, and ESG Committee included representatives from both Non-Executive and Executive positions. This composition enables a comprehensive and well-rounded approach to decision-making and ensures that key matters related to audit, risk, remuneration, and environmental, social, and governance aspects are thoroughly addressed.

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 consistent and open dialogue with key stakeholders, including shareholders, to ensure that interested parties can make well-informed decisions regarding the Business and its performance. For more detailed information about the Directors' engagement with stakeholders, please refer to Section 172 on pages 54 to 56.

You can find historical annual reports and notices of general meetings in the Financial Reports section of our Group's website.

The results of Annual General Meetings are disclosed by the Board and can be accessed in the Regulatory News section of our website.

The Audit Committee convenes at least twice a year, with the flexibility to hold additional meetings at the request of the Company's Auditors or any member of the Audit Committee if they deem it necessary. The primary responsibilities of the Audit Committee include providing

recommendations to the directors and shareholders regarding the appointment, re-appointment, and removal of the Company's External Auditors, as well as approving their remuneration and terms of engagement.

Before each annual or interim audit, the Audit Committee collaborates with the External Auditors to discuss and agree upon the nature and scope of the audit plan. They monitor the integrity of the financial statements of the Group and approve any formal announcements concerning the Company's financial performance.

The Audit Committee also develops and implements policies regarding the engagement of External Auditors for non-audit services. If the Audit Committee identifies areas that require action or improvement, they report to the Directors and provide recommendations on the necessary steps to be taken.

Empowered by the Board, the Audit Committee is authorised to investigate any activity within its scope and may seek information from any employee of the Company as needed. Additionally, the Audit Committee may engage external professional advice, with the costs covered by the Company, to ensure access to relevant expertise and experience necessary for fulfilling its duties.

For further details, please refer to the Audit Committee report on pages 83 to 84, accompanied by the Independent Auditors' report found on pages 90 to 98. The Remuneration Committee report can be found on pages 78 to 82, while the ESG Committee report can be accessed on pages 72 to 73.

ESG COMMITTEE REPORTS

During the financial year 2023, the ESG Committee ("the Committee") comprised Isabel Kelly, Rachel Neaman, Christopher Sweetland, and Oliver Rigby. During the year Oliver Rigby, co-founder and former CFO of TPXimpact joined the ESG Committee to provide valuable experience and guidance.

In addition, the committee includes the following executive members:

- Bryony Wilde, Purpose Director.
- Luke Murphy, Head of Investor Relations.
- Ching Chong, Group Financial Controller and Committee Secretary.
- James Herbert, the CEO of Foundry4, stepped down from the business in the year ended 31 March 2022 and left the Committee at that time.
- Steve Winters took over as CFO in October 2022 and filled the vacant position left by James Herbert.

The Committee maintains an open line of communication with divisional leaders, specialists relevant to the committee's agenda, and Employee Resource Group (ERG) Leaders on a regular basis as appropriate.

Main responsibilities

The Committee's main responsibilities for the 2023 financial year (FY23) were as follows:

- Assisting Executive Management in setting the Company's general strategy concerning ESG matters and recommending policies, practices, and disclosures that align with the strategy.
- Overseeing the Company's reporting and disclosure of ESG matters in compliance with existing and future legislation set by the Financial Conduct Authority (FCA) and relevant standards on environmental, social impact, and diversity and inclusion (D&I) related legislation.
- Advising Executive Management in overseeing internal and external communications regarding the Company's position or approach to ESG matters.
- Identifying and bringing to the attention of Executive Management and the Board current and emerging ESG matters that may affect the business, operations, performance, or public image of the Company, and making recommendations on how the Company's policies, practices, and disclosures can adjust to or address these trends.

- Discussing and deciding on the procedure of assessing controversial clients and their adherence to the companies controversial clients framework, while making recommendations on how the Company should proceed.
- Providing advice to Executive Management on shareholder proposals and other significant stakeholder concerns related to ESG matters.
- Assessing and advising on the impact of the existing ESG strategy and metrics concerning M&A matters.

Summary of activities in FY23

During FY23, the Committee focused on supporting the Company's ongoing commitment to people, places, and planet. The core work programme included meeting the reporting requirements of the World Economic Forum (WEF) reporting framework, the UN's Sustainable Development Goals (SDG's) Sustainability Accounting Standards Board (SASB), including specific targets and key performance indicators (KPIs). The Committee also provided support to Executive Management in the application process for B-Corp certification, which is currently awaiting verification and accreditation.

TPXimpact is now obligated to comply with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) framework due to employing over 500 people. The Committee holds the responsibility to review and ensure the company's reporting aligns with the TCFD framework and holds the Board of Directors to account for training and implementation of this framework.

Throughout the financial year, the Committee held four meetings. Significant outcomes include the confirmation of an amendment to the company's Articles of association, reflecting the commitment to all stakeholders, including the planet.

ESG reporting

The Committee reviewed and evaluated the appropriateness of the annual ESG report with management, specifically focusing on the following aspects:

- Clarity of disclosures and compliance with the WEF Disclosure standards, Sustainable Development Goals (SDGs), Streamlined Energy and Carbon Reporting (SECR), and relevant financial and governance legislation.
- Fairness of methodologies used for data collection and aggregation, along with reasonable proxies and assumptions for benchmarking.

- Questioning management at both Group and business unit levels to gain further insight into the issues addressed in the reports.
- Key ESG reporting sections and outputs are located on pages 30 to 60.



Isabel Kelly
*Chair of the Environmental, Social and Governance
Committee*

5 September 2023

TCFD REPORT

Task Force on Climate-Related Financial Disclosures

We report below on the four thematic areas set out in the Task Force on Climate-Related Financial Disclosures' ("TCFD") recommendations: governance, strategy, risk management, and metrics and targets.

Governance

Board's oversight

The Board and its committees play a vital role in overseeing climate-related matters, ensuring a high level of ambition in our plans. We have a robust governance and risk framework in place that enables us to identify and assess all risks, including climate-related risks and opportunities, with clear accountabilities. Our Chief Executive Officer holds overall responsibility for integrating climate-related issues into our strategy, ensuring their seamless integration throughout the organisation. Additionally, we have established an ESG Committee dedicated to driving our environmental, social, and governance initiatives, providing further oversight and expertise in these areas. Together, we are committed to proactively addressing climate-related challenges and maximising the opportunities that arise from a sustainable approach to business.

Our governance framework identifies and reviews climate-related risks and opportunities, with clear accountability. The Chief Executive Officer has overall responsibility, and our diagram shows how accountability is delegated. This structure ensures effective management of climate-related matters and promotes sustainable outcomes.

The Board

Our Board and committees, including the Audit and ESG Committee, oversee climate-related issues and reports, including the TCFD Report. They play a vital role in challenging and driving ambitious plans to address climate-related matters.

Specific climate-related issues are escalated by the Purpose Director to the ESG committee to be discussed on behalf of the board. Their recommendations are then referred to the board.

The Chief Executive Officer

Our CEO holds responsibility for overseeing climate-related risks and opportunities and has delegated the management of these matters to the CFO and the members of the Executive Leadership Team (ELT).

Executive leadership team

The ELT comprises highly experienced executives with relevant expertise in their respective domains and sectors.

Our Purpose Director and Chief Financial Officer, have governance responsibility for climate-related issues.

The senior leadership receives quarterly carbon reports from the planet team which are then escalated to the Board. These show the current emissions totals and how they compare to our science-based reduction targets and what actions can be taken to reduce emissions across all three scopes. They also feature deep dives into areas in which reductions are already being made so that management is kept aware of progress being made.

Meetings

Throughout FY23, climate change discussions took place during both Board and ELT meetings, guiding our ambition in this critical area. These discussions included setting and approving our operational net zero targets, as well as formulating our carbon reduction and offsetting strategy.

Strategy

We present a concise overview of TPXimpact's significant climate-related risks and opportunities. These assessments are based on our robust risk management model, which evaluates risk events, their potential impact, and likelihood. The summary table on page 77 includes material risks and opportunities that could significantly affect our business and our strategy for mitigation.

Whilst these risks are included in our overall risk register, they have not been identified within the risk & risk register section of the report as they were not deemed principal risks to the business.

Risk Management

a) Risk identification

- Climate risks are identified by the Planet Officer and Sustainability Analyst who manage the Planet Strategy of the business. These risks are communicated to the Central Operations & Change Director and recorded on TPXimpact's business-wide risk register.

b) Risk management

- As with any risk facing our business, Planet risks are managed in accordance with TPXimpact's risk management framework. Following identification, planet risks are:
 - recorded;
 - assessed to evaluate likelihood, impact and an appropriate response (terminate, tolerate or treat); and
 - then monitored to ensure that treatment plans are implemented.

c) Connection with wider risk management process

- Planet risks are integrated and managed within the same group-wide risk framework as operational risks. The framework sets out a systematic cycle of identification, assessment, treatment and monitoring.

Metrics and Targets

Metrics

- The organisation uses various climate-related metrics to measure performance in this area:
 - Absolute emissions data to keep track of our total impact on the planet.

- Emissions intensity data based on revenue and the number of people (on a FTE basis) to ensure we are decoupling our economic growth from our carbon footprint.
- Internal carbon pricing (£40 per tCO₂e for FY23) to determine how much capital we invest in the removal and avoidance of carbon emissions to repay our debt to the planet according to our annual activities.
- Percentage of revenue from climate related projects (3.5%) allows us to understand how much meaningful work we are doing as a business to help fight the climate emergency and shows how we use our reputation as a climate conscious business to attract new opportunities.
- Revenue exposed to transition risks (2.0%) – measuring the percentage of our revenue coming from clients who are potential climate conflicts allows us to understand how much of our work is exposed to transition risks.
- 1.6 FTE dedicated to our planet strategy.

Metric	FY23	FY22
Total carbon emissions* (tCO ₂ e)	1,487	1,423
Internal carbon pricing (£)	£40	£6
Percentage of revenue from climate related projects	3.5%	1%
Revenue exposed to transition risks	2.0%	4.2%
FTE dedicated to our planet strategy	1.6	0.7

* Please see page 47 for full carbon data breakdown.

Emissions disclosure

- Since FY20 we have published a full carbon footprint disclosure annually within our annual report. We have gone from using a third party consultancy to hiring an in-house analyst and we are constantly improving our methodology to more accurately estimate our emissions. We report on scope 1, 2 and 3 emissions and aim to declare as much data as is materially relevant to our operations. Internally we report on carbon emissions quarterly so that we can use the data to drive business decisions and make larger impacts more regularly.

Targets

- We have set reduction targets using the Science Based Targets Initiative's methodology to limit global

TCFD REPORT continued

warming to 1.5 degrees. From a FY22 baseline we aim to:

- Scope 1: Reduce absolute scope 1 emissions by 42% by 2030 and by 90% by 2050.
- Scope 2: Use 100% renewable electricity across our offices by 2030.
- Scope 3: Reduce the economic intensity of our scope 3 emissions by 52% by 2030 and by 97% by 2050.
- We will be working on a full transition plan in FY24 so that we can reach the ambitious targets we have set within the business and are hoping to get our targets externally approved as being aligned with the science-based targets methodology.

Scenario planning

We will look to undertake planning for various different warming scenarios in FY24 to help plan against and mitigate the risks stated above.

Risk	Impact	Mitigation
Productivity decrease	Lower productivity during extreme weather events (heatwaves, flooding, disrupted transport, power cuts, infrastructure outages etc).	<ul style="list-style-type: none"> Pursuing a hybrid working model, ensuring people can work from multiple locations. Introduction of policy for expensing local co-working spaces during extreme weather.
Public commitments failure	Reputational damage is caused, affecting the acquisition and retention of customers, employees and investors, because public commitments to carbon reduction targets aren't achieved.	<ul style="list-style-type: none"> Publish science based targets, with credible reduction plan containing yearly reduction targets.
Restrictions on business travel	High carbon travel will become prohibitively expensive limiting our business opportunities and growth geographically.	<ul style="list-style-type: none"> Focus on ability to deliver in a hybrid/ remote fashion. Prioritising low-carbon travel.
Planet data awareness and governance	Board and management are unable to fulfil their planet-related accountabilities due to not receiving the necessary data, information and knowledge from the Planet Team for board, ESG committee and SLT meetings. Planet related targets cannot be part of remuneration for senior leadership if this is the case.	<ul style="list-style-type: none"> Provision of tailored information for separate board and SLT meetings to allow them to make informed decisions related to climate issues. Planned Introduction of division specific reporting in order to give more specific assistance to each division on how they can reduce their emissions.
Infrastructure damage	Inability for us to fulfil our contractual obligations in terms of implementation and support due to damage to client infrastructure/data centres.	<ul style="list-style-type: none"> Client contracts need to be assessed to determine where TPXimpact is liable for support of a data centre/hosting. Where we are, a plan of action with the hosting provider is needed to define where hosting will be moved to accommodate outages.
Acquisition carbon footprint	The carbon footprint of future acquisitions, and their client's environmental reputation, is not taken into account in the early stages of the M&A discovery process.	<ul style="list-style-type: none"> Due diligence of M&A targets must include more in depth planet focused data e.g. emissions across all scopes, carbon intensity ratios, reduction targets, reduction plans, publicly made commitments, internal policies and climate conflicts in client base.

REMUNERATION COMMITTEE REPORT

During the 2023 financial year, the Remuneration Committee (“the Committee”) comprised Isabel Kelly (Chair) and Mark Smith. Katie Sloggett (Chief People Officer) is an adviser to the Committee. The Committee also invited relevant specialists and Executive Directors, including Björn Conway and Steve Winters, to the Committee’s meetings as and when appropriate.

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 and senior employees (defined as anyone reporting to an Executive Director). The objective is that pay policy enables attraction, retention and motivation of the required quality of employee, with due regard to benchmarking, shareholder and stakeholder views.

During the year, the Committee reviewed and updated the Committee’s Terms of Reference (originally adopted in November 2018) and established a new Operating Policy which sets out the following duties of the Committee:

- Consider and recommend the remuneration for Executive Directors and senior employees (“the executive”).
- When setting remuneration policy for the Executive have regard to pay and employment conditions across the company.
- Approve the appointment and contractual terms for all Executive Directors.
- Review and oversee any major changes in the company’s employee benefits structure.
- Review and approve expenses incurred by the Executive Directors.

The scope of the Remuneration Committee’s responsibilities includes:

- a. Executive Directors (comprising the CEO and CFO)
- b. Anyone in the Group earning a salary of £150,000 or more
- c. Anyone being hired into the Group where salary exceeds £150,000 (or total remuneration package exceeds £190,000)
- d. Any new hire being offered a cash or share incentive on joining of over £20,000
- e. Any expenses or severance terms in relation to Executive Directors
- f. Any new, or materially different, bonus or incentive schemes
- g. Any non-budgeted salary increases greater than 25% or £25,000

The Remuneration Committee will make decisions based on recommendations made by the Executive Directors about salary increases for those included in the above scope, except that Executive Director(s) should not propose their own increases. For these individuals, the Committee will initiate its own recommendations based on market-based benchmarking.

The Company’s intention is to offer salaries based on benchmarking against businesses which conduct similar activities in comparable sectors and markets to the Company.

The Remuneration Committee will maintain a Company-wide overview of employee pay, notice periods & benefits, to ensure executive salaries are within an acceptable range compared to Company employees.

The Remuneration Committee will ask for support for benchmarking from both internal and external experts as appropriate.

New bonus or incentive schemes, or material changes to existing bonus or incentive schemes, will be approved by the Committee in advance of implementation.

Remuneration of Executive Directors

The remuneration packages for the executive directors are summarised below. In its assessment of an appropriate level of remuneration, the Committee has considered the skills, knowledge and experience necessary to perform these roles at a suitably accomplished level. The Board members and their relevant experience and skills are detailed on pages 62 to 65.

Chief Executive Officer – Björn Conway (appointed 1 October 2022)

Notice period – six months on either side

Base salary – £275,000 pa, subject to a benchmarking exercise to be completed by the Remuneration Committee, with salary to be reviewed thereafter and from time to time as the Remuneration Committee determines, with no obligation to increase.

Short-term incentive plan (STIP) – a maximum award of up to 100% of salary pro rata for the period from date of appointment to 31 March 2023, based on a number of performance objectives including FY23 financial performance, formulation of a coherent strategy and three-year plan for the Company, together with a clear vision and purpose (incorporating ESG strategy and values) and fully engaging with our people to deliver all of these objectives. The award will be determined after the publication of the FY23 Annual Report and Accounts and may be awarded in the form of shares or cash, as the Remuneration Committee determines. STIP applicable to subsequent periods will be considered in due course.

Long-term incentive Plan (LTIP) – participation in the LTIP by way of a grant of 300,000 share options over ordinary shares in the Company with an exercise price of 1p per share and a vest date of 30 November 2025, subject to continued employment with the Company and a number of performance criteria and conditions as described further below.

Other benefits – private medical insurance cover and pension (paid in the form of supplementary salary equivalent to 5% (on a post-tax basis) of base salary), plus annual leave, sick pay and life insurance arrangements.

Chief Financial Officer – Steve Winters (appointed 1 October 2022)

Notice period – six months on either side

Base salary – £250,000 pa, with a review applicable on 1 October 2023, at the discretion of the Remuneration Committee, with no obligation to increase.

Short-term incentive plan (STIP) – No entitlement for the year ended 31 March 2023. To be reviewed for the year ending 31 March 2024, at the discretion of the Remuneration Committee.

Long-term incentive plan (LTIP) – participation in the LTIP, with a grant of 200,000 share options over ordinary shares in the Company, with an exercise price of 1p per share and vesting 30 November 2025, subject to the performance criteria and conditions described further below.

Retention share award – 150,000 stock options granted on 14 February 2023, with an exercise price of 1p per share and vesting in equal proportions on 31 October 2023 and 31 October 2024, subject to continued employment at the respective vest dates.

Other benefits – private medical insurance cover and pension (with an employer contribution equivalent to 5% of base salary), plus annual leave, sick pay and life insurance arrangements.

Former Executive Directors

The Remuneration Committee recognises the valuable contribution of the co-founders, Neal Gandhi (former CEO) and Oliver Rigby (former CFO), to the success of the Company since its IPO in 2018. The Committee is also grateful for both individuals' decision to retire from their executive roles in acknowledgement of the different skill sets required to help the business evolve from a "buy and build" proposition to a more mature, organic growth model, and so introduce fresh talent to lead the Company going forwards.

Neal Gandhi (former CEO) – resigned 30 September 2022

Neal has transitioned to be a non-executive director of the Company where his deep knowledge and understanding of the business, and the sectors in which we operate, provides continuing value and insight for the Board and executive team. As a

REMUNERATION COMMITTEE REPORT continued

significant shareholder in TPXImpact, he remains committed to the continuing success and growth of the business, and has provided valuable support to the incoming CEO.

On leaving his executive role, Neal was awarded a payment in lieu of contractual notice equivalent to twelve months base salary, or £275,000, which is being paid in equal monthly instalments over the twelve months immediately following the date of resignation. Accrued holiday entitlement amounting to £16,000 was also paid in cash. Other than private medical insurance, which will expire in September 2023, all other employment benefits ceased with effect from the date of resignation.

With respect to his non-executive role, Neal receives an annual fee of £35,000, commencing with his appointment on 1 October 2022.

Oliver Rigby (former CFO) – resigned 30 September 2022

Although Oliver has left his executive role, he remains a member of the ESG Committee where his commitment to the founding values and purpose of the Company provides a valuable perspective. He has also been fully supportive of the transition to the new CFO, providing helpful insight and historical knowledge of the business.

On leaving his executive role, Oliver was awarded a payment in lieu of contractual notice equivalent to six months base salary, or £95,000, which was paid in equal monthly instalments over the six months immediately following the date of resignation. Accrued holiday entitlement amounting to £9,000 was also paid in cash. In addition, he was awarded a one-off ex gratia payment of £95,000 which was paid in October 2022 and permitted to retain 406,016 unexercised share options granted in December 2018 under the EMI scheme, which have an exercise price of 74p each. All other employment benefits ceased with effect from the date of resignation.

Long-term incentive plan (LTIP)

On 14 February 2023, the Remuneration Committee approved the implementation of a new LTIP for the Executive Directors and certain key members of the senior leadership team, focused on aligning performance measurement with the interests of all stakeholders. The number of share options that will vest is dependent on a number of performance criteria, including continued employment with the Company. Exercise price is 1p per share and vest date will be 30 November 2025. The following table sets out the performance measurement criteria, targets and weighting of each category of performance.

Performance category	Weighting	Measurement criteria	Performance period
Total shareholder return (TSR) benchmarked against the AIM AllShare Index	50%	<ul style="list-style-type: none"> 0% vesting below median performance; 25% vesting for performance in line with median; 100% vesting for upper quartile performance or greater; Straight-line vesting between these points. 	1 October 2022 to 30 September 2025
ESG goals	15%	<ul style="list-style-type: none"> Achieve and maintain B-Corp Certification over the performance period Achieve and maintain median Employee wellbeing & satisfaction scores >7.5 over the performance period Halve at least 75% of the Representation, Pay and Inclusion 2021 Gaps Each of these ESG goals equates to 1/3 of the overall 15% weighting 	1 October 2022 to 30 September 2025
Adjusted Diluted EPS growth (CAGR)	35%	<ul style="list-style-type: none"> 0% vesting below 10% 25% vesting for 10% growth 50% vesting for 15% growth 100% vesting for 25% growth Straight-line vesting between these points 	Three financial years ending 31 March 2025, with the year ended 31 March 2022 as the base

The Remuneration Committee has discretion to amend these terms to ensure that any performance targets remain appropriate.

Remuneration of Non-Executive Directors

The fees paid to the Non-Executive Directors are determined by the Remuneration Committee. They are not entitled to receive any bonus or other benefits (other than private medical cover for Neal Gandhi which will expire in September 2023) but did receive unapproved share options at the time of their appointment (with the exception of Neal Gandhi who retains the share options granted in his prior role as CEO). Non-Executive Directors are subject to three months notice on either side.

Directors' remuneration

Details of individual Directors' emoluments for the year (excluding employer's National Insurance contributions) are shown in the following table. "Other payments" comprise the payments to Neal Gandhi and Oliver Rigby on cessation of office, as detailed above.

	Fee/ salary £'000	Pension £'000	Other benefits £'000	Other payments £'000	2023 total £'000	2022* total £'000
Non-Executive						
Mark Smith	50	–	–	–	50	50
Neal Gandhi (appointed as a non-executive director on 1 October 2022)	18	–	3	–	21	–
Isabel Kelly	35	–	–	–	35	35
Rachel Neaman	35	–	–	–	35	35
Christopher Sweetland	35	–	–	–	35	35
Executive						
Björn Conway (appointed on 1 October 2022)	150	–	2	–	152	–
Neal Gandhi (resigned as an executive director on 30 September 2022)	130	7	2	291	430	293
Oliver Rigby (resigned on 30 September 2022)	89	5	1	199	294	202
Steve Winters (appointed on 1 October 2022)	125	6	2	–	133	–
Total	667	18	10	490	1,185	650

*Prior year comparatives have been restated to include share options based on amounts exercised during the year.

Directors' interests in shares

The interests of the Directors in the Ordinary Shares of the Company at 31 March 2023 were as follows:

Name of Director	31-Mar 2023 Number	31-Mar 2022 Number
Mark Smith	122,000	122,000
Neal Gandhi	9,396,644	8,793,828
Isabel Kelly	2,325	–
Rachel Neaman	14,585	1,765
Christopher Sweetland	110,000	80,000
Steve Winters	500,000	–
Total	10,145,554	8,997,593

REMUNERATION COMMITTEE REPORT continued

Directors' interests in share options

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

	31-Mar-22	Granted in 2023	31-Mar-23	Type	Exercise price	Date when Exercisable
Mark Smith	33,834	–	33,834	Unapproved scheme	74p	31/03/21
Mark Smith	33,834	–	33,834	Unapproved scheme	74p	31/03/22
Mark Smith	33,836	–	33,836	Unapproved scheme	74p	31/03/23
Neal Gandhi	135,338	–	135,338	EMI scheme	74p	31/03/21
Neal Gandhi	135,338	–	135,338	EMI scheme	74p	31/03/22
Neal Gandhi	135,340	–	135,340	EMI scheme	74p	31/03/23
Isabel Kelly	20,300	–	20,300	Unapproved scheme	74p	31/03/21
Isabel Kelly	20,300	–	20,300	Unapproved scheme	74p	31/03/22
Isabel Kelly	20,302	–	20,302	Unapproved scheme	74p	31/03/23
Christopher Sweetland	20,300	–	20,300	Unapproved scheme	74p	31/03/21
Christopher Sweetland	20,300	–	20,300	Unapproved scheme	74p	31/03/22
Christopher Sweetland	20,302	–	20,302	Unapproved scheme	74p	31/03/23
Björn Conway	–	300,000	300,000	LTIP scheme	1p	30/11/25
Steve Winters	–	200,000	200,000	LTIP scheme	1p	30/11/25
Steve Winters	–	75,000	75,000	2023 "Special" Share Award	1p	31/10/23
Steve Winters	–	75,000	75,000	2023 "Special" Share Award	1p	31/10/24



Isabel Kelly
Chair of the Remuneration Committee

5 September 2023

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 are set out on pages 62 to 65. The Chief Financial Officer and the Group Financial Director attend the meetings. The Committee also invites relevant specialists and external auditors to the Committee's agenda as and when 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 the internal finance department 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 2023

In 2023, the Committee's core work programme focused on risk management and a number of significant 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 five meetings held in the year from 1 April 2022 to 31 March 2023.

Risk Management

The Committee reviewed management's approach to risk management and appropriate mitigations and internal controls. The Committee assessed the Risk Registers prepared by business units and the judgement management had applied in prioritising key risks, with

which the Committee concurred. The Risk Management section on pages 57 to 59 summarises the outcome of this process.

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:

- 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
- The clarity of disclosures and compliance with financial reporting standards and relevant financial and governance
- Discussing the critical accounting policies and use of assumptions and estimates, as noted on pages 111 to 120 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
- 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 119 to 120 under section critical accounting judgements and key sources of estimation uncertainty.

Significant accounting judgements

- **Revenue 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.

AUDIT, RISK AND AIM RULES COMPLIANCE COMMITTEE

continued

- **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 in relation to projected growth in revenues and profit margins, as well as the macroeconomic assumptions (such as discount rates) underpinning the valuation process. The Committee received reports from management which set 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.
- **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 carries out a formal review each year, to assess the independence and effectiveness of the external auditor, CLA Evelyn Partners Limited. The Committee has satisfied itself as to CLA Evelyn Partners Limited independence. The Audit Committee approved the extension of the tenure of the current senior statutory auditor for a further, final year beyond the usual tenure of five years, due to the significant change in the business and management of the Group that occurred within the last financial year. The year ended 31 March 2023 will therefore

be the final year of service of the current senior statutory auditor.

Christopher Sweetland

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

5 September 2023

DIRECTORS 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 2023.

Principal activities

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. Further information can be found in the Strategic Report on pages 1 to 60.

General information

TPXimpact Holdings plc 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 were amended on 30 September 2022 to ensure we consider the interests of all stakeholders, not just shareholders, when making important decisions – to align ourselves with achieving B Corp status. The Articles 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 66 to 71 is included in the Directors' Report by way of reference.

Dividends

During the year, the Board declared an interim dividend of 0.3 pence per share (2022: 0.3 pence per share), which was paid on 27 January 2023. In view of the Group's financial performance in the second half of the year, no final dividend has been declared or paid (2022: 0.6 pence per share). Therefore total dividends declared and paid in respect of the year ended 31 March 2023 were 0.3 pence per share (2022: 0.9 pence per share).

Strategic review

The information satisfying the strategic review requirements is set out in this report on pages 1 to 60.

Going concern

TPXimpact business activities, together with the factors likely to affect its future development, performance and position are set out on pages 1 to 60. The financial position of the Business, its revenues, gross profit and profitability are described on pages 99 to 106. Details of the key risks and uncertainties that might impact the business, together with mitigating factors presented in the risks and uncertainties on pages 57 to 59.

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 current Board directors, together with biographical details are shown on pages 62 to 65.

During the year under review, the Non-Executive Directors, excluding Neal Gandhi (by virtue of his significant shareholding in the Company), were considered independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgement.

Details of Directors' interests in the Company's shares, and remuneration are set out in the Directors' Remuneration Report on pages 79 to 82.

Post balance sheet events

Details of post balance sheet events are given in note 29 to the financial statements.

Political donations

The Group has not made any political donations during the year (2022: £nil).

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 and reduce our impact on the planet.

This is the fourth 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 (pages 30 to 60).

Anti-corruption

There were no known incidents of corruption in the year.

Share capital

As at 31 March 2023, TPXimpact had 91,876,019 Ordinary Shares (£0.01) in issue, listed on AIM. These shares hold the right to vote at a general meeting.

The Company did not purchase any of its own shares in the year, other than through its Employee Benefit Trusts (EBTs), which purchased 942,683 shares in order to satisfy future

DIRECTORS REPORT continued

share based incentive plan commitments. As at 31 March 2023, the EBTs owned 864,812 shares in the Company.

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

As at 31 March 2023, the Company had an outstanding obligation to issue 283,537 ordinary shares as contingent consideration in respect of past acquisitions. These shares were issued on 6 June 2023. Following the issue of these Shares, the Company has no further liability for any earnout or other consideration in respect of past acquisitions.

Financial risk management and objectives

Details of financial risk management and objectives are contained in note 25 to the 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 on 28 September 2023 - at 9:30 am at the offices of Stifel Nicolaus Europe Limited, 150 Cheapside, Fourth Floor, London, EC2V 6ET. Notice of the Annual General Meeting will be sent to shareholders on 5 September 2023.

Independent auditor

CLA Evelyn Partners 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



Steve Winters
Company Secretary

5 September 2023

STATEMENT ON DIRECTORS RESPONSIBILITY

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.

FINANCIAL STATEMENTS

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 2023 which comprise the Consolidated Income Statement, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company 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 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 24 reporting components, we subjected 12 to audits for group reporting purposes and 12 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 our work covered 86% of group revenue, 86% of group profit before tax, and 86% of group net assets.

For the remaining 12 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 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.'	<p>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.</p> <p>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:</p> <p>As part of our procedures we:</p> <ul style="list-style-type: none"> • Reviewed the Share Purchase Agreements ('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.

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
		<ul style="list-style-type: none"> • 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 useful lives applied to the intangible assets identified. • We assessed the adequacy of disclosures in the financial statements over this area in notes 2(g) and 8.
Revenue – Group (See note 3)	<p>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.</p> <p>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.</p>	<p>As part of our procedures we:</p> <ul style="list-style-type: none"> • 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. • We assessed the adequacy of disclosures in the financial statements over this area in notes 2(d) and 2(t).

Key audit matter	Description of risk	How the matter was addressed in the audit
<p>Carrying value of goodwill – Group (See note 9)</p>	<p>The Group has a significant carrying value of goodwill arising on the acquisition of businesses in the prior and current year.</p> <p>An annual impairment review is required to assess the carrying value of goodwill for each cash generating unit (CGU).</p> <p>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.</p> <p>There are significant judgements and assumptions, such as growth rates and discount factors, used by management in determining the valuation.</p>	<p>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.</p> <p>We also considered the appropriateness of the impairment that has been recognised.</p> <p>As part of our audit procedures we:</p> <ul style="list-style-type: none"> • Obtained the discounted cash flow models and the underlying valuations for each cash generating unit and checked the mathematical accuracy of these. Confirmed 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 corroborated management's assertions that were 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. • We assessed the adequacy of disclosures in the financial statements over this area in notes 2(i) and 2(t).

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)	<p>The Company has significant balances relating to investments in subsidiaries. The investments relate to the acquisition of subsidiaries in prior and current years.</p> <p>The carrying value of the investments in subsidiaries is also underpinned by the future financial viability of the subsidiaries.</p>	<p>We reviewed management's assessment of impairment of the carrying value of investments in subsidiaries.</p> <p>As part of our audit procedures:</p> <ul style="list-style-type: none"> • 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. • We considered the appropriateness of the impairments that have been included. • Reviewed the forecasted results of the subsidiaries and corroborated that management's assertions were 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 2023. • Performed sensitivity analysis on key assumptions used in the calculations. • We assessed the adequacy of disclosures in the financial statements over this area in notes 2(j) and 2(t).
Going concern –group (See note 1.2)	<p>Under IAS 1 management are required to perform an assessment of the entity's ability to continue as a going concern.</p> <p>Due to the downturn in the group's results and the requirement to re-negotiate its loan covenants there is an increased risk over the ability of the business to continue as a going concern into the future.</p>	<p>Our procedures in relation to going concern are noted in the Conclusions relating to going concern section of the audit report.</p>

Emphasis of matter – Carrying values of group's goodwill, other intangible assets and carrying values of parent company's investments in subsidiaries

We draw attention to the disclosures made in note 2(t) 1 and note 2(t) 2 Key source of estimation uncertainty and those made in note 9 of the financial statements concerning the carrying value of goodwill, to the disclosures made in note 10 of the financial statements concerning the carrying values of other intangible assets and to the disclosures made in note 11 of the financial statements concerning the carrying values of investments in subsidiaries.

The carrying value of goodwill in respect of Digital Experience, TPX Norway and RedCortex of £22,243,000, of other intangible assets of £3,748,000, and included in investments in subsidiaries of £101,997,000 is an amount of £29,926,000 related to Digital Experience, TPX Norway and RedCortex, all of which are dependent on future sales and improvement of EBITDA margins which may not be achieved. The underlying data related to the forecasts are highly judgemental in nature and cannot be reasonably corroborated.

The ultimate outcome of these matters cannot presently be determined due to these judgements, and the group and parent company financial statements do not reflect any additional provision that may be required if the group cannot achieve the forecast sales and EBITDA margins which may result in further impairments being realised. Our opinion is not modified in this respect of this matter.

Our application of materiality

The materiality for the group financial statements as a whole ("group FS materiality") was set at £1,260,000. 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 1.5% of the group's revenue as presented on the face of the consolidated income statement. This is a decrease from the prior year which was set at 1.75%, the decrease is due to Management's focus on adjusted EBITDA which is at a lower level this year.

The materiality for the parent company financial statements as a whole ("parent FS materiality") was set at £787,000. This has been determined with reference to the benchmark of the parent company's gross 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 0.66% of the parent company's gross assets as presented on the face of the parent company statement of financial position.

Performance materiality for the group financial statements was set at £819,000, 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 £590,000, being 65% of parent FS materiality. It was set at 65% to reflect the number of areas of accounting estimates and judgments required within the financial statements. 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 future cash projections prepared by management;
- Assessing the mathematical accuracy of the future cash projections provided by management;
- Challenging the assumptions used by management in their cash projections, corroborating their judgements to supporting documentation;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TPXIMPACT HOLDINGS PLC continued

- Comparing cash projections 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, including the sensitivity of not achieving revenue and EBITDA targets and the effect on cashflows over the next 12 months;
- 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 the 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 and Financial Statements. 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 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 Statement of Directors Responsibility set out on page 87, 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 a general 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 group 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; and
- 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, revenue cut-off 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

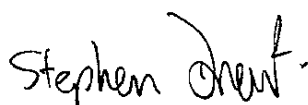
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TPXIMPACT HOLDINGS PLC continued

- Testing of manual journal entries, selected based on specific risk assessments applied based on the company's processes and controls surrounding manual journals.

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
Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

45 Gresham St
London
EC2V 7QA
5 September 2023

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Revenue	3	83,680	79,709
Cost of sales		(62,775)	(55,341)
Gross profit		20,905	24,368
Administrative expenses		(40,789)	(21,738)
Other income		519	579
Operating (loss)/profit	4	(19,365)	3,209
Finance costs	4	(1,105)	(683)
(Loss)/profit before taxation		(20,470)	2,526
Taxation	6	1,467	(1,706)
(Loss)/profit for the year from continuing operations	27	(19,003)	820
<i>Profit/(loss) after tax from discontinued operations</i>	27	1,445	(723)
(Loss)/profit for the year	27	(17,558)	97
Other comprehensive income for the year:			
Exchange differences on translation of foreign operations		20	(226)
Total comprehensive loss for the year		(17,538)	(129)
Earnings per share from continuing and discontinued operations	7		
Basic (p)		(19.5p)	0.2p
Fully diluted (p)		(19.5p)	0.1p
Earnings per share from continuing operations			
Basic (p)		(21.1p)	1.0p
Fully diluted (p)		(21.1p)	0.9p

The accompanying accounting policies and notes on pages 110 to 165 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Goodwill	9	59,486	66,157
Other intangible assets	10	23,458	28,493
Property, plant and equipment	12	473	297
Right of use assets	13	1,438	1,293
Other investments	11	2,188	–
Deferred tax assets	22	159	47
Total non-current assets		87,202	96,287
Current assets			
Trade and other receivables	14	17,812	16,924
Contract assets	18	2,999	3,840
Corporate tax asset		335	–
Cash and cash equivalents	15	6,772	7,914
Total current assets		27,918	28,678
Assets held for sale		–	708
Total assets		115,120	125,673
Current liabilities			
Trade and other payables	16	(8,943)	(7,718)
Other taxes and social security costs	19	(4,073)	(4,160)
Corporate tax liability		–	(1,214)
Deferred and contingent consideration	20	(225)	(3,173)
Lease liabilities	13	(564)	(416)
Borrowings	17	–	(20)
Contract liabilities	18	(3,608)	(4,536)
Total current liabilities		(17,413)	(21,237)
Liabilities directly associated with assets held for sale		–	(103)

	Note	2023 £'000	2022 £'000
Non-current liabilities			
Deferred tax liabilities	22	(5,796)	(6,696)
Deferred and contingent consideration	20	–	(198)
Borrowings	17	(24,317)	(18,000)
Lease liabilities	13	(909)	(878)
Total non-current liabilities		(31,022)	(25,772)
Total liabilities		(48,435)	(47,112)
Net assets		66,685	78,561
Equity			
Share capital	21	919	874
Own shares	21	(983)	(356)
Share premium	21	6,538	6,449
Merger reserve	21	73,474	78,705
Capital redemption reserve	21	15	15
Foreign exchange reserve	21	(72)	(92)
Share option reserve	21	–	1,089
Retained earnings		(13,206)	(8,123)
Total equity		66,685	78,561

These financial statements were approved and authorised for issue by the Board of Directors on 5 September 2023.
Signed on behalf of the Board of Directors by



Björn Conway
Director



Steve Winters
Director

The accompanying accounting policies and notes on pages 110 to 165 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2023

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Own shares £'000	Foreign exchange reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2021	804	5,691	60,926	5	–	134	662	(7,568)	60,654
Profit for the year	–	–	–	–	–	–	–	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
	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Own shares £'000	Foreign exchange reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2022	874	6,449	78,705	15	(356)	(92)	1,089	(8,123)	78,561
Reclassification to retained earnings*	–	–	–	–	–	–	(1,089)	1,089	–
Loss for the year	–	–	–	–	–	–	–	(17,558)	(17,558)
Transfer to retained earnings	–	–	(12,147)	–	–	–	–	12,147	–
Exchange differences on translation of foreign operations	–	–	–	–	–	20	–	–	20
Transactions with owners									
Shares issued	45	89	6,916	–	(90)	–	–	–	6,960
Own shares transferred from EBT	–	–	–	–	11	–	–	(11)	–
Dividends paid	–	–	–	–	–	–	–	(815)	(815)
Share-based payments	–	–	–	–	–	–	–	65	65
Own shares purchased by EBT	–	–	–	–	(548)	–	–	–	(548)
Equity at 31 March 2023	919	6,538	73,474	15	(983)	(72)	–	(13,206)	66,685

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

The accompanying accounting policies and notes on pages 110 to 165 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities:			
(Loss)/profit before taxation from total operations		(18,971)	1,764
Adjustments for:			
Depreciation	12, 13	706	584
Amortisation of intangible assets		6,347	5,347
Impairment of intangible assets		1,770	–
Impairment of goodwill		9,995	–
Share-based payments	5	65	427
Foreign exchange gains		(1)	(292)
Finance expense	4	1,105	683
Loss/(gain) from fair value movement of contingent consideration	20	188	(152)
Loss on disposal of property, plant and equipment		6	4
Gain on sale of discontinued operations		(1,606)	–
Working capital adjustments:			
Decrease/(increase) in trade and other receivables		1,271	(3,754)
(Decrease)/increase in trade and other payables		(1,141)	3,488
Net cash (used in)/generated from operations		(266)	8,099
Tax paid		(1,522)	(921)
Net cash (used in)/generated from continuing operating activities		(1,788)	7,178
Net cash used in discontinued operating activities*		–	(563)
Net operating cash flows		(1,788)	6,615

CONSOLIDATED STATEMENT OF CASH FLOWS

continued
for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Cash flows from investing activities:			
Net cash paid on acquisition of subsidiaries	8	(1,969)	(6,840)
Disposal of subsidiaries		(127)	–
Deferred consideration payment	20	–	(467)
Purchase of property, plant and equipment	12	(340)	(249)
Additions to intangibles	10	(244)	(292)
Proceeds from sale of property, plant and equipment		–	6
Net cash used in investing activities from continuing operations		(2,680)	(7,842)
Net cash used in investing in discontinued activities*		–	(165)
Net cash used in investing activities for total activities		(2,680)	(8,007)
Cash flows from financing activities:			
New borrowings	26	6,300	5,000
Proceeds from exercise of share options		–	501
Purchase of own shares		(548)	(99)
Payment of lease liabilities		(445)	(362)
Interest paid		(1,146)	(683)
Dividends paid		(815)	(603)
Net cash generated from financing activities		3,346	3,754
Net (decrease)/increase in cash and cash equivalents		(1,122)	2,362
Cash and cash equivalents at beginning of the year		7,948	5,734
Effect of exchange rate fluctuations on cash held		(54)	(148)
Cash and cash equivalents including cash from discontinued operations		6,772	7,948
Cash from discontinued operations		–	(34)
Cash and cash equivalents at end of the year	15	6,772	7,914
Comprising:			
Cash at bank and in hand		6,717	7,864
Cash held by trust	15	55	50
Cash and cash equivalents at end of the year		6,772	7,914

* The cash flows of discontinued operations are immaterial to the Consolidated Statement of Cash flows for the year ended 31 March 2023 and so have not been presented separately for the current financial year.

The accompanying accounting policies and notes on pages 110 to 165 are an integral part of these Consolidated Financial Statements.

COMPANY STATEMENT OF FINANCIAL POSITION

at 31 March 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Investments	11	104,185	117,759
Intangible assets	10	–	394
Deferred tax assets		118	–
Property, plant and equipment		2	4
Total non-current assets		104,305	118,157
Current assets			
Trade and other receivables	14	1,105	272
Amounts owed by Group undertakings	23	11,057	2,948
Cash and cash equivalents	15	3,318	514
Total current assets		15,480	3,734
Total assets		119,785	121,891
Current liabilities			
Trade and other payables	16	(1,621)	(1,269)
Other taxes and social security costs	19	(45)	(115)
Deferred and contingent consideration	20	(225)	(3,173)
<i>Amounts owed to Group undertakings</i>	23	<i>(16,686)</i>	<i>(396)</i>
Total current liabilities		(18,577)	(4,953)
Non-current liabilities			
Deferred and contingent consideration	20	–	(198)
Borrowings	17	(24,317)	(18,000)
Total non-current liabilities		(24,317)	(18,198)
Total liabilities		(42,894)	(23,151)
Net assets		76,891	98,740

COMPANY STATEMENT OF FINANCIAL POSITION continued

at 31 March 2023

	Note	2023 £'000	2022 £'000
Equity			
Share capital	21	919	874
Own shares	21	(347)	(257)
Share premium	21	6,538	6,449
Merger reserve	21	59,746	78,705
Capital redemption reserve	21	15	15
Share option reserve	21	–	1,089
Retained earnings		10,020	11,865
Total equity		76,891	98,740

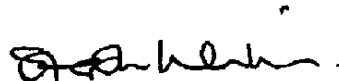
TPXimpact Holdings plc has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Company profit and loss account.

The Company's loss for the year ended 31 March 2023 was £(28.1)m (2022: profit of £11.4m).

The financial statements were approved by the Board of Directors on 5 September 2023 and were signed on its behalf by:



Björn Conway
Director



Steve Winters
Director

The accompanying accounting policies and notes on pages 110 to 165 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2023

	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	627	1,064	69,152
Profit and total comprehensive income for the year	–	–	–	–	–	–	11,404	11,404
Shares issued	80	257	17,779	(257)	–	–	–	17,859
Share cancellations	(10)	–	–	–	10	–	–	–
Share-based payments	–	–	–	–	–	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

	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 2022	874	6,449	78,705	(257)	15	1,089	11,865	98,740
Reclassification to retained earnings*	–	–	–	–	–	(1,089)	1,089	–
Loss and total comprehensive loss for the year	–	–	–	–	–	–	(28,059)	(28,059)
Transfer to retained earnings	–	–	(25,875)	–	–	–	25,875	–
Shares issued	45	89	6,916	(90)	–	–	–	6,960
Share-based payments	–	–	–	–	–	–	65	65
Dividends paid	–	–	–	–	–	–	(815)	(815)
Equity at 31 March 2023	919	6,538	59,746	(347)	15	–	10,020	76,891

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

The accompanying accounting policies and notes on pages 110 to 165 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities:			
(Loss)/profit before taxation		(28,177)	11,404
Adjustments for:			
Depreciation		2	3
Amortisation	10	158	8
Impairment of intangibles	10	315	–
Impairment of intercompany balances		319	914
Impairment of investments	11	25,092	510
Dividends received		(224)	(16,065)
Share-based payments		–	427
Profit on disposal of subsidiaries		(1,939)	–
Foreign exchange gains		–	(5)
Finance expense		1,056	679
Loss/(gain) from fair value movement of contingent consideration	20	188	(152)
Working capital adjustments:			
Increase in trade and other receivables		(1,006)	(4,988)
Increase in trade and other payables		640	873
Net cash used in operations		(3,576)	(6,392)
Cash flows from investing activities:			
Acquisition of subsidiaries (paid)	8	(5,887)	(8,105)
Deferred consideration payment	20	–	(467)
Purchase of intangible assets	10	(79)	(404)
Dividends received		224	11,142
Net cash (used in)/generated from investing activities		(5,742)	2,166

	Note	2023 £'000	2022 £'000
Cash flows from financing activities:			
New borrowings	26	6,300	5,000
Finance costs		(1,096)	(502)
Balances repaid from/(provided to) subsidiary companies		7,733	–
Proceeds from exercise of share options		–	501
Dividends paid		(815)	(603)
Net cash generated from financing activities		12,122	4,396
Net increase in cash and cash equivalents		2,804	170
Cash and cash equivalents at beginning of the year		514	344
Cash and cash equivalents at end of the year	15	3,318	514

The accompanying accounting policies and notes on pages 110 to 165 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 OEX. 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:

- TPXimpact Experience Limited (formerly Manifesto Digital Limited) (Registered number 07885631)
- Foundry 4 Consulting 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)
- TPXimpact 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)
- TPXimpact Data Limited (Registered number 06704556)
- TPXimpact Scotland Limited (Registered number SC337356)

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. All subsidiaries are incorporated in the UK unless otherwise stated.

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 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 £30m with a £15m accordion of which £24.5m has been drawn down. Post year-end the Group agreed a reset of the covenant terms applicable to the facility. Following a waiver of covenants at year-end and subsequently at 30 June 2023, the Group will need to maintain minimum cash liquidity levels on a monthly basis and also meet minimum Adjusted EBITDA performance levels on a quarterly basis. These terms will apply until the quarter ending 30 September 2024, at which time the covenants will return to the existing measures based on Net debt/Rolling 12 month Adjusted EBITDA and interest cover.

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 2023 with no material impact on the Group's financial statements

The following IFRS and endorsed standards and amendments, improvements and interpretations of published standards are effective for the current year and have been adopted with no material impact on the Group's financial statements:

- 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

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 effective for accounting periods beginning on or after 1 January 2023 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 1 Presentation of Financial Statements
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 12 Income Taxes
- Amendments to IFRS 16 Leases

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 2023. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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 27 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, impairments, share-based payments, fair value of contingent consideration and restructuring costs. 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.

During the year, a new operating segment Data & Insights was set up following the acquisition of Peak Indicators and Swirrl IT in April 2022. Furthermore there was a change in operating segments with Keep IT Simple split out from the Consulting division. 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 5 segments in prior year and 7 in the current year. Where numbers for each segment have 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
- Data & Insights
- TPXImpact Norway (formerly Bene Agere)
- Questers
- RedCortex
- Keep IT Simple

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 adopts 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,

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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
IT 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 2023:

- Brand amortised over 2 – 5 years;
- Customer lists amortised over 3 – 8 years; and
- Software over 2 – 10 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.

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 of 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 do 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.

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.

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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.

I) Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group or 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.

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 retained earnings. 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 determined by the market price on grant date or the application of an option pricing model, depending upon the characteristics of the scheme concerned.

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 164) 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 costs, impairment, 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

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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 reasonably 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 from 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.

q) Other investments

The Group has elected to designate certain equity investments as fair value through other comprehensive income.

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 included within administrative expenses and are not identifiable by their own subheading. The allocation of the administrative costs that relate to research and development for the Group is carried out annually at the point of assessment for R&D tax credit relief.

The Group has benefitted from both SME (Small, Medium Enterprise) for R&D tax credits and RDEC (research and development credits).

RDEC research and development credits are accounted for as having the substance of a government grant and are 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 are 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 judgement at the date of these financial statements, will not necessarily 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 requires 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 accounting such as whether promised goods and services specified in an arrangement are distinct performance obligations and based on the contract terms, and 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 combinations requires management to assess the Cash Generating Unit (CGU) as part of the 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 with the addition of a new CGU, Data & Insights, following the acquisition of Peak Indicators and Swirl IT in April 2022. Keep IT Simple was also split out from Consulting to form its own CGU. 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 5 CGUs in the prior year and 7 in the current year.

The cash generating units in the prior year were as follows:

- Consulting – including Foundry4, Human Plus, Arthurly, TPXimpact, Ameo, Difrent and Keep IT Simple
- Digital Experience (DX) – including TPXimpact Experience (formerly Manifesto), Deeson and Nudge
- TPXimpact Norway (formerly Bene Agere)
- Questers
- RedCortex

For the current year, there are 7 CGUs within the group, as follows:

- Consulting – including Foundry4, Human Plus, Arthurly, TPXimpact, Ameo, and Difrent
- Digital Experience (DX) – including TPXimpact Experience (formerly Manifesto), Deeson and Nudge
- Data & Insights – including TPXimpact Scotland (formerly Peak Indicators), TPXimpact Scotland (formerly Swirl IT)

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- TPXImpact Norway (formerly Bene Agere)
- Questers
- RedCortex
- Keep IT Simple

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 are no intangible assets on its Statement of Financial Position. The board uses judgement in identifying the types of intangible assets as a result of a business combination. During the year the board identified several intangibles such as customer lists, brands, client databases and software. Details of intangible assets identified on acquisitions are in notes 8 and 10.

Key source of estimation uncertainty:

1. *Impairment of goodwill and other intangibles (Group)*

Goodwill and other intangibles are subject to an annual impairment 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 and other intangibles are impaired by a charge to the Consolidated Income Statement. The key areas of uncertainty are projected growth in revenues and EBITDA. Management perform sensitivity analysis to ascertain the level of growth rate that may indicate an impairment. Further explanation is included in note 9 – Goodwill and impairment.

2. *Impairment of investment in subsidiaries (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 positive discounted 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. On an annual basis, management perform sensitivity analysis to ascertain the level of growth rate that may indicate an impairment of the investment.

3. *Fair value of other investments (Group and Company)*

The fair value of other investments has been estimated on the basis of information from external sources using the most appropriate valuation technique.

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.

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 7 reportable segments (5 in the previous financial year). Comparatives have been restated to present information under the new reporting segments.

- Consulting
- Digital experience
- Data and Insights
- KITS
- TPX Norway (previously 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 £4.8m (2022: £10.9m) which arose from the Group's largest customer and represents approximately 6% of the Group's total revenue.

Segment	2023	Restated*
	£'000	2022 £'000
Consulting	34,915	42,736
Digital Experience	13,935	16,090
Data and Insights	7,772	—
KITS	10,887	15,045
TPX Norway (formerly Bene Agere)	1,985	1,633
Questers	13,129	10,645
RedCortex	7,038	2,067
Intersegment eliminations	(5,981)	(8,507)
Total revenue	83,680	79,709

* As described in the accounting policies, KITS formed its own CGU in 2023 having previously been included within Consulting. Prior year comparatives have been re-presented.

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ii) Revenue by geography

	2023 £'000	Restated* 2022 £'000
UK	74,251	70,942
Norway	1,985	1,633
Switzerland	3,277	2,641
Bulgaria	190	80
Belgium	398	134
Germany	765	447
United States	2,271	3,389
Malaysia	98	270
Other	445	173
Total revenue	83,680	79,709

* Prior year comparatives have been re-presented to provide further details on EU countries.

3.1.2 Adjusted EBITDA by service

	2023 £'000	Restated* 2022 £'000
Consulting	2,791	2,515
Digital Experience	1,484	5,106
Data and Insights	1,695	–
KITS	2,413	4,353
TPX Norway (formerly Bene Agere)	222	699
Questers	1,337	1,184
RedCortex	797	303
Central services**	(8,263)	(1,963)
Total adjusted EBITDA	2,476	12,197
Finance costs	(1,105)	(683)
Depreciation and amortisation	(7,053)	(5,931)
Costs relating to business restructuring	(2,541)	(1,769)
Costs directly attributable to business combinations	(229)	(1,013)
(Loss)/gain from fair value movement of contingent consideration	(188)	152
Goodwill and intangible asset impairment	(11,765)	–
Share-based payments	(65)	(427)
(Loss)/profit before tax from continuing operations	(20,470)	2,526

* As described in the accounting policies, KITS formed its own CGU in 2023 having previously been included within Consulting. Prior year comparatives have been re-presented.

** The cost of Central services has increased in FY23 as a result of the Group's integration initiatives, whereby a number of back office support functions and systems are now managed from the Centre, as well as increased investment in these services.

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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 2023	Consulting £'000	Digital Experience £'000	Data and Insights £'000	TPXImpact Norway £'000	Questers £'000	KITS £'000	RedCortex £'000	Other & Eliminations* £'000	Total £'000
External revenue	33,539	13,513	6,932	1,985	12,023	9,202	6,486	–	83,680
Inter-segment revenue	1,376	422	840	–	1,106	1,685	552	(5,981)	–
Total revenue	34,915	13,935	7,772	1,985	13,129	10,887	7,038	(5,981)	83,680
Recognised at a point in time	–	–	186	–	12,773	–	–	(1,043)	11,916
Recognised over time	34,915	13,935	7,586	1,985	356	10,887	7,038	(4,938)	71,764
Total revenue	34,915	13,935	7,772	1,985	13,129	10,887	7,038	(5,981)	83,680

Year ended 31 March 2022	Consulting £'000	Digital Experience £'000	Data and Insights £'000	TPXImpact Norway £'000	Questers £'000	KITS £'000	RedCortex £'000	Other & Eliminations* £'000	Restated** Total £'000
External revenue	36,004	15,399	–	1,633	9,813	14,793	2,067	–	79,709
Inter-segment revenue	6,732	691	–	–	832	252	–	(8,507)	–
Total revenue	42,736	16,090	–	1,633	10,645	15,045	2,067	(8,507)	79,709
Recognised at a point in time	–	–	–	–	10,164	–	–	(832)	9,332
Recognised over time	42,736	16,090	–	1,633	481	15,045	2,067	(7,675)	70,377
Total revenue	42,736	16,090	–	1,633	10,645	15,045	2,067	(8,507)	79,709

* Inter-segment revenues are eliminated on consolidation and reflected in the adjustments and eliminations column.

** As described in the accounting policies, KITS formed its own CGU in 2023 having previously been included within Consulting. Prior year comparatives have been re-presented.

3.3 Non-current assets by geography

	2023 £'000	2022 £'000
United Kingdom	81,257	90,023
Norway	1,861	1,875
Bulgaria	3,925	4,342
Total non-current assets*	87,043	96,240

* Non-current assets excluding deferred tax.

4. Operating profit/(loss)

	2023 £'000	2022 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation of property, plant & equipment (note 12)	228	178
Depreciation of right-of-use assets (note 13)	478	406
Amortisation of intangible assets (note 10)	6,347	5,347
Impairment of intangible assets (note 10)	1,770	–
Impairment of goodwill (note 9)	9,995	–
Employee costs (note 5.2)	44,421	33,874
Costs directly attributable to business combinations	229	1,013
Costs relating to business restructuring*	2,541	1,769
Loss on disposal of fixed assets	6	4
Loss/(gain) from fair value movement of contingent consideration (note 20)	188	(152)
Share-based payments (note 5.5)	65	427
Short-term leases (note 13)	830	425
Net foreign exchange (gains)/losses	(1)	99

* Business restructuring costs incurred in both current and prior year relating to the restructuring of personnel and aggregation of activities to a divisional structure.

4.1 Auditors remuneration

	2023 £'000	2022 £'000
Fees payable to the Company's auditors and its associates for the audit of parent company and consolidated financial statements	346	223
Fees payable to Company's auditors and its associates for the audit of Company's subsidiaries	23	29
Fees payable to Company's auditors and its associates for other services:		
Audit-related assurance services	9	9
	378	261

4.2 Finance costs

	2023 £'000	2022 £'000
Interest payable on bank loan and overdrafts	1,058	669
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	47	14
Finance costs	1,105	683

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

5. Employee costs

5.1 Directors and employees

The average number of staff employed by the Group during the financial year is 735 (2022: 548).

5.2 Employee remuneration

	2023 £'000	2022 £'000
Wages and salaries	38,572	28,999
Pension contributions	1,514	746
Share-based payments	65	427
Social security costs	4,054	3,182
Other benefits	216	520
Total	44,421	33,874

Directors' remuneration is disclosed in the Remuneration Committee Report on pages 78 to 82 of this Annual Report.

5.3 Key management personnel headcount

	2023	2022
Number of key management personnel for the parent company	7	6

	2023	2022
Number of key management personnel for the Group	12	24

Key management personnel for the parent company comprises the Board. The Group's key management personnel comprises the Board as well as the Group's Senior Leadership Team. This is a change in the key management personnel from prior year to reflect the business structure following the change programme.

5.4 Key management emoluments

Emoluments for the key management personnel for the parent company:

	2023 £'000	2022 £'000
Wages and salaries	667	620
Pension contributions	18	24
Share-based payments	40	46
Social security costs	87	75
Other payments	490	–
Other benefits	10	6
Total	1,312	771

The total emoluments for the Group's management key personnel for the year:

	2023 £'000	2022 £'000
Wages and salaries	1,326	2,653
Pension contributions	51	115
Share-based payments	88	66
Social security costs	169	247
Other payments	490	–
Other benefits	10	22
Total	2,134	3,103

Further details of compensation for the Board are disclosed in the Remuneration Committee Report on pages 78 to 82.

5.5 Share-based payments

The Group has the following equity-settled share plans:

Enterprise Management Incentive Scheme 'EMI'

Share options 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 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.

Company Share Option Plan 'CSOP'

Share options 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.

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 established a Share Incentive Plan for UK employees in the prior 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 ('Matching Shares') on a one-to-one basis. 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.

LTIP

LTIP awards are retention awards granted to key executives of the Group. Awards vest three years after grant, provided the participant is still employed within the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

Executive LTIP

Executive LTIP awards are granted to the most senior executives of the Group (including the executive directors). The performance period is three years with the vest date in the November following the end of the performance period (e.g. for the LTIP granted in February 2023, the performance period is 1 October 2022 to 30 September 2025, with vesting in November 2025). Vesting is conditional on continued employment throughout the vesting period.

There are three performance criteria, TSR growth, EPS growth and ESG targets each constituting 50%, 35% and 15% respectively of the vesting value, and each measured over a three-year period:

- (i) TSR against a comparator group of companies. Vesting for performance as follows:
 - 0% vesting below median performance
 - 25% vesting for performance in line with median
 - 100% vesting for upper quartile performance or greater
 - with straight-line vesting for performance in between.
- (ii) Growth in EPS (CAGR). EPS defined as adjusted diluted EPS with vesting for performance as follows:
 - 0% vesting below 10% growth
 - 25% vesting for 10% growth
 - 50% vesting for 15% growth
 - 100% vesting for 25% growth
 - with straight-line vesting for performance in between.
- (iii) ESG. Three performance criteria, each constituting one-third of the 15% allocated to ESG performance criteria:
 - Achieve and maintain B-Corp Certification over the performance period
 - Achieve and maintain median employee wellbeing & satisfaction scores >7.5 over the performance period
 - Halve at least 75% of the Representation, Pay and Inclusion 2021 Gaps

Other

Other share awards represent "special" one-off recruitment or retention awards which have vesting periods of between two and three years and are generally not subject to any vesting criteria other than the employee's continued employment.

Valuation methodology

For all plans the valuation methodology is based upon fair value on grant date which is determined by the market price on that date or the application of an option pricing model, depending upon the characteristics of the scheme concerned.

The fair value of the options granted in the current period under the LTIP and Other plans have an exercise price at nominal value. The fair value of these options is approximated by the market price at date of grant.

The number of outstanding options under other valuation methods are as follows:

	Binomial Model	Monte Carlo model
Number of outstanding options as at 31 March 2023	1,598,193	1,315,736

The total share-based payments expense included in the Consolidated Income Statement is:

	2023 £'000	2022 £'000
Share-based payments to employees	65	427
Total	65	427

The total share-based payments expense relating to Directors of the Company is £40k (2022: £46k).

The total share-based payments expense relating to key management personnel of the Group is £88k (2022: £66k).

The Group deferred tax asset as at 31 March 2023 in respect of share options which have been issued to date was £nil (2022: £nil).

Movements on options granted (ordinary shares)

	Outstanding 1 April 2022	Granted	Forfeited	Exercised	Outstanding 31 March 2023	Exercisable 31 March 2023
EMI	1,790,618	–	(657,598)	–	1,133,020	698,002
CSOP	535,720	–	(113,583)	–	422,137	77,324
Unapproved scheme	1,008,408	–	(174,636)	–	833,772	446,939
SIP	106,972	242,252	(44,949)	–	304,275	–
LTIP	109,561	4,213,301	(144,960)	–	4,177,902	–
Executive LTIP	–	1,050,000	–	–	1,050,000	–
Other	192,542	655,511	(198,373)	–	649,680	–

Weighted average exercise price (p)

	Outstanding 1 April 2022	Granted	Forfeited	Exercised	Outstanding 31 March 2023	Exercisable 31 March 2023
EMI	74	–	(74)	–	74	74
CSOP	83	–	(82)	–	82	82
Unapproved scheme	75	–	(74)	–	74	74

The weighted average exercise price for LTIP, Executive LTIP and Other options is nominal value (1p). The SIP options represent the 'Matching shares' which are free under the SIP scheme.

For share options outstanding at 31 March the range of exercise prices was nil–185p with a weighted average remaining contractual life of 101 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

6. Taxation

Continuing operations

	2023 £'000	2022 £'000
Current tax		
UK corporation tax for the period at 19% (2022: 19%)	(3)	(1,526)
Adjustments in respect of prior period provisions	(93)	575
Overseas current tax charge on income for the year	(94)	(56)
Total current tax	(190)	(1,007)
Deferred tax		
Current year	1,638	1,012
Change in deferred tax rate	–	(1,372)
Adjustments in respect of prior periods	19	(339)
Total deferred tax	1,657	(699)
Total tax credit/(charge)	1,467	(1,706)

During 2023 a deferred tax credit of £1,488k (2022: £724k) was attributable to deferred tax on intangible assets acquired as part of business combinations. For further deferred tax information – see note 22.

The relationship between expected tax expense based on the effective tax rate of the Group of 7% (2022: 68%) and the tax expense recognised in the Consolidated Income Statement can be reconciled as follows:

	2023 £'000	2022 £'000
(Loss)/profit or the year before tax from continuing operations:	(20,470)	2,526
Tax rate	19%	19%
Expected tax credit/(charge)	3,889	(480)
Principal differences due to:		
Expenses not deductible for tax purposes	(38)	(121)
Impairment charges	(2,175)	–
Non taxable income	111	19
Losses carried back	(186)	–
Foreign tax suffered	54	35
Other timing differences leading to increase/decrease	(40)	(27)
Adjustments in respect of prior period provisions	(137)	575
Adjustments in respect of prior period deferred tax	19	(339)
Movement in deferred tax rates	–	(1,372)
Deferred tax assets on losses not recognised	(105)	–
Other deferred tax movements	75	4
	1,467	(1,706)

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 2023.

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 in note 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

	2023 Number of shares 000	2022 Number of shares 000
For the year		
Weighted average number of shares in issue, basic	90,613	84,583
Contingent consideration where all conditions are met	284	1,698
Less: Shares held by the Employee Benefit Trust (weighted average)	(530)	(3)
Less: Shares held by the SIP (weighted average)	(182)	(67)
Weighted average number of shares for calculating basic earnings per share	90,185	86,211
Weighted average number of dilutive shares	3,839	1,768
Weighted average number of shares for calculating diluted earnings per share	94,024	87,979

	2023 £'000	2022 £'000
For the year		
(Loss)/profit after tax from continuing operations	(19,003)	820
Profit/(loss) after tax from discontinued operations	1,445	(723)
(Loss)/profit after tax from total operations	(17,558)	97
Adjusted profit after tax from continuing operations*	644	9,951

Earnings per share is calculated as follows:

	2023	2022
For the year		
Basic earnings per share from continuing operations	(21.1p)	1.0p
Basic earnings per share from discontinued operations	1.6p	(0.8p)
Basic earnings per share from total operations	(19.5p)	0.2p
Adjusted basic earnings per share from continuing operations	0.7p	11.5p

	2023	2022
For the year		
Diluted earnings per share from continuing operations**	(21.1p)	0.9p
Diluted earnings per share from discontinued operations**	1.6p	(0.8p)
Diluted earnings per share from total operations**	(19.5p)	0.1p
Adjusted diluted earnings per share from continuing operations	0.7p	11.3p

* Adjusted profit after tax on continuing operations is defined in note 28.

** In the year ended 31 March 2023, the weighted average shares used in the basic EPS calculation has also been used for reported diluted EPS due to the anti-dilutive effect of the weighted average shares calculated for the reported diluted EPS calculation. This approach has been applied to the calculation of diluted EPS from both continuing and total operations in the year ended 31 March 2023, and diluted EPS from discontinued operations in the year ended 31 March 2022.

8. Business combinations

During the year the Company completed the acquisitions of TPXimpact Data Limited ("TPXD") (formerly Peak Indicators Limited) and TPXimpact Scotland Limited ("TPXS") (formerly Swirrl IT Limited). A summary of the acquisitions is shown below.

Summary

Business combination summary as at 31 March 2023	TPXD £'000	TPXS £'000	Total £'000
Date of acquisition	07 April 2022	6 April 2022	
Consideration payable	Cash and Shares	Cash and Shares	
% acquired	100%	100%	
Acquisition related costs	24	29	53
Intangible assets acquired on acquisition	1,708	1,019	2,727
Net assets/(liabilities)	2,249	1,213	3,462
Total identifiable net assets acquired at fair value	3,957	2,232	6,189
Cash	3,394	2,374	5,768
Shares (including deferred consideration)	1,831	1,796	3,627
Total fair value consideration	5,225	4,170	9,395
Goodwill	1,268	1,938	3,206
Cash flow			
Total cash consideration less cash acquired*	1,220	630	1,850

* The total net cash paid for acquisitions during the year was £1,969k as disclosed in the consolidated statement of cash flows. The additional payment of £119k was made in respect of prior year acquisitions Nudge and KITS.

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, TPXD and TPXS have formed the new Data and Insights CGU.

The results of both entities have been incorporated into the results of the Group from 1 April 2022. There were no material transactions between 1 April 2022 and the date of acquisition.

(i) 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
TPXD	3,394	2,174
TPXS	2,374	1,744
Total	5,768	3,918

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
TPXD	3,394
TPXS	2,374
Total	5,768

Goodwill comprises the value of expected synergies arising from combining the operations of the acquiree and acquirer's customer relationships 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. TPXimpact Data Limited (TPXD) (formerly Peak Indicators Limited)

On 7 April 2022, TPXimpact Holdings plc acquired the entire issued share capital of Peak Indicators Limited, a data science and analytics consultancy, allowing the Group to expand its capabilities in these areas. 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 £5.2m, satisfied through the payment of £3.4m cash and the issue of 938,888 new ordinary shares in TPXimpact Holdings plc.

	Book cost £'000	Fair value adjustments £'000	Fair value £'000
TPXD			
Intangibles			
Customer lists	–	1,708	1,708
Tangible assets			
Property, plant and equipment	70	–	70
Current assets			
Trade and other receivables	3,043	–	3,043
Cash and cash equivalents	170	–	170
Current liabilities			
Trade and other liabilities	(439)	–	(439)
Tax liability	(186)	–	(186)
Non-current liabilities			
Deferred tax	–	(409)	(409)
Net assets	2,658	1,299	3,957
Cash			3,394
Shares issued (Non contingent equity)			1,831
Fair value of total consideration			5,225
Goodwill			1,268

The trade and other receivables are all considered recoverable. Cash consideration of £3.4m was all paid by the parent company, TPXimpact Holdings plc.

b. TPXimpact Scotland Limited (TPXS) (formerly Swirrl IT Limited)

On 6 April 2022, TPXimpact Holdings plc acquired the entire issued share capital of Swirrl IT Limited, a cloud-based open data consultancy, allowing the Group to expand its capabilities in this area. 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 £4.2m, satisfied through the payment of £2.4m cash and the issue of 888,888 new ordinary shares in TPXimpact Holdings plc.

TPXS	Book cost £'000	Fair value adjustments £'000	Fair value £'000
Intangibles			
Customer lists	–	941	941
Software	111	78	189
Tangible assets			
Property, plant and equipment	5	–	5
Current assets			
Trade and other receivables	1,393	–	1,393
Cash and cash equivalents	628	–	628
Current liabilities			
Trade and other liabilities	(570)	–	(570)
Taxes and social security costs	(74)	–	(74)
Non-current liabilities			
Deferred tax	(36)	(244)	(280)
Net assets	1,457	775	2,232
Cash			2,374
Share issued (Non contingent equity)			1,796
Fair value of total consideration			4,170
Goodwill			1,938

The trade and other receivables are all considered recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

9. Goodwill and impairment

	Cost £'000	Accumulated impairment losses £'000	Carrying amount £'000
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
On acquisitions/additions	3,324	–	3,324
Impairment charge for the year	–	(9,995)	(9,995)
As at 31 March 2023	69,481	(9,995)	59,486

The acquisitions during the year were TPXimpact Data (formerly Peak Indicators) and TPXimpact Scotland (formerly Swirrl IT). These entities formed a new cash generating unit namely the Data and Insights division. In the year ended 31 March 2023, there is a total of seven (7) cash generating units (CGUs).

Impairment tests for goodwill and intangible assets

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. 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. If the carrying value of goodwill materially exceeds value in use in this calculation, a resulting impairment charge is recorded in the Consolidated Income Statement. The following table sets out the key assumptions for the CGUs. The revenue growth rate used varies between years, with the 5 year CAGR shown in the table below.

As well as the following assumptions, EBITDA margins based on latest forecasts have been used for each CGU and range from 8% to 22%. A long-term growth rate of 3% was used to extrapolate cash flows beyond the budget period.

CGU	Goodwill Carrying value 31 March 2023 £'000	Acquired Intangible Assets Carrying value 31 March 2023 £'000	Revenue growth (5 year CAGR) %	Pre-tax discount rate %
Consulting	31,044	3,499	19%	14%
Digital Experience	10,026	1,867	7%	14%
Data and Insights	3,206	2,270	10%	14%
KITS	–	13,616	2%	14%
TPX Norway (formerly Bene Agere)	1,845	11	11%	13%
Questers	2,993	112	6%	16%
RedCortex	10,372	1,870	16%	14%

Based on the impairment review carried out at the end of 31 March 2023, management believes that the projection of cash flows from the CGUs exceeds the carrying value of the goodwill and acquired intangible assets except for KITS where a £10.0m impairment of goodwill and a £887k impairment of customer lists has been recorded. Furthermore, a £482k impairment of brands has been recorded in the Consulting and DX divisions for brands no longer in use.

Sensitivity analysis:

Management concluded that the key factor for sensitivity analysis is the revenue growth rate from FY24 onwards. The discount factor is assumed to be determined by way of the estimated risk of the market and the cost of debt which is based on the credit facility from HSBC at 2.75% plus SONIA.

For all CGUs, with the exception of RedCortex and KITS, the revenue growth rate would need to reduce by over 10% across the projection period to suggest an impairment may be required.

With respect to RedCortex and KITS, although revenue would need to reduce by less than 10% (1% in the case of RedCortex) across the projection period to suggest an impairment (or further impairment in the case of KITS) may be required, management believe that there are mitigation actions that could be taken to increase profitability. These include controls over discretionary spend and operational efficiency initiatives such as assessing the mix of permanent headcount and contractors.

The assumptions used in the impairment review are subjective and provide key sources of estimation uncertainty, specifically in relation to growth assumptions, future cashflows and the determination of discount rates. The actual results may vary and accordingly may cause adjustments to the Group's valuation in future years. Sensitivity analysis performed on the impairment review indicates sufficient headroom in the event of reasonably possible changes in key assumptions.

10. Other 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 eight years from the date of acquisition.

Group

Intangible assets	Brand £'000	Customer list £'000	Database £'000	Software £'000	Total £'000
Cost					
As at 1 April 2021	2,615	30,426	50	710	33,801
Additions	–	–	–	829	829
Acquired on acquisition	352	4,125	–	–	4,477
Asset held for sale	–	(64)	–	(886)	(950)
As at 31 March 2022	2,967	34,487	50	653	38,157
Additions	–	–	–	244	244
Acquired on acquisitions	–	2,649	–	189	2,838
As at 31 March 2023	2,967	37,136	50	1,086	41,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

Intangible assets	Brand £'000	Customer list £'000	Database £'000	Software £'000	Total £'000
Amortisation and impairment					
As at 1 April 2021	801	3,518	22	90	4,431
Charge for the year	554	4,719	10	244	5,527
Assets held for sale	–	(27)	–	(267)	(294)
As at 31 March 2022	1,355	8,210	32	67	9,664
Charge for the year	590	5,440	10	307	6,347
Impairment	482	887	–	401	1,770
As at 31 March 2023	2,427	14,537	42	775	17,781
Net book value					
As at 31 March 2023	540	22,599	8	311	23,458
As at 31 March 2022	1,612	26,277	18	586	28,493
As at 31 March 2021	1,814	26,908	28	620	29,370

See note 9 goodwill and impairment for details on the valuation methodology applied and considerations around intangible assets impairment.

Company

Intangible assets	Software £'000
Cost	
As at 1 April 2021	–
Additions	402
As at 31 March 2022	402
Additions	79
As at 31 March 2023	481
Amortisation and impairment	
As at 1 April 2021	–
Amortisation	8
As at 31 March 2022	8
Amortisation	158
Impairment	315
As at 31 March 2023	481
Net book value	
As at 31 March 2023	–
At 31 March 2022	394

11. Investments

	Subsidiary undertakings £'000	Other investments £'000	Total £'000
Cost			
As at 1 April 2021	98,578	–	98,578
Additions	19,791	–	19,791
As at 31 March 2022	118,369	–	118,369
Additions	9,579	2,188	11,767
Disposals	(249)	–	(249)
As at 31 March 2023	127,699	2,188	129,887
Accumulated impairment			
As at 1 April 2021	100	–	100
Impairment	510	–	510
As at 31 March 2022	610	–	610
Impairment	25,092	–	25,092
As at 31 March 2023	25,702	–	25,702
Net book value			
As at 31 March 2023	101,997	2,188	104,185
At 31 March 2022	117,759	–	117,759

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.

The Company annually tests the carrying value of investments for impairment. The FY23 review assessed whether the carrying value of investments was supported by the net present value of future cash flows derived from the assets. As a result of this review an impairment charge of £25.1m (2022: £nil) was recognised in the year ended 31 March 2023. Further details of the assumptions used in the review are provided in note 9.

Disposals relate to £249k for Greenshoot Labs Limited which was sold in May 2022.

Other investments comprise a 17.1% equity stake in OpenDialog AI Limited, a company registered in England & Wales, which is carried at fair value through other comprehensive income. Management have assessed fair value on the basis of financial information from the company and other external data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

At 31 March 2023, the Company had the following subsidiaries:

Companies	Country of incorporation	Registered address	Principal activity	Shareholding
Foundry4 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	Dormant	100% ¹
iDisrupted Limited	England & Wales	7 Savoy Court, London, WC2R OEX	Dormant	100%
TPXimpact Experience (previously Manifesto Digital Limited)	England & Wales	7 Savoy Court, London, WC2R OEX	Digital experience agency	100%
Manifesto Digital Limited	England & Wales	7 Savoy Court, London, WC2R OEX	Dormant	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	Dormant	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
TPXimpact Norway (previously Bene Agere Norden AS)	Norway	Postboks 573 Sentrum 0105 Oslo	Strategic and management digital transformation	100%
TPXimpact Limited	England & Wales	2nd Floor, The Hickman, 2 Whitechapel Road, London E1 1EW	Digital and service design consultancy	100% ⁴

¹ Foundry4 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 US Creates Limited

Companies	Country of incorporation	Registered address	Principal activity	Shareholding
US-Creates Limited	England & Wales	2nd Floor, The Hickman, 2 Whitechapel Road, London E1 1EW	Dormant	100%
Ameo Professional Services Limited	England & Wales	2nd Floor, The Hickman, 2 Whitechapel Road, London E1 1EW	Strategic and management consultancy focusing on digital transformation	100%
Nudge Digital Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Digital experience agency	100%
RedCortex Limited	England & Wales	Brunel House, 2 Fitzalan Road, Cardiff, CF24 0EB	Cloud transformation, architecture and programme management	100%
TPXimpact Data Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Data science services and analytics consultancy	100%
Peak Indicators Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Dormant	100%
Futuregov. Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Dormant	100%
The Panoply Holdings Limited	England & Wales	7 Savoy Court, London, WC2R 0EX	Dormant	100%
TPXimpact Scotland Limited	Scotland	Macfarlane Gray House, Castlecraig Business Park, Springbank Road, Stirling, FK7 7WT	Cloud-based open data consultancy	100%
Swirrl IT Limited	Scotland	Macfarlane Gray House, Castlecraig Business Park, Springbank Road, Stirling, FK7 7WT	Dormant	100%

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 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 2022	114	26	159	299
Charge for the year	155	17	6	178
Disposals	(40)	(16)	(165)	(221)
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

Group	IT equipment £'000	Fixtures & Fittings £'000	Total £'000
Cost			
At 1 April 2022	463	87	550
Acquisition of subsidiaries	34	42	76
Additions	290	50	340
Disposals	(80)	(2)	(82)
At 31 March 2023	707	177	884
Depreciation			
At 1 April 2022	226	27	253
Charge for the year	183	45	228
Exchange adjustments	1	–	1
Impairment	3	2	5
Disposals	(76)	–	(76)
At 31 March 2023	337	74	411
Net book value			
At 31 March 2023	370	103	473
At 31 March 2022	237	60	297

13. Right of use assets/Lease liabilities

The Group leases various offices, electric vehicles and office equipment. Rental contracts vary from rolling 3 month contracts to fixed contracts for 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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:

	2023 £'000	2022 £'000
Right-of-use assets		
Leased buildings	751	1,072
Electric vehicles	687	221
	1,438	1,293
Lease liabilities		
Current	564	416
Non-current	909	878
	1,473	1,294

The maturity profile of the Group's lease liabilities is as follows:

	£'000	£'000
Within one year	601	415
In more than one year but less than two years	580	409
In more than two years but less than three years	296	523
In more than three years	82	–
	1,559	1,347
Effect of discounting	(86)	(53)
Lease liability	1,473	1,294

	Leased buildings £'000	Electric vehicles £'000	Total £'000
Right-of-use assets			
Cost of assets			
1 April 2022	2,682	260	2,942
Additions	–	719	719
Disposals	(862)	(147)	(1,009)
At 31 March 2023	1,820	832	2,652
Depreciation			
1 April 2022	1,610	39	1,649
Charge for the year	321	157	478
Disposals	(862)	(51)	(913)
At 31 March 2023	1,081	133	1,214
Net book value			
At 31 March 2023	751	687	1,438
At 31 March 2022	1,072	221	1,293

The income statement shows the following amounts relating to leases:

	2023 £'000	2022 £'000
Interest on lease liabilities	47	13
Expenses relates to short term leases	830	425
Expenses relating to leases of low-value assets, excluding short term leases of low-value assets	13	21
	890	459

14. Trade and other receivables

Group	2023 £'000	2022 £'000
Trade receivables	16,333	15,924
Prepayments	828	559
Other receivables	651	441
Trade and other receivables	17,812	16,924

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 71 days (2022: 73 days).

A breakdown of trade receivables by currency is provided in note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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:

	2023 £'000	2022 £'000
Not yet due	14,352	10,632
Past due 1-30 days	1,597	3,117
Past due 31-60 days	326	1,183
Past due 61-90 days	41	951
Past due 91-120 days	16	49
Past due 121+ days	158	59
Trade receivables before impairment	16,490	15,991
Provision for bad debt	(157)	(67)
Trade receivables as at 31 March	16,333	15,924

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.

Company	2023 £'000	2022 £'000
Prepayments	316	91
Other receivables	789	181
Trade and other receivables	1,105	272

15. Cash and cash equivalents

Group	2023 £'000	2022 £'000
Cash at bank and in hand	6,717	7,864
Cash held by trust	55	50
Total cash and cash equivalents	6,772	7,914

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	2023 £'000	2022 £'000
Cash at bank and in hand	3,318	514
Total cash and cash equivalents	3,318	514

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	2023 £'000	2022 £'000
Trade payables	4,468	5,236
Accruals and other payables	4,475	2,482
Trade and other payables	8,943	7,718

Company	2023 £'000	2022 £'000
Trade payables	622	607
Accruals and other payables	999	662
Trade and other payables	1,621	1,269

17. Borrowings

In July 2022, the Group entered into a three year £30m revolving credit facility ("RCF") with HSBC UK Bank plc ("HSBC"). The RCF is secured over the shares and assets of TPXimpact Holdings plc and its material UK subsidiaries, and has a £15m accordion. Interest is payable on a monthly basis at SONIA plus a margin which varies depending on the Group's adjusted leverage ratio (net debt to adjusted EBITDA). The average margin was 2.2% in FY23. At 31 March 2023, £24.5m had been drawn down from the RCF, with £5.5m undrawn.

Under the terms of the RCF, the Group is required to comply with the following financial covenants:

- Adjusted leverage (based on net debt over adjusted EBITDA) should be less than 2.5 and
- Interest cover (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.

Prior to year-end the Group secured a waiver of its lending covenants at 31 March 2023 and agreed a further waiver at 30 June 2023. Amended covenants (based on minimum liquidity and Adjusted EBITDA levels) will apply until 30 September 2024, at which time the original leverage metrics will be reinstated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

	2023 £'000	2022 £'000
Group secured		
Bank loans	24,317	18,000
Total secured borrowings	24,317	18,000
Group unsecured		
Credit cards & unsecured borrowings	–	20
Total unsecured borrowings	–	20
Total borrowings	24,317	18,020

	2023 £'000	2022 £'000
Company secured		
Bank loans	24,317	18,000
Total secured borrowings	24,317	18,000
Total borrowings	24,317	18,000

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.

	2023 £'000	2022 £'000
Group		
Current contract assets	2,999	3,840
Loss allowance	–	–
Total contract assets	2,999	3,840
Contract liabilities	3,608	4,536
Total contract liabilities	3,608	4,536

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	2023 £'000	2022 £'000
Revenue recognised that was included in the contract liability taken over on acquisition	409	598
Revenue recognised that was included in the contract liability balance at the beginning of the period	4,536	1,144
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 2023 are 12 months or less. Long term contracts with unsatisfied performance obligations as at 31 March 2023 are £nil (2022: £nil).

19. Other taxes and social security costs**Group**

	2023 £'000	2022 £'000
Current liability		
VAT	3,242	2,435
Other taxes and social security costs	831	1,725
Total	4,073	4,160

Company

	2023 £'000	2022 £'000
Current liability		
VAT	–	27
Other taxes and social security costs	45	88
Total	45	115

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	2023 £'000	2022 £'000
Opening fair value at 1 April	3,371	11,752
Settlement of deferred consideration (shares)	(3,334)	(8,229)
Movement in fair value of contingent consideration	188	(152)
Fair value at 31 March	225	3,371
Deferred consideration measured at amortised cost	–	467
Settlement in the year (cash)	–	(467)
Amortised cost at 31 March	–	–
Total	225	3,371
Deferred and contingent consideration as at 31 March:		
Deferred and contingent consideration due less than one year	225	3,173
Deferred and contingent consideration due more than one year	–	198
As at 31 March	225	3,371

Company	2023 £'000	2022 £'000
Fair value at 1 April	3,371	11,752
Settlement of deferred consideration (shares)	(3,334)	(8,229)
Movement on fair value contingent consideration	188	(152)
Fair value at 31 March	225	3,371

	2023	2022
Company	£'000	£'000
Deferred consideration measured at amortised cost	–	467
Settlement in the year	–	(467)
Amortised cost at 31 March	–	–
Total	225	3,371
Deferred and contingent consideration as at 31 March:		
Deferred and contingent consideration due less than one year	225	3,173
Deferred and contingent consideration due more than one year	–	198
As at 31 March	225	3,371

The contingent consideration liability of £225k at 31 March 2023 was settled in shares on 6 June 2023.

The loss from fair value movement of contingent consideration of £188k in the year (2022: gain of £152k) resulted from the unwinding of the discount.

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. This was reclassified to retained earnings in the year ended 31 March 2023.
- **Retained earnings:** Cumulative gains or losses not recognised elsewhere, less amounts distributed to shareholders. In the current year, dividends of £815k were paid 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

Share capital allotted, called up and fully paid	2023	2022
Ordinary shares of £0.01 each		
At 31 March	91,876,019	87,386,595
	Number of shares 000	Par value £'000
Shares issued and fully paid		
At 1 April 2021	80,428	804
Acquisition of subsidiaries	3,836	38
Settlement of contingent consideration	3,309	35
Cancellation of shares	(972)	(10)
Exercise share options	688	7
Shares issued to SIP scheme	98	–
As at 31 March 2022	87,387	874
Acquisition of subsidiaries	1,828	18
Settlement of contingent consideration	2,560	26
Shares issued to SIP scheme	101	1
As at 31 March 2023	91,876	919

The share price with reference to the acquisitions in the year ranged from 195.0p to 202.0p.

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 127 to 129. 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	865k	593k
Market value of shares at 31 March 2023	£242k	£166k

22. Deferred tax

Deferred tax liability

	2023 £'000	2022 £'000
As at 1 April	6,696	5,133
Deferred tax arising from acquisition of subsidiaries	685	851
Movement in income statement for the year	(1,545)	712
Other movements	(40)	–
As at 31 March	5,796	6,696

The Government has announced an increase in corporation tax rate to 25% which became effective 1 April 2023. As at 31 March 2022 this was enacted and reflected in prior year's results.

Deferred tax asset

	2023 £'000	2022 £'000
Tax losses:		
Unused tax losses for which no deferred tax asset has been recognised	–	19
Potential tax benefit available for offset against future profits in the jurisdiction in which the loss arises	–	5

	2023 £'000	2022 £'000
Accelerated capital allowances		
As at 1 April	47	15
Movement in income statement for the year	112	32
As at 31 March	159	47

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) Transactions 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 £1.0m (2022: £2.5m). During

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

the year the Company received £0.2m (2022: £16.1m) dividends from its subsidiaries (refer to Company Statement of Cash Flow). Intercompany loans to and from subsidiaries for the year are noted in the table below.

Balances outstanding at 31 March 2023 and 2022 in respect of the transactions between Company and its subsidiaries are shown below:

	2023 £'000	2022 £'000
Outstanding balances between Company and subsidiaries		
Other receivables from Group undertakings	1,868	1,997
Intercompany loans to Group undertakings*	9,189	951
Other payables to Group undertakings	(318)	–
Intercompany loans from Group undertakings*	(16,368)	(396)
Total	(5,629)	2,552

* Intercompany loans to/from Group undertakings are interest-bearing at a variable market rate of 5–6% in 2023 (2022: 3%) and are repayable on demand.

Other receivables from Group undertakings primarily relate to management fees due to the Company from its subsidiaries. As at 31 March 2023, the balance was £1.9m (2022: £2.0m) including a provision of £0.3m (2022: nil).

(ii) Transactions 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 £6.0m (2022: £2.1m).

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 78 and 82.

The director's loan provided to Neal Gandhi of £40k (2022: £50k) from its subsidiary, Questers Resourcing Limited, remains outstanding as at 31 March 2023. This is interest free and repayable on demand.

Total dividends paid to directors during the year was £13k (2022: £7k).

During the year ended 31 March 2023, £12k (excluding VAT) was paid to Growth Company FD Limited in respect of consulting services provided by Oliver Rigby, former executive director and CFO of the Company. These costs were incurred in the period after his resignation as a director of the Company.

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:

Group

	2023 £'000	2022 £'000
Financial assets at amortised cost*		
Trade receivables	16,333	15,924
Other receivables	651	441
Contract assets	2,999	3,840
Cash and cash equivalents	6,772	7,914
As at 31 March	26,755	28,119

* 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':

	2023 £'000	2022 £'000
Loans to related parties	40	50
As at 31 March	40	50

	2023 £'000	2022 £'000
Financial liabilities at amortised cost less than one year		
Trade payables	4,468	5,236
Other payables	2,278	719
Accruals	2,197	1,763
Borrowings	–	20
Deferred and contingent consideration	–	467
Lease liabilities	564	416
As at 31 March	9,507	8,621

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

	2023 £'000	2022 £'000
Financial liabilities at amortised cost greater than one year		
Borrowings	24,317	18,000
Lease liabilities	909	878
As at 31 March	25,226	18,878

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 and other payables due to Group undertakings

Company

	2023 £'000	2022 £'000
Financial assets at amortised cost		
Other receivables	789	181
Other receivables from Group undertakings	1,868	1,997
Intercompany loans to Group undertakings	9,189	951
Cash and cash equivalents	3,318	514
As at 31 March	15,164	3,643

* The fair value of financial assets carried at amortised cost approximates to the carrying amounts because of the short maturity of these instruments.

	2023 £'000	2022 £'000
Financial liabilities at amortised cost due on demand or within one year		
Trade payables	622	607
Accruals and other payables	999	662
Other payables to Group undertakings	318	—
Intercompany loans to Group undertakings	16,368	396
As at 31 March	18,307	1,665

	2023 £'000	2022 £'000
Financial liabilities at amortised cost due greater than one year		
Borrowings	24,317	18,000
As at 31 March	24,317	18,000

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)

Other investments included in level 3 are unlisted securities, where market value is not readily available. The Group has estimated relevant fair values on the basis of information from outside sources using the most appropriate valuation technique, which may include external funding rounds, revenue and EBITDA multiples and discounted cash flows

The following table presents the Group's and Company's assets and liabilities that are measured at fair value at 31 March 2023:

	2023			2022		
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Contingent consideration	–	–	225	–	–	3,371
Other investments	–	–	2,188	–	–	–
Reconciliation for level 3 is shown below:				Other investments £'000	Deferred and contingent consideration £'000	
As at 1 April 2021				–	11,752	
Settlements				–	(8,229)	
Fair value movement deferred contingent consideration (reflected in Consolidated Income Statement)				–	(152)	
As at 31 March 2022				–	3,371	
Additions				2,188	–	
Settlements				–	(3,334)	
Fair value movement deferred contingent consideration (reflected in Consolidated Income Statement)				–	188	
As at 31 March 2023				2,188	225	

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 57 to 59.

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 2023:

	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)	8,943	–	–	–	8,943	1,621	–	–	–	1,621
Borrowings (note 17)	1,625	1,625	24,723	(3,656)	24,317	1,625	1,625	24,723	(3,656)	24,317
Lease Liabilities (note 13)	601	580	378	(86)	1,473	–	–	–	–	–
Amount owed to Group undertakings (note 23)	–	–	–	–	–	16,686	–	–	–	16,686
	11,169	2,205	25,101	(3,742)	34,733	19,932	1,625	24,723	(3,656)	42,624

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

25.2 Capital risk management

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 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 a going concern, 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 102.

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 2023 with the exception of Bene Agere in 2021. The bad debt provision as at 31 March 2023 was assessed to be £157k (2022: £67k). Trade receivables are stated net of an impairment for estimated irrecoverable amounts to £16m (2022: £16m). This impairment has been determined by reference to known issues.

Write-offs are made when the irrecoverable amount becomes certain. During the year £245k of bad debt was written off which primarily relates to Foundry4. 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.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2023 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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 pounds 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 £105k (2022: £294k).

The maximum exposure to foreign currency risk for the Group trade receivables at the reporting date was:

	2023 £'000	2022 £'000
Norwegian Krone (NOK)	193	252
European Union currency (EUR)	184	99
Bulgarian Lev (BGN)	54	–
United States of America Dollar (USD)	15	–
As at 31 March	446	351

The maximum exposure to foreign currency risk for Group cash and cash equivalents at the reporting date by was:

	2023 £'000	2022 £'000
European Union currency (EUR)	3	126
Norwegian Krone (NOK)	626	444
Bulgarian Lev (BGN)	245	89
United States of America Dollar (USD)	6	21
As at 31 March	880	680

The maximum exposure to foreign currency risk for the Group trade and other payables at the reporting date was:

	2023 £'000	2022 £'000
USD	29	11
EUR	12	–
NOK	41	208
BGN	89	100
Other	2	–
As at 31 March	173	319

25.5 Interest rate risk

In the year ended 31 March 2023, the Group has an RCF facility balance of £24.5m denominated in GBP. The facility has a floating rate basis (SONIA) for a period of 3 years up to July 2025. Interest rate risk arises on the change in SONIA which affects the interest payable by the Group as well as the leverage to Adjusted EBITDA ratio, which determines the margin applied to SONIA by our lender.

Sensitivity analysis in interest rates show that with an increase or decrease in 100 basis points, with all other variables held constant, the net assets attributable to shareholders would increase or decrease by approximately £245k (2022: £202k).

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 (note 8)
- Acquisition of right-of-use assets (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.

Group	Liabilities from financing activities			Cash and cash equivalents £'000	Total £'000
	Borrowings £'000	Lease liabilities £'000	Sub-total £'000		
Net (debt)/cash at 1 April 2021	(13,055)	(389)	(13,444)	5,734	(7,710)
Cash flows	(4,945)	362	(4,583)	2,180	(2,403)
New leases	–	(1,267)	(1,267)	–	(1,267)
Other	(20)	–	(20)	–	(20)
Net (debt)/cash at 31 March 2022	(18,020)	(1,294)	(19,314)	7,914	(11,400)
Cash flows	(6,300)	445	(5,855)	(1,813)	(7,668)
Acquisition of subsidiary	–	–	–	798	798
Disposal of subsidiary	–	–	–	(127)	(127)
New leases	–	(624)	(624)	–	(624)
Other	3	–	3	–	3
Net (debt)/cash at 31 March 2023	(24,317)	(1,473)	(25,790)	6,772	(19,018)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

Company	Liabilities from financing activities			Cash and cash equivalents £'000	Total £'000
	Borrowings £'000	Inter company loans £'000	Sub-total £'000		
Net cash at 1 April 2021	(13,000)	(4,936)	(17,936)	344	(17,592)
Cash flows	(5,000)	5,491	491	170	661
Other	(20)	–	(20)	–	(20)
Net (debt)/cash at 31 March 2022	(18,020)	555	(17,465)	514	(16,951)
Cash flows	(6,300)	(7,734)	(14,034)	2,804	(11,230)
Other	3	–	3	–	3
Net (debt)/cash at 31 March 2023	(24,317)	(7,179)	(31,496)	3,318	(28,178)

27. Discontinued operations

On 1 December 2021 the Group announced its intention to dispose of Greenshoot Labs Limited, "GSL", a wholly owned subsidiary. The sale of the subsidiary to OpenDialog AI Limited (ODAL) completed on 24 May 2022 for a total aggregate price of £2.2m. 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 £2.2m and being equal to 17.1% of the share capital of ODAL. This consideration is presented as an "Other investment" on the Group's consolidated statement of financial position.

The subsidiary is reported in the current and prior year as a discontinued operation in the consolidated income statement. The disposal generated a gain of £1.6m included in the profit after tax on discontinued operations in the year ended 31 March 2023. The associated assets and liabilities of the disposal group were presented as held for sale in the consolidated statement of financial position at 31 March 2022. Financial information relating to the discontinued operation for the Group is set out below.

	2023 £'000	2022 £'000
Revenue	27	93
Cost of sales	(58)	(439)
Gross loss	(31)	(346)
Administrative expenses	(76)	(428)
Other income	–	16
Operating loss	(107)	(758)
Finance costs	–	(4)
Loss before tax	(107)	(762)
Taxation	(54)	39
Loss for the year	(161)	(723)
Gain on sale of discontinued operations	1,606	–
Net gain/(loss) attributable to discontinued operations	1,445	(723)

The gain on sale of discontinued operations disposed by 31 March 2023 is calculated as follows:

	2023 £'000
Intangible assets	591
Property, plant and equipment	7
Trade and other receivables	11
Contract assets	19
Cash and cash equivalents	127
Trade and other payables	(95)
Contract liabilities	(97)
Other taxes and social security costs	(19)
Net assets	544
Consideration received in shares	2,188
Transaction costs	(38)
Total consideration received	2,150
Gain on sale of discontinued operations	1,606

Income statement reconciliation:

	Continuing operations 2023 £'000	Discontinued operations 2023 £'000	Total 2023 £'000	Continuing operations 2022 £'000	Discontinued operations 2022 £'000	Total 2022 £'000
Revenue	83,680	27	83,707	79,709	93	79,802
Cost of sales	(62,775)	(58)	(62,833)	(55,341)	(439)	(55,780)
Gross profit/(loss)	20,905	(31)	20,874	24,368	(346)	24,022
Administrative expenses	(40,789)	(76)	(40,865)	(21,738)	(428)	(22,166)
Other income	519	1,606	2,125	579	16	595
Operating (loss)/profit	(19,365)	1,499	(17,866)	3,209	(758)	2,451
Finance costs	(1,105)	–	(1,105)	(683)	(4)	(687)
(Loss)/profit before tax	(20,470)	1,499	(18,971)	2,526	(762)	1,764
Taxation	1,467	(54)	1,413	(1,706)	39	(1,667)
(Loss)/profit after tax for the year	(19,003)	1,445	(17,558)	820	(723)	97

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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

Like-for-like

Like-for-like comparisons are calculated by comparing current year results (which includes acquisitions from the relevant date of completion) to prior year results, adjusted to include the results of acquisitions for the commensurate period in the prior year.

Reconciliation of operating (loss)/profit to adjusted EBITDA:

	2023 £'000	2022 £'000
Operating (loss)/profit	(19,365)	3,209
Amortisation of intangible assets	6,347	5,347
Depreciation	706	584
Loss/(gain) from fair value movement of contingent consideration	188	(152)
Impairment of intangible assets	1,770	–
Impairment of goodwill	9,995	–
Share based payments	65	427
Costs directly attributable to business combinations	229	1,013
Costs relating to business restructuring	2,541	1,769
Adjusted EBITDA	2,476	12,197

Reconciliation of (loss)/profit before tax to adjusted profit after tax:

	2023 £'000	2022 £'000
(Loss)/profit before tax on continuing operations	(20,470)	2,526
Amortisation of intangible assets	6,347	5,347
Loss/(gain) from fair value movement of contingent consideration	188	(152)
Impairment of intangible assets	1,770	–
Impairment of goodwill	9,995	–
Share based payments	65	427
Costs directly attributable to business combinations	229	1,013
Costs relating to business restructuring	2,541	1,769
Adjusted profit before tax on continuing operations	665	10,930
Tax (excluding impact of amortisation of intangible assets)	(21)	(979)
Adjusted profit after tax on continuing operations	644	9,951

Net debt (excluding lease liabilities)

Net debt (excluding lease liabilities) at a period end consists of cash and cash equivalents and borrowings due within one year and after one year.

29. Post balance sheet events

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

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

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Isabel Kelly
Non-Executive Director

Rachel Neaman
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Neal Gandhi
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Steve Winters
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Financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

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