

KEY PERFORMANCE INDICATORS

The JTC Board uses the following KPIs to measure the performance of the Group

FINANCIAL	REVENUE	UNDERLYING EBITDA MARGIN	UNDERLYING CASH CONVERSION	LEVERAGE
DEFINITION	Revenue is defined as income arising in the course of an entity's ordinary activities.	EBITDA margin of the business excluding non-underlying items.	Underlying cash generated from operating activities divided by underlying EBITDA.	Third party debt less cash, divided by underlying EBITDA.
WHY IT'S IMPORTANT	Revenue is a reflection of the work we do for clients. We seek to deliver a high quality service, do more work for existing clients and attract new clients.	Underlying EBITDA margin is our key measure of how well our business is performing, including relative to the wider industry.	Collecting cash from the profits we generate allows us to service our debts and invest in the business (both organically and through acquisitions) and to pay dividends to shareholders.	We need to manage the business without holding excessive levels of debt and with sufficient headroom in our banking covenants.
2022 PERFORMANCE	Revenue growth of 35.6% which comprised 12.0% net organic revenue growth and inorganic revenue growth of 23.6%.	Increase of 0.2pp to 33.0%.	91% underlying cash conversion (2021: 87%).	1.59x underlying EBITDA (2021: 2.34x).
COMMENTARY	The PCS Division achieved 15.7% growth and net organic revenue growth of 8.7%. The ICS Division achieved 47.4% growth and net organic revenue growth of 14.6%.	The ICS Division achieved 31.5% (+1.3pp) continuing the positive trend seen in recent years. The PCS Division achieved 36.3% (-0.9pp) remaining at the top end of our guidance range and reflecting investment for future growth.	Underlying performance ahead of guidance and this reflects on the continuing strong focus on working capital management.	We anticipated that this would reduce during the year given our cash collection expectations.
TARGET	We aim to achieve net organic revenue growth of 8% – 10% every year.	We aim to deliver an underlying EBITDA margin in the range of 33% – 38%.	We aim to achieve 85% – 90% cash conversion each year.	We aim to stay within 1.5 – 2.0x leverage. We will exceptionally increase this to 2.5x when supported by clear visibility of incoming cash flow and rapid reduction to below our target.
TARGET	<div> <div>2022</div> <div>12.0%</div> </div> <div> <div>2021</div> <div>9.6%</div> </div> <div> <div>2020</div> <div>7.9%</div> </div> <div> <div>TARGET</div> <div>8% – 10%</div> </div>	<div> <div>2022</div> <div>33.0%</div> </div> <div> <div>2021</div> <div>32.8%</div> </div> <div> <div>2020</div> <div>33.6%</div> </div> <div> <div>TARGET</div> <div>33% – 38%</div> </div>	<div> <div>2022</div> <div>91%</div> </div> <div> <div>2021</div> <div>87%</div> </div> <div> <div>2020</div> <div>91%</div> </div> <div> <div>TARGET</div> <div>85% – 90%</div> </div>	<div> <div>2022</div> <div>1.59x</div> </div> <div> <div>2021</div> <div>2.34x</div> </div> <div> <div>2020</div> <div>1.96x</div> </div> <div> <div>TARGET</div> <div>1.5x – 2.0x</div> </div>

KEY PERFORMANCE INDICATORS CONTINUED

FINANCIAL	NEW BUSINESS WINS	CLIENT ATTRITION	STAFF TURNOVER	SHARED OWNERSHIP
DEFINITION	Annualised value of new work won from clients where we have a signed contract.	Work lost that was not end of life.	Number of staff who leave in the year that we did not want to leave divided by average number of staff in the year.	The proportion of permanent employees who are direct owners of the business through our Shared Ownership programmes.
WHY IT'S IMPORTANT	Our industry has good growth fundamentals. Winning new business is an important component in the delivery of our organic growth targets.	We have a high proportion of annuity business. Minimising the number of clients that leave JTC is a key indicator of customer satisfaction.	We deliver a high touch service to clients. Maintaining continuity of staff ensures that we are best able to meet client needs.	Shared Ownership is our key differentiator. It is important that staff have a direct stake in our business to promote a stakeholder mentality and ensure that their interests are aligned with external shareholders.
2022 PERFORMANCE	Another record year for new business wins with an increase by value of 17.7% to £24.6m.	Total client attrition was 6.4% (2021: 7.9%) with regretted attrition (not end of life) of 1.7% (2021: 2.6%).	Turnover of 8.0% at Group level (2021: 9.3%).	100% of permanent employees are owners of the business with staff holding c. 15% of issued share capital.
COMMENTARY	The ICS Division won new business with a total annualised value of £17.2m and the PCS Division won new business with an annualised value of £7.4m.	98.3% (2021: 97.4%) of revenues that were not end of life were retained in the period. Our attrition rate fell in 2022.	Our people are highly regarded in the industry and therefore this is a very good performance.	All new staff awarded shares at the end of probation as well as being enrolled in EBT.
TARGET	We aim to achieve at least a 10% increase in the annualised value of new business wins year on year.	We aim to keep regretted client attrition at less than 2.5% p.a.	We aim to keep annual staff turnover, as defined, at less than 10%.	100% of permanent employees to be owners of the business.
TARGET	<div> <div>2022</div> <div>17.7%</div> </div> <div> <div>2021</div> <div>16.8%</div> </div> <div> <div>2020</div> <div>20.1%</div> </div> <div>TARGET >10%</div>	<div> <div>2022</div> <div>1.7%</div> </div> <div> <div>2021</div> <div>2.6%</div> </div> <div> <div>2020</div> <div>3.4%</div> </div> <div>TARGET <2.5%</div>	<div> <div>2022</div> <div>8.0%</div> </div> <div> <div>2021</div> <div>9.3%</div> </div> <div> <div>2020</div> <div>5.7%</div> </div> <div>TARGET <10%</div>	<div> <div>2022</div> <div>100%</div> </div> <div> <div>2021</div> <div>100%</div> </div> <div> <div>2020</div> <div>100%</div> </div> <div>TARGET 100%</div>