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TPXimpact Holdings PLC
01 December 2021

1 December 2021

TPXimpact Holdings PLC (previously The Panoply Holdings Plc)
("TPXimpact", "TPX" or the "Company")

Interim Results

TPXimpact Holdings PLC (AIM: TPX), the technology-enabled services company focused on digital transformation, is pleased to announce its interim results for the six months ended 30 September 2021.

Financial highlights:

- Revenue up 77% to £37.5m (H1 2021: £21.2m)
    - o Organic like-for-like[1] revenue growth of 21%
- Statutory EBITDA of £3.8m (H1 2021: £0m)
- Adjusted EBITDA[2] up 83% to £5.3m (H1 2021: £2.9m)
- Adjusted EBITDA[2] margin up to 14.1% from 13.7% in the prior year
- Statutory profit after tax of £0.3m (H1 2021: loss of £1.8m)
- Basic earnings per share of 0.3p (H1 2021: loss per share 2.9p)
- Adjusted profit after tax[3] of £4.4m (H1 2021: £2.1m)
- Adjusted diluted earnings per share[4] of 4.7p (H1 2021: 2.6p)
- Cash conversion[5] of 118% (H1 2021: 102%) and adjusted cash at bank[6] of £8.4m as at 30 September 2021 (30 September 2020: £5.9m). Adjusted net debt[7] as at 30 September 2021 of £4.7m (30 September 2020: £1.2m)
- Sales backlog[8] as at 1 October 2021 of £34.6m to 31 March 2022 (1 October 2020: £17.5m)
- An interim dividend of 0.3 pence per share has been declared for H1. This will be paid on 28 January 2022 to shareholders on the register at the close of business on 21 January 2022

Operational and Impact highlights:

- £54m of total contract wins in H1 2022, up 116% (H1 2021: £25m)
- 74% of revenue from public services in the period (H1 2021: 70%), with Local Government representing 14%, Central Government 36%, Healthcare 8%, Education 6% and the remaining 10% coming from other public services
- Completion of acquisition of Nudge Digital and appointment of Noel Gordon as advisor to the Company, strengthening TPX's proposition in the healthcare sector
- Entrance into new sectors including the utilities sector
- Launched Employee Resource Groups (ERG's) for women, LGBTQI employees and minority ethnic employees
- Achieved Social Value Quality Mark Level 1 in recognition of the Company's commitment to research, measure and report social impact and value
- Launched a board mentoring programme, focused on connecting diverse future talent within the group with a PLC board mentor
- Name change from The Panoply Holdings PLC and start of consolidation of Group businesses to the single brand of TPXimpact Holdings PLC, paving the way for continued growth and targeting of larger projects

Other KPIs:

- 5 contracts signed over £3m (H1 2021: 2) and 7 customers billed over £1m (H1 2021: 3)
- Average contract spend increased to £141k (H1 2020: £94k)
- 267 customers billed in H1 2022 (H1 2021: 225)
- 76% of customers billed in H1 2022 also billed in FY 2021, FY 2020 and/or FY 2019
- Top ten clients generating 43% of revenue (H1 2020: 34%), reflecting larger contract values

Neal Gandhi, Chief Executive Officer, commented:

"I'm delighted to report on another period of very strong growth for the Company, in which we have continued to deliver impactful digital change to organisations across the public, not-for-profit and commercial sectors. As a reflection of the considerable operational progress and reputational growth we have achieved, we report significant organic, like-for-like growth versus the equivalent period last year as we take on larger, more impactful projects across our markets.

"During the period we announced our change of name, reflecting the ongoing transformation of our business through consolidation from 13 businesses into a single, unified brand: TPXimpact. We expect the integration of our businesses to complete in the spring of 2022 but are already seeing the enhanced benefits of operating under this unitary structure.

"We remain focused on executing our strategy in line with our 2025 commercial vision of delivering 10-15% organic revenue growth per annum and £200m run rate revenue by March 2025. We are confident of delivering significant further growth into H2 and beyond, in line with our recently upgraded expectations."

A video overview of the results is available to watch here: https://bit.ly/TPX_H122_overview

TPX will be hosting a webinar for analysts at 11 a.m. today. If you would like to register for the analyst webinar, please contact tpx@almapr.co.uk.

The Company will also be hosting a webinar for retail investors at 11 a.m. on 2 December. Retail investors can register for the webinar using the following link: https://bit.ly/TPX_H1_webinar.

[1] *Like-for-like is a non-GAAP/IFRS measure thatpresents theprior year being restated to show the unaudited numbers of the existing and acquired businesses consolidated for the same number of months as they have been inFY2022. For FY2021, this incorporates the like-for-like pre-acquisition results for Arthurly, Difrent, Keep IT Simple and Nudge Digital as if they have been included in the Group for the same amount of time as they have been in FY2022.*

[2] *Adjusted EBITDA is a non-IFRS measure that the Company uses to measure its performance and is defined as earnings before interest, taxation, depreciation and amortisation and after add back of costs related to acquisitions, restructuring and other one off costs made by the Group, investments made in relation to the sales and marketing of OpenDialog, fair value adjustments and share based payment charge.*

[3] *Adjusted profit after tax is calculated as a non-IFRS measure. To arrive at adjusted profit after tax, adjustments made include the add back of acquisition, restructuring and other one off costs, amortisation related to acquired intangibles, share-based payments, the impact of fair value adjustments and the tax impact of these adjustments.*

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

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

[6] *Cash in bank figure has been reduced by £2.1m reflecting the completion cash payable to the sellers of Nudge Digital. This was settled in Q3 FY2022*

[7] *Adjusted net debt is calculated excluding the impact of lease liabilities and by reducing the impact of £2.1m completion cash payable to the sellers of Nudge Digital.*

[8] *The value of contracted revenue that has yet to be recognised.*

Enquiries

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About TPXimpact

TPXimpact exists to transform the organisations, services and systems that underpin society and that drive business success. It applies strategic and creative thinking, technology, innovative design and user-centred approaches to bring about numerous improvements which together multiply the impact of change. The Company works closely with its clients in agile, multidisciplinary teams that span organisational design, technology, and digital experiences. It shares a deep understanding of people and behaviours and a philosophy of putting people and communities at the heart of every transformation.

The business is being increasingly recognised as a leading alternative digital transformation provider to the UK public services sector, with c.75% of its client base representing the public sector and c.26% representing the commercial sector.

More information is available at www.tpximpact.com .

Chief Executive's review

I am pleased to report on another period of substantial growth for TPXimpact.

At our year-end results presentation in July 2021, we announced a set of new, ambitious financial goals in our Commercial Vision for 2025. As part of this vision we set out to achieve a run rate revenue of £200m (£150m public sector, £50m commercial sector) by March 2025 and to deliver 10-15% organic revenue growth per annum.

We have made excellent progress against these goals in the first half of FY22. I'm particularly pleased with our organic like-for-like revenues, which were up 21% on the prior period, to ahead of our updated guidance of 15%-20% for the current financial year. For the six months to 30 September 2021, revenues grew 77% to £37.5m and adjusted EBITDA increased 83% to £5.3m versus the same period in the prior year, reflecting our operational progress alongside the substantial acquisitive activity we have undertaken over the last year.

We signed £54m worth of new contracts during the period, up 116% on the prior period and go into H2 with a sales backlog to March 2022 of £34.6m, up 98% year-on-year. We have continued to increase the average size of contracts won, reflecting the larger and more impactful projects our teams are now working on.

As anticipated, our gross margins reduced slightly in the period from 35% in H1 2021 to 31% in H1 2022. The margin movement reflects the very strong organic growth during the period, which resulted in a greater proportion of contractors used to meet the demand for our services as well as a growth in our recurring revenue up from 23% in H1 2021 to 33% H1 2022, which is typically sold at a lower gross margin but gives longer term revenue visibility. As we complete the restructure and move to one business, we expect margins to strengthen again in the mid-term as the balance of staff shifts back towards full time employees.

Performance against growth strategy

Consolidation under TPXimpact

In September 2021, we launched our new single brand - TPXimpact - under which all our Group businesses will come together, seeing the Company operate under a single P&L structure with a single sales, account management and back-office structure in the UK.

As part of this consolidation, we have already restructured our sales organisation operation and made investments into our staff. The project has started well and, post-period, our leadership teams are now in place to enable first-class performance and support across all the areas in which we operate.

Whilst the move to one brand will incur some one-off exceptional costs, we are confident in the longer term it will significantly benefit the Company, enabling us to take on larger and more significant contracts as a result of our combined capabilities and, ultimately, to deliver more meaningful change in wider society.

Continued growth in key markets including healthcare

We have increased our reach in the UK public sector, which now accounts for 74% of revenue. In particular, healthcare has emerged as an exciting opportunity for TPX and reflecting this we have greatly strengthened our reach in this field through acquisition and key contract wins, including NHS Blood and Transplant and NHS Business Services Authority, as well as NHS Digital and NHSx, which are soon to become part of NHS England.

With a view to continuing to grow in this vertical we have taken steps to strengthen our advisory team in the period with the appointment of Noel Gordon as a Senior Advisor to the Company in July 2021. Noel has a wealth of experience across public healthcare having formerly been a non-exec board member at NHS England and Chair of NHS Digital and has already helped secure our position as a powerful player in these industries.

Alongside healthcare, we have made significant strides in other sectors including utilities and the pharmaceutical industry, with the Company having previously announced on 15 September 2021 a significant win in the utilities sector representing a value of up to £10m over five years.

Acquisition of Nudge Digital, expanding vertical reach

During the period, the Company completed the acquisition of Bristol-based digital services agency Nudge Digital ("Nudge") for a total consideration of £5m. Nudge enhances the Company's reach into a number of key markets, including healthcare, pharmaceuticals and local government and brought a further 20 full-time employees into the business.

Significantly, this acquisition was structured to reduce the dilution of shares, removing earn-outs to ensure fast and seamless integration into the wider Company. We intend to maintain this acquisition structure going forward wherever possible.

Our acquisition pipeline for profitable, cash-generative companies remains strong, and we are in particular examining opportunities with a focus on data. We are also exploring possible targets in regional hubs in the UK.

Building out our team

Our pipeline of new talent is strong, and we aim to create 500 new jobs by 2025. In H1 we have hired 103 new starters on top of those brought in via acquisition. Our business has always been focused on building a group of experts in digital transformation, who are innovative, purpose driven and want to make real change. The fact we have been able to hire at this rapid pace through a period of well-reported recruitment challenges in technology is testament to what TPX can offer potential staff. In addition, our commitment to delivering impactful work, alongside our strong ESG stance and ambition to become B-Corp certified, allows us to attract high quality staff eager to work to help transform public services.

We remain committed to investing in our staff through various channels. Employee wellbeing, for example, is a central value for TPXimpact and we are proud to provide free access to an Employee Assistance Programme (EAP) for all UK employees, enabling confidential support for our people should problems arise in their work life, home life, personal wellbeing or general health.

Investments for growth

On 23 September 2021, the Company launched the new brand TPXimpact. Over the remainder of the financial year, existing brands will be retired and the Company will move to a single, integrated UK P&L to allow us to better address the market opportunities ahead of us. Post-period end, all UK staff have been transferred to a single UK legal entity and a new extended management team has been appointed from various companies across the Group. Alongside this restructuring, the Company is also putting into place new finance, HR, CRM and PSA systems, all designed to create greater efficiencies as we centralise operations. These investments are ongoing, and we expect to see these completed in FY 2023.

GreenShoot Labs

Over the last 12 months or so, the Company has been investing in GreenShoot Labs to create a new Conversational AI SaaS product. This was launched in August 2021. The product, called OpenDialog, is positioned in a market growing at a CAGR of 23%* and expected to be worth as much as $25bn by 2028. OpenDialog is showing early signs of success with numerous globally significant organisations showing interest. However, in order to maximise the opportunities ahead, the Company expects to spin out OpenDialog into a new company over the next 12 months so that it can attract the level of finance it requires in order to fulfil its potential and become a significant enterprise software company. TPXimpact aims to retain a minority holding in this new company as it is spun out with shareholders participating in its future success through that holding.

More information available at**:** https://opendialog.ai/

*Marketwatch.com, October 21, 2021

Our purpose in action (ESG)

We continue to work towards B-Corp certification, something we are confident of achieving but will only become possible once we become a single legal entity in the UK. Therefore, we have set ourselves the goal of achieving B-Corp certified by no later than March 2023. We also achieved our Social Value Quality Mark Level 1 and were shortlisted for several ESG-focussed awards, recently winning the IR Society Award for best ESG Communications.

People

TPXimpact is committed to enacting real, impactful change and championing diversity through action striving to both reflect the diverse communities the Company serves and to be accessible to people from all backgrounds. Key progress in the first half included the launch of our Employee Resource Groups, as well as the launch of our board mentoring programme, which is focused on connecting diverse future talent within the group with a PLC board mentor.

Planet

Notable progress against our environmental aims in the period has included the signing of two new leases, both of which are 100% powered by renewables and a number of employees having switched to electric cars through our Electric Vehicle Leasing scheme.

We remain committed to net zero. We:

- are carbon neutral;
- have ambitious reduction targets in place;
- will have fulfilled our commitment to paying back the entirety of our historic emissions by March 2023; and
- are working to get our reduction plan accredited by Science Based Targets Initiative (SBTI)

Communities

TPX has undertaken several community projects in the period including sponsoring our second Arkwright Scholar, hosting a Future Leaders programme for black entrepreneurs and launching a £100,000 community action grant fund.

Market update

It is evident that the UK public sector has made an irrevocable shift towards digital transformation services with a September 2021 report by TechMarketView predicting that the UK public sector software and IT services (SITS) market will be worth approximately £14.3bn by 2024, up from £12.9bn in 2020.

Within this substantial market growth, government spending in healthcare, a key market for the Company, is expected to grow strongly. The recent October 2021 spending review also committed to increased government spending in healthcare, totalling £11.2bn over three years. Within this, around £2.1bn is expected to be invested in IT, technology and digitising the NHS, supporting the Company's growth ambitions in this sector.

TPX is well-positioned to displace existing providers in the SITS sector. TechMarketView outlines the proportion of software & services spending on new technologies is also expected to grow from 31% in 2019 up to 57% in 2024, with spending on new software & services expected to outweigh heritage by 2023. This is where our real market opportunity lies.

Outlook and current trading

Following a record £54m of new contracts signed in H1 (H1 2021: £25m), we go into H2 with a confirmed backlog to be recognised in the period of £34.6m. Combined with the £37.5m revenues achieved in H1, we can confidently state that we will meet recently upgraded market expectations of revenue for the full year in excess of £77m accompanied by Adjusted EBITDA margin expansion.

It is clear that hybrid ways of working are here to stay. Consequently, our recruitment process is now open to candidates from across the UK whereas pre-pandemic, it would have focused on candidates that were primarily able to be located in our London offices. This presents us with an opportunity to attract the best talent nationwide, rather than just those within a commutable distance to London. Further, since the way we service our public sector clients has never been predicated on hiring staff at lower salary levels outside of London, we do not anticipate this 'levelling-up' change being experienced by other businesses to have any adverse impact on our margins.

Our primary market continues to grow at pace with the public sector's ongoing transition to modern technologies and the associated change remaining a decade long opportunity. Public sector buyers are also beginning to recognise the value that mid-market organisations can offer compared to their traditional suppliers and it is pleasing to note that they now see TPXimpact as a scaled, mid-market supplier and are awarding us ever larger contracts as a consequence.

Finally, through consolidation to a single brand, we expect to build on our organic growth, alongside identifying further complementary acquisitions to integrate into the Company. There are a number of key initiatives underway that will drive our success as a single company, including changing our contractor to full-time employee ratio, centralising our people function and creating a central sales and account management team.

We are excited for what the future holds and look forward to continuing to build value for all our stakeholders.

Neal Gandhi
CEO

Financial review

The 6 month period ending 30 September 2021 saw another step forward for TPXimpact with significant year on year revenue and EBITDA growth. TPXimpact has reported revenues of £37.5m, up 77% from £21.2m in H1 2021. Most pleasingly we have seen continued like-for-like organic revenue growth north of our 10-15% commercial vision at 21%. The growth has largely been driven by the Group's ability to win and deliver larger scale programmes of work as a result of its wider service offering and leading case studies. In the period we saw the Group sign five deals each with a total value of £3m or more (H1 2021: 2). Revenue also benefited from the half year impact of FY2021 acquisitions and the acquisitions of Nudge in June 2021. The business continued its focus on public services with 74% of revenue in the sector (H1 2021: 70%).

We have seen a strong rise in our recurring revenue with the acquisition of Keep IT Simple Ltd. (KITS) in the prior period. Recurring revenue accounted for 33% of revenue in the period, up from 23% in H1 2021. We continued to see a large amount of repeat business from customers, with 76% of customers billed in H1 2022 also billed in FY 2021, FY 2020 and/or FY 2019. Our backlog was £34.6m at 30 September to be delivered in H2 2022 (H1 2021: £17.5m).

Gross Margins were at 31% against 35% in the prior year. As previously noted the reduction has been driven by our strong growth in revenue requiring a greater proportion of contractor delivery together with a change in the makeup of the delivery of the services that the Group provides, with growth in our managed services and recurring business from 23% to 33% of revenues. Our ambition is to increase our gross margin over time through centralised recruitment, a reduction in our reliance on contractors, investment into an academy and use of our nearshore office where appropriate.

Adjusted EBITDA was £5.3m up from £2.9m in H1 2021 representing an increase of 83%. Statutory EBITDA was £3.8m, up from a £0.1m loss in H1 2021. Adjusted EBITDA margin was 14.1% up from 13.7% in the prior year. This increase in margin is very positive and in spite of the fact that we have seen a year on year increase in operating overhead linked to travel and entertainment following the easing of Covid restrictions.

We are pleased to report our first statutory profit after tax of £0.3m (H1 2021: £1.7m loss) and EPS of 0.3p per share (H1 2021: loss 2.9p) although the Directors continue to believe that an 'adjusted profit before tax' and an 'adjusted EPS' measure is more representative of the underlying performance. To arrive at adjusted results, adjustments made include acquisition expenses, amortisation related to acquired intangibles and share-based payments and the impact of fair value adjustments along with the corresponding tax impact of the adjustments. In addition we have invested into OpenDialog, our conversational design product. Investment has been made with a view to spinning the business out of TPXimpact within the next 12 months and we have therefore excluded costs relating to it totalling £0.3m.

The fair value adjustment reflects stronger than forecast performance of the Group companies and amortisation is a charge that does not reflect the underlying performance or prospects of the Group.

The following table summarises the adjustments:

	6 months to 30 Sep 2021 **£'000s** **Unaudited**	**6 months to 30 Sep 2020** **£'000s** **Unaudited**	**Year ended 31 Mar 2021** **£'000s** **Audited**
Profit / (loss) before tax	559	(1,571)	(1,845)
Amortisation of intangible assets relating to acquisitions	2,486	970	2,458
Loss from fair value movement in contingent consideration	668	2,520	4,260
Share-based Payments	192	150	294
Costs relating to acquisition, restructuring and investment in Open Dialog	430	263	746

Investment in Open Dialog	258	-	-
Adjusted profit before tax	**4,593**	**2,332**	**5,913**
Tax (including impact of amortisation and costs relating to acquisition and restructuring adjustments)	(180)	(260)	(898)
Adjusted profit after tax	**4,413**	**2,072**	**5,015**

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

	6 months to 30 Sep 2021	**6 months to 30 Sep 2020**	**Year ended 31 Mar 2021**
Weighted average basic shares ('000)	83,655	56,935	63,784
Shares relating to future contingent consideration ('000)	7,212	18,667	13,728
Shares relating to share-based payments ('000)	3,551	4,777	4,436
Adjusted diluted shares ('000)	**94,418**	**80,379**	**81,948**
Adjusted diluted earnings per share (pence)	4.7	2.6	6.1

Based on these alternative non-GAAP measures the Group achieved adjusted profit after tax of £4.4m (H1 2021: £2.1m) resulting in adjusted diluted earnings per share of 4.7p (H1 2021: 2.6p).

Note that based on the share price of £2.65 as at 30 November 2021 the total number of shares relating to future contingent consideration would be 2,153k resulting in an EPS of 4.9p.

Cash Flow and cash conversion

Cash at the end of the period was £10.4m but this included £2.1m that was payable to the shareholders of Nudge post period end. Excluding this our true cash balance was £8.4m with adjusted net debt of £4.7m (which excludes lease liabilities and the£2.1m cash payable to Nudge). This strong adjusted net debt position well below our current maximum target of 1x EBITDA provides us with significant access to cash for further acquisitions.

Net cash generated from operations before tax and including lease payments was £4.5m. Cash conversion, calculated by reference to the adjusted profit before tax but after deducting costs relating to acquisition and restructuring was 118%.

Adjusted net debt has fallen in the period from £7.3m as at 31 March 2021 to £4.7m despite the acquisition of Nudge in the period. The cash consideration for the acquisitions was £1.8m funded from the Group's cash reserves

Balance Sheet

Total deferred consideration at 30 September 2021 was £8.4m (31 March 2021 was £12.2m). We continue to note that this is a liability that will be satisfied through the issue of shares and not through cash. Once this is removed, the Group's current ratio at the period end was 1.9 (H1 2021: 1.7) providing solid liquidity.

Dividend

A dividend of 0.3 pence per share has been declared for H1 2022 (H1 2021: 0.2 pence). This will be paid on 28 January 2022 to shareholders on the register at the close of business on 21 January 2022.

Oliver Rigby

Chief Financial Officer

Consolidated statement of comprehensive income				
		6 months to 30 September 2021	6 months to 30 September 2020	12 months to 31 March 2021
		Unaudited	Unaudited	Audited
	Notes	**£'000**	£'000	£'000
Revenue		**37,495**	21,175	51,097
Cost of sales		**(25,866)**	(13,729)	(34,968)
Gross profit		**11,629**	7,446	16,129
Administrative expenses		**(10,729)**	(8,885)	(18,085)
Other income		**52**	3	413
Operating profit / (loss)		**952**	(1,436)	(1,543)
Finance income		**14**	2	1
Finance costs		**(407)**	(137)	(303)
Net finance costs		**(393)**	(135)	(302)
Profit / (loss) before tax		**559**	(1,571)	(1,845)
Taxation		**(281)**	(96)	(384)
Profit / (loss) for the period		**278**	(1,667)	(2,229)
Other comprehensive income				
Exchange differences on translation of foreign operations		**(82)**	(72)	68
Total comprehensive income / (loss) for the period		**196**	(1,739)	(2,161)
Earning / (Loss) per share				
Basic	**7**	**0.33p**	(2.93)p	(3.5)p
Fully diluted	**7**	**0.33p**	(2.93)p	(3.5)p

Consolidated statement of financial position				
		30 Sept 2021	30 Sept 2020 (Restated)	31 Mar 2021
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Non-current assets				
Goodwill		**56,616**	42,414	53,323
Intangible assets		**28,412**	10,525	29,370
Property, plant and equipment		**292**	288	292
Right-of-use assets		**263**	743	445
Deferred tax asset		**30**	-	15
Total non-current assets		**85,613**	53,970	83,445

Current assets			
Trade and other receivables	**11,135**	9,142	14,014
Contract asset	**2,832**	1,312	1,144
Other taxes and social security costs	**-**	-	137
Cash and cash equivalents	**10,413**	5,909	5,734
Total current assets	**24,380**	16,363	21,029
Total assets	**109,993**	70,333	104,474
Current liabilities			
Trade and other payables	**6,218**	4,492	5,681
Other taxes and social security costs	**5,016**	4,068	5,326
Lease liability	**271**	474	336
Deferred and contingent consideration	**7,775**	8,643	8,478
Contract liability	**1,620**	1,102	1,941
Borrowings	**53**	90	55
Total current liabilities	**20,953**	18,869	21,817
Non-current liabilities			
Deferred tax liabilities	**4,643**	1,860	5,133
Borrowings	**13,000**	7,000	13,000
Provisions	**76**	27	76
Lease liability	**77**	222	53
Deferred and contingent consideration	**630**	4,829	3,741
Total non-current liabilities	**18,426**	13,938	22,003
Total liabilities	**39,379**	32,807	43,820
Net assets	70,614	37,526	60,654
EQUITY			
Issued share capital	**848**	673	804
Share premium	**6,253**	5,673	5,691
Merger reserve	**70,231**	37,531	60,926
Other reserves	**402**	517	801
Retained earnings	**(7,120)**	(6,868)	(7,568)
Total equity	**70,614**	37,526	60,654

Consolidated statement of changes in equity

	Share capital	Share premium	Merger Reserve	Capital redemption reserve	Foreign exchange reserve	Share option reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2019 (Restated)	**423**	**5,673**	**15,106**	**5**	**(38)**	**239**	**(2,157)**	**19,251**
Profit for the period	-	-	-	-	-	-	328	328

Exchange difference on translation of foreign operations	-	-	-	-	36	-	-	36
Transactions with owners								
Shares issued	66	-	5,720	-	-	-	-	5,786
Share based payments	-	-	-	-	-	9	-	9
Balance at 30 September 2019 (Restated)	**489**	**5,673**	**20,826**	**5**	**(2)**	**248**	**(1,829)**	**25,410**
Loss for the period	-	-	-	-	-	-	(3,372)	(3,372)
Exchange difference on translation of foreign operations	-	-	-	-	68	-	-	68
Transactions with owners								
Shares issued	62	-	4,978	-	-	-	-	5,040
Share based payments	-	-	-	-	-	120	-	120
Balance at 31 March 2020 (Restated)	**551**	**5,673**	**25,804**	**5**	**66**	**368**	**(5,201)**	**27,266**
Loss for the period	-	-	-	-	-	-	(1,667)	(1,667)
Exchange difference on translation of foreign operations	-	-	-	-	(72)	-	-	(72)
Transactions with owners								
Shares issued	122	-	11,727	-	-	-	-	11,849
Share based payments	-	-	-	-	-	150	-	150
Balance at 30 September 2020 (Restated)	**673**	**5,673**	**37,531**	**5**	**(6)**	**518**	**(6,868)**	**37,526**
Loss for the period	-	-	-	-	-	-	(562)	(562)
Exchange difference on translation of foreign operations	-	-	-	-	140	-	-	140
Transactions with owners								
Shares issued	131	18	23,395	-	-	-	-	23,544
Dividend paid	-	-	-	-	-	-	(138)	(138)
Share based payments	-	-	-	-	-	144	-	144
Balance at 31 March 2021	**804**	**5,691**	**60,926**	**5**	**134**	**662**	**(7,568)**	**60,654**
Profit for the period	-	-		-	-	-	278	278
Exchange difference on translation of foreign operations	-	-		-	(82)	-	-	(82)
Transactions with owners								
Shares issued	44	562	9,305	-	-	-	-	9,911
Dividend paid	-	-	-	-	-	-	(339)	(339)
Share based payments	-	-	-	-	-	192	-	192
Share options exercised	-	-	-	-	-	(509)	509	-
Balance at 30 September 2021	**848**	**6,253**	**70,231**	**5**	**52**	**345**	**(7,120)**	**70,614**

Consolidated Statement of cash flow				
		6 months to 30 September 2021	6 months to 30 September 2020	12 months to 31 March 2021
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Cash flows from operating activities:				
Profit / (loss) before tax		**559**	(1,571)	(1,845)
Depreciation of property, plant and equipment		**295**	383	835
Amortisation		**2,553**	995	2,509
Share-based payments		**192**	150	294
Foreign exchange losses/(gains)		**(27)**	(72)	(5)
Finance expense		**407**	135	303
Finance income		**(14)**	-	(1)
Movement in fair value consideration		**688**	2,520	4,260
		4,653	2,540	6,350
Working capital adjustments				
Increase in trade and other receivables		**2,262**	1,243	(1,032)
Decrease/(increase) in trade and other payables		**(1,959)**	(269)	483
		4,956	3,514	5,801
Tax received / (paid)		**87**	(341)	(159)
Net cash generated from operating activities		**5,043**	3,173	5,642
Cash flows from investing activities:				
Net cash received / (paid) on acquisition of subsidiaries		**658**	(3,122)	(10,813)
Deferred consideration paid		**(467)**	(160)	(259)
Purchase of property, plant and equipment		**(105)**	(44)	(137)
Addition of intangible assets		**(183)**	(106)	(321)
Interest received		**14**	-	1
Net cash used in investing activities		**(83)**	(3,432)	(11,529)
Net cash used from financing activities				
Proceeds from issue of new shares on the exercise of share options		**511**	-	-
Repayment of borrowings		**(7)**	(7)	-
New borrowings		**-**	2,000	8,000
				-
Payment of lease liabilities		**(41)**	(302)	(610)
Dividend paid		**(339)**	-	(138)
Interest paid		**(407)**	(137)	(331)
Net cash (used) in /generated from financing activities		**(283)**	1,554	6,921
Net (decrease) / increase in cash and cash equivalents		**4,677**	1,295	1,034
Cash and cash equivalents at beginning of the period		**5,734**	4,614	4,614
Effect of exchange rate fluctuations on cash held		**2**	-	86
Cash and cash equivalents at end of the period		**10,413**	5,909	5,734

1. General information

TPXimpact Holdings Plc (formerly The Panoply Holdings plc) is the Group's ultimate parent company. It is a public limited company incorporated and domiciled in England and Wales with registered office number 10533096. The Company's shares are publicly traded on the AIM Market of the London Stock Exchange.

The address of the registered office is 7 Savoy Court, London, England, WC2R 0EX. The principal activity of the Group is the provision of digitally native technology services to clients within the commercial, government and non-government organisation ("NGO") sectors.

The interim financial information is unaudited.

2. Basis of preparation

The Group has not applied IAS 34 *Interim Financial Reporting*, which is not mandatory for UK AIM listed companies, in the preparation of this half-yearly report.

This consolidated interim financial information for the six months ended 30 September 2021 does not, therefore, comply with all the requirements of IAS 34 *Interim financial reporting*. The consolidated interim financial information should be read in conjunction with the annual financial statements of TPXimpact Holdings plc (formerlyThe Panoply Holdings Plc) for the year ended 31 March 2021, which have been prepared in accordance with and in conformity with UK adopted International Financial Reporting Standards ("IFRS"). Last year's accounts was prepared under IFRSin conformity with the Companies Act 2006 and the AIM rules for Companies.

This consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2021 were approved by the Board of directors on 12 August 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain any statement under sections 498 (2) or (3) of the Companies Act 2006.

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

The interim financial statements present comparative periods 6 months to 30 September 2020 and 12 months to 31 March 2021.

3. Basis of consolidation

These interim consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings as at 30 September 2021. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control may cease. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

4. Accounting policies

The accounting policies used in the preparation of the interim consolidated financial information for the six months ended 30 September 2021 are in accordance with the recognition and measurement criteria of IFRS and are consistent with those which were adopted in the annual statutory financial statements for the year ended 31 March 2021.

For 30 September 2020, the Group restated the share premium account, where amounts should have been recorded under a merger reserve as required by merger relief under Companies Act, Section 612.

5. Business combinations

i. Nudge Digital Limited

On 30 June 2021, the Group acquired 100% of the issued share capital and voting rights of Nudge Digital Limited (Nudge), a company based in the United Kingdom. Nudge is a digital agency specialising in user research, user experience, design and build for healthcare, big pharma, highly regulated industries and Government.

The Group has performed an initial review of Nudge's assets and liabilities which have been included in this set of interim statements. The Group is currently obtaining the information necessary to finalise its valuation, therefore the finalised valuation will be reported within its next published financial statements.

The preliminary fair values of the identifiable intangible assets have been determined provisionally as £1.4m and goodwill of £3.3m. The goodwill that arose on the combination can be attributed to the value of the workforce of Nudge which cannot be recognised as an intangible asset. Goodwill has been provisionally allocated to a cash-generating unit at 30 September 2021 and is attributable to the Consulting segment. The amortisation of the goodwill that arose from this business combination is not expected to be deductible for tax purposes.

From the date of the acquisition to 30 September 2021, Nudge contributed £1.3m and £0.7m to the Group's revenues and adjusted EBITDA, respectively. Had the acquisition occurred on 1 April 2021, the Group's revenue for the period to 30 September 2021 would have been £2.2m higher and the Group's adjusted EBITDA for the period would have been £1.0m higher.

6. Borrowings

The Group entered into a three year revolving credit facility ("RCF") with HSBC UK Bank Plc ("HSBC") on 11 June 2019, initially for £5m. The RCF was extended in September 2020 to £7m and again in February 2021 to £20m. Of which £13m has been drawn down and £7m undrawn. Within the £20m facility, the Group can draw up to £5m for working capital purposes with the remainder set aside for acquisitions.

7. Earnings per share

	30 September 2021	30 September 2020	31 March 2021
	£'000	£'000	£'000
Profit / (loss) attributable to ordinary shareholders	278	(1,667)	(2,229)

Basic earnings per share	Number	Number	Number
Weighted average number of ordinary shares in issue	83,654,504	56,935,288	63,783,475
Basic earnings / (loss) per share	0.33p	(2.93)p	(3.50)p

Diluted earnings per share	Number	Number	Number
Weighted average number of ordinary shares in issue used in basic earnings per share calculation	83,654,504	56,935,288	63,783,475
Dilutive shares	1,863,157	-	-
Diluted earnings / (loss) per share	0.33p	(2.93)p	(3.50)p

8. Reconciliation to adjusted EBITDA

		6 months to 30 September 2021	6 months to 30 September 2020	12 months to 31 March 2021
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Adjusted EBITDA		**5,348**	2,875	7,101
Amortisation of intangible assets		**(2,553)**	(995)	(2,509)
Depreciation		**(295)**	(383)	(835)
Gain/(Loss) on fair value movement contingent consideration		**(668)**	(2,520)	(4,260)
Share-based payments		**(192)**	(150)	(294)
Costs directly attributable to the business combination		**(350)**	(263)	(496)
Costs directly attributable to business restructuring		**(80)**	-	(250)
Costs directly attributable to investment in Open Dialog		**(258)**	-	-
Operating profit / (loss)		**952**	(1,436)	(1,543)

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