Interim Results
Six months to 30 June 2020

20/10/2020
About TP Group

• c.450 people in six European countries
• Managed business operations through Covid-19
• Strong core business in high value sectors
• Advanced discussions re disposal of TPG Engineering Ltd. – considered a discontinued operation for reporting
• Transformational growth opportunities
  • Mission-critical artificial intelligence (AI)
  • Clean air/energy consulting and solutions
H1 Highlights

- Sustained operations through COVID-19 lockdown
- Strong closing net cash position and order book
- Qualified sales pipeline >£150m
- Extended our framework contract in space mission support, taking €18m in orders plus further €9m in July
- First AI development contract in the energy sector (UAE)
- 2 year, £5m extension to defence consulting contract
- Existing technology adapted to produce ultra-pure oxygen and hydrogen solutions
## Financial Highlights – continued operations

<table>
<thead>
<tr>
<th></th>
<th>Group revenue</th>
<th>Adj. operating profit(^1)</th>
<th>Group order intake</th>
<th>Group closing order book</th>
<th>Net closing cash</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£27.5m</td>
<td>£1.4m</td>
<td>£35.2m</td>
<td>£64.4m</td>
<td>£6.8m</td>
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<tr>
<td>H1 2019:</td>
<td>£20.6m</td>
<td>H1 2019: £2.3m</td>
<td>H1 2019: £31.1m</td>
<td>31 Dec 2019: £56.8m</td>
<td>31 Dec 2019: £6.6m</td>
</tr>
</tbody>
</table>

- Revenue grew 33% - normalising for full six months for Sapienza (two months in H1 2019), organic growth was £2.6m (13%)
- Adjusted operating profit driven by adverse efficiency effects of COVID-19 restrictions, change in the revenue mix and investment in the business of c. £0.5m additional over prior year
- Order intake grew 13%, a strong performance, overcoming commercial constraints arising through the COVID-19 pandemic
- Order book increase provides good visibility and continuity for the business
- Net closing cash, which excludes the £7.0m facility drawdown, reflects strong working capital performance
- Drawdown of the £7.0m bank facility held to mitigate any impacts caused by COVID-19 disruption and to fund £2.5m initial consideration for acquisition of Osprey Consulting in August 2020

\(^1\) Adjusted operating profit / (loss) is defined as operating result adjusted to add back depreciation of property, plant and equipment and right-of-use assets, amortisation of intangible assets and impairment gains or losses on non-current assets, changes in fair value of contingent consideration, acquisition consideration accounted for as an employment cost owing to on-going service conditions, any other acquisition-related charges, share-based payment charges, non-controlling interest and non-operating costs. Non-operating costs are those items believed to be exceptional in nature by virtue of their size and or incidence. The directors of the Company believe this measure is more reflective of the underlying performance of the Group than equivalent GAAP measures. This is primarily due to the exclusion of non-cash items, such as share-based payments, impairment, depreciation and amortisation, as well as acquisition and non-operating costs. This provides shareholders and other users of the financial statements with the most representative year-on-year comparison of underlying operating performance attributable to shareholders. This measure and the separate components remain consistent with 2019.
TP Group is a global leader in consulting, digital solutions and engineering services across the full lifecycle of defence, space and energy programmes.

**Defence**

Security forces around the world operating on land, sea, in the air and in space rely on complex, mission-critical systems that are specified, provided and supported by TP Group.

**Space**

Institutional and commercial organisations working on scientific, exploratory, environmental and communications services use TP Group’s technology and services through the life of their missions.

**Energy**

Traditional and emerging energy providers use TP Group’s expertise and equipment to perform safely and efficiently, and to explore options for renewable and sustainable power.
Osprey acquisition

Highly complementary with significant growth potential

• Completed August 25
  • Funded from existing cash facilities
  • Earnings accreting in year ending December 2021

• Consulting business – 40 staff in the UK
  • Safety and mission critical air space management and regulation
  • Civil and military aviation, space, renewable energy and urban air mobility markets

• Synergy and cross-selling opportunities
  • Europe, space, autonomous aviation, safety consulting
Consulting – sample projects

Specialist services in analysis, cost engineering, procurement, business and technical transformation.

Green energy solutions for UK Government
Baselining the fossil fuel requirement for a UK Government department.
Investigating the feasibility of solutions to reduce demand and alternative energy sources.
Part of the Government drive towards net-zero carbon emissions targets.

Digital transformation for strategic communications
Defining the business and technology change required to enable a £4Bn tactical communication programme to adopt an agile acquisition approach.
An embedded team working at the heart of military communications.

Critical satellite programme
Providing multi-disciplinary support for the UK MoD’s multi-£Bn SKYNET programme.
Working on secure, long-range communications for the armed forces and UK allies through a constellation of satellites and ground stations, and management of ground terminal infrastructure.
Optimising UAE energy assets
In the energy sector, TP Group is working with upstream producers in the UAE to apply AI and optimise the availability of critical resources, and therefore productivity.

Verifying mission-critical helicopter fleet software
TP Group undertakes independent verification & validation of the mission and safety-critical tactical processor software for all variants of the Lynx/Wildcat helicopter fleet.

Delivering a digital platform for the ESA
TP Group delivers a proven digital platform for Programme and Product Management, Eclipse, to the European Space sector using agile principles and methodologies.

AI and advanced software to solve complex problems in dynamic and changing environments.
Safe, clean and resilient solutions to meet your most pressing challenges.

Renewable solutions
Hydrogen is an emerging source of clean fuel, and removal of carbon dioxide from the atmosphere is a key part of the global journey to net-zero atmosphere contamination. TP group has repurposed electrolyser technology to produce ultra-clean hydrogen for fuel or oxygen for medical use.

Mobile computing
Advanced systems that are fitted into vehicles and mobile facilities to provide local computing, data management and communications whatever the field of operations. Robust and resilient to withstand the harshest operating conditions.

Deep sea life support
Crew of nuclear and conventional submarines can live and work for long periods underwater because TP Group provides equipment to generate oxygen from seawater and to remove carbon dioxide and other contaminants from the enclosed atmosphere on board.
Market dynamics

Autonomy – taking people out of harm’s way with intelligent solutions to eliminate dull, dirty or dangerous tasks.

US security budget
- Five-eyes intelligence and security
- Electrification of the Navy
- Autonomy

Artemis and other space programmes
- >$20Bn budget
- Manned space exploration
- Complementary private sector missions

Commitment to UK security
- Maritime
- Information and communications
- Autonomy

Clean environment – systems to provide clean energy or to clean up conventional energy emissions as part of global “net-zero” emissions targets.

Environmental reform in Europe – CO₂ and H₂ strategies
- Net-zero targets
- Diesel replacement in transport
- Carbon capture, use and storage

South China Sea tensions increasing naval activity
- New build submarines
- Refurbish existing vessels
- Autonomy

Energy efficiency initiatives
- Decarbonisation of production
- AI decision support in capital-intensive production
Strategic vision

We have built a growing consulting business from a standing start in 2016 to be almost half the Group’s business in 2019.

- Consulting and Digital Solutions are readily scalable, flexible and responsive to changes in business conditions
- Engineering solutions offer an option to build in-house or prime-contract the delivery by others
  - System engineering and integration
  - Digital controls, simulations, digital twins
  - Project and programme management
- Consulting is proven and growing fast, Digital Solutions broke through in 2019 and will follow, with increasingly sophisticated Engineering solutions underpinning the delivery
- Acquisition of Osprey contributes to this transformation
Internal business investment

Building upon the core business through a combination of investing to grow and acquiring to extend.

>£2.6m in cash and resources invested in last 18 months

- Maritime AI system for unmanned vessels
- AI system for the UAE upstream energy
- Extending our consulting propositions into France
- Widening European relationships with ESA, NATO, Airbus, Thales, EDF, Euro Agencies
- Vehicle AI system for the DoD
- Activity with NASA, Dept of Commerce, intelligence services
- Prototype clean oxygen system demonstrated
- Partnerships to develop hydrogen fuelling and carbon capture systems
- Building upon customer relations across South-East Asia

United States opportunities

Clean energy solutions

Global business expansion
Clean Hydrogen solutions

“In transport, hydrogen is a promising option where electrification is difficult – local city buses, commercial fleets or specific parts of the rail network.”

EU Hydrogen Strategy, July 2020

TP Group is at the heart of developing practical, safe refuelling hub solutions:

- Aircraft – Zeroavia proposes smaller aircraft with clean, low-cost operations from more small airstrips
- UK Government removing diesel trains from the network by 2040 – Eversholt; Porterbrook running trials; Alstom plans >100 in Germany
- Wrightbus plans 3,000 buses in service by 2024

All need a safe, available fuel supply at the base location.
Autonomous vehicles

“Algorithm-driven autonomous drones will be game changers.”
Toptal market analysis

Unmanned vehicles have become established and usage will continue to grow – the next step is to make them truly autonomous to open new opportunities for more complex missions and multi-vehicle swarming:

- Urban air mobility – next generation of unmanned passenger journeys, short-haul delivery, inspection, law-enforcement
- Surface maritime – sea trials in progress with the Royal Navy
- Subsea autonomy – increasing use for security, survey and monitoring

Consultancy, software and systems at the heart of safe, reliable and regulated unmanned and autonomous activity.
Outlook

A resilient core business and increasing capabilities in growth markets give us confidence in TP Group’s potential and ongoing success.

• Well positioned for future growth
  • A strong core business with top-tier global customers
  • Responsive to global insecurity in environment, defence and health
  • Emerging presence in high-growth activities such as AI and clean technology

• Plans to:
  • Invest in our existing business capabilities to protect our underlying performance and add capabilities through selected acquisitions
  • Mobilise our propositions in additional market sectors such as private space activities
  • Extend our reach into new geographies such as the United States and South East Asia