Growing together

NEXT15

Next 15 Group plc
Annual Report 2024

We work together to make great things happen for our clients

More about our business
next15.com

We are growth consultants

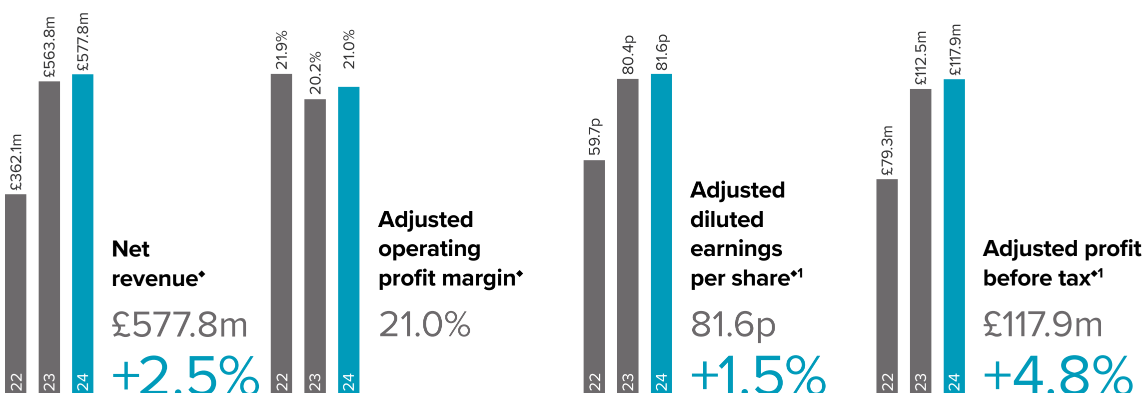
Growth has never been more important to our clients as they navigate rapidly changing political, economic and technological currents. Our clients need to respond to change, make data-driven strategic decisions at pace, design or refine their products and then build demand whilst explaining their plans to stakeholders. Our decentralised, diversified network of specialist consultants means that Next 15 is uniquely placed to help.

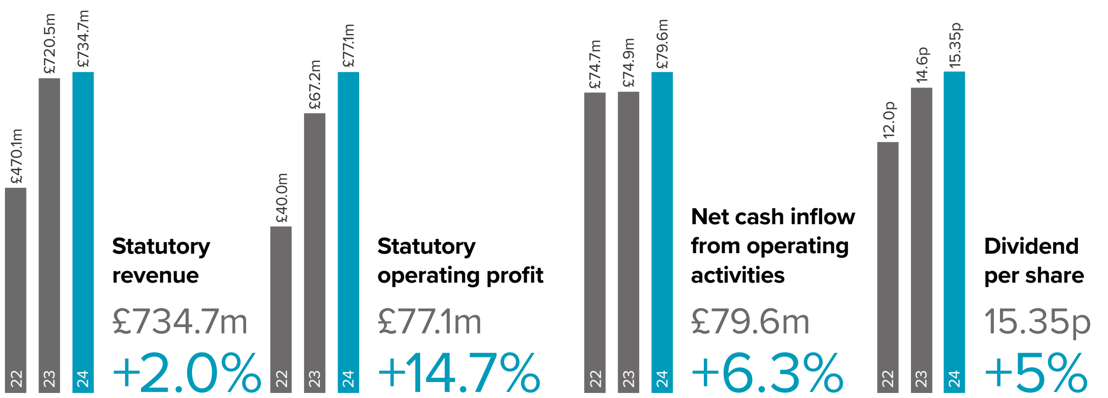
This Annual Report sets out how we continue to evolve Next 15 to be the go-to adviser for our clients, and how our structure and skills have allowed us to emerge from a challenging year better and stronger.

Key numbers for 2024

Employees	Offices	Countries	Acquisitions
4,340	42	15	7
2023: 4,079	2023: 43	2023: 15	2023: 7
2022: 2,983	2022: 41	2022: 15	2022: 4

Financial highlights





1 For FY24 statutory diluted earnings per share is 50.3p (FY23: 1.5p) and statutory profit before tax is £80.3m (FY23: £10.1m). These measures have not been graphically represented as the movements are not meaningful.

Alternative Performance Measures

The report provides alternative performance measures ('APMs') which are not defined or specified under IFRS.

◆ Measures with this symbol are defined and their use explained in the Glossary section on page 200.

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Our business

WE ARE A TECHNOLOGY AND DATA-BASED GROWTH CONSULTANCY THAT DELIVERS VALUE TO ITS CLIENTS THROUGH BEST-IN-CLASS SPECIALISTS.

Next 15 comprises four segments of growth consulting capabilities that work individually or together to solve customers' problems: Customer Insight, Customer Engagement, Customer Delivery and Business Transformation.

Customer Insight

Data and analytics, and the insights they reveal, are critical for helping our customers make the best growth decisions in a world that becomes ever more complex. Our insights sector generates both behavioural and perceptual data for our clients either directly or as part of other growth consulting projects. We continue to invest in new data analytics techniques and tools to ensure we can offer our customers leading-edge solutions.

What we do

- Conduct primary market research
- Track opinion about brands and politics
- Use transaction-level data to predict customer behaviours and recommend actions
- Manage large-scale data sets for our clients

Savanta: piinc.

Customer Engagement

In the 21st century digital ecosystem, brands have to navigate an extraordinary variety of platforms, technologies and languages and get each just right while being true to their values. This has become as much science as art and, when done well, can add extraordinary amplification to an idea, product or service. We are experts in navigating this highly complex landscape and creating space for our clients in the minds of their customers.

What we do

- Create and amplify brands
- Manage reputations and deal with crises
- Build digital brand assets such as websites and apps
- Create brand content and thought leadership

elvis

MBOOTH HEALTH

Archetype

OUTCAST

More about our brands
next15.com/what-we-do/our-brands

Customer Delivery

Our Customer Delivery brands unlock latent value. Our specialist brands deliver revenue across both B2B and consumer markets using a combination of first-party and intent data, sophisticated algorithms, highly tuned content and the monetisation of existing assets.

What we do

- Demand generation
- Account-centric marketing
- Retail media centre design, build and operate
- Media buying and selling
- E-commerce

activate

encore

Business Transformation

As a growth consultancy we are increasingly asked by our clients to help them address challenges for which the solutions are not simply to do more sales or marketing. The brands in our Business Transformation segment help their clients design entirely new solutions to complex problems. The range of these projects is extraordinary, covering: building entirely new businesses, solving complex societal problems, growing the value of newly acquired business units and helping to tap public finance markets.

What we do

- Create new, scale businesses
- Build corporate venture funds
- Help private equity companies optimise the value of their portfolios
- Prepare companies to launch on the public markets
- Redesign public services for the digital era

MACH49

TheBlueshirtGroup

Chair's statement

DESPITE THIS CHALLENGING LANDSCAPE, NEXT 15 CONTINUES TO GROW AND DELIVER RECORD OPERATIONAL PERFORMANCE.

Penny Ladkin-Brand
Chair

Dear Fellow Shareholders,
We entered the year with the environment in which we operate continuing to be the most challenging in the Company's history. The late stages of Covid and supply chains that were still, in some cases, disrupted. Inflation and interest rates at levels unseen in decades making inward investment by our customers much, much harder. Generative AI, and its potential to change fundamentally the way businesses operate, had burst on to the scene while at the same time IT spend was more restricted having ramped up that spend during Covid. In other words, it has been a period of massive disruption from a technological and economic perspective as well as geopolitically.

Despite this challenging landscape, Next 15 continues to grow and deliver record operational performance. During the course of the year, we introduced a new capital allocation policy that balances the needs of the business for investment with the opportunity to acquire our own shares. We also saw the Company continue to make strategic investments behind its AI strategy at both a Group level and within the operating businesses. While these investments have already resulted in a number of new products designed to create greater efficiency and accuracy of the work being produced, the real benefits will start to emerge in the years ahead. These benefits will enable us to further productise the business and thus protect, if not improve, profitability, but also expand into adjacent areas.

Beyond AI, the Company continues to invest in its ESG initiatives. The Board's most significant step was to sign up to the Science Based Targets initiative ('SBTi'). Over the next two years Next 15 will work to set out targets for reducing its net emissions to zero over the medium term. Achieving the targets will see us having to engage creatively with suppliers and clients alike to reimagine what we do. But those are core skills for Next 15 and we relish the opportunity to make a meaningful contribution. I was also delighted that we continue to acquire B Corp status at brand level: an important signal about our values to both customers and talent. The fruits of this approach can be seen with three of the Group's businesses already achieving certification.

Turning to the performance of the Group, we saw solid revenue growth in three of our four segments; Customer Insight, Customer Delivery and Business Transformation which collectively saw growth of 9%. Customer Engagement declined by 4%, largely driven by the pull back in technology spend post-Covid and reflects similar declines in spend by technology customers seen with our peers. The picture beyond technology was rosier with FMCG customers showing strong growth, especially in the second half of the year, and notably in the US as fears of a recession receded and interest rates stabilised.

"The year's achievements are testament to the strength of the talent within the Group."

In our Customer Delivery segment we have continued to see strong growth in areas such as connected commerce with our SMG business delivering excellent progress on the back of its Morrisons win. As the year ended, they also announced a significant contract win with Asda setting them up for another strong year. In this segment we also saw our demand-gen offerings through Activate and Agent 3 do well, giving further evidence to our belief that customers are increasingly directing funds to areas where they clearly attribute results to the funds invested. Our Business Transformation segment also performed well. Growth remains attractive at an organic net revenue increase of 9% and remains a significant source of future growth for the Group at the top and bottom line.

None of these achievements would have been made without the continued dedication of the workforce. The Next 15 model of decentralisation within a control framework means that the pressures of a challenging business environment are felt within the portfolio companies as much as at group level. The year's achievements are testament to the strength of the talent within the Group. Our thanks go to everyone for their continued contribution to the business.

Looking ahead we anticipate the coming year to be better than the last as economic conditions improve, interest rates remain stable, and the tech sector returns to more normal levels of investment. AI will remain a hot topic and our ability to adapt our business to this revolutionary technology will be crucial for our future success. Despite the strong economic headwinds, the Group has done an excellent job of managing its operating margins and continues to be highly cash generative. The Group retains a strong balance sheet and is in a position to make further attractive/accretive/strategic investments and acquisitions in line with its capital allocation policy.

Penny Ladkin-Brand
Chair
15 April 2024

Chief Executive Officer's statement

THE LAST YEAR HAS BEEN ONE OF TREMENDOUS CHANGE FOR NEXT 15.

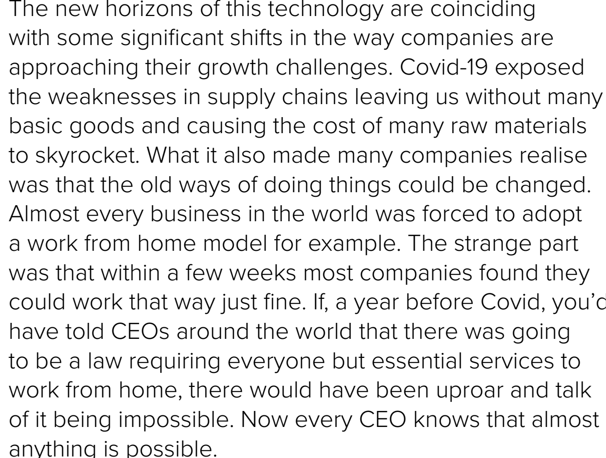
Tim Dyson
Chief Executive Officer

Dear Fellow Shareholders,
Change, change, change.

The last year has been one of tremendous change at Next 15. While our numbers reflect another year of growth, albeit modest growth by comparison to previous years, the real story is how the business has been evolving. The business has changed in several crucial dimensions but at the heart of all of them is the opportunity AI represents for the Group.

Jan Hatzius, Goldman Sachs's Chief Economist, recently said that AI would destroy some parts of the labour market. Over time he said that this new technology would equally create new jobs as many other technology shifts have in the past. It's just that this shift is so much greater. In effect he's postulating that AI is the new, new industrial age. We 100% agree.

The race is on across the industries we are in to apply AI to the tasks we currently do for our customers. This is more than just old school automation, and it's accelerating at lightning speed. Users of Microsoft Teams will already have become familiar with the way it can capture what's taking place in a meeting, provide a transcript and summarise actions and ownership of the tasks. But technologies like Copilot, ChatGPT and Midjourney can do so much more. Right now, they are being used to automate administrative tasks and prototype content for example. But over time they will start to create new solutions or, to steal part of the Henry Ford quote, not just make faster horses.



The new horizons of this technology are coinciding with some significant shifts in the way companies are approaching their growth challenges. Covid-19 exposed the weaknesses in supply chains leaving us without many basic goods and causing the cost of many raw materials to skyrocket. What it also made many companies realise was that the old ways of doing things could be changed. Almost every business in the world was forced to adopt a work from home model for example. The strange part was that within a few weeks most companies found they could work that way just fine. If, a year before Covid, you'd have told CEOs around the world that there was going to be a law requiring everyone but essential services to work from home, there would have been uproar and talk of it being impossible. Now every CEO knows that almost anything is possible.

For Next 15, the shift is delicate and profound at the same time. What we're seeing is customers doubling down on data and the ability to see what is working and why. Attribution is not new but in a post-Covid era it has moved to the top of the list for all executives. For example, tasks such as demand generation should not be separated from brand development. Indeed, we're hearing many customers talk about Brand to Demand, or B2D, as being their new operating model for marketing. This new model creates a completely fresh approach to the task. In the old days developing a brand was left largely to people creating and running expensive TV ads and glossy campaigns in the Sunday newspapers. In a B2D world you cannot divorce Brand from what people actually want to buy. And if people aren't buying, then you know why. You need data and corresponding insights to interrogate the way a brand is perceived, and the way it's designed.

In a world driven by data, the above may seem completely obvious. And yet many marketing organisations are still run with very disconnected functions. It's not uncommon for the sales engagement side of the business to have no idea what the brand marketing side of the business is doing. This type of disconnect is clearly inefficient. Yet it has been extraordinarily difficult for businesses to solve, often because of the cultural divides between sales and marketing. But also because of an inability to get the data to connect one side of the organisation with the other. What we're now seeing is the marketing organisation being put under pressure to drive its own sales targets, thanks largely to e-commerce. This in turn is pushing the organisation to make sure that what works at a brand level translates into actual sales of products or services. In other words, there is a new level of accountability.

AI provides the opportunity to connect disparate sources of data and make sense out of them. To learn why customers buy things one time and not another. To understand why a piece of social content was effective one moment with one audience and ineffective with another the next. It also gives you the ability to create personalised and localised content on a previously unimagined scale. Content that is optimised for every viewer's preference and context. It wasn't that this kind of interrogation and content creation was impossible before AI. It was just that it was extraordinarily hard to do. And extraordinarily expensive. With AI all of these tasks become accessible to any business of any size. In other words, AI is democratising the way that businesses are run and go to market. For Next 15, this is very good news.

We think that, over time, AI will help us design an even better Next 15. In evolutionary terms, selective pressures are now very strong. What you will see from us in response is rapid adaptation, new products and services and new ways of working with our clients powered through the new Next 15 Labs, all made possible by our decentralised, specialist model which is optimised for a world in which the old orthodoxies of marketing are breaking down. We relish the challenge.

Tim Dyson
Chief Executive Officer
15 April 2024

"We think that, over time, AI will help us design an even better Next 15."

The markets we operate in

GROWTH CONSULTANCY IS A HUGE AND GROWING MARKET. WE DIVIDE IT INTO FOUR MAJOR SEGMENTS.

Customer Insight

2022 market size:
£155.73b

CAGR growth 2022-27:
14.07%

FY24 Next 15 net revenue:
£57.5m

2022 breakdown
(growth 2022-27 CAGR %)

Market research:
£65.9b (3.4%)

Data management:
£13.94b (15.8%)

Data analytics and implementation:
£28.71b (23.2%)

Customer Relationship Management implementation:
£47.18b (13.9%)

Customer Engagement

2022 market size:
£345.71b

CAGR growth 2022-27:
16.15%

FY24 Next 15 net revenue:
£263.1m

2022 breakdown
(growth 2022-27 CAGR %)

Customer experience:
£12.19b (16.6%)

Content, communications and creative:
£336.98b (16.9%)

Customer Delivery

2022 market size:
£290.46b

CAGR growth 2022-27:
13.76%

FY24 Next 15 net revenue:
£107.6m

2022 breakdown
(growth 2022-27 CAGR %)

E-commerce implementation:
£5.78b (15.3%)

Search Engine Optimisation:
£55.54b (8.4%)

Media buying and planning:
£61.68b (4%)

Social media management:
£14.30b (24.2%)

Lead generation:
£153.16b (16.9%)

Business Transformation

2022 market size:
£1,329.07b

CAGR growth 2022-27:
10.29%

FY24 Next 15 net revenue:
£149.6m

2022 breakdown
(growth 2022-27 CAGR %)

Strategy consulting:
(inc Environmental, Social and Governance and People Change Management)
£159.22b (6.36%)

Digital transformation:
£49.28b (13.31%)

Big data and analytics:
£111.93b (12.8%)

Other:
£952.3b (8.68%)

2022 data has been used as a baseline to ensure a uniform comparison across the data given an absence of publicly published data for 2023 in several of the above capabilities. Sources for this page are on page 212.

Our strategy

OUR CORE STRATEGY REMAINS UNCHANGED.

Our strategy is to:

- build or buy the specialist growth consultancy services that our clients need;
- work together to solve our clients' most pressing growth problems;
- develop our key talent; and
- make sure we leave the world a better place than we found it.

We target high-growth markets where we have credibility and deep expertise. These include: technology, healthcare, financial services, consumer passions and public sector.

For those markets we focus on the key things that our clients need: exceptional customer experience that provides sustainable competitive advantage, transformation consultancy to cope with the high volume of change that is the new normal for all businesses, high-quality data to drive optimal decisions, tools to maximise revenues and the ability to tell their story and build reputation.

Our capabilities are already being accelerated by Generative AI and we see this as a source of considerable growth and potential competitive advantage over the coming years.

Build our growth consultancy model

Our priorities

Growth has never been more important to our clients, whether that's to deliver financial returns or societal outcomes. Growth is what Next 15 offers and we continue to evolve our Group to offer clients a leading-edge service. We will continue to invest in talented, entrepreneur-led businesses that bring new capabilities that our customers need. Our focus remains primarily UK and US.

Progress in FY24

- Completed the highly successful integration of Engine into Next 15.
- Acquired several smaller companies as bolt-ons for existing brands, particularly to develop our e-commerce and transformation consulting capability.
- Started to coordinate our communications businesses in a more structured way to share leads and skills, and create an international network for our clients.
- SMG won a significant contract to build a retail media sales network for UK grocer Asda, building on previous wins with Boots and Morrisons.
- Continued to build the reputation of our brands. For example Mach49's CEO Linda Yates's book 'The Unicorn Within', which describes a growth methodology, was added to Harvard Business Review's 'Ideas with Impact' list of the all-time books that are 'truly changing the way companies do business'.

Priorities for FY25

- Bring our AI labs and data strategy work together.
- Continue our productisation initiative to ensure that we offer our clients the full benefits of automation and AI technology.
- Focus on investment in new growth consultancy capabilities, particularly digital transformation including sales and marketing systems integration, e-commerce and data analytics.
- Explore how we can leverage our collective expertise in key markets to healthcare and financial services to offer more strategic solutions to our clients.

Our strategy continued

Use the power of Next 15

Our priorities

We will use our shared insight, scale and capabilities to better serve customers without losing our Group's entrepreneurial spirit or deep specialist expertise. We invest in AI-driven capabilities, tech, data and products that our businesses can share.

Progress in FY24

- Launched Next 15 Labs to explore how we can better solve client problems using the new capabilities that AI offers to innovate in what we do and how we do it.
- Won a number of significant cross-brand projects that illustrate our ability to work together as specialists to solve clients' strategic challenges. A highlight was a large project for the BBC that saw two brands collaborate.
- Continued to bring together more of our brands into clusters to make it easier for them to organise around client problems.
- Continued to launch or enhance our client product range, often powered by AI capabilities. This includes a range of new research products launched by Savanta, upgrades to SMG core PlanApps software and significant development of Palladium's Prism tools for private equity investors.
- Continued to consolidate our brands into hub offices in London, New York and San Francisco to bring benefits such as reduced environmental footprint and improved collaboration.

Priorities for FY25

- Collaborate on AI-powered Group-wide innovations via Next 15 Labs.
- Increase digital and marketing transformation work as a means to orchestrate our network of specialist growth capabilities.
- Develop Next 15's ability to join up our brands around client problems and build more C-suite relationships.
- Review and refresh our incentives to make it easier for our brands to work together.
- Leverage our Group data resources to build better solutions for our clients.
- Review and expand the role of our shared service centre in India to support our brands to run high-quality and efficient back office operations.

Focus on doing better

Our priorities

Our values are important to us. We want to work with customers, suppliers and staff who share them. More so than ever, we choose our work carefully, look to maximise the positive impact that our work has, and are not afraid to say 'no' to work that is financially positive but planet or people negative.

Progress in FY24

- Joined the Science Based Targets initiative ('SBTi') for reducing greenhouse gas emissions.
- Progressed emission reduction measures including further renewable energy transition, greening measures in our offices, major supplier engagement, improved Scope 3 measurement, and expansion of ISO 14001 across three additional sites.
- Refined our Ethics Group Process and Scorecard with inclusion of rotational representation and rolled out #ChangeTheBrief training across brands, in support of our sustainable client growth ambitions.
- Further strengthened our governance with the roll out of our policy 'Framework', linking bonus for Directors and CEOs of Brands to Employer Net Promoter Score ('eNPS') and completing CFD Disclosure as part of new mandatory regulatory requirements.

Priorities for FY25

- Support and collaborate with Brands in understanding their carbon footprint to help accelerate our emission reduction work including with our supply chain, and continue our journey with them in understanding Scope 3 media and production-related emissions.
- Continue collaboration with offices globally to help progress our renewable energy transition plan against targets set out in our CFD report.
- Continue to support existing and encourage ongoing brand-level engagement with B Corp.
- Deepen our work on understanding emissions in order to set SBTi targets in FY26.

Our strategy continued

Celebrate and develop our people

Our priorities

We are a group of businesses built by the talent of our people. We use our growth consultancy model internally to attract, develop and retain the best staff. When we acquire new businesses we trust entrepreneurial talent to drive their own businesses and consult with us, and provide them with the freedom to innovate whilst maintaining strong governance.

Progress in FY24

- Designed and piloted Employee Listening Sessions, to bring visibility up through management and to the Board on experience of employees across the Group.
- Started the consolidation of people statistics into a data lake to improve accuracy, allow predictive analytics to be introduced and for brands to retain autonomy in the systems and platforms they use to suit their business.
- Introduced collaborative working groups around business topics such as AI as well as Equity, Diversion and Inclusion ('ED&I') working groups to share knowledge and learning more organically across the Group.
- Implemented a coaching apprenticeship scheme in the UK to increase the number of people qualified to coach across the Group and encourage leaders and managers to gain new skills.

Priorities for FY25

- Build out the managers' learning hub to ensure all our people learn the importance of understanding themselves and their style before gaining people management responsibilities.
- Increase focus on the technical skills required to thrive in an AI-enabled environment – including new apprenticeship schemes.
- Use our improved data sources to help monitor and measure progress in all aspects of the employee lifecycle including progress made against our maturity modelling through the ED&I Council.

Key performance indicators

HOW WE MEASURE OUR PERFORMANCE.

Our KPIs represent the most important metrics we as a management team use to evaluate and compare the performance of Next 15 brands, and of the Group as whole.

We are showing continued progress in our financial and client metrics, reflecting the strong year we have had. Staff retention remained consistent in what continued to be a challenging market for talent.

As described elsewhere in this report we continue to develop our ESG strategy and, as a result, it may be that KPIs in this area change over FY25 to better reflect the outcomes we want to achieve.

Financial KPIs

Adjusted operating margin◆

21.0%

Adjusted operating margin is a key measure of the health of our business that balances our drive to be efficient with the need to continually reinvest in our brands to grow and evolve their offer.

Performance
Margin increased to 21.0% as result of our businesses managing their cost bases well and we exceeded our expected head office savings from the Engine acquisition last year.

Organic net revenue growth◆

0.3%

As a growth consultancy, organic growth is exceptionally important because it shows that our brands are offering what customers want, and are focused on the activities that will allow them to outperform.

Performance
The Group delivered growth despite the macro-economic environment. Our Customer Delivery, Data and Insights and Business Transformation segments each delivered organic revenue growth whilst the Engage segment reported a revenue decline mostly due to softness in the Tech sector, but saw an improving performance as the year progressed.

◆ Alternative performance measures. Measures with this symbol are defined in the Glossary section on page 200.

Key performance indicators continued

Non-financial KPIs

Number of clients spending over £2.5m

37

Average client spend is a good proxy for the depth and importance of our client relationships as it takes time and consistent delivery to grow a relationship to the £2.5m+ level and beyond.

Performance

In FY24 we saw a modest reduction, this reflects a broadening of our client base in a tougher year.

Number of £2.5m revenue clients working with more than one Brand

24

As we grow our growth consultancy model the number of customer relationships that are serviced by more than one of our brands is becoming more important.

Performance

Multi-brand relationships saw a modest decline in FY24 as tech clients in particular pulled back spend. However, we also made progress with winning clients like the BBC which currently fall under the £2.5m threshold but are multi-brand from the outset.

Staff retention

77.0%

We are a people-first business and our ability to attract and retain key talent is paramount.

Performance

FY24 saw an increase in the overall headcount and our staff retention has remained stable. In a year that has been impacted by global economic change and political instability, our leadership teams across the Brands continue to build great working cultures.

Financial review

RECORD PERFORMANCE DRIVEN BY ORGANIC REVENUE GROWTH AND M&A EXECUTION.

Peter Harris
Chief Financial Officer

Audit and Risk Committee report p81

Financial statements p110

A year of record trading

In FY24 the Group delivered record revenues and profits with all four segments of our business delivering positive results despite the slowdown in the Tech sector and the more challenging macro-economic environment. The Group grew its net revenues by 2.5% with organic net revenue growth of 0.3% and the Group delivered a record adjusted operating profit of £121.1m at a margin of 21.0%. The brands managed their cost bases well reflecting the trading environment and we exceeded our expected head office savings from the Engine acquisition last year.

The Group has continued to grow by acquisition with the focus of the last twelve months being on expanding a number of our key existing businesses through bolt-on acquisition. During the period, we completed two acquisitions for Palladium, expanding its capabilities into the US market and into commercial due diligence. We also completed two acquisitions for Brandwidth, Williams Commerce in the UK, which expanded their product range into e-commerce web build and secondly, Rush, a Canadian based performance marketing business. Finally Savanta acquired Explorer in Canada, a retailer focused market research business.

Our Customer Delivery, Data and Insights and Business Transformation segments each delivered organic revenue growth whilst the Engage segment reported a revenue decline mostly due to softness in the Tech sector, but saw an improving performance as the year progressed.

	Year to 31 January 2024 £m	Year to 31 January 2023 £m	Growth %
Adjusted results◆			
Net revenue	**577.8**	563.8	2.5%
Adjusted operating profit	**121.1**	114.2	6.1%
Adjusted operating profit margin	**21.0%**	20.2%	
Adjusted profit before income tax	**117.9**	112.5	4.8%
Adjusted diluted earnings per share	**81.6p**	80.4p	1.5%
Statutory results			
Revenue	**734.7**	720.5	2.0%
Operating profit	**77.1**	67.2	14.7%
Profit before income tax	**80.3**	10.1	
Net cash generated from operations	**105.0**	95.2	10.3%
Diluted earnings per share	**50.3p**	1.5p	

◆ Alternative performance measures. Measures with this symbol are defined and reconciled in the Glossary section on page 200.

A year of record trading continued

The Group's strategy is to acquire and then enhance entrepreneurially led businesses, where management teams are incentivised to deliver growth over the medium term. This often results in the Group acquiring companies in the early stages of their development where their future performance is uncertain, leading to significant changes in the estimates used for future earn-out payments. We continue to examine the impact of these material changes in estimates on the statutory results and have an additional glossary to the Annual Report to separately show the alternative performance measures used. The glossary section set out at the end of the report and accounts provides reconciliations between the statutory and the adjusted results in order to help the readers of the accounts to interpret the results.

In order to assist shareholders' understanding of the performance of the business, the narrative below is focused on the adjusted performance of the business for the 12 months to 31 January 2024, compared with the 12 months to 31 January 2023, in particular the net revenue performance, adjusted operating profit and adjusted diluted earnings per share.

The Directors consider these adjusted measures to be highly relevant as they reflect the trading performance of the business and align with how shareholders value the business. They also give shareholders more information to allow understandable like-for-like, year-on-year comparisons and more closely correlate with the cash and working capital position of the Group. The Group also presents net revenue which is calculated as statutory revenue less direct costs as shown on the Consolidated Income Statement and is more closely aligned to the fees the Group earns for their product and services.

Reconciliation of statutory operating profit to adjusted operating profit

	Year to 31 January 2024 £m	Year to 31 January 2023 £m
Statutory operating profit	**77.1**	67.2
Interest on lease liabilities	**(1.1)**	(1.4)
One-off charges for employee incentive schemes	**6.6**	0.6
Employment-related acquisition payments	**10.0**	12.0
Deal costs	**0.7**	5.5
Costs associated with operational restructuring	**5.2**	2.3
RCF fees write-off	**0.6**	—
Property impairment	**—**	4.8
Amortisation of acquired intangibles	**22.0**	23.2
Adjusted operating profit	**121.1**	114.2

In line with industry peers, the adjusted profit measures take account of items which are not related to underlying trading in the year including acquisition accounting related-costs, brand equity incentive schemes, costs associated with restructuring and certain other items. In order to provide comparability with industry peers, amortisation of acquired intangibles is also adjusted for.

While adjusted operating profit increased by 6.1% to a record £121.1m (2023: £114.2m), we made a statutory profit before tax of £80.3m (2023: £10.1m). When comparing to the adjusted operating profit, the lower statutory profit before tax was mostly due to acquisition-related accounting, including the amortisation of acquired intangibles, offset by the reduction in the expected Mach49 earn-out payment. The statutory operating profit increased by 14.7% to £77.1m (2023: £67.2m). Diluted earnings per share increased to 50.3p (2023: 1.5p), principally reflecting significantly lower net finance charges in the year, due to the reduction in the estimated future earn-out payments.

At each balance sheet date we are required to estimate the value of future earn-out payments for all of our acquired businesses. The Mach49 estimate is the largest and most judgemental of these calculations. As at 31 January 2023, we estimated the total value payable under the

A year of record trading continued

earn-out to be the maximum cap of $300m on an undiscounted basis, but noted at the time this was an area of significant judgement. When reflecting the historic trading performance and forecast expectations, we have reduced the estimate of the earn-out to $250m, a reduction of $50m. Accordingly, in the current year, this resulted in a £32.3m credit to the profit and loss reflecting the reduction in the remaining earn-out liability on a discounted basis. This change in estimate has been included as a credit to the profit and loss account within finance income.

Review of adjusted results to 31 January 2024

Group profit and loss account

The Group continued to trade strongly over the last 12 months despite the macro-economic headwinds with all parts of the business making a positive contribution to the Group's performance.

As shown in the previous table, we incurred £6.6m of one-off charges for employee incentive schemes on new growth shares for House 337, MHP, Transform, M Booth, Brandwidth and Plinc, and £10.0m in relation to employment-related acquisition payments. We incurred £0.7m of deal costs in relation to business combinations and acquisitions made during the year and £0.6m in relation to writing off the capitalised fees on the old RCF. Amortisation of acquired intangibles was £22.0m in the year. We also incurred £5.2m of operating restructuring costs as we reacted to the reduction in demand for our services at a number of our agencies.

Taxation

The adjusted effective tax rate on the Group's adjusted profit for the year to 31 January 2024 was 26.3% (2023: 23.3%), compared to the UK enacted statutory rate of 25% (refer to note 8). The adjusted effective tax rate was higher than the rate achieved in the prior year largely due to the increase in UK rate from 19% in the prior year and due to a strong performance from our US-based agencies.

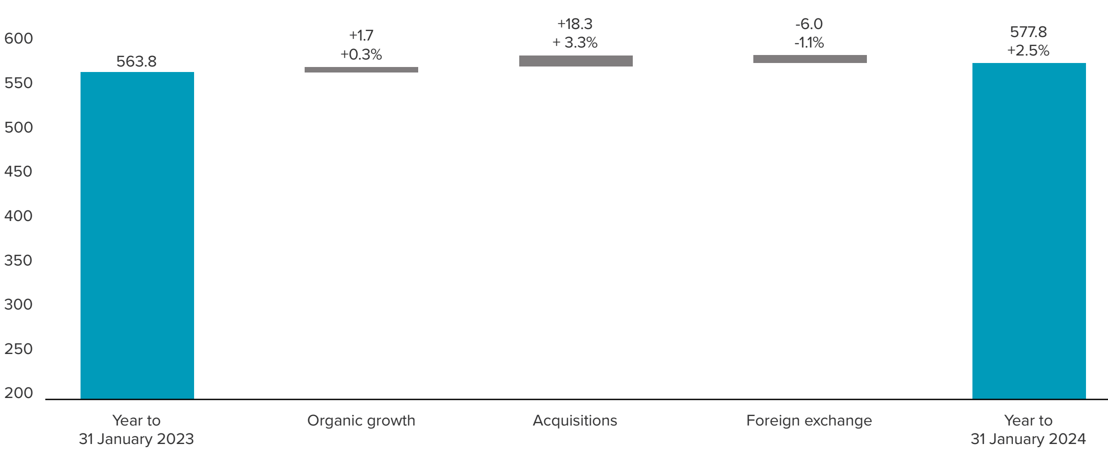
We anticipate that overseas international tax pressures will continue to increase the Group's adjusted effective tax rate over the coming years. The impact of differing overseas tax rates and withholding taxes is captured in note 8.

We inherited a complicated corporate structure with the acquisition of Engine and continue to progress an outstanding tax enquiry, which we believe we have adequately provided for. The Board takes a low-risk attitude to tax compliance and endeavours to pay the appropriate level of tax in all markets the Group operates in.

Earnings

Adjusted diluted earnings per share has increased by 1.5% to 81.6p for the year to 31 January 2024 compared with 80.4p achieved in the prior year, as a result of the improved profitability on an adjusted basis.

Net revenue bridge (£m)



Financial review continued

Segmental review

In order to assist shareholders' understanding of the key growth drivers of the Group, we have included an analysis of the results by the operational segments we used to monitor the performance of the business for the year ended 31 January 2024. The four operational segments were Customer Insight, Customer Engagement, Customer Delivery and Business Transformation.

Customer Engagement

This segment includes M Booth, M Booth Health, Outcast, Archetype, Nectar. Brandwidth, MHP and House 337. M Booth Health, MHP and Nectar delivered organic growth in the tough macro-environment whilst our more tech and project-based agencies showed revenue declines for the year. The segment's net revenue declined 4.3% to £263.1m, with an organic revenue decline of 6.3%, and delivered an adjusted operating profit of £53.2m at a maintained adjusted operating margin of 20.2%.

Customer Delivery

This segment includes our Activate, Agent3, Twogether and SMG agencies. This segment is focused on solving short-term revenue challenges for its clients usually through digital products which are easier to determine their return on investment. The end of the Covid pandemic brought a return to more normal trading conditions as other routes to market opened up. Growth moderated somewhat as a result, but the segment still delivered net revenue growth of 5.4% to £107.7m with organic revenue growth of 5.1%. The adjusted operating profit decreased marginally to £29.1m at a still very healthy adjusted operating profit margin of 27.0%.

Customer Insight

This segment includes Savanta and Plinc. Savanta performed well as its predominantly B2C client base continued to recover from the pandemic. Their UK business grew by 9% with good growth in the financial services sector, whilst Savanta US grew by over 20% year on year helped by strong trading from healthcare and financial services clients and the acquisition of Explorer, a Canadian based market research agency which specialises in packaging and shopper research. Plinc grew their retail client base and continued to develop a suite of new products for their target market. They invested heavily in sales and marketing to facilitate further growth over the next couple of years. Total net revenue for the segment increased by 10.6% to £57.5m with organic growth of 4.3%, whilst the adjusted operating profit decreased by 6.3% to £10.4m at a reduced adjusted operating margin of 18.0%, due to the investment in Plinc's sales and marketing function.

	Customer Engagement £'000	Customer Delivery £'000	Customer Insights £'000	Business Transformation £'000	Head Office £'000	Total £'000
Year ended 31 January 2024						
Net revenue◆	**263,120**	**107,653**	**57,476**	**149,590**	**—**	**577,839**
Organic net revenue (decline)/growth◆	**(6.3%)**	**5.1%**	**4.3%**	**8.7%**	**—**	**0.3%**
Adjusted operating profit/(loss)◆	**53,178**	**29,117**	**10,358**	**48,253**	**(19,825)**	**121,081**
Adjusted operating profit margin◆	**20.2%**	**27.0%**	**18.0%**	**32.3%**	**—**	**21.0%**
Year ended 31 January 2023						
Net revenue	274,951	102,096	51,985	134,767	—	563,799
Organic net revenue growth	9.3%	12.0%	10.2%	83.3%	—	20.7%
Adjusted operating profit/(loss)	55,432	30,191	11,049	43,855	(26,358)	114,169
Adjusted operating profit margin	20.2%	29.6%	21.3%	32.5%	—	20.2%

◆ Alternative performance measures. Measures with this symbol are defined in the Glossary section on page 200.

Segmental review continued

Business Transformation

This segment includes Mach49, Blueshirt, Palladium, and Transform. We saw a mixed performance from this segment as the significant contract win for Mach49, which we announced in February 2022, continued to contribute significant revenue and profit growth during the year. Transform had a very strong year on the back of a major contract win with the Department of Education, whilst the Blueshirt group and Palladium suffered revenue and profit declines due to weakness in the Tech IPO and PE advisory markets. Overall, the segment delivered net revenue growth of 11.0% to £149.6m with organic revenue growth of 8.7%. The adjusted operating profit increased by 10.0% to £48.3m at an adjusted operating profit margin of 32.3%.

Geographical review

US

In the year to 31 January 2024, total US net revenues grew by 0.3% to £294.1m from £293.2m which included organic growth of 0.9%. After a very strong performance in the previous year particularly from our B2B tech businesses, trading in the US slowed last year predominantly due to weakness in spend from our larger tech clients. Our lead generation agency, Activate, had a resilient performance throughout the year and out-performed its immediate competition, whilst our B2C agency M Booth and its sister agency M Booth Health improved their performances as the year progressed and confidence returned to their key customers. Mach49 had another year of strong growth on the back of their big contract win, whilst the Blueshirt group had a material fall in revenues due to the demise of Tech IPOs which had contributed to a stellar performance in the prior year. All the businesses reacted to the tougher trading conditions by managing their cost bases tightly. The adjusted operating profit from our US businesses decreased by 2.5% to £91.1m compared with £93.5m in the previous 12 months to 31 January 2023, at a still very healthy operating margin of 31.0% compared with 31.9% in the prior year.

UK

The UK businesses delivered a positive performance over the last 12 months, with net revenue increasing by 5.5% to £254.3m from £241.0m in the prior period. This growth was supported by an extra month's trading from the Group's acquisition of Engine in March 2022 and a number of bolt-on acquisitions for Palladium and Brandwidth. Our UK businesses delivered an organic revenue decline of 0.4%. The adjusted operating profit increased to £45.7m from £42.5m in the prior year with the adjusted operating margin increasing to 18.0% from 17.6% in the prior year.

EMEA

The EMEA business continued to perform well with net revenue increasing by 6.6% to £12.4m (2023: £11.6m) and an adjusted operating profit of £2.3m at an adjusted operating margin of 18.9%.

	UK £'000	EMEA £'000	US £'000	Asia Pacific £'000	Head Office £'000	Total £'000
Year ended 31 January 2024						
Net revenue◆	**254,281**	**12,399**	**294,054**	**17,105**	**—**	**577,839**
Organic net revenue (decline)/growth◆	**(0.4%)**	**6.1%**	**0.9%**	**(3.6%)**	**—**	**0.3%**
Adjusted operating profit/(loss)◆	**45,731**	**2,345**	**91,139**	**1,691**	**(19,825)**	**121,081**
Adjusted operating profit margin◆	**18.0%**	**18.9%**	**31.0%**	**9.9%**	**—**	**21.0%**
Year ended 31 January 2023						
Net revenue	240,971	11,626	293,177	18,025	—	563,799
Organic net revenue growth	11.3%	16.3%	28.2%	11.0%	—	20.7%
Adjusted operating profit/(loss)	42,460	2,826	93,463	1,778	(26,258)	114,169
Adjusted operating profit margin	17.6%	24.3%	31.9%	9.9%	—	20.2%

◆ Alternative performance measures. Measures with this symbol are defined in the Glossary section on page 200.

Financial review continued

Geographical review continued

APAC

In the APAC region net revenue declined by 5.1% to £17.1m (2023: £18.0m). The operating profit was broadly flat at £1.7m at an operating margin of 9.9%.

Cash flow

The net cash inflow from operating activities before changes in working capital for the year to 31 January 2024 decreased to £115.7m from £119.6m in the prior period due to £15.7m settlement of employment-linked acquisition payments compared to £6.6m in the prior year. We had a net outflow from working capital of £10.7m due to the reduction in deferred income and accrued expenses across the Group. This resulted in our net cash generated from operations before tax being £105.0m (2023: £95.2m). Income taxes paid increased to £25.4m from £20.3m.

Dividends paid to Next 15 shareholders during the year were £14.8m (2023: £12.7m), reflecting an increased return to shareholders in line with the strong financial performance and our future confidence in the business. Net interest paid to the Group's banks increased to approximately £3.1m (2023: £1.7m) as we settled acquisition-related payments and we were also impacted by central banks increasing interest rates to combat rising inflation.

In September 2023, the Group announced a share buyback programme to a maximum of £30m, allowing us to return excess cash to shareholders. As of 31 January 2024, we have spent £4.5m buying back 603,912 shares which have been cancelled.

Balance sheet

The Group's balance sheet remains strong, moving to a modest net debt position as at 31 January 2024 of £1.4m (2023: net cash £26.1m) and net assets of £156.2m (2023: £114.4m). Since the previous year end, intangible assets have increased by £5.3m due to goodwill and acquired intangible assets recognised as a result of the acquisitions during the year offset by the amortisation.

Contingent consideration also saw a significant decrease, due to settlements of £39.1m during the year and a £32.5m change in estimate, primarily driven by the revised assumptions for the latest trading performance and forecast expectations for the Mach49 business.

Cash flow KPIs

	Year to 31 January 2024 £m	Year to 31 January 2023 £m
Net cash inflow from operating activities before changes in working capital	**115.7**	119.6
Changes in working capital	**(10.7)**	(24.4)
Net cash generated from operations	**105.0**	95.2
Income taxes paid	**(25.4)**	(20.3)
Investing activities	**(17.9)**	(67.5)
Dividend paid to shareholders	**(14.8)**	(12.7)
Net (debt)/cash	**(1.4)**	26.1

Treasury and funding

The Group refinanced its banking facilities during the year and agreed a new £150m revolving credit facility ('RCF') with a consortium of HSBC, Bank of Ireland, NatWest Bank, Citibank and CIC. The facility is available until December 2027 with an option to extend for a further year. As part of the arrangement, the Group has a £50m accordion option to facilitate future acquisitions. The facility is primarily used for acquisitions and is due to be repaid from the trading cash flows of the Group. The facility is available in a combination of sterling, US dollar and euro at an interest margin dependent upon the level of gearing in the business. The Group also has a US facility of US$7.0m (2023: US$7.0m) which is available for property rental guarantees and US-based working capital needs.

As part of the facility agreement, Next 15 has to comply with a number of covenants, including maintaining the multiple of net bank debt before earn-out obligations to adjusted EBITDA below 2.5x. Next 15 has ensured that it has complied with all of its covenant obligations with significant headroom.

Peter Harris
Chief Financial Officer
15 April 2024

HOW WE ENGAGE WITH OUR STAKEHOLDERS.

Next 15 is committed to delivering long-term sustainable performance and growth for the benefit of its stakeholders. We understand the importance and benefit of engagement with all key stakeholders.

Different stakeholders require different engagement, but we aim to continue to have open dialogue with all stakeholders and build frameworks and processes to achieve this. We set out below the various stakeholder groups and how we engage with them.

See also:

Our strategy p9

Corporate governance p70

Employees

We continue to put our people first. Our brands are built on and rely on the talent of our people, and we know our success is fundamentally driven by their skill, commitment and passion. Next 15 supports all of its brands and works with each of them to have the appropriate priorities and processes in place to ensure engagement with its talent, including: Equity, Diversity and Inclusion ('ED&I') at Group and brand level, attracting and retaining the best talent, employment policies and remuneration, health, safety and wellbeing of employees.
We acknowledge that this is constantly changing and is different for different brands and therefore seek to continually adapt and develop policies, processes and practices.

How we engage at Board level

- Paul Butler is the Non-Executive Director responsible for workforce engagement. Paul has undertaken a number of employee listening sessions. These sessions have been held in person in our London and New York offices with the aim of listening to our people across all brands and understanding how they feel about work in general. The listening sessions also provide a great opportunity for cross-brand collaboration as individuals who may never have met, were sitting together discussing work and non-work topics.
- The Board held in-person meetings in the UK and the US which included time for the Board to meet employees. This included presentations by the CEO as well as social events with the senior management of the brands.
- The Board is kept up-to-date on succession planning of the Group's senior management team as well as regular updates on the employee base and the output of staff surveys.

How we engage across Next 15

- With the majority of UK and US brands now sharing office space with Next 15 in London, New York and San Francisco, there is much more cross-brand interaction which allows Next 15 to have more face-to-face time with the brands.
- Many brands and teams set regular days where employees are encouraged to be in the office for collaboration and social activities.
- Regular team meetings, both in person and virtually.
- Regular employee net promoter score ('eNPS') surveys are carried out, with results forming a component of Executive Director bonus.
- 'The Framework' (a set of policies and guidance for the brands) has been rolled out on the Next 15 Academy, an online learning platform that gives brands autonomy over their individual learning but also providing a central space for Next 15 to manage content relevant to all.
- Regular town halls to share Company news and events.
- Using cross-Group messaging platforms such as Slack to keep staff informed and allow easy access to management.

Stakeholder engagement continued

Customers

Focusing on meeting the needs of our clients is critical to the success of each of our businesses. We work with some of the world's best-known brands but acknowledge that there is not a 'one size fits all' approach to engaging with customers. We aim to have teams embedded within client organisations, and ensure we understand how best to serve their needs based on what they tell us.

How we engage at Board level

- The Board receives regular updates from management regarding the brands' performance including major new client wins.
- We encourage our Non-Executive Directors to share their experience of working with clients in their other roles and seek collaboration with client teams where they can add value to client relationships.
- Executive Directors, in particular our CEO, regularly meet with clients to understand their challenges and growth priorities.

How we engage across Next 15

- The Next 15 Growth team helps ensure our brands understand the services offered by each other in order to help clients get the best solution for their needs.
- We have a standard client onboarding process to ensure we understand them and they understand us better.
- Regular client satisfaction surveys are carried out to ensure we continue to meet client needs.
- Giving brands access to the Ethics Group as detailed in the ESG report on page 29 to ensure clients fit with our strategy and values.
- Sharing new client wins and industry awards and events across all brands encourages employees from all parts of the business to understand our key clients and how we support them.

Investors

The Board continues to recognise the critical importance of open dialogue, transparency and fair consideration of the Company's shareholders. Executive Directors engage with shareholders regularly throughout the year to discuss the Group's performance and ensure they are appraised on our strategic plans and financial results.

How we engage at Board level

- Capital markets days are held from time to time with presentations from the Group's Executive Directors as well as senior management from the brands.
- The CEO and CFO regularly meet with major shareholders following interim and full-year results announcements.
- Direct consultation takes place for relevant decisions such as ESG strategy and key remuneration matters.
- The appointment of a Senior Independent Director to give shareholders further access to all of our Board Directors to discuss anything with regard to the Company.
- The Directors attend the Annual General Meeting ('AGM') which is an opportunity for all shareholders to meet the Board and discuss the Annual Report and Accounts and the work of the Board Committees.

How we engage across Next 15

- Our Annual Report and Accounts is prepared each year to give shareholders details on the Company's strategy, the performance of the Group and the operation of the Board.
- Our corporate website has just been relaunched to give better information on key Company information and publications as well as additional resources and links to all of our brands.
- Key shareholders have access to meet members of the senior management team at regular capital markets day events or at other times upon request.

> **"Focusing on meeting the needs of our customers is crucial to the success of our businesses."**

Suppliers

Because of the nature of our business, our long-term success as a Group is not dependent on any one supplier. We aim to work with suppliers that match our aims and values.

We want to ensure that our suppliers are engaged on suitable terms and meet the expectations of the Group.

How we engage at Board level

- The Board receives updates on supplier and partner relations and the matters reserved for the Board ensures that material new and renewing supplier contracts are referred to the Board for approval.

How we engage across Next 15

- A standard supplier onboarding process is being rolled out across all brands to help minimise risk and ensure suppliers meet our ethical standards and values.
- We use formal contracts with suppliers to ensure they are engaged on appropriate terms.
- For major new suppliers, a member of our senior management team will act as a sponsor to oversee the selection, negotiation and onboarding of suppliers.

Our brands

As the Group continues to expand we want to ensure that Next 15 maintains the personal connection with its brands that has been key to our success. It is also crucial for all our leaders to have an opportunity to get to know the Board and where appropriate, our shareholders, as part of their career progression and personal development.

How we engage at Board level

- Monthly meetings for all Group CEOs with the Executive Directors.
- Regular one-to-one meetings with Next 15 Executive Directors.
- Annual strategy sessions with the Next 15 Board.
- In-person Board meetings are held in the UK and US and time is made available for the Board to meet key members from the brands as well as the broader employee base.
- Attend strategy presentations by the brands to the Executive Leadership Team.

How we engage across Next 15

- Next 15 facilitates and encourages regular meetings across multiple Group functions to address matters such as talent management, business disruption, AI, data privacy, ED&I, cyber security and financial controls.
- The Next 15 Growth team works with the brands to ensure we are offering the best of Next 15 to clients, especially when we can offer multi-brand solutions to best meet client needs.
- In London, New York and San Francisco most brands share office space with each other and with Next 15, allowing for greater collaboration as well as support and guidance from each other and the Next 15 team.

"As the Group continues to expand we want to ensure that Next 15 maintains the personal connection with its brands."

Section 172(1) statement

Under S172(1) of the Companies Act 2006 ('S172'), the Directors of the Company are obliged to act in the way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole (its stakeholders including shareholders). In doing so, the Directors must have regard (among other matters) to:

(a) the likely consequences of any decision in the long term;

(b) the interests of the Company's employees;

(c) the need to foster the Company's business relationships with suppliers, customers and others;

(d) the impact of the Company's operations on the community and the environment;

(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between shareholders of the Company.

See also:

ESG report p26

Corporate governance p70

Next 15's governance framework is conducive to Board-level decisions being made with stakeholder interests, and the longer-term impact, in mind.

The Directors are conscious of the continued evolution of the governance landscape, and the need to take into account the requirements of different stakeholder groups.

In order to ensure the needs of all stakeholders are considered, the Directors follow a thorough decision-making process:

- the Directors are provided with Board and Committee papers which provide the necessary information and state clearly what is required from the relevant Committee and/or the Board. The potential impact of various stakeholder groups will be included in such papers as is appropriate;
- the Directors discuss the papers, making sure there is sufficient information to ensure that actions are within strategy and will take into account section 172 matters. If there is not sufficient information, management will be actioned to provide further input;
- once the Board is satisfied that it has taken into account the section 172 matters it will make a decision and any actions will be documented; and
- Board decisions are communicated to stakeholder groups as required.

Engagement with our stakeholders is detailed on pages 21 and 23 as well as in the corporate governance statement on pages 70 to 78.

The principal long-term risks to the Group are set out on pages 54 to 67, together with the mitigating actions explained on those pages detailing how the Directors consider those risks and the resulting actions taken.

Set out below are examples of how the Board considered certain matters and reached decisions, demonstrating how they had regard for section 172 when discharging their decisions during the year:

Acquisitions through the year

Matters discussed

The Board discussed a number of potential acquisition targets as either stand-alone acquisitions or bolt-ons to existing brands.

Section 172 considerations

(a) (b) (c) (d) (e) (f)

How the Board considered section 172

For all potential acquisitions, the Board receives a rationale paper from management setting out the ways in which the target business adds value to Next 15 and how Next 15 can add value to the target business. It considers how it fits into the long-term strategy of the Company, whether it is earnings enhancing and the payback period. Any employee issues will be highlighted and considered.

Following due diligence, which covers commercial, financial, employment, technology and data privacy, legal and ESG, a report is prepared for the Board to consider the findings and approve if the transaction should proceed.

The outcome of due diligence helps the Board to identify which of the target businesses fit within our values, culture, ESG standing and level of financial maturity. Decisions to proceed to acquire some target businesses and not to proceed with others is dependent on these principles.

Outcomes

- The Group has made a number of acquisitions that add capabilities and services to existing brands. It has chosen not to pursue other acquisitions that did not meet financial targets or share other values with the Group.
- The Company worked on its acquisition strategy to ensure that it targets those businesses which would add value to the Group and the wider stakeholders.

Continued development of strategic plan

Matters discussed

The Company continued to develop its strategic plan and the Board held a strategy session in October 2023.

Section 172 considerations

(a) (b) (c) (d) (e) (f)

How the Board considered section 172

When considering the Group strategy the Board takes into consideration all stakeholders. It looks at the likely consequences of any strategic plan for the long term and how this will impact employees, clients and suppliers. It considered the role that Next 15 plays in supporting, guiding and managing the brands and how this impacts the employees in the brands as well as customers and suppliers. The strategy aims to bring long-term growth to the Group for the benefit of its shareholders.

The Board considered the impact of AI and how this may affect its brands, its employees and clients.

Outcomes

- The Company hosted a Capital Markets Event on 28 November 2023.
- The Capital Markets Event outlined the Group's growth ambitions, strategies and technologies which will support the long-term growth of the Group.
- Presentations were made by brands from each of the four segments (Engage, Transform, Delivery and Insights) highlighting how the strategy will benefit its clients and employees and the long-term success of the Group.

Climate-Related Financial Disclosures ('CFD')

Matters discussed

FY24 was the first year that the Company was required to make a CFD disclosure. The ESG Committee and the Board needed to consider how best to approach any emissions calculations, climate scenario analysis and relevant reporting to maintain a transparent and proactive approach to ESG reporting.

Section 172 considerations

(a) (b) (c) (d) (e)

How the Board considered section 172

Management proposed to the ESG Committee and subsequently to the Board the process for meeting CFD requirements. This was discussed with external advisers and the Company carried out an assessment of the Group's climate-related risks and potential impact of such risks on the Company's business.

Outcomes

- The Board agreed that a CFD (rather than a TCFD) disclosure is appropriate for the Company given its size, industry sector and legal and regulatory requirements.
- A process was developed to ascertain the primary risks and opportunities related to climate change, which have been classified with short, medium or long-term time horizons.
- A Non-Financial and Sustainability Information Statement is included in this Annual Report on pages 41 to 53, which includes a CFD report.

ESG report

WHY ESG CONTINUES TO BE IMPORTANT FOR NEXT 15.

Dianna Jones
Chair, ESG Committee

Creating positive impact at Next 15

We are pleased to present our third Environment, Social, and Governance (ESG) performance report, reflecting our ongoing commitment to responsible business practices.

Following a comprehensive materiality assessment in FY23, we have gained deeper insights into the issues that matter most to our business and stakeholders. The Next 15 ESG Committee, now completing its first full year, has played a pivotal role in shaping our ESG Strategic Priorities. We have remained vigilant in ensuring progress aligns with our objectives while offering guidance in navigating the dynamic landscape we operate in.

Continuing our dedication to transparency, we have diligently reviewed materiality issues pertinent to our business throughout the year. For a detailed overview of our materiality assessment, please refer to pages 34 to 36 of our FY23 Annual Report.

This year, we have revitalised our ED&I Council and introduced an enhanced ED&I framework, fostering stronger engagement and representation at the brand level. This initiative has provided valuable insights into our progress and challenges, enabling us to tailor support effectively across the entire business.

Additionally, we have deepened our understanding of our environmental impact and intensified efforts to address emissions through our commitment to the Science Based Targets initiative ('SBTi'), leveraging our influence for positive change.

Our commitment to integrity and values is reflected in the implementation of our 'Next 15 Framework' in FY24, which serves as the cornerstone of our operations and stakeholder interactions.

Amidst our endeavours, we continue to support our family of brands in fostering a culture of sustainability. Strengthening client relationships and forging impactful partnerships have been key priorities, ensuring our collective vision of a more sustainable world remains at the forefront. We look forward to a journey of continuous improvement, to sharing our ongoing ESG performance and always striving to improve our reporting in line with our own expectations, and those of our stakeholders.

Dianna Jones
Chair of the ESG Committee
15 April 2024

Our Next 15 ESG Strategic Priorities roadmap

Progress in FY22

- Engaged with the B Corp framework and aligned ourselves with B Corp
- Established our Ethics Group to ensure alignment with our values
- Launched Next 15 ED&I Council
- Commenced engagement with suppliers to ensure values aligned
- Engaged carbon specialists Green Element to capture carbon data

See ESG Report progress in the Next 15 FY22 Annual Report

Progress in FY23

- Established the ESG Committee
- Our brand elvis secured B Corp certification
- Refined the role of the ED&I Council
- Conducted our first eNPS survey
- Completed our first materiality assessment to establish ESG topics most material to Next 15
- Rolled out the Next 15 Academy online learning platform
- Extended our Scope 3 reporting
- Attained ISO 14001 certification at our Head Office in London

See ESG Report progress in the Next 15 FY23 Annual Report

Progress in FY24

- Relaunched our ED&I Council including brand-level assessments and engagement to further deepen our insight and better tailor our support
- Held the first intercompany Employee Listening Sessions hosted by non-executive, Paul Butler
- Included an eNPS metric as a non-financial metric in Executive Director and CEO bonus calculations
- Progressed with emission reduction measures, including renewable energy transition, supplier engagement, expansion of ISO 14001, and, where possible, consolidation of our offices
- Submitted SBTi Commitment Letter for near-term and net-zero targets
- Commenced refinement of Ethics Group Process and Scorecard
- Rolled out #ChangeTheBrief training across brands, in support of our sustainable client growth ambitions
- Rolled out Next 15 Framework of policies across Group
- Completed CFD as part of new mandatory regulatory requirements
- Subsequent to the year end, Archetype UK and Archetype US secured B Corp certification

Looking ahead

- Deepen collaboration with brands in preparing our targets for validation by the SBTi
- Continue to progress our renewable energy transition against targets set out in our CFD
- Personalise brand ED&I journeys through insight gained from ED&I materiality assessments in FY24
- Invest in Group-wide Employee Resource Groups through work developed by ED&I Council
- Encourage ongoing brand-level engagement with B Corp
- Nurture engagement and continue to refine our Next 15 Framework of policies

Next 15 ESG Strategic Priorities

Contribute to sustainable growth for our clients

Our clients

Support clients to improve their social and environmental impacts

Work on client projects where there is a clear commitment to sustainable growth

Measure, wherever possible, the impact that our work ultimately has

Our business

Manage our own impacts and enhance our sustainable growth expertise

Each brand to be clear and engaged on their contribution to sustainable growth

Acquire only brands that are committed to sustainable growth

Support brands working towards B Corp certification

Create an environment where diversity is valued at every level

Reduce our emissions in line with the Science Based Targets initiative

Our enablers

Put in place the foundations that allow us to deliver sustainable growth

Make Next 15 a great place to work

Ensure robust governance and decision making

Support causes and initiatives close to the hearts of our people and the communities in which we are based

Impact area – Clients

Working with clients who share our values

At Next 15 we are committed to running a sustainable, equitable and diverse organisation that displays leadership in governance and values. We want to work with clients who share our values and who are committed to making a positive social and environmental impact on the world.

Refinement of our client ethics

In FY24, having reviewed our Client Ethics Policy, Process and Scorecard, we agreed some key changes, now in progress, including: the role of the Next 15 Ethics Group; tightening up our ethical boundaries; and, the introduction of rotational representation.

Role of the Ethics Group

The Ethics Group role is to help articulate and, as and when needed, refine our values; act as a sounding board and active participant in ethical debates; ask challenging questions which may not immediately come to mind; add knowledge and experience of a particular sector and its impact; provide a clear decision where there is disagreement between stakeholders; and, review brand decisions and provide feedback or guidance where required.

More about our positive impact work
next15.com/sustainability/our-impact-plan

Tightening up our ethical boundaries

Determining if a project is values-aligned can be difficult. Sometimes, it is more clear-cut and we have developed some red lines as part of our Client Ethics Policy, Process and Scorecard showing the areas which our businesses have agreed are inconsistent with our ethics. However, sometimes the decision is more complex and nuanced.

It is therefore crucial for us to assess the authenticity of a client journey and to be aware of any associated risks. Our approach is to navigate these complexities with a strategic and discerning mindset, and a clear process via our Ethics Group and Scorecard, to ensure that our decisions are consistent with our commitment to sustainability and ethical practices.

Rotational representation

Along with the core members from the Next 15 Head Office who are part of our Ethics Group, we are introducing rotational representation for the brand positions. This approach will mean:

- increased and ongoing diversity of thought and quality of discussions within the Ethics Group;
- increased brand engagement with ethics;
- opportunity to collaborate with other people in the Next 15 Group;
- opportunity to better align our ethics process both at a Group and brand level;
- positive reflection on brands, for example with employees; and
- positive reflection on the Group, for example, with investors.

Communicating our values

An integral part of embedding this ethical approach to our work is through continually strengthening our communication and engagement across the business. Leveraging our ESG Collective, a monthly gathering of ESG representatives from across the Group focused on sharing and collaborating around our positive impact work and ambitions, is invaluable to our collective progress. So too is our Next 15 Framework which includes our sustainability policies, which helps educate, engage and ensure we are values-aligned.

Refer to Impact area: Governance on page 40.

Collaborating and engaging with the industry

We are increasingly working with clients who share our positive impact values. However we are also aware that striving to put sustainability at the heart of client conversations and work is not always a straight path. But regardless of where they are on their journey, we are committed to continually engaging around positive impact. Establishing an official partnership with Purpose Disruptors has supported us on our journey. Rolling out their #ChangeTheBrief alliance training across the Group has and will continue to better equip our people with the thinking and knowledge that is needed to grow our positive impact by delivering work that reflects our ambition.

Impact area – People

Aiming for diversity and wellbeing at the heart of our work

At Next 15, we put our people first. Our philosophy is that everyone performs at their best when they feel trusted, included and heard.

As an ever-growing network of brands, our impact is greater than ever. That's why at Next 15, we are making every effort to weave Equity, Diversity and Inclusion ('ED&I') through every aspect of our work, and the whole organisation. By striving to remove barriers, working to increase representation and pushing the boundaries to create equity for all, we foster growth across our client base and our collective of businesses.

In the last 12 months we have rearticulated our ED&I focus, looking at how we will lead and grow together with our brands. With this in mind, we have defined our ED&I Vision.

We will:

- build accountability for inclusion in our DNA;
- increase diverse representation across our enterprise;
- champion transparency and fairness in our policies, processes and systems;
- enable opportunities for equitable growth, development and advancement for all employees;
- tackle bias and discrimination to ensure a great environment for every individual; and
- create a culture of belonging, where all employees can show up as their full selves.

Our priorities are focused on:

1. Building a diverse and inclusive workforce and an equitable workplace
2. Attracting and retaining engaged talent
3. Employment practices and remuneration
4. Employee health, safety and wellbeing

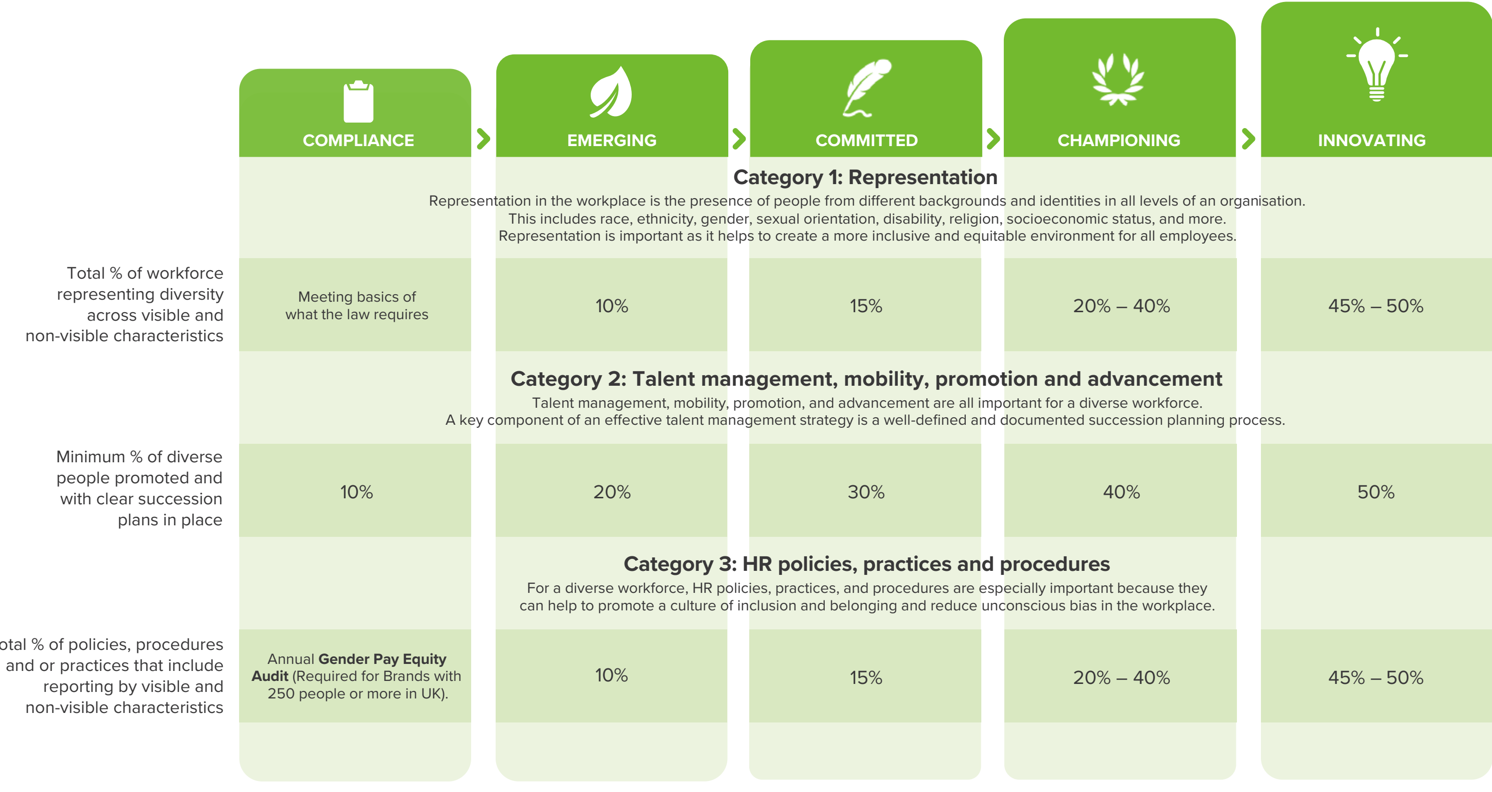
Equity, Diversity and Inclusion ('ED&I')
Diversity metrics
Measuring and monitoring our progress is essential if we are to make an impact in ED&I. Our data project kicked off in FY24 to improve the accuracy and timeliness of our Group-level data collection. This allows us to have a much clearer picture of our workforce and correlate the data with other sources for better analysis and prediction.

Equity, Diversity and Inclusion ('ED&I') continued

ED&I Maturity Model

Our ED&I Maturity Model provides a deeper analysis into our brands so we can map their ED&I journey more accurately and benchmark the Group and our brands on all areas of reporting. The ED&I Maturity Model helps assess all focus areas including employment practices and remuneration as well as attracting and retaining talent.

We asked each of our brands to assess themselves across a set of questions in three categories with regards to where they were on their ED&I journey. At the end of each set of questions, we asked them to rank themselves against a level on the maturity model.



	COMPLIANCE	EMERGING	COMMITTED	CHAMPIONING	INNOVATING
Category 1: Representation – Representation in the workplace is the presence of people from different backgrounds and identities in all levels of an organisation. This includes race, ethnicity, gender, sexual orientation, disability, religion, socioeconomic status, and more. Representation is important as it helps to create a more inclusive and equitable environment for all employees.					
Total % of workforce representing diversity across visible and non-visible characteristics	Meeting basics of what the law requires	10%	15%	20% – 40%	45% – 50%
Category 2: Talent management, mobility, promotion and advancement – Talent management, mobility, promotion, and advancement are all important for a diverse workforce. A key component of an effective talent management strategy is a well-defined and documented succession planning process.					
Minimum % of diverse people promoted and with clear succession plans in place	10%	20%	30%	40%	50%
Category 3: HR policies, practices and procedures – For a diverse workforce, HR policies, practices, and procedures are especially important because they can help to promote a culture of inclusion and belonging and reduce unconscious bias in the workplace.					
Total % of policies, procedures and or practices that include reporting by visible and non-visible characteristics	Annual **Gender Pay Equity Audit** (Required for Brands with 250 people or more in UK).	10%	15%	20% – 40%	45% – 50%

Impact area – People continued

Equity, Diversity and Inclusion ('ED&I') continued

ED&I Maturity Model *continued*

Our first set of results are in for our ED&I Maturity Model assessment and we're encouraged by the work being carried out across the brands, whilst recognising there is still a lot more to do. 61% of our brands ranked themselves as 'Emerging'.

To build out their scores, we asked brands to summarise how representative their workforce is, including a breakdown of their leadership and management levels, across ethnicity/race, gender, LGBTQ+, age, disability, visible/non-visible and other diversity factors.

While we have a reasonable distribution of gender and age diversity at leadership and management levels, there is a lack of diversity across all other factors. We start to see more diversity across ethnicity, LGBTQ+ and disability once we look at senior manager and middle manager levels. This highlights the importance of succession planning in brands and ensuring that we are providing opportunities to promote our talent from within.

Promisingly, over 66% of the brands have a diversity recruitment strategy, which will provide a good springboard to ensuring we are nurturing and developing our talent. We have worked with the majority of our brands to ensure they have a career pathways and competency framework in place to support progressions.

Overwhelmingly it was clear that our brands are committed to making progress on ED&I and have been working across a variety of initiatives to raise awareness and make an impact in their brands, and through the ED&I Council are sharing their learnings. We look forward in the coming year to celebrating combined successes as every brand makes progress on their ED&I journey.

Attracting and retaining engaged talent

We believe that a diverse and inclusive workforce is not just a social good, but a commercial advantage. Fair practices in hiring and talent development, as well as maintaining safe inclusive and supportive company cultures, are key to the Group's success. We continue to focus on staying ahead of our competition when it comes to hiring, using the latest technology to stress test our job advertisements for inclusivity, ensure there is cognitive diversity in the hiring teams, and train managers on unconscious bias. Unconscious bias in hiring is one of the modules in our Managers' Hub, a central learning resource available to new and established managers.

Monitoring our staff retention across the Group is an important part of tracking our journey. It gives us a benchmark for what good looks like that each brand can compare themselves against and through our data project, we will start to analyse retention across different demographics including length of service, ethnicity, gender and level.

Staff retention:
77.0%

Employment practices and remuneration

Flexible working continues to be an important factor to our workforce. Although many of our people are benefiting from working in our key hub offices in London, New York and San Francisco, having the flexibility to manage their own schedules, and feeling trusted to deliver wherever they work from, is a fundamental part of creating equity across the Group and ensuring we maintain the democratisation of the workforce that evolved during Covid.

Fair remuneration

Equity is a key pillar of our ED&I framework and fair remuneration is fundamental to this. Monitoring remuneration forms a key part of the ED&I Maturity Model and we are comparing our brands to each other and measuring their progress in this area.

We continue to pay wages that are higher than the minimum wage in every jurisdiction. In cases where it applies, we also ensure that our employees receive the living wage.

Training and development

The Next 15 Academy, our Group-wide learning management system, allows us to implement proactive training and development across the Group. We use data from employee queries, exit interviews and external sources, to ensure we are not only reacting to current needs, but pre-empting trends.

Employment practices and remuneration continued

Training and development *continued*

The Managers Hub is a great example of proactive training to help managers better deal with the introduction of AI tools and the impact of AI on themselves and their people.

Group-wide Academy engagement:

87%

AI channel impressions:

34.9%

Employee engagement

As part of our ESG Strategic Priorities, we introduced a series of Employee Listening Sessions hosted by our Non-Executive Director, Paul Butler. The first events occurred in New York and London in FY24 where we invited our people from different brands to participate in a face-to-face workshop. The focus of both sessions was around "What makes a good day at work?". These sessions aimed to help our people understand the internal and external influences on their work day, introduce them to colleagues they may not have met, and provide a collaborative, safe forum to discuss the issues on their mind.

We plan to host a virtual session for other offices/hubs and second events in both New York and London throughout the next financial year.

Employee Net Promoter Score ('eNPS'):

31 on a scale of -100 to 100

Incentivising around positive impact

eNPS is a quantitative measure of employee satisfaction and engagement that allows organisations like Next 15 to gauge the overall sentiment and happiness of their workforce. In addition to the inclusion of an eNPS score for the first time in our FY23 ESG Reporting, in FY24 we took the decision to include eNPS metrics in Executive Director and CEO bonus calculations, to:

- align the interests of our executives with those of our people and the business;
- continue to encourage executives to focus on long-term goals and strategies that benefit the business as a whole, rather than short-term gains that may not be sustainable; and
- help create a culture of transparency and accountability, where executives are held responsible for the wellbeing of the business and its people.

Our eNPS dropped from a score of 39 at the end of FY23 to 31 at the end of FY24. Whilst we never want to see these scores go backwards, we are pleased with this eNPS portion, in a year when some brands had to make redundancies for the first time in their history.

Employee health, safety and wellbeing

We continue to review and ensure we provide access to the best resources and advice for our people's physical and mental wellbeing through access to Employee Assistance Programmes, fully funded or tax-efficient health care schemes and initiatives such as Mental Health First Aiders for our hub locations.

We want to be a workplace that removes cultural taboos and stigma, while still respecting our employees privacy. In addition to live counselling and coaching, we are leveraging the power of technology to meet a range of employee wellbeing needs. For example, we are rolling out access to menopause support and have made digital GP services available to our UK employee population.

ESG report continued

Impact area – Environment

Growing our climate action and collaboration

Committing to the Science Based Targets initiative ('SBTi')
Taking action against climate change continues to be a material issue for us. Like so many businesses, we have been working hard to better understand our emissions and where we can maximise impact in line with our reduction targets. We have also been progressing carbon reduction initiatives across our operations and around our influence with clients, and continuing our journey to improve the accuracy of information collected.

Total location-based emissions for FY24, broken down by scope:

Scope 1 – 0.5%

Scope 2 – 1.3%

Scope 3 – 98.2%

With increasing clarity on the scale of our emissions we further recognised the importance to commit to the SBTi in order to start mapping out our science-aligned near-term and net-zero emission reduction targets. Following submission of our 'SBTi commitment letter' in FY24, we will spend the coming year starting to map out a pathway to our targets, in even closer collaboration with our environmental consultants at Green Element as well as our brands in the context of both their suppliers and office-based environmental emissions. Once validated by the SBTi, we look forward to sharing publicly in the coming years.

Included within current reporting boundary (as at January 2024)

Scope 1	Scope 2	Scope 3
All on site energy/fuel consumption (natural gas, liquid fuels (e.g.: diesel used in backup generators)). Fugitive losses from refrigeration and air conditioning equipment	Purchased electricity, purchased heat and steam	Energy transmission and distribution, waste, water, business travel, commuting, working from home, purchased goods & services, production, media planning & buying, downstream leased assets, upstream transportation & distribution**

** It is likely this emissions source was included in previous years; however, the total was rolled up within the purchased goods and services Scope 3 category (rather than in its own separate category as per the GHG Protocol Scope 3 categories).

Climate action
Scope 1 and Scope 2
Energy management and efficiency initiatives
We are continuing to make progress on reducing our Scope 1 and 2 emissions by: rolling out our Next 15 Framework, including our Environment Policy; engagement and collaboration with our global green team, Green 15; continual improvement of our Environmental Management Systems as part of our ISO 14001 programme of activity; progressing our renewable energy transition work; and engagement with local community initiatives, such as The Mayor of London's Business Climate Challenge through our collaboration with The Fitzrovia Partnership.

To that end, our plan to start investing in early-stage carbon removal technologies in FY24 was replaced with a more urgent need to invest further in emission reductions directly in our control and across our supply chain. This is why we took the decision to allocate our FY23 and FY24 carbon budget towards the installation of LED lighting at our Head Office in London, to further support our emission and energy reduction ambitions.

Transitioning to renewable energy continues to be a priority for us, with targets now firmly set on our pathway to net-zero. Based on actual kWh consumption, the % of global electricity covered by a renewable tariff is 65%; this includes 100% renewable energy at 5 x offices in mainland Europe and 12 x offices in the UK. Our longer-term targets have been shared as part of our Climate-related Financial Disclosures on page 51 of this Annual Report.

Climate action continued

Scope 3 emissions

Suppliers

We progressed our understanding of our Scope 3 emissions in FY24, gaining insight into our top suppliers to help us determine how we need to better approach the measurement of Category 1 'purchased goods and services' emissions, which still account for the largest proportion of our footprint. Category 1 was 83% of Next 15's total carbon footprint in FY24, or 85% of Next 15's Scope 3 emissions.

Production and media emissions

We have always captured production and media campaign emissions, where there has been tangible spend within our purchased goods & services ledger. However this year, we have been working at going further, by starting to plug the gaps for any production and media emissions sources that have not been included to date (i.e. for emissions sources not directly associated with supplier spend), and by using tools such as AdGreen and Good Loop to help move from a spend-based to activity-based calculation, where this has been possible. We have been progressing this journey through consistent collaboration with our brands House 337, elvis and Encore. Along with increased engagement with industry partners, we look forward to continuing our transition from spend-based to activity-based data in the coming years, to ensure more accurate emissions measurement.

We have yet to start measuring the emissions associated with our client work but are continuing to have conversations in order to move this forward in the future. What is important for now is that with our clients we are increasingly ensuring that our position and our ambitions in the context of our emission reduction is clear to them, further demonstrated through our public disclosures, including our more recent commitment to the SBTi.

Waste and water

We continue to measure waste and water consumption in our buildings and include these as part of our emissions reporting. Based on total office space, we have actual data on water usage for 53% of Next 15's offices. On waste, we have data for 18% of Next 15's offices. These are global figures. We have included water and waste emissions in our Scope 3 total emissions on page 34. Our aim is to improve this % coverage for both water and waste in FY25.

Commuting and Working from Home

We asked our employees to complete a Commuting and Working from Home survey to ensure we are not only up to date with our understanding of where we are at with our Category 7 employee commuting emissions but also to make sure we have continued insight into the environmental impact of working from home. For example, 16% of respondents said that they have a 100% renewable energy tariff at home.

FY24 emissions per person were 12.25 tCO_2e/FTE, of which 0.57 tCO_2e/FTE were commuting and working from home emissions.

Impact area – Environment continued

Climate action continued

Scope 3 emissions *continued*

Business travel

With the roll out of our Travel & Expenses Policy and subsequent engagement as part of our Next 15 Framework, and with ongoing communication around our ambitions to reduce our emissions, we have demonstrated ongoing commitment to progressing our ambitions around reducing our business travel emissions.

Over the next financial year, we are putting strong emphasis on improving our business travel data to help move from spend-based to more accurate activity-based emissions estimates. This will allow us to understand the distances travelled by our employees, the main modes driving business travel emissions, and the most efficient levers to drive reductions.

Business travel emissions have reduced from 1.20 tCO_2e/FTE in FY23 to 1.16 tCO_2e/FTE in FY24:

1.16 tCO_2e/FTE

Office footprint

We continued to maximise and consolidate our office spaces in FY24. At the start of the year we had 43 offices globally and by the end of FY24 we had 42 offices. As part of that process, we also took the decision to exit some arrangements and shift to more appropriately sized offices. As we move into FY25 we are continuing with our process of consideration around the spaces we need, not only in the context of our hybrid style of working but also in terms of what is most valuable to the wellbeing of our people.

For added context see page 47 of our FY23 ESG Report

Collaboration

Our Environmental Management Systems ('EMS')

We achieved ISO 14001 certification at our London Head Office in FY23. By the end of FY24, we had not only implemented an Environmental Management System at three additional sites, Manchester, Marlow and our 3rd Avenue Head Office in New York, but we also successfully expanded our ISO 14001 certification across those sites. Our consultants at Green Element supported us with this work, as did our brand-level representatives from each office. We will continue to maintain our existing EMS office sites and will review further expansion in the coming years.

Green 15

Green 15, our global green team, started in September 2022. Since then, it has gone from strength to strength, reaching people across our brands globally.

From the beginning, it's been our focus to help raise awareness around how everyone can make a difference, through both big and small changes, and not only while working in the office, but also from home and in our personal lives too. Through clear and positive communication, and engagement with our initiatives such as Sustainable Fashion September and Sustainable Food January, in collaboration with local charitable partnerships and local suppliers respectively, we've helped to both raise awareness and encourage a more considered and mindful approach to working and living. We're also giving people a sense of ownership around what is within their reach to change. We are proud of all we've achieved and excited to go even further in FY25.

For more on Green 15, please visit our website

Our green benefits

Our 'help-to-buy' electric vehicles through a leasing arrangement with the Octopus Green Car Scheme continues. To date, we have 43 cars on the road, saving 82.41 tonnes of carbon emissions per annum according to the Octopus Green Car calculator.

Our target work

Target-setting methodology to date

In FY22, we publicly disclosed our emission reduction targets to reach net-zero by 2050 using a pathway which reflects our continued growth (4.2% per FTE per year). At the time at which these targets were set, they were in line with the SBTi minimum reduction requirement for intensity targets. Since then, the SBTi have updated the minimum reduction requirement for physical intensity targets from a 4.2% linear, annual reduction to a 7% year-on-year reduction. We chose not to update our targets in this year's report given we only committed to the SBTi at the end of FY24, and wanted to avoid confusion by re-setting targets multiple times as we are now actively working towards submitting new SBTi aligned targets for validation, split by scope. We look forward to sharing our updated targets in next year's report.

Target update

Until we have agreed our SBTi-aligned reduction pathway, we will continue to share our targets following our existing methodology, still aiming for near-term and long-term reduction targets from our FY20 baseline and until we have decided the best possible pathway for Next 15 and its brands.

In FY24, we have reported our market-based emissions for the first time. With the increased emphasis of improving data quality over the last financial year based on total office floorspace, we have successfully gathered the specific electricity fuel mix information for 95% of our UK offices, with 92% of total UK consumption covered by a 100% renewable electricity tariff.

As a result of our drive for procuring renewable energy, our tariff-specific Scope 2 market-based emissions are 48% lower than the average grid Scope 2 location-based emissions.

Our emissions continue to be a challenge, but with increased understanding and engagement from the business, our supply chain and other key stakeholders, we are committed to reducing them.

Tonnes of CO_2 per FTE for FY24 (tCO_2e/FTE):

12.25t

Tonnes of CO_2 per FTE target for FY25 (tCO_2e/FTE):

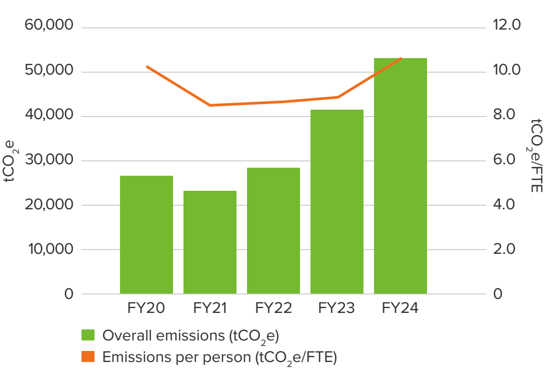
9.56t

Normalised emissions in the table below are calculated by dividing total emissions by the number of full-time employees of the Group's active brands during the year. These normalised values can be used to benchmark against future years.

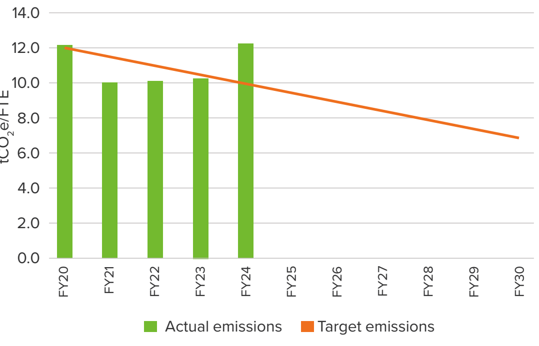
Overall and normalised emissions per year

	Overall emissions (tCO_2e)	Emissions per person (tCO_2e/FTE)
FY20	26,411	12.1
FY21	22,882	10.0
FY22	28,316	10.1
FY23	41,287	10.4
FY24	**53,166**	**12.3**
FY24 (market-based)	**52,759**	**12.2**

Overall and normalised emissions per year



Emission reduction targets (tCO_2e/FTE)



Impact area – Community

Valuing and understanding the importance of engaging with our community

Community engagement

Next 15 continues to promote positive engagement with all our communities, mindful that many of our people and brands work with charities close to their hearts. Furthermore, we continue to provide donation match funding which ensures fairness and accessibility across the Group.

% of net revenue donated to charity during the last fiscal year:

0.02%

Volunteering

Both at a Group level and within many of our brands, we engaged over 121 people in volunteering sessions with both Food For All and Soup Kitchen London's Walk in the Footsteps of the Homeless in FY24. We also collaborated with the NHS in London to help encourage people to sign up to become blood donors, through offering a 'What's Your Blood Type?' service at our Head Office in London. Fifty-six people signed up to become blood donors.

Through our ongoing partnership and engagement with missions through onHand, with every three missions that someone completes, onHand plants a tree. Since joining in 2021, our Next 15 Head Office in London has made it possible for 187 trees to be planted in the 'Next 15 forest', equivalent to 7.33 CO_2e.

Since joining in 2021 (Head Office only)

Trees planted in the Next 15 forest:

187

CO_2e reduced (MT):

7.33

Community partnerships

Next 15 Group, at our Head Office in London, is proud to be participating in the Mayor of London's Business Climate Challenge ('BCC'), a voluntary energy efficiency programme developed to support London businesses in reducing their energy consumption, costs and carbon emissions. Being a part of this important initiative, given our location in Fitzrovia, London, has meant we have joined our surrounding community, through our Fitzrovia Partnership, in pledging to reduce our energy consumption at our London Head Office by 10% each year. Not only has this allowed us to receive free customised technical advice from expert consultants to help make our workplace even more energy efficient and future-proof our business against rising energy prices, it has also given us an opportunity to collaborate with and positively influence the businesses in the community in which we work.

Impact area – Governance

Running our business as a force for good

Strengthening our foundations
The Next 15 Framework is a foundation for both managing risk across the Group and enabling our continuing growth in a values-aligned direction. Embedding the Next 15 Framework has required varying levels of change in operating approaches in different parts of the Group. This is why, even though with clearly positive intent, communicating the Next 15 Framework globally has required an extremely thorough and considered approach.

Supplier Policy, Data Protection & Privacy Policy, Whistleblowing Policy and Ethics Policy are just a part of a significantly wider breadth of policies we have rolled out across the business. Each one sets out the key principles needed to be embedded in order to ensure we're aligned as a Group in our approach to good, sound and honest business practice.

Communicating the Next 15 Framework has involved:

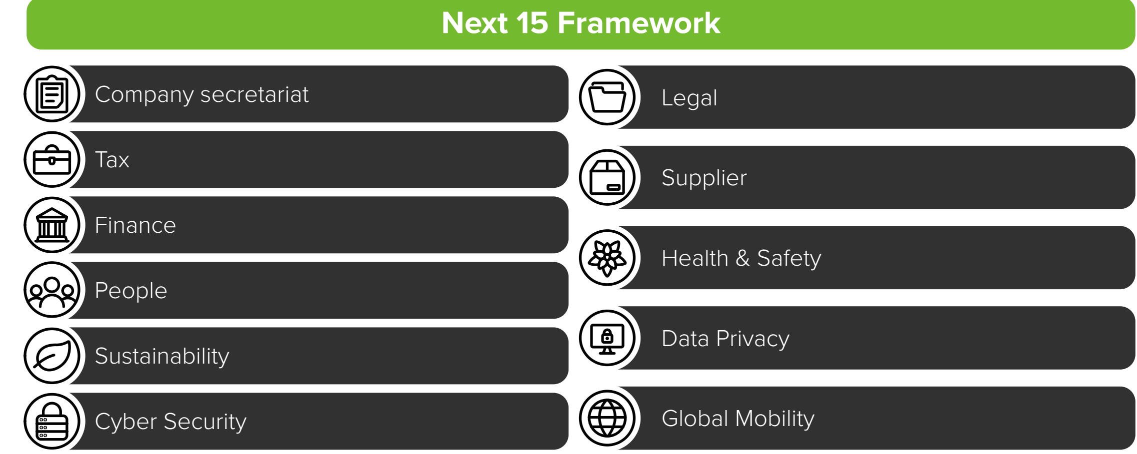
- socialising ideas and understanding the impact of what we're doing;
- publishing and communicating effectively;
- implementing, embedding and monitoring through regular reporting; and
- checking in for feedback and/or helping to solve newly identified challenges.

Contained within our Whistleblowing Policy is clear guidance, including a 'Procedure for raising a concern' and a 'Contacts' section which includes contact information for our Whistleblowing Officer and a Safecall third-party whistleblowing hotline.

0 incidents were reported in FY24

Next 15 Framework: Supplier management
In FY24 we continued to focus time and resources on supplier management, which has involved significant and positive collaboration with our brands. We reset our approach to supplier management by developing a Next 15 Supplier Onboarding and Risk Assessment policy pack as part of our wider Next 15 Framework of policies and guidance. The key areas covered are:

- Supplier Code of Conduct
- ESG Reporting
- Compliance
- Data Protection & Privacy
- Cyber security



ESG report continued

Impact area – Governance continued

Next 15 Framework: Supplier management continued

Our supplier management demonstrates our ongoing commitment to ensuring that our key stakeholders, which include our suppliers, behave ethically and with integrity in all business dealings. Where there is uncertainty, we have been able to address the areas of concern in a way that has been fully informed, joined up and ultimately enabled us to make the right decision, in whichever direction that has been.

To enable easy implementation of the new policy for onboarding and risk assessing suppliers, Next 15 has developed and shared a process and a bespoke tool with all brands. The tool is already in use at Next 15 and available for any brand to choose as their method of implementation of the policy. Progress has been good, with all brands engaged in implementing the policy, whether using the Next 15-developed tool or an alternative approach preferred by the brand. Opting for the Next 15 tool reduces the workload for the brands by automating the collection of supplier risk assessment data.

As we move into FY25, we continue to progress our journey both for and in collaboration with our family of brands.

Ratings and recognition

At Next 15, we are continually striving towards our goal to use our business as a force for good by delivering sustainable growth for our clients. As a Group we continue to report against the B Corp impact areas. This reporting framework also means that we can support our brands going through their own brand-level B Corp journeys. Following elvis's certification in FY23, subsequent to our FY24 year end, Archetype UK and Archetype US were delighted to secure their B Corp certification. We are proud of our growing community of B Corps at Next 15 and continue to support them in any way we can as part of our ESG Strategic Priorities.

In FY24 we also achieved a Bronze in our EcoVadis sustainability rating, a B- in our CDP scorecard and a C rating from CDP for our supplier engagement. All of these are significant and demonstrate positive progress around all we are doing at Next 15, and in collaboration with our clients.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENTS ARE DISCLOSURES THAT COMPANIES PROVIDE TO REPORT ON VARIOUS ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ('ESG') ASPECTS OF THEIR BUSINESS.

These statements are increasingly important for stakeholders, including investors, customers and employees, who are interested in understanding the broader impact of a company's operations beyond financial metrics.

Since FY21, we have included Streamlined Energy & Carbon Reporting ('SECR') as part of our mandatory disclosure for the relevant parts of the Next 15 Group. See SECR section on pages 52 and 53. In FY24, in line with regulation, we added Climate-related Financial Disclosure ('CFD') to our mandatory public disclosures. See CFD section on page 42 to 51.

CFD is important for several reasons, which revolve around the need for transparency and the understanding of how climate change impacts financial stability and investment decisions.

The following report covers the key reasons why climate-related financial disclosures are critical:

- Risk management
- Investor decision-making
- Regulatory compliance
- Market transparency
- Public trust and reputation
- Strategic planning
- Alignment with global efforts
- Access to capital

The importance of climate-related financial disclosures is underscored by the growing recognition that climate change is not only an environmental issue but also a material financial one. As such, these disclosures are becoming a fundamental component of corporate reporting and are likely to continue to grow in relevance as the impacts of climate change become more pronounced.

Non-Financial and Sustainability Information Statement continued

CFD requirements

Next 15 is committed to running a sustainable organisation that displays leadership in governance and values. We recognise our responsibility to identify climate change and climate-related risks in a transparent manner. We present our first response in line with CFD requirements.

Index

CFD recommended disclosures	Next 15 response
a) A description of the Company's governance arrangements in relation to assessing and managing climate-related risks and opportunities;	See Governance section on page 43
b) a description of how the Company identifies, assesses and manages climate-related risks and opportunities;	See Risk management section on page 45
c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management process;	See Risk management section on page 45
d) a description of – (i) the principal climate-related risks and opportunities arising in connection with the Company's operations, and (ii) the time periods by reference to which those risks and opportunities are assessed;	See Strategy section on page 46 to 50
e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy;	See Strategy section on page 46 to 50
f) an analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios;	See Strategy section on page 46 to 50
g) a description of the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and	See Metrics and targets section on page 51
h) a description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based.	See Metrics and targets section on page 51

Governance

The Board provides ultimate oversight over the Group's strategy, including climate-related risks and opportunities. The Board relies on the support of each of the Board's Committees and reporting groups who have roles and responsibilities to help the Board establish, monitor and oversee climate-related goals and targets. Committee updates, including climate matters, are provided to the Board at least twice a year as part of Board meetings.

ESG matters are delegated to the Board's ESG Committee which meets quarterly and oversees the selection and management of any climate-related risks and opportunities, as determined by management. Management of risks and opportunities includes a review of our ESG Strategic Priorities as detailed on page 28. The ESG Committee also oversees the setting and reporting of appropriate sustainability metrics and targets.

The Audit and Risk Committee is responsible for monitoring the Group's risk management systems. The Audit and Risk Committee also undertakes an annual risk register review. As part of this review, it takes into account the material climate-related risks determined by management and reviewed by the ESG Committee. In addition, it reviews the Group's management of any material climate-related risks, and due to its closer involvement with such issues, is supported by recommendations from the ESG Committee on these matters.

This process provides the Audit and Risk Committee with assurance that climate-related risks are assessed and managed throughout the year.

The members of both the ESG and Audit and Risk Committees are all Non-Executive Directors, and details of their membership and meeting attendance can be found on page 76.

The Executive Leadership Team, supported by the brands and the ESG team are responsible for identifying and overseeing the day-to-day climate-related risks and opportunities and ensuring that there is a comprehensive strategy in place to mitigate any risks in line with our risk appetite and to maximise any potential opportunities. ESG is a standing item on agendas of strategy and budget meetings with the brands, helping the Executive Leadership Team monitor ESG progress and provide assurance to the Board that the brands are aligned with the Group's ESG commitments and that appropriate controls are in place. Updates are provided to the ESG and Audit and Risk Committees as part of the regular cadence of these Committee meetings.

Next 15's environmental governance structure

Shareholders

The Board

The Board provides ultimate oversight over the Group's core strategy, including climate-related risks and opportunities. Each of the Board's Committees and reporting groups have roles and responsibilities to help the Board establish, monitor and oversee climate-related goals and targets as detailed below.

Nomination Committee

Its principal responsibility is Board composition and it approved the appointment of Dianna Jones, chair of the ESG Committee, with experience in global ethics, business risk mitigation and ESG.

Audit and Risk Committee

Primary responsibilities include monitoring the effectiveness of the Group's risk management systems, including the Group's management of any material climate-related risks. It oversees compliance with climate change reporting and the governance roadmap to enable targets to be achieved.

Remuneration Committee

Principal responsibilities include determining how non-financial factors are considered in the Remuneration Policy, and how they are taken into consideration in determining remuneration.

ESG Committee

The ESG Committee, comprising Non-Executive Directors, and attended by the CEO, CFO and the COO, aims to ensure that ESG considerations, including climate concerns, are integrated into the Company's strategic and financial planning and oversees the implementation of the Group's ESG policies approved by the Board. It also monitors ESG performance and risk indicators across the Group.

Executive Leadership Team

The Executive Leadership Team oversees day-to-day climate-related risks and opportunities and for delivering the environmental governance roadmaps to enable the targets to be embedded and achieved throughout the Group.

The responsibility for identifying, assessing and managing climate-related risks is shared between the brands and ESG team. They are supported by the Risk and Compliance team and Climate Disclosure Steering Committee.

Ethics Group

The Ethics Group supports our brands to make values-based choices about which clients and projects to pursue. This is relevant especially with regard to the transition risks and opportunities arising from working with clients aligned with our values.

Climate Disclosure Steering Committee

The Climate Disclosure Steering Committee, composed of representatives from Group Finance, ESG, Risk and Governance, oversees progress against the CFD recommendations and the publication of annual disclosure and reports to the Executive Leadership Team. During the year the Committee was supported by external specialists who assisted in reviewing our reporting and providing a gap analysis.

ESG team

Responsible for identifying, assessing and managing climate-related risks and opportunities for the Group.

Brand CEOs

Responsible for flagging climate-related risks as well as embedding our climate change agenda into their strategies.

The Organisation

Non-Financial and Sustainability Information Statement continued

Risk management

Next 15's risk management systems and processes are described on page 54 to 57. The same principles are applied in identifying, evaluating, monitoring and reporting on our climate-related risks. Our risk management approach is used by all our brands and key stakeholders, so that a consistent process can be applied across the Group.

The responsibility for identifying, assessing and managing climate-related risks is shared between the brands and ESG team and supported by the Risk and Compliance team and Climate Disclosure Steering Committee. During their annual risk identification and assessment cycle, brands, depending on their business model, would identify how relevant climate-related risks are for their business. A similar exercise would be performed at a corporate level by the ESG team with support from the Risk and Compliance team and Climate Disclosure Steering Committee. Where climate-related risks are identified, business and functional leaders are required to assess them in line with our risk management process. This includes an impact and likelihood assessment along with an assessment of existing mitigating controls and activities. The outcome of this assessment then determines the relative significance of that risk and related management activities. If climate-related risks are assessed as being critical to our operations, they would be included in our 'principal risks', which are reviewed and approved by the Board. The ESG team, on an ongoing basis, reviews the climate risk profile of the entire Group – any significant movements in the risk profile are discussed at the relevant governance forums including the ESG Committee.

The impact criteria that we use to assess risks is not just restricted to financial impact but also includes non-financial factors such as disruption to business operations and reputational damage. This forms a consistent framework for assessment of risks across Next 15 and the same criteria are used to assess climate-related risks.

The nature of our business and the diversified nature of our portfolio means that we have an inherent resilience to certain types of risks including market risks.

Our main climate-related risks take the form of:

1. **physical risks:** Extreme weather conditions and scarcity of key resources such as water/electricity impacting us or our supply chain leading to a loss of productivity; and
2. **transition risks:** Exposure to sectors/clients with higher exposure to climate-related risks.

We have found that climate risk is not in its own right a principal risk for our Group, rather that the individual climate-related risks feed into our principal risks (refer to page 58 to 67). A mapping, showing how our individual climate-related risks feed into the Group principal risks is shown below:

Climate-related risk (explained in more detail in the Strategy section below)	Group principal risk
Physical risks	
Acute and chronic impacts	Business continuity – adverse weather conditions impacting us or our clients leading to a business continuity event for us.
Transition risks	
Market risk: Exposure to client sectors with transition risk	Macroeconomic uncertainty and societal change – the risk that environmental and social trends will impact on the ability of the Group to achieve its strategic objectives.
Policies and legal	Legal and Compliance – the risk of non-compliance with relevant climate-related laws and regulations.

Non-Financial and Sustainability Information Statement continued

Strategy

In this section, we have outlined the primary risks and opportunities related to climate change, along with their potential impact on our business. We have then indicated our strategic response and the level of resilience implicit in that response. This analysis was performed in October 2023. We have used three time horizons designed to indicate the level of risk and opportunity in the short, medium and long-term. The time periods are aligned to our near and long-term targets for environmental emissions, meaning that medium term is aligned to our 2030 near-term target and long-term is aligned to our 2050 net-zero target. Short-term refers to the next three years. We have classified risks and opportunities as low, medium or high based on a qualitative assessment of impact.

We have considered these impacts using three emissions pathways, which form our interpretation of Intergovernmental Panel on Climate Change ('IPCC') guidance[1]:

- **IPCC-aligned pathway:** Ambitious climate policies are introduced to limit global temperature rises to below 1.5ºC by 2050, consistent with the Paris Agreement. This is expected to involve:
  - immediate and smooth policy reaction from government, with levers, such as a carbon tax, removal of subsidies for fossil fuel industry and introduction of subsidies for green industries, such as renewable energy; and
  - circular economy[2], transition disrupts traditional industries in a meaningful and far-reaching way, providing products and services which enable a reduction in over consumption, climate change and biodiversity loss and an increase in inclusion, wellbeing and job creation. Impetus for this transition comes from both: consumers, who recognise that the current system is not environmentally sustainable and demand change; and businesses, who drive innovation in multiple sectors.
- **Delayed Transition:** Global emissions do not meaningfully reduce until 2030. Our current approach continues until 2030 when increasing climate change and major weather events force change and we limit global temperature rises to below 2ºC by 2050. This is expected to involve:
  - minor changes until 2030 with science-based targets remaining largely voluntary. Multiple pathways and competing initiatives arise that do not adequately capture the system change required;
  - government policies are introduced from 2030 onwards which have a significant impact on encouraging sustainable behaviours; and
  - the pace of transition from 2030 onwards leads to traditional industries being severely disrupted and economic loss for businesses who fail to adapt. There are a lot of winners though who are able to successfully implement a circular economy.
- **Business as Usual:** Implemented policies are preserved but limited meaningful new action occurs, resulting in global temperature rises of >2ºC by 2050. This is expected to involve:
  - slow, incremental changes;
  - concern and anger with increasingly severe impacts of climate change lead to civil unrest, significant inequality, resource scarcity and mass migration, which makes it even harder to reach consensus on change; and
  - a circular economy is not realised and the 'take, make, waste' model remains widespread.

We believe that the 'Delayed Transition' pathway is the most likely to occur. We expect that this scenario will result in an overall low negative impact on our business; however, we are supportive of this approach because we consider the 'Business as Usual' pathway far more damaging to the environment and our business.

1 IPCC, 2022: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press. Cambridge University Press, Cambridge, UK and New York, NY, USA, 3056 pp., doi:10.1017/9781009325844.

2 According to The Ellen MacArthur Foundation, the circular economy is a system where materials never become waste and nature is regenerated. In a circular economy, products and materials are kept in circulation through processes like maintenance, reuse, refurbishment, remanufacture, recycling, and composting. The circular economy tackles climate change and other global challenges, like biodiversity loss, waste, and pollution, by decoupling economic activity from the consumption of finite resources.

Strategy continued

We expect that the market opportunity from a transition to a circular economy will have a net positive impact on our business. This is driven by our strategic intent to contribute to accelerating positive impacts (such as inclusion, wellbeing and job creation) and/or reduce negative impacts (such as overconsumption, climate change and biodiversity loss) through client work. However, there are some climate-related risks that may offset this, for example government levers such as carbon taxes are more likely to be implemented and would impact both our business and that of our stakeholders.

The 'Business as Usual' pathway is considered detrimental because it would present less opportunity for us and would also significantly increase the level of physical and transition risk.

In the table below, we have shown our strategic responses to mitigate the risks relevant to these pathways:

Item	Impact	< 3 years (short-term)	By 2030 (medium-term)	By 2050 (long-term)	Strategic response and resilience
Physical risks					
Acute and chronic impacts: Increased severity of extreme weather events (including flooding, heatwaves, wildfires and hurricanes) and chronic alterations (including rise in mean temperatures and extreme variability in weather patterns). In UK offices, the most significant physical risk is heatwaves. In US offices, the most significant physical risks are wildfires and hurricanes.	There could be a decline in productivity of employees and other stakeholders in the supply chain both at home and in office spaces due to both acute and chronic climate events, impacting margins. Extreme weather events also pose the risk of damage or loss of physical assets, notably hardware. The effect of such events could be exacerbated by lack of affordable and readily available mitigation solutions such as heating and cooling systems. There could be an increase in energy costs during heatwaves. There could also be an increase in insurance costs to protect our physical assets. Failure to reduce our own environmental emissions could negatively impact our reputation.	**IPCC-aligned pathway:** On this pathway, impacts of major climate events are manageable and can be contained. **Delayed Transition:** Despite limited action until 2030, the impacts of major climate events are manageable and can be contained. **Business as Usual:** As above.	**IPCC-aligned pathway:** As noted in the short term. **Delayed Transition:** As noted in the short term. **Business as Usual:** As noted in the short term.	**IPCC-aligned pathway:** Efforts made keep global temperatures below 1.5ºC and means impacts can be managed. **Delayed Transition:** Efforts made keep global temperatures below 2ºC and means impacts can be managed (albeit to a lesser extent than in the IPCC-aligned pathway). **Business as Usual:** In an increasingly volatile world, insurance and energy costs spike and productivity begins to be more significantly impacted.	Emissions measurement and reduction: as disclosed on pages 34 to 37, we disclose our emissions, targets and initiatives to reduce our emissions. Business continuity: At Next 15, we have an understandable reliance on our IT systems, office spaces and people. To aid operational management and reduce risk as far as possible we use Software as a Service ('SaaS') tools to carry out our daily work. These are cloud-hosted services, rather than on-premise deployments, that we can access easily and securely via a browser from any location. We have confidence in the SaaS providers we rely on and that their business continuity plans are robust. Our reliance on physically located on-premise software is low and continues to be reduced. Energy costs: We are in the process of transitioning our offices to renewable energy meaning that for those working in the office, any increase in cooling required would be at a low environmental impact. We would expect that any financial impact may be softened by market trends towards a reduction in energy costs as renewable energy solutions expand and/or government subsidies. In addition, we are continuing to consolidate our office space where possible, thereby reducing energy usage. We implemented and fully commissioned a new building management system in 2023 and are currently implementing LED lighting at our UK Head Office. Insurance costs: we continue to seek competitive rates for insurance, whilst we do expect these to continue to increase.

Non-Financial and Sustainability Information Statement continued

Strategy continued

Item	Impact	< 3 years (short-term)	By 2030 (medium-term)	By 2050 (long-term)	Strategic response and resilience
Transition opportunities					
Market opportunity: Increasing revenue from clients who are committed to sustainable growth.	We believe that there is plenty of opportunity presented by the transition to a more sustainable world, for example the transition towards a circular economy (such as through renewable energy sources, replacement of man-made materials with organic and reduction in waste). Revenue opportunities are expected to increase over time through exposure to the circular economy.	IPCC-aligned pathway: (Medium +) A fast transition to a low-carbon economy would present a wide variety of opportunities. Given this would involve a high degree of innovation, this would result in opportunities both in strategy in helping clients to navigate a fast-changing world and execution, for example helping clients and their customers to reimagine a more positive future. This would include industries such as renewable energy and electronics. Delayed Transition: (Low +) Little impact observed from lack of meaningful action. Business as Usual: (Low +) As above.	IPCC-aligned pathway: (Medium +) As noted in the short term. Delayed Transition: (Low +) As noted in the short term. Business as Usual: (Low +) As noted in the short term.	IPCC-aligned pathway: (High +) In this pathway, we expect there would be more opportunity in the period 2030-2050 as innovation becomes more widespread. Delayed Transition: (High +) Although the effects would only happen from 2030, the opportunity would still be large. Business as Usual: (Low +) As noted in the short and medium term.	We are committed to working with clients who share our values. Our sustainable growth strategy is centred on contributing to a better world, by accelerating positive impacts (such as inclusion, wellbeing and job creation) and/or reducing negative impacts (such as overconsumption, climate change and biodiversity loss) through client work. Our brands are adopting the AdGreen technology to calculate the potential carbon footprint of productions. AdGreen helps inform decisions on the environmental impact of productions and will become central to business decisions on the best way to provide such services. This will be primary to realising the expansion of our low-carbon goods and services offering, and realising the opportunity of developing this further in order to meet our Group and brand carbon reduction targets.

Strategy continued

Item	Impact	< 3 years (short-term)	By 2030 (medium-term)	By 2050 (long-term)	Strategic response and resilience
Transition risks					
Market risk: Exposure to client sectors with transition risk: Next 15 works with a broad range of clients across multiple sectors and geographies, all of whom are subject to some form of climate risk. We expect this may take the following forms: • economic disruption: climate change could result in disruption to supply chains and infrastructure which could reduce financial growth; and • changing consumer behaviour: increasingly, purchasing decisions are being impacted by environmental concerns, which is prompting disruption of traditional clients.	There is a risk that if we work with sectors with the highest levels of transition risk, such as oil and gas, we lose revenue as they struggle to adapt to different climate scenarios. This could also negatively impact our reputation.	**IPCC-aligned pathway:** we expect this will result in some loss of revenue in industries which do not transition effectively, but we expect the impact to be low given the initial impact in this time period is expected to be limited and we have a relatively low level of clients subject to high levels of transition risk. **Delayed Transition:** Little impact observed from lack of meaningful action. **Business as Usual:** Little impact observed from lack of meaningful action.	**IPCC-aligned pathway:** given the greater time period, we expect a more marked impact as the transition takes hold. **Delayed Transition:** Due to lack of meaningful action, the impact is expected to be low, albeit increases in major weather events may increase the likelihood of economic disruption in this period. **Business as Usual:** As above.	**IPCC-aligned pathway:** we would expect some loss of client revenues caused by economic disruption due to major weather events and disruption to traditional industries caused by circular economy transition, partly offset by stabilising global temperatures and our low level of clients subject to high levels of transition risk. **Delayed Transition:** As above. **Business as Usual:** We would expect widespread economic disruption as a result of unmitigated climate change.	We expect there to be an increasing level of risk arising as extreme weather events impact clients' ability to do business in the traditional ways. We track our revenue by client sector in order to ensure we limit our exposure to sectors with transition risk. Our exposure to sectors with the highest levels of transition risk is limited. For example, we do not work with clients in the fossil fuel extraction sector unless it is to help them materially change the course of their business to have a more positive impact or to improve the impact they are having. This is supported by our Ethics Group, which provides some protection against taking on client projects which could damage our reputation through their core business activities. However, we do have some exposed risk which we are mitigating by working with clients who are committed to a transition to a low-carbon economy.
Policies and legal: We expect the trend towards increasing compliance to continue. We expect this may take the following forms: • greenwashing legislation: there have been increasing instances of companies being publicly accused and sanctioned for greenwashing in advertising;	Meeting these requirements increases our compliance costs. If we fail to meet these requirements, it could result in fines and also impact our reputation, which could have knock-on effects on revenue.	**IPCC-aligned pathway:** The most significant impact would come from introduction of mandatory carbon taxes because it would reduce our margins and that of our clients. **Delayed Transition:** Minimal impacts from increased compliance requirements, such as internal and external time.	**IPCC-aligned pathway:** As in the short term. **Delayed Transition:** As in the short term. **Business as Usual:** As in the short term.	**IPCC-aligned pathway:** A greater impact than the short term due to further embedding of policies and greater time period, albeit still medium risk. **Delayed Transition:** As above, albeit from a lower base. **Business as Usual:** As in the short and medium term.	Non-compliance is a serious risk to our business and to our brands, so we manage it through multiple mitigation channels: a) Awareness: we rely on our regularly updated employee policies and training to raise awareness among management and staff in relation to their roles and responsibilities when it comes to meeting our legal and regulatory obligations. In-house and external expertise: the Group maintains an in-house legal function and also uses external legal counsel to advise on local legal and regulatory requirements. Other external advisers, such as our auditors, often check in to ensure we are aware of legislative changes.

Non-Financial and Sustainability Information Statement continued

Strategy continued

Item	Impact	< 3 years (short-term)	By 2030 (medium-term)	By 2050 (long-term)	Strategic response and resilience
Transition risks continued					
Policies and legal: continued • disclosure requirements: we are already subject to mandatory legislation, such as SECR and CFD and compliance requirements may well increase. For the advertising sector, for example, there is ongoing discussion around the optional disclosure of 'advertised emissions': the emissions that arise from the uplift in sales generated by advertising, which could become mandatory over time. This landscape is expected to also impact our clients and supply chain and have impacts on their business models; and • carbon pricing: governments around the world may introduce additional levers, such as carbon taxes over time, to incentivise climate progress. This could impact us and our clients.	Carbon taxes, if introduced, would likely have the biggest impact before we fully reduce our emissions. So far, industry practice has been to voluntarily bake in the environmental cost of doing business into their financial statements via offsetting but we would expect mandatory taxes to become more common over time. These risks are considered low in the short term but expected to increase over time, especially in a scenario where the world fails to apply the appropriate attention to these issues and as a result, temperatures warm by greater than 2ºC.	**Business as Usual:** (Low, Negative) As noted in the Delayed Transition pathway.			b) Assurance: consideration of regulatory compliance is included in the assurance programme led by the Risk & Assurance function. c) Accreditation: we maintain a number of accreditations and registrations to meet a number of contractual and statutory obligations. SECR disclosure is included on pages 52 and 53. CFD disclosure is included here. Emerging regulation impacts our clients, whether mandatory or optional, such as disclosure requirements, advertised emissions and carbon taxes. Our intention is to work with clients who have sustainable business models and are committed to the low-carbon transition. This should limit the impact of these risks over time.

Metrics and targets

The following table shows the most relevant and material metrics and targets used by Next 15 to assess climate-related risks and opportunities in line with our strategy and risk management process and these metrics help us to track progress against our overall climate change ambitions.

Metric	Target	Mapping to climate risk or opportunity
GHG emissions We began measuring our Scope 1, 2 and 3 emissions in February 2021 and disclose the items currently included in our reporting boundary on page 34 of this report. On page 37, we disclose our overall emissions by year (tCO_2e), as well as our emissions per person (tCO_2e/FTE) for the period FY20 (our baseline) to FY24. On pages 52 and 53, we disclose in accordance with SECR legislation.	In addition on page 37, we disclose our current targets and performance against those targets. Our target is to reach net-zero emissions by 2050.	Acute and chronic impacts (measuring and reducing our emissions helps to mitigate climate-related risks). Policies and legal (this will help us comply with disclosure requirements).
Renewable energy As disclosed on page 34, we track the % of energy consumed from renewable energy sources which is currently 65% globally, split by region as follows: • UK: 92% • EMEA: 46%. • APAC: no electricity tariff information provided	As disclosed on this page, our target is 100% consumed from renewable energy sources across US, UK and EMEA by 2030, 50% across APAC by 2040 and 100% by 2050.	Acute and chronic impacts (adopting renewable energy helps to mitigate climate-related risks).
Percentage of revenue from various sectors We track our revenue by client sector in order to ensure we limit our exposure to sectors with transition risk and increase our exposure to sectors with transition opportunity.	No formal target in place although data is used to inform strategic decisions.	Market opportunity: Increasing revenue from clients who are committed to sustainable growth. Market risk: Exposure to client sectors with transition risk.

Streamlined Energy and Carbon Reporting ('SECR')

SECR applies to three different types of companies:

- companies listed on a stock exchange ("quoted companies");
- companies that aren't listed on a stock exchange but meet the Companies Act definition of "large"; and
- Limited Liability Partnerships (LLPs) that meet the definition of "large".

The Companies Act 2006 defines large companies as those that meet at least two of the three following criteria:

- turnover of £36 million or more;
- a balance sheet total of £18 million or more; and
- 250 employees or more.

Next 15 has reported Scope 1 and 2 (and associated Scope 3) GHG emissions in accordance with the requirements of SECR. This includes emissions for the 12 months to 31 January 2024.

Methodology

Responsibilities of Next 15 and Green Element

Next 15 was responsible for the internal management controls governing the data collection process. Green Element was responsible for data collection, data aggregation, GHG calculations and the emissions statements. Emissions were calculated according to the Greenhouse Gas Protocol Corporate Greenhouse Gas Accounting and Reporting Standard. Data was gathered from exact information where possible, with some information based on pro rata extrapolation where verifiable data was not available.

Scope and subject matter

The report includes sources of environmental impacts under the operational control of the Next 15 Group in the UK. This includes five UK entities in FY24:

- Next 15 Group Limited
- Savanta Group Limited
- House 337 Limited
- MHP Group Limited
- Transform UK Consulting Limited

In accordance with the UK Government's Environmental Reporting Guidelines, these companies meet the mandatory reporting requirements and the figures disclosed below relate only to these companies. However, the emissions reporting and targets on page 34 to 37 cover the entire Next 15 Group.

Our SECR disclosure has changed and expanded in scope compared to FY23. This has resulted in an overall increase in the energy figures reported due to more of the brands included now also based at our Great Portland Street, London Head Office building. We will focus on reducing the emissions from energy through efficiency and continued procurement of a 100% renewable electricity tariff.

GHG sources included in the process:

- Scope 1: natural gas for energy generation (there was no gas usage in either Next 15 or Savanta offices);
- Scope 2: purchased electricity (location-based method); and
- Scope 3: business travel in employee-owned or hired vehicles.

Types of GHG included, as applicable: CO_2, NO_2, CH_4. The figures were calculated using DEFRA conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO_2e).

Energy efficiency action

Changes to the way we work have continued to reduce our energy demand. During the reporting period, we continued to focus on ensuring our offices are using a low baseload of energy during periods of low occupation. Using market-based reporting, our total Scope 2 emissions have reduced by 115.5 tCO_2e in FY24 compared to FY23. As disclosed in our CFD report, we are now working towards clear targets in the coming years. See Energy management page 34 of this report.

Streamlined Energy and Carbon Reporting ('SECR') with just location-based reporting

Energy consumption used (kWh)	UK FY23	**UK FY24**
Electricity (kWh)	904,424	**815,999**
Gas (kWh)	260,350	**191,313**
Transport fuel (kWh)	—	**—**
Other energy sources (kWh)	—	**—**
Total*	1,164,774	**1,007,313**

Emissions (tCO_2e**)	UK FY23	**UK FY24**
Scope 1		
Emissions from combustion of gas	47.5	**35.0**
Emissions from combustion of fuel for transport purposes	—	**—**
Scope 2		
Emissions from purchased electricity – location-based***	174.9	**169.0**
Scope 1 and 2		
Total Scope 1 and 2 emissions (location-based method)*	222.4	**204.0**
Scope 3		
Emissions from business travel in rental cars or employee vehicles where Company is responsible for purchasing the fuel	—	**—**
Emissions from upstream transport and distribution losses and excavation and transport of fuels – location-based	69.8	**61.1**
Total location-based tCO_2e*	292.2	**265.1**

Intensity ratios	UK FY23	**UK FY24**
Number of full-time employees within financial year ('FTE')	1,073	**1,079**
Intensity ratio: total gross emissions tCO_2e/FTE (location-based)	0.27	**0.25**

Certification

Calculated as accurate by Green Element Limited and Compare Your Footprint Limited, UK.

* Any discrepancies between total and breakdown figures are due to rounding based on the number of significant figures being reported.

** tCO_2e is tonnes of carbon dioxide equivalent gases.

*** Location-based electricity (Scope 2) emissions uses the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory.

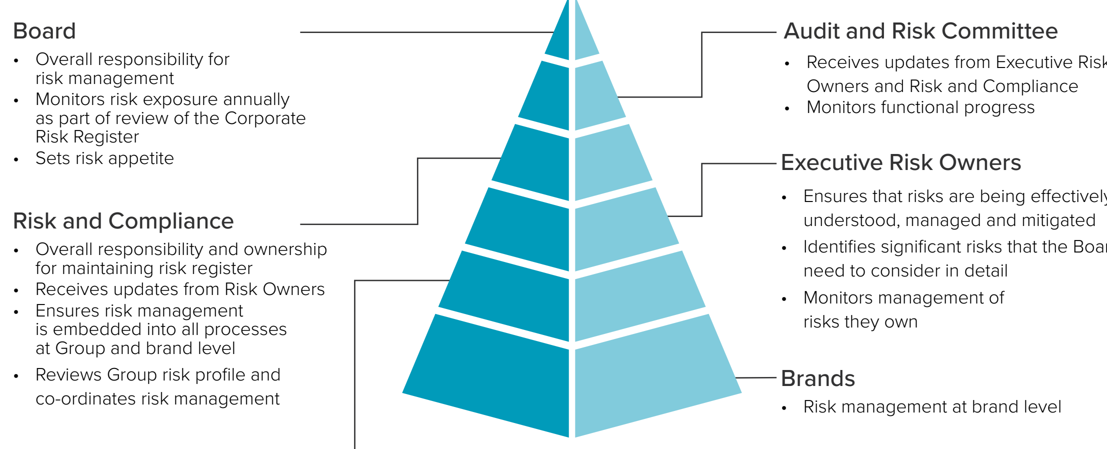
Risk

During FY24, we made significant progress in improving our risk management approach. We set up a new Risk and Compliance function and refreshed our risk methodology. This, supported by some key additions in our Head Office team during the year including a new Data Protection Officer and a new Head of Cyber Security, has enabled us to make improvements in how we view and manage risks across the business.

How we manage our risks

Next 15 is aware of and continues to assess the various risks that can have a financial, operational, and regulatory impact on our business performance, reputation, and sustainability. We acknowledge the need to take calculated risks in order to achieve sustainable business growth. Effective risk management enables us to make better business decisions, safeguard our assets, reputation, and brands, and is therefore essential to supporting the achievement of the Group's strategic objectives.

Governance structure



Governance

Next 15 navigates diverse risks through a robust, multi-layer approach. The Board of Directors has overall oversight, and they guide and review our overall risk management strategy and legal and regulatory compliance. They ensure comprehensive internal controls are established and remain effective. The Audit and Risk Committee assists the Board on risk and assurance, receiving assurance reports from management and from internal and external audits.

Day-to-day responsibility for the management of the risk process rests with the Risk and Compliance function. They coordinate with Brand management and Group-level risk owners, ensuring alignment with the Group's risk appetite. In collaboration with other 2nd line functions, they ensure effective control frameworks are in place to manage risk across the Group. Assurance around the operation of risks and controls is gained through a variety of sources including compliance checks and an annual brand-level management representation/self-certification process.

Additionally, Group Internal Audit provides independent assurance in a number of areas through their risk-based annual plan. The outputs from all assurance mechanisms are reported to the Audit and Risk Committee, enabling visibility over the Group's progress on risk management.

Risk appetite

The Group's risk appetite, approved by the Board, serves as the compass for our risk journey. It defines the acceptable risk levels we embrace to achieve specific goals, carefully calibrated against our values, strategy, and risk tolerance.

Risk appetite continued

We continuously refine this approach to manage and monitor risk exposure more effectively. Following review by management and the Audit and Risk Committee, we now have defined risk appetites for each principal risk area. This clarity empowers us to prioritise resource allocation, focusing on mitigating risks where we're risk averse while seizing opportunities where we have higher risk tolerances.

Approach to risk management

In FY24, with a new Risk and Compliance function in place, we have taken the opportunity to refresh our risk management methodology. Our approach integrates top-down and bottom-up perspectives. While Group senior management steers the overall risk strategy, assessments are conducted at the functional or brand level, ensuring action is embedded where risks are identified. This dynamic approach enables effective action in a constantly evolving business landscape.

Risk methodology

Identify

What could happen.

Define risks.

Assess

Assess likelihood of a given thing happening and the extent of its potential impact/consequence.

Address

Take steps to either treat, transfer, terminate or tolerate risk.

Review and Report

On efficacy of risk treatment/ prevention and transfer/ reactive mitigations.

What we evaluate:

Likelihood and impact: consistency applied 5x5 scoring scale.

Gross risk: our risk score before we apply mitigating controls.

Control measures: activities we undertake to reduce our risk.

Net risk: our risk score following introducing control activities.

Risk appetite: defined to reflect our openness to risk and our tolerance thresholds for such risk.

Risk ownership: each principal risk has an executive owner.

Principal risks and uncertainties continued

How we manage our risks continued

Top-down approach

At the Group level, we assess and prioritise our principal risks identifying and evaluating those impacting our entire business. This top-down process is complemented by a robust bottom-up approach, with our brands managing brand level risk registers. This allows Group management to assess the potential of local risks and themes evolving into Group-level concerns. As part of this ongoing process, the Group Executive Team assessed and prioritised our principal risks. Our principal risks are detailed on pages 58 to 67.

Bottom-up approach

Brand management teams independently review key risks specific to their businesses and have created brand level risk registers. The brand risk registers are reviewed by the Risk and Compliance function, followed by collaborative discussions between the Brand and Risk and Compliance. This enables the Risk and Compliance team to influence local risk mitigation strategies and also understand any emerging local risks/themes that have the potential of having a Group-wide impact.

Risk mitigation

As our business grows and our brand portfolio expands, we're committed to ensuring our risk approach keeps pace. We have rolled out a variety of control frameworks to manage Group-wide risks. These include entity level controls, finance minimum controls, a renewed focus on data protection through processes rolled out through the new Data Protection and Privacy function and increased impetus and focus on cyber-related risks. As reported last year, we have continued the roll out of policies setting the minimum standards that we want our brands to achieve within our federated model.

Identifying emerging risks

We engage in regular horizon-scanning exercises and leverage external insights to effectively manage our evolving risk profile. Beyond our principal risks, we track emerging risks with potential near-to-medium-term impact on our business.

This identification process takes various forms including close monitoring of external events, thorough assessments of findings from internal and external audits (and other collaborating third parties), and active participation in industry knowledge-sharing events.

Climate change

In FY24, we have concluded a comprehensive assessment of the risks of climate change including an analysis of the causes and consequences and specific mitigations in place to address this. This has also fed into our Climate-related financial disclosure requirements ('CFD') reporting as seen on pages 41 to 53.

Whilst not considered a principal risk for our business at this time, we continue to monitor and respond to the impact of this risk. This is demonstrated through our commitment to the Science Based Targets initiative ('SBTi') in the new year.

AI

We have embraced the emergence of AI and are actively looking at and implementing use cases to improve our internal processes and client offerings. Whilst we consider AI itself as an area of significant opportunity, the rapid developments in AI also add a dimension of risk to some of our principal risk areas – this includes the impact that AI may have on our business model, the changing nature of cyber risks with phishing become more sophisticated and the impact this has on fraud and misreporting. The risk AI poses has been considered in assessing these risks.

Principal risks and uncertainties continued

The Board has evaluated the principal risks that are likely to affect the Group. These are described in the table on the following pages.

For ease of presentation, we have classified our principal risks into four categories:

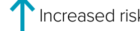
Strategic risks – affecting our strategic direction or decision making.

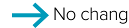
Operational risks – affecting our internal processes or systems.

Financial, Regulatory and Compliance risks – relating to financial losses or regulatory non-compliance.

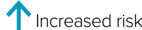
People and Culture risks – relating to our workforce and culture.

Principal risk	Potential impact	Our mitigating actions	Year-on-year movement in net risk
Strategic risk			
Macroeconomic uncertainty and societal change There is a risk that external factors or changing societal trends impact the ability of the Group to deliver on its strategic objectives.	Macroeconomic uncertainty and societal change can significantly impact Next 15's operations and financial performance. Economic fluctuations may lead to tighter client budgets, directly affecting the demand for Next 15's marketing and consultancy services. This could result in a decrease in revenue and necessitate a re-evaluation of service offerings to align with changing client needs. Societal shifts could influence consumer behaviour, requiring Next 15 to adapt its strategies and offerings to remain relevant. In addition to financial and regulatory challenges that could be posed, talent acquisition and retention could also become more challenging due to evolving societal attitudes towards work-life balance and employment stability. Overall, macroeconomic and societal changes pose a complex array of challenges for Next 15, potentially affecting every aspect of its business from revenue generation to strategic planning and operational execution.	Next 15 employs a range of strategies to mitigate the risks associated with macroeconomic uncertainty and societal change. • The decentralised business model enhances resilience by allowing individual brands to respond effectively to localised economic and societal shifts. • Robust governance procedures are in place, with regular Board and executive meetings to review risks and adapt strategies promptly. • A conservative approach to financial management ensures a strong balance sheet, providing the flexibility to navigate through economic turbulence. • Strategic investments in innovation, such as AI projects, keep the Group at the forefront of industry advancements. • Conducting regular customer pain point interviews helps to stay aligned with client issues and evolving preferences, enabling proactive service adaptation. These measures collectively contribute to maintaining the net risk at a constant level, ensuring that Next 15 is well-positioned to manage the challenges posed by macroeconomic and societal changes.	



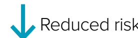


Principal risk	Potential impact	Our mitigating actions	Year-on-year movement in net risk
Strategic risk continued			
Failure of our business model to deliver sustainable growth There is a risk that we fail to adapt our business model to the changing needs of the Group and our client base resulting in operational and financial stagnation.	A failure of our business model to deliver sustainable growth could have profound implications for the Company's long-term viability. As the consultancy sector is highly competitive and rapidly evolving, any stagnation in innovation or inability to adapt to market changes could result in a loss of competitive edge. This could lead to a gradual erosion of market share as clients might turn to competitors with more dynamic business models. Moreover, if Next 15's business model fails to keep pace with technological advancements, changing needs of the Group and changing client expectations, there could be a significant impact on operational efficiencies, client acquisition and retention as well as attractiveness to potential acquisition targets. The Company's value proposition may no longer resonate with its target audience, leading to reduced shareholder value. In the absence of sustainable growth, investment in talent and resources may also dwindle, potentially affecting the quality of services and further hindering growth prospects.	This risk has huge significance to our business. With the acquisitive nature of the Group, the emerging use case of Generative AI and changing customer preferences mean that the business must evolve itself to ensure that it remains fit for purpose and poised to exploit any advantages available in the market. • Group and brand level strategy is considered when developing the annual three-point plans to ensure strategic alignment and focus on sustainable growth. • The decentralised model is supported by control mechanisms and frameworks that set minimum standards across the Group, promoting consistency. • The Board oversees and regularly reviews the performance and strategic direction of the Group. • Cross-brand specialist groups, such as AI Leads and the ESG Collective, facilitate collaboration and knowledge sharing, driving innovation. • A targeted M&A strategy addresses gaps in capabilities, with a recent emphasis on acquiring expertise in areas like AI. • Considered funding has been put in place to support the creation of second-line functions including Risk and Compliance and the Data Protection and Privacy Office. These functions have been set up with the remit to provide a layer of assurance and a scalable control framework, without stifling the entrepreneurial spirit of the brands. These actions are designed to reinforce the business model and support the Company's trajectory towards long-term, sustainable growth.	↗


Increased risk

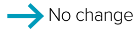
Slightly increased risk

No change

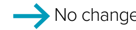

Reduced risk

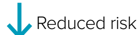
Principal risks and uncertainties continued

Principal risk	Potential impact	Our mitigating actions	Year-on-year movement in net risk
Strategic risk continued			
Reliance on key clients There is a risk that individual brands may become over-reliant on a small number of key clients, leading to a potential loss of revenue, shareholder value and talent, should they fail to retain that relationship.	Next 15's diverse brands have varying degrees of exposure to this issue. For those brands heavily dependent on a small number of clients, any loss or reduction in business from these key accounts could lead to substantial revenue shortfalls. This over-reliance can also skew strategic priorities, with the brand potentially tailoring its offerings to the needs of these clients, which may not be in the best interest of the broader client base or Next 15's long-term strategic goals. Moreover, these brands may face increased pressure to continuously perform at peak levels to retain their key clients. This could result in resource strain, margin pressure and a lack of attention to diversifying the client portfolio, which is essential for resilience against market fluctuations.	The majority of our brands consider this a key risk area, and this has been reflected in the increased weighting we have given this risk. We have a range of mitigations in place to protect the business, including: • Robust business development processes and functions are being actively promoted across all brands to attract a broader range of clients. • Client concentration risk is a regular agenda item at brand Board meetings, ensuring ongoing monitoring. • The Company's M&A activities are strategically focused on broadening the service offerings and expanding the client portfolio. • Investment in efficiencies and automation, including AI technologies, aims to mitigate the impact of falling margins and reduce dependency on any single client. These measures are part of Next 15's commitment to reducing the risk associated with client concentration and to promote a more resilient business model.	

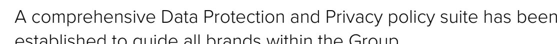


Principal risk	Potential impact	Our mitigating actions	Year-on-year movement in net risk
Operational risk			
Cyber and information security There is a risk that we fail to maintain the confidentiality, integrity and availability of information and key systems.	Cyber and information security risks are critical concerns for Next 15, given our reliance on data, technology, and digital strategies. A breach could lead to the loss of sensitive client data, intellectual property, and confidential business information, severely damaging client trust and the Company's reputation. The repercussions of such an event could include legal liabilities, financial penalties, and a decline in client retention. Furthermore, as Next 15 operates across various brands with its diversity in digital infrastructure, the complexity of maintaining robust security measures is amplified.	Next 15's federated model means that some brands manage their cyber and information security risk themselves, while other brands rely on the Group functions to support them. Whilst a lot of activity has taken place this year to mitigate the cyber risk, it is also acknowledged that AI presents an added dimension to this. This is reflected in the year-on-year movement which is kept as constant, recognising an increased external threat vector, offset by mitigation activities which include: • A Cyber Security control framework ('CSF') has been deployed across the Group to standardise and strengthen security practices. • Ongoing training and awareness campaigns, including those focused on phishing, are conducted to educate employees about potential threats. • The CSF dashboard and risk measurement tools are utilised for continuous monitoring and risk assessment. • The Group IT function is ISO27001 certified and annual re-certification based on the latest 2022 version of the standard is in progress. Additionally, we continue to hold Cyber Essentials Plus certification. • Regular vulnerability patching, advanced anti-virus solutions in place and projects around Mobile Device Management ('MDM') and Bring Your Own Device ('BYOD') enhance system security. • A cloud-based strategy is being adopted to provide greater reliability and security. • Access controls, including permission-based access, segregation of duties, and identity management tools, are in place to protect sensitive information. • Cyber security insurance, with an increased limit, has been secured to provide an additional layer of financial protection against potential breaches.	→

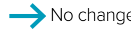




Principal risks and uncertainties continued

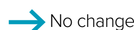
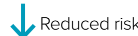
Principal risk	Potential impact	Our mitigating actions	Year-on-year movement in net risk
Operational risk continued			
Data Protection and Privacy There is a risk that inadequate processes could lead to data breaches, failure to fulfil individual privacy rights (such as DSARs), complaints, regulatory scrutiny or compensation demands.	In the digital age, the integrity of personal and client data is not only a legal requirement but also an ethical one, underscoring the trust employees, clients and other stakeholders place in Next 15. Data breaches and/or non-compliance with data protection regulations such as the GDPR can lead to significant fines and erode customer confidence. For Next 15, a breach in data protection could tarnish the consultancy's reputation, resulting in client attrition and potential legal challenges. The diverse portfolio of brands under Next 15 increases the complexity of ensuring consistent adherence to privacy laws across different jurisdictions. Each brand's approach to data management must align with rigorous standards to prevent breaches that could have far-reaching consequences and financial penalties for the entire Group.	Whilst there is a clear crossover between the 'cyber and information security' risk and the 'data protection and privacy' risk, our type of operations mean that we need to monitor and address this risk specifically. We have taken a number of mitigating actions in FY24 to address this risk, including:  • A comprehensive Data Protection and Privacy policy suite has been established to guide all brands within the Group. • A new Data Protection and Privacy Office, led by a Data Protection Officer ('DPO'), has been set up to oversee compliance and best practices. • General and bespoke training sessions are conducted by the DPO to educate brand teams on relevant data protection and privacy matters. • Training and awareness campaigns, including those on phishing, are regularly rolled out to reinforce the importance of data security. • Deployment of data loss prevention tools, such as Netskope, to monitor and protect data. • A Data Protection and Privacy benchmarking and gap analysis has been performed across the brands by Internal Audit in conjunction with the DPO to identify and address potential vulnerabilities.	→

Increased risk

Slightly increased risk

No change

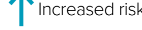
Reduced risk

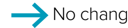
Principal risk	Potential impact	Our mitigating actions	Year-on-year movement in net risk
Operational risk continued			
Business continuity There is a risk of disruption to the efficient functioning of our business. These threats include any incidents or disasters that negatively impact our organisation.	Business continuity is a critical risk for Next 15, as unexpected disruptions can severely impact operations, client services, and ultimately have a financial impact. Events such as natural disasters, pandemics, or technology failures could halt or seriously disrupt our operations, leading to loss of revenue and client trust. For a company that thrives on delivering cutting-edge digital strategies, the ability to quickly recover and maintain operations is essential. Our challenge lies in creating a resilient business continuity plan that is robust and flexible across our diverse brands. Ensuring minimal service interruption in the face of adversity is not just a logistical necessity but also a commitment to client dependability and trust.	Next 15 recognises the importance of business continuity and has established several measures to ensure resilience across its operations. • Some brand-level Business Continuity Plans ('BCP') are in place, providing tailored strategies to maintain operations during disruptions. • Information Technology Business Continuity Planning ('IT BCP') and Disaster Recovery ('DR') protocols are established for the Head Office and core central systems supported by the Group function, ensuring critical IT functions can be restored swiftly. • Group-wide BCP principles have been developed to create a cohesive approach to business continuity across all brands. • A BCP Project is planned for the summer, aiming to integrate all existing BCP and DR elements into a comprehensive framework. • Key contacts listings have been prepared for our US and UK locations to ensure that employees are rapidly informed in the event of a major incident. These steps are part of Next 15's commitment to minimising service interruptions and maintaining client services during unforeseen events, thereby upholding client trust and the Company's reputation.	
Financial, regulatory and compliance risk			
Global tax There is a risk that our tax strategy fails, leading to material tax compliance failures or uncertain tax positions. These could result in financial, legal and reputational damage for Next 15 and management.	Global tax regulations present a complex risk for Next 15, as it navigates the varied tax landscapes across the different jurisdictions in which it operates. Changes in tax laws, increased enforcement, and cross-border tax disputes can lead to financial exposures and compliance costs. With our global footprint, staying abreast of international tax developments is crucial to mitigate risks of penalties and reputational damage. The intricacies of global tax compliance require the Group to maintain a proactive approach, ensuring that all our brands adhere to the evolving tax regulations.	Next 15 is proactive in managing the complexities of global tax compliance, with a series of mitigating actions to address this risk. • Mandatory tax training is provided to all brands to ensure a thorough understanding of global tax obligations and best practices. • Regular check-ins with the Next 15 tax team, especially at year end, help to ensure compliance and address any emerging tax issues. • Brands are required to engage external advisers when in-house skill or expertise is insufficient, such as for regions like APAC or for specialised areas like transfer pricing. • Comprehensive tax policies and procedures are established and maintained to guide the Group's tax-related activities.	

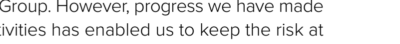
Increased risk Slightly increased risk  No change  Reduced risk

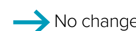
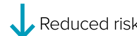
Principal risks and uncertainties continued

Principal risk	Potential impact	Our mitigating actions	Year-on-year movement in net risk
Financial, regulatory and compliance risk continued			
Legal and compliance There is a risk that we fail to comply with key laws and regulations, which negatively affects our business.	Legal and compliance risks are significant for Next 15, as failure to adhere to the multitude of laws and regulations can result in legal action, fines, and damage to the business's reputation. As Next 15 operates globally, it needs to navigate a complex web of legal frameworks, which can vary greatly between regions and affect various aspects of the business, from privacy, competition, employment, bribery and corruption to intellectual property rights. Ensuring compliance is particularly challenging with multiple brands, some of which are potentially subject to different regulatory environments. The slight increase in net risk represents the increasingly complex regulatory landscape and the highly litigious business environment.	With a new Risk and Compliance function in place, we have reassessed the way this risk is measured, and this has resulted in a year-on-year increase in the risk level. Nevertheless, we have made significant progress in addressing this risk in FY24: • Dedicated Legal and Governance teams in place, including Data Protection and Privacy Office ('DPPO'), Risk and Compliance, Company Secretariat, Legal function, and Cyber Security function, are in place to oversee and enforce compliance. • Mandatory training, especially during employee induction, ensures that all staff are aware of their legal and regulatory responsibilities. • The experience of the Board members, who are well-versed in listing regulations, provides strategic oversight and guidance on compliance matters. • Regular assurance work conducted by both External and Internal audit teams helps to identify and mitigate compliance risks. • Group-wide policies and procedures are established to standardise compliance efforts across all brands. • Appropriate insurance coverage is in place to provide financial protection against potential legal and compliance-related exposures. • Next 15 has a clear Tax Strategy with a low tolerance for risk, focusing on high compliance and avoidance of artificial tax planning, as detailed on the Group's website. • An experienced in-house Tax Team ensures the Group's adherence to the Senior Accounting Officer regime, with documented processes and controls for accurate and timely tax filings, and brand-level sign-off to confirm understanding and compliance.	



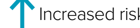


Principal risk	Potential impact	Our mitigating actions	Year-on-year movement in net risk
Financial, regulatory and compliance risk continued			
Fraud and misreporting There is a risk that fraud and misreporting may occur due to the decentralised nature of the Group, leading to loss of cash, profit and damaging our reputation.	There is a risk that without appropriate oversight and review, our business may be subject to fraudulent activity and misreporting of financial information. This risk increases when we acquire new businesses, many of which have lean teams where segregation of duties may not have been optimal. The risk of misappropriation and fraud is also increased due to the entrepreneurial and federated nature of the Next 15 operating model and the level of influence management can have within their specific Company environments.	This is another risk area where the emergence of AI has added another dimension to the risk faced by the Group. However, progress we have made in establishing clear mitigating activities has enabled us to keep the risk at a constant level: • Clear Delegation of Authority, Segregation of Duties, and system access control processes are in place to prevent fraudulent activities and ensure accurate financial reporting. • The Head Office Finance team conducts thorough reviews of financial statements from brands to detect and address any discrepancies. • Regular communication between the Head Office and brands, along with dual reporting lines for brand finance teams, fosters transparency and accountability. • Independent audits by External and Internal audit teams provide an additional layer of scrutiny and oversight. • Policies and entity level controls are in place for critical financial operations, such as banking and treasury functions. • The adoption of common finance and banking platforms standardises financial processes across the Group. • The increasing use by a number of brands of shared services centralises certain financial functions, enhancing control and efficiency.	

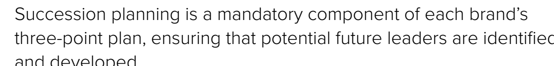
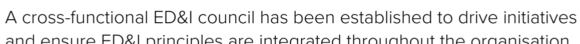
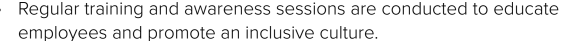
Increased risk Slightly increased risk  No change  Reduced risk

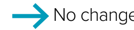
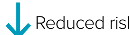
Principal risks and uncertainties continued

Principal risk	Potential impact	Our mitigating actions	Year-on-year movement in net risk
Financial, regulatory and compliance risk continued			
Currency risk There is a risk that the Group's results are materially impacted by adverse currency movements resulting in a failure to meet shareholder expectations.	As a global business, currency fluctuations continue to have a potential impact on the Group's translated results. The Group is listed in the UK with sterling as its functional currency but makes a significant proportion of its profits outside the UK. As a result, the Group's reported profits and asset values are impacted by any fluctuation of sterling relative to other currencies, particularly the US dollar. We also face the risk of potentially suffering restrictions on the ability to repatriate cash, particularly for our operations in India and China.	This risk is largely managed through a natural hedge as most of the Group's revenue is matched by costs arising in the same functional currency. Nevertheless, we have implemented the following mitigations to ensure we have adequate protection: • A dedicated treasury function is in place and oversees currency management. • Any foreign exchange trades and hedging activities are centrally managed at Head Office, allowing for a coordinated and strategic approach to currency risk. • Rigorous cash flow forecasting and currency monitoring processes, including at the budgeting stage, help anticipate and mitigate the impact of currency fluctuations. • The availability to draw down against the Revolving Credit Facility ('RCF') in different currencies provides financial flexibility and reduces exposure. • Surplus cash balances from international operations are regularly swept into the UK account, minimising the risk associated with currency movements.	
People and culture risks			
Attraction and retention There is a risk that we fail to attract, retain and develop talent and capabilities required to deliver our growth ambitions.	The attraction and retention of talent is a critical risk for Next 15, as our success hinges on our ability to employ and keep skilled professionals who can drive innovation and deliver exceptional services to clients. In the competitive landscape of digital consultancy, failing to secure top talent could impede Next 15's growth and capacity to maintain a leading edge in the industry. Next 15 faces the challenge of not only attracting but also nurturing and retaining its workforce in an environment where employees have high expectations for career development, work-life balance, and corporate culture. The onset of Generative AI also means that the talent mix needed is rapidly changing and being a competitive market, the AI skill sets needed are only available at a premium.	Next 15 has taken proactive steps to address the risk associated with the attraction and retention of talent, resulting in a slight reduction of this risk. • The Next 15 Academy offers regular skills and values training to employees. In addition, there is personalised and bespoke training available to employees, fostering professional development and skill enhancement. • An active cross-Group Equality, Diversity, and Inclusion ('ED&I') council works to ensure a diverse and inclusive workplace culture. • Annual employee surveys are conducted to gather feedback, with subsequent action plans developed to address any concerns. • Clear articulation of roles and responsibilities, coupled with regular performance reviews, helps to set expectations and recognise achievements, contributing to job satisfaction and employee retention.	



People and culture risks continued

Principal risk	Potential impact	Our mitigating actions	Year-on-year movement in net risk
Succession planning There is a risk that being unprepared for unplanned departures and overreliance on key individuals creates risk to the stability and growth of our business.	Succession planning is a strategic imperative for Next 15, as the long-term sustainability of the Group depends on a seamless transition of leadership and critical roles. This is particularly relevant considering the nature of our brands and acquisitions, where these businesses are heavily dependent on founders who hold key relationships with clients and are fundamental to the operation and success of the brands. Without a robust succession plan, Next 15 risks operational disruptions and loss of institutional knowledge, which can undermine client and stakeholder confidence and business continuity. The challenge is to identify and develop internal talent capable of stepping into key positions, ensuring the Company's strategic vision and objectives are upheld.	Succession planning continues to be a critical area of risk for the Group both at brand as well as Head Office level. We continue to actively engage in succession planning to ensure the continuity of leadership and the preservation of institutional knowledge. Specific mitigation activities include:  • Succession planning is a mandatory component of each brand's three-point plan, ensuring that potential future leaders are identified and developed. • Cross-Group collaborative activities, such as COO and Finance calls, provide visibility of brand-level talent, facilitating the recognition and nurturing of potential successors. • The Executive Leadership Team ('ELT') monitors succession planning, considering both external and internal candidates to maintain a balanced approach to leadership development.	No change
 Equity, Diversity and Inclusion There is a risk that Next 15 is unable to attract and retain a diverse workforce leading to reputational damage and inability to innovate and drive performance.	Equality, Diversity, and Inclusion ('ED&I') are critical considerations for Next 15 and embedding ED&I forms an integral part of our Group values. Failure to foster an inclusive workplace can lead to a lack of diverse perspectives, which is detrimental to creativity and innovation. A lack of commitment to ED&I can also harm the Company's reputation, making it less attractive to top talent and potential clients who increasingly value social responsibility. Additionally, demonstrating a genuine commitment to ED&I can also be a differentiator with stakeholders who increasingly value a business's ability to create and maintain a good culture.	Next 15 has made strides in mitigating the risk associated with ED&I, as evidenced by the reduced risk level.  • A cross-functional ED&I council has been established to drive initiatives and ensure ED&I principles are integrated throughout the organisation.  • Regular training and awareness sessions are conducted to educate employees and promote an inclusive culture. • Community programmes are in place to extend the Group's commitment to ED&I beyond the workplace and contribute positively to society. • Recruitment processes are designed to be fair and balanced, aiming to attract a diverse range of candidates and reduce unconscious bias.	Reduced risk

Increased risk Slightly increased risk  No change  Reduced risk

Board of Directors and Company Secretary

Committee membership

- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- E ESG Committee
- Chair of Committee

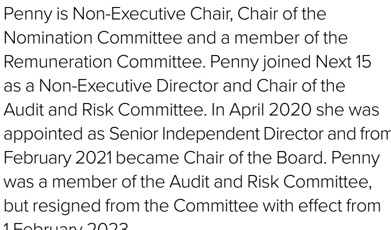
THE BOARD IS RESPONSIBLE FOR THE STRATEGIC DIRECTION, INVESTMENT DECISIONS AND EFFECTIVE CONTROL OF THE GROUP.

1. Penny Ladkin-Brand

N R

Chair

Appointed July 2017 (7 years)



Penny is Non-Executive Chair, Chair of the Nomination Committee and a member of the Remuneration Committee. Penny joined Next 15 as a Non-Executive Director and Chair of the Audit and Risk Committee. In April 2020 she was appointed as Senior Independent Director and from February 2021 became Chair of the Board. Penny was a member of the Audit and Risk Committee, but resigned from the Committee with effect from 1 February 2023.

Skills and experience

Penny is currently serving her notice period as Chief Financial Officer at Future plc, a global platform for specialist media. She was reappointed to this role in November 2021 after serving a year as Chief Strategy Officer at Future, Penny was previously Chief Financial Officer at Future from August 2015 to June 2020 during which time the group's market capitalisation increased from £25m to £1.2b and entered the FTSE 250 as it became a digital-led business. Prior to that, Penny was Commercial Director at Auto Trader Group plc, responsible for digital monetisation. Penny brings considerable experience of digital transformation and M&A to the Board. Penny qualified as a Chartered Accountant with PwC before moving into corporate finance.

2. Tim Dyson

Chief Executive Officer

Appointed August 1988 (36 years)

Tim joined the Group in 1984 straight from Loughborough University and became CEO in 1992.

Skills and experience

As one of the early pioneers of tech PR, Tim has worked on major corporate and product campaigns with such companies as Cisco, Microsoft, IBM and Intel. Tim moved from London to set up the Group's first US business in 1995 in Seattle and is now based in California. Tim oversaw the flotation of the Company on the London Stock Exchange and has managed a string of successful acquisitions by the Group, including The Outcast Agency, M Booth, Activate, Mach49 and The Blueshirt Group in the US, as well as Morar (now Savanta), elvis, Velocity, Planning-inc, SMG, Engine and Publitek in the UK. Tim has also driven the evolution of the Group from a marcom business into a growth consultancy grounded in data and technology. Outside Next 15, Tim has served on the advisory boards of a number of emerging technology companies. Tim was named an Emerging Power Player by PR Week US and subsequently in PR Week's Power Book. Tim was also recognised on the Holmes Report's In2's Innovator 25, which recognises individuals who have contributed ideas that set the bar for the industry.

3. Peter Harris

Chief Financial Officer

Appointed March 2014 (10 years)

Peter joined Next 15 as Chief Financial Officer in November 2013 and was appointed as an Executive Director in March 2014.

Skills and experience

Peter's financial experience spans 30 years and he has extensive media experience, having spent the last 25 years in finance roles in the media sector.

From July 2013 until December 2018, he was a Non-Executive Director of Communisis plc and Chair of its Audit Committee. He was previously the Interim Finance Director at Centaur Media plc, Interim CFO

of Bell Pottinger LLP, CFO of the Engine Group, and CFO of 19 Entertainment. Prior to that, he was Group Finance Director of Capital Radio plc. Peter has considerable experience in UK and US-listed companies with international exposure.

4. Jonathan Peachey

Chief Operating Officer

Appointed April 2022 (2 years)

Jonathan joined Next 15 in July 2018 and became Chief Operating Officer in 2019. He was appointed as an Executive Director in April 2022.

Skills and experience

Jonathan has 35 years' experience in digital transformation. At the BBC, he led the myBBC programme that introduced customer data at scale to drive better ways to commission, discover and consume content. Before the BBC, he founded and led an award-winning consultancy that specialised in using digital technology to improve government delivery. As part of that role, Jonathan launched a dedicated TV channel to support ongoing teacher development, and wrote the UK government's digital strategy which led to the creation of gov.uk. Jonathan sold that business to The Engine Group where he subsequently became Chief Operating Officer. Jonathan qualified as a Chartered Accountant with PwC before moving into management consultancy and subsequently working in commercial television delivering some of the first interactive services.

Jonathan is heavily involved in the UK tech start-up scene, having founded a number of companies and invested in or mentored numerous others.

5. Helen Hunter

Non-Executive Director, Senior Independent Director

Appointed June 2019 (5 years)

As a Non-Executive Director of Next 15, Helen chairs the Remuneration Committee and is a member of the Audit and Risk, and Nomination Committees. From 1 February 2023, Helen was appointed as Senior Independent Director.

Skills and experience

Helen is Chief Data and Analytics Officer at Barclays UK where her remit is to strengthen its approach to data and its role in improving customer experience. Previously, Helen was Chief Product and Analytics Officer for Customer and Data at Sainsbury's plc. Before joining Sainsbury's, Helen held a variety of commercial and marketing roles at Home Retail Group, Woolworths Group, and Kingfisher Group and was a Governor of Lancing College.

6. Robyn Perriss

Non-Executive Director

Appointed November 2020 (4 years)

As a Non-Executive Director of Next 15, Robyn chairs the Audit and Risk Committee and is a member of the Nomination and ESG Committees.

Skills and experience

Robyn has extensive experience in both the technology and media industries, together with core skills in finance, having served as Finance Director at Rightmove plc (a FTSE 100 business), the UK's largest property portal, until June 2020. Robyn previously held senior roles at Rightmove, including as Financial Controller and Company Secretary. Before joining Rightmove, Robyn was Group Financial Controller at Auto Trader, another media sector disruptor. Robyn is currently a Non-Executive Director and Chair of the Audit Committee at Softcat plc, a leading provider of IT infrastructure services and solutions. She is also a Non-Executive Director and Chair of the Audit Committee at Dr Martens plc, an iconic British consumer brand and a Non-Executive Director of the nutrition brand Huel. Robyn qualified as a Chartered Accountant in South Africa with KPMG and worked in both audit and transaction services.

7. Dianna Jones

Non-Executive Director

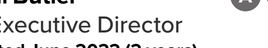
Appointed April 2022 (2 years)

As a Non-Executive Director of Next 15, Dianna chairs the ESG Committee and is a member of the Nomination and Remuneration Committees.

Skills and experience

With nearly 20 years of experience spanning the energy and technology industries, Dianna brings expertise in global ethics and legal compliance, business risk mitigation in both mature and scaling environments, and ESG. Dianna is Director of Legal Compliance at Uber Technologies, Inc. She was previously Regional Compliance Counsel – Western Hemisphere at John Wood Group plc, a global leader in engineering and technical consulting services for the energy and infrastructure industries. Prior to that, she was with the international law firm, Greenberg Traurig, LLP, where she advised national and multinational companies on complex M&A transactions, reorganisations and restructurings. Dianna is licensed by the State Bar of Texas.

8. Paul Butler



Non-Executive Director

Appointed June 2022 (2 years)

Paul joined Next 15 as a Non-Executive Director and is a member of the Audit and Risk, Nomination and ESG Committees. Paul is also Next 15's Non-Executive Director responsible for workforce engagement.

Skills and experience

Paul is an expert in business development, strategy, and operations, with more than 20 years of experience in the media, entertainment, and consulting industries. He is currently President & Chief Transformation Officer at New America, a US-based think tank founded in 1999. Before this, he was Chief Operating Officer at sparks & honey, the Omnicom-owned cultural intelligence consultancy.

9. Mark Sanford

General Counsel and Company Secretary

Appointed February 2021 (3 years)

Skills and experience

Having qualified as a solicitor at Eversheds, Mark worked in their Corporate team before moving to his first in-house role at Premier Farnell plc. Mark first joined Next 15 in 2003 as General Counsel and Company Secretary. In 2009 he set up his own boutique law firm Baker Sanford LLP while continuing to provide an outsourced legal and company secretarial function to Next 15. In 2017 Mark became General Counsel and Company Secretary of Ebiquity plc, an AIM-listed media consultancy business, before re-joining Next 15 in February 2021.

Governance introduction

AS CHAIR, I AM RESPONSIBLE FOR LEADING THE BOARD AND FOR ITS GOVERNANCE OF THE GROUP.

AIM CORPORATE GOVERNANCE AWARD / AIM Awards / 2023

Penny Ladkin-Brand
Chair

An introduction from our Chair
On behalf of the Board I am pleased to present the corporate governance report for the year ended 31 January 2024.

The Directors recognise that shareholders look to the Board to deliver growth and long-term shareholder value and I recognise that an efficient, effective and dynamic governance framework is crucial to achieving this.

This year the Board's activities have included a focus on our long-term strategic direction and we held a strategy day in New York which provided an opportunity to meet our brand leaders and was critical in the development of our model. In November 2023, each of the Group's segments, Engage, Transform, Delivery and Insights showcased their growth ambitions, strategies and technologies, including AI, at a Capital Markets Day to analysts and investors, to support the delivery of Next 15's growth targets over the next five years.

By focusing on the long term, we will protect our stakeholders such as employees, customers, suppliers and the wider community, and will also demonstrate that we care about, and plan to mitigate, our impact on the environment.

The Board has continued to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The corporate governance framework which the Group operates, including Board leadership and effectiveness, Board remuneration and internal controls, is based upon principles which the Board believes are proportional to the size, risks, complexity and operations of the businesses within the Group.

The Board welcomes the publication of the new QCA Code and will look to apply the updated principles over the next year to continue to adopt best practice.

We are committed to ensuring that we continue to be diverse and dynamic, and regularly review the composition of the Board, to ensure it retains a balance of skills, experience and diversity to determine how the strategy and business should evolve.

During the year, there were no changes to the composition of the Board and as at the date of this report the Board consisted of five Independent Non-Executive Directors and three Executive Directors. We have been working together collectively to harness the diversity of our skills and attributes to deliver the strategy of the Company. Biographies of the Directors are set out on page 68 and 69.

As Chair I am responsible for leading the Board and for its governance of the Group, and with the support of the Company Secretary, work to ensure continual improvements to the Group's governance in order to promote its continued long-term success.

On behalf of the Board and shareholders, I would like to thank all our employees for their contributions to our growth and success. We welcome feedback from our shareholders at all times and I encourage all to participate in our AGM.

Penny Ladkin-Brand
Chair
15 April 2024

Corporate governance statement

Statement of compliance

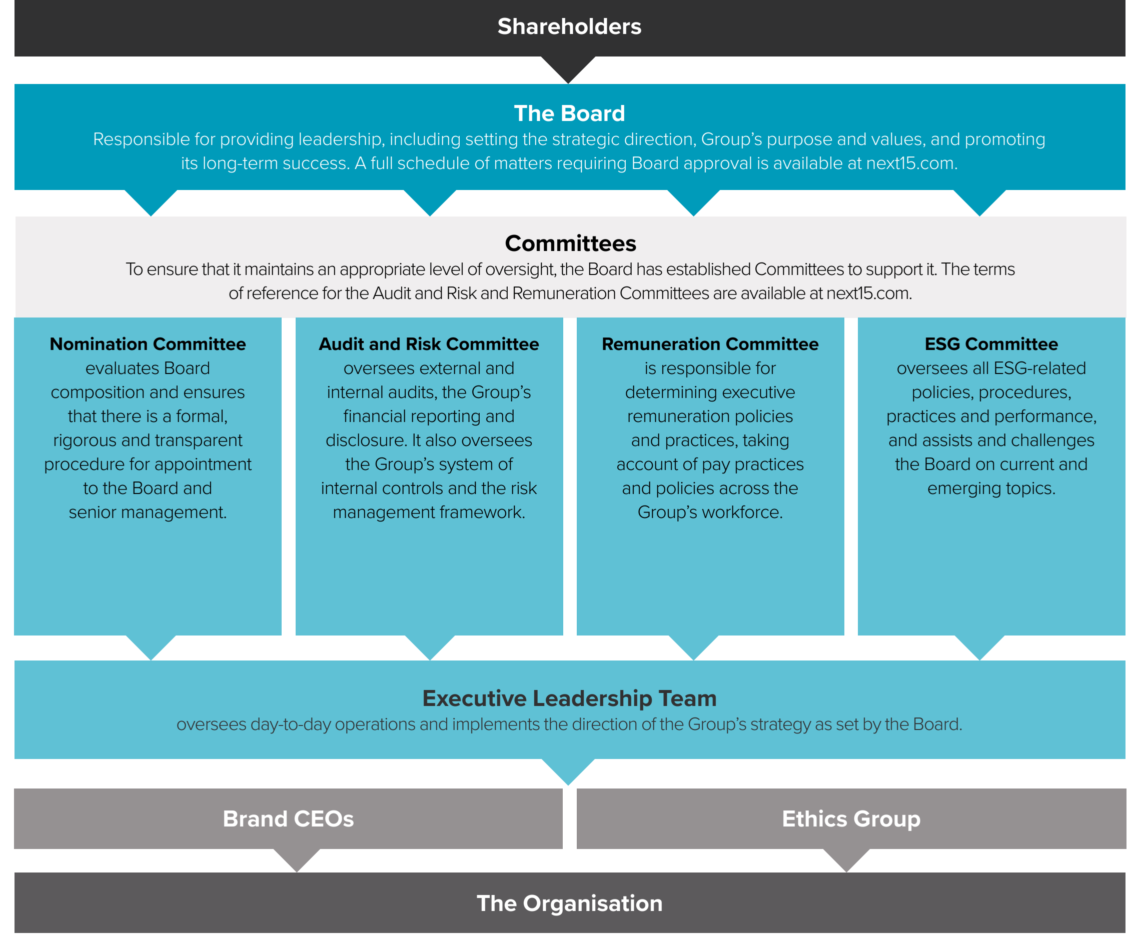
Next 15 has adopted the QCA Code and is compliant with all of its principles. Disclosures required by the QCA Code have been made both in this Annual Report and on our website. Further information on the Company's compliance with the QCA Code can be found on the Group's website at www.next15.com.

Company purpose

The Company's purpose is to strive constantly to make our people and our customers the best versions of themselves they can possibly be. This purpose drives everything we do including our annual strategy creation process, our ESG strategy and the way we manage our brands.

Governance framework

Below is a summary of the Group's governance structure



Corporate governance statement continued

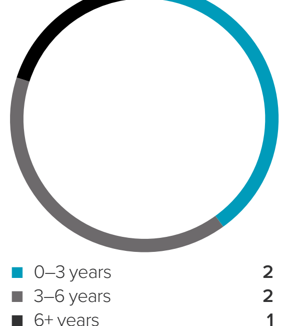
Board roles and division of responsibilities

The Board sets the strategy of the Group ensuring long-term success for customers, investors and wider stakeholders. The key responsibilities of how the executive and non-executive roles are directed are as follows:

Board member	Responsibilities
Chair	• Leads the Board in the determination of its strategy and in achieving its objectives. • Sets the Board agenda. • Promotes a culture of openness and debate, encouraging effective contribution from all Non-Executive Directors. • Promotes good governance. • Leads the Board evaluation process with the assistance of the Company Secretary. • Ensures compliance with all corporate governance requirements with explanations for any non-compliance. • Ensures that Directors receive accurate, timely and clear information.
Chief Executive Officer	• Develops strategies to be proposed to the Board alongside the Group's Executive Leadership Team. • Leads the Group on a day-to-day basis and within the authorities delegated by the Board. • Together with the CFO and COO, represents the Group to external stakeholders. • Ensures the Board as a whole has a clear understanding of the views of the Company's shareholders. • Is accountable for the financial and operational performance of the Group. • Has responsibility for implementing the agreed strategy and policies of the Board.
Senior Independent Director	• Acts as a sounding board for the Chair. • Is available to act as an intermediary between the shareholders and the Board. • Meets with the Non-Executive Directors annually to appraise the Chair's performance.
Non-Executive Directors	• Brings an external perspective to support and challenge the performance of management. • Assists in developing the Company's strategy and offer specialist advice based on their skills and experience. • Monitors the integrity and effectiveness of the Group's financial reporting, internal controls and risk management systems.
Company Secretary	• Ensures the Board operates in accordance with the corporate governance framework and that there are good information flows between the Board and its Committees. • Responsible for assisting the Board in all governance-related matters. • Provides support to the Board and its Committees, ensuring that it has the resources required to operate effectively and organises training and induction programmes. • Maintains the books and records of the Group, and prepares minutes of Board meetings.

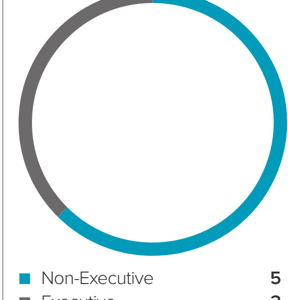
Board overview
as at 31 January 2024

Non-Executives' tenure



0–3 years	2
3–6 years	2
6+ years	1

Balance of the Board



Non-Executive	5
Executive	3

Board composition

The Board currently consists of an independent Non-Executive Chair, three Executive Directors and four independent Non-Executive Directors. Biographies of the Board members can be found on pages 68 and 69.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and knowledge, including a range of financial, commercial and entrepreneurial experience. The Board is also satisfied that it has a suitable balance between independence (of character and judgement) and knowledge of the Group to enable it to discharge its duties and responsibilities effectively.

The Non-Executive Directors are considered to be independent. No single Director is dominant in the decision-making process. The Directors have complementary skills and experience in terms of sectors, geography and diversity.

Conflicts of interest and external appointments

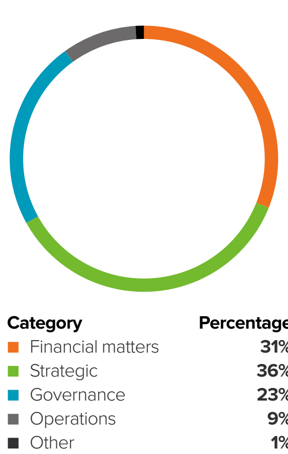
Directors have a statutory duty to avoid conflicts of interest with the Company. The Company's Articles of Association allow the Directors to authorise conflicts of interest and the Board has adopted a policy for managing and, where appropriate, approving potential conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported by the Directors. All potential conflicts authorised by the Board are recorded in a register, which is maintained by the Company Secretary. Directors have a continuing duty to update the Board with any changes to their conflicts of interest.

Directors' skills matrix

Skill area	Non-Executive					Executive		
Strategy	●	●	●	●	●	●	●	●
Financial performance	●	●	●	○	○	●	●	○
Risk and compliance oversight	●	●	●	●	○	●	●	○
Executive management	●	●	●	●	○	●	●	●
Board experience	●	●	●	○	○	●	●	●
Commercial experience	●	●	●	●	●	●	●	●
M&A/business development	●	●	●	○	○	●	●	●
International experience	●	●	○	○	○	●	●	●
Strong City relationships	●	●	●	○	○	●	○	○
Capital markets	●	●	○	○	○	●	○	○
Marketing/Sales	●	●	○	○	○	●	○	○
HR/People	●	○	○	○	○	●	○	○
Executive remuneration	●	●	●	●	●	●	○	○
Technology	●	●	●	●	○	●	●	○
CIO	●	○	○	○	○	●	○	○
Business transformation	●	●	●	○	○	●	●	○
Financial	●	●	○	○	○	●	○	○
Strong network	●	●	●	○	○	●	●	●
Digital	●	●	●	●	●	●	●	●
Data	●	●	●	○	○	●	○	○
ESG	●	●	○	○	○	●	○	○

Corporate governance statement continued

How the Board spends its time



Category	Percentage
Financial matters	31%
Strategic	36%
Governance	23%
Operations	9%
Other	1%

Conflicts of interest and external appointments continued

Each Director keeps the Board informed of any significant external commitments or appointments and these are monitored to ensure that each Director has sufficient time to meet their responsibilities to the Company. The Directors' significant commitments are set out in their biographies on pages 68 to 69.

Board activities

The Board is responsible for providing leadership, including setting the strategic direction, Group's purpose and values, and promoting its long-term success.

Its responsibilities are discharged through an annual timetable of meetings, of which four were held virtually and two in person, with an additional strategy session. Details of attendance at the scheduled meetings can be found on page 76. Additional ad hoc meetings took place throughout the year to manage matters arising outside the formal schedule of meetings.

The Chair, with support from the Company Secretary, sets each agenda primarily focused on strategy and purpose, finance, governance, performance and operations, people and accountability, and ensures that the Group's key stakeholders are considered throughout its discussions.

Board packs are distributed electronically before the meeting, and following the meeting minutes are recorded and action items followed up. Each Director has access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors of the Company. Each Director also has access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and advising the Board on all governance matters.

Meeting timeline

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Board of Directors			●			● ●		●			●	●
Audit and Risk Committee			●			●		●			●	
Remuneration Committee	●		●								●	
ESG Committee	●		●					●			●	●
Nomination Committee									●			●

The Board's responsibilities and processes

The principal matters considered by the Board during the period included:

Key area	Matters considered
Financial matters	• Reviewed the Annual Report and Accounts as a whole including the clarity of the disclosures and that the narrative in the front section reflected the performance as detailed in the Group financial statements, as recommended by the Audit and Risk Committee. • Reviewed the half-year accounts, including the material judgements and estimates as recommended by the Audit and Risk Committee. • Reviewed the half-year and full-year results announcements and trading statements. • Reviewed the Group FY25 budget and budget forecasts. • Reviewed the Group's refinancing, banking relationships and banking facilities. • Considered the Group's performance and outlook, including that of individual brands. • Considered the Group's capital allocation strategy. • Considered a share buyback programme to return excess cash to shareholders.
Strategic matters	• Reviewed the Group's long-term strategic direction opportunities and portfolio. • Reviewed and approved acquisition proposals. • Worked with management to formulate and approve new and updated strategic priorities for the Group, including the building of credible AI and data strategies.
Operations	• Post-integration monitoring of acquisitions. • Reviewed the Group's risk management and internal controls including the integration into the newly established Audit and Risk Committee. • Reviewed and monitored ESG proposals and initiatives. • Considered and consolidated the Group's property portfolio.
Governance	• Monitored QCA code compliance and updates. • Monitored the regulatory environment and any changes relevant to the Group. • Board and Committee evaluations and outcomes. • Succession planning. • Reviewed and approved the schedule of matters reserved for the Board. • Reviewed and approved the Terms of Reference for the Committees. • Reviewed and approved updated Group policies.
Other matters	• Monitored and reviewed the people dashboard in support of diversity, equity and inclusion targets and the establishment of workforce engagement activities. • Monitored the cyber security dashboard.

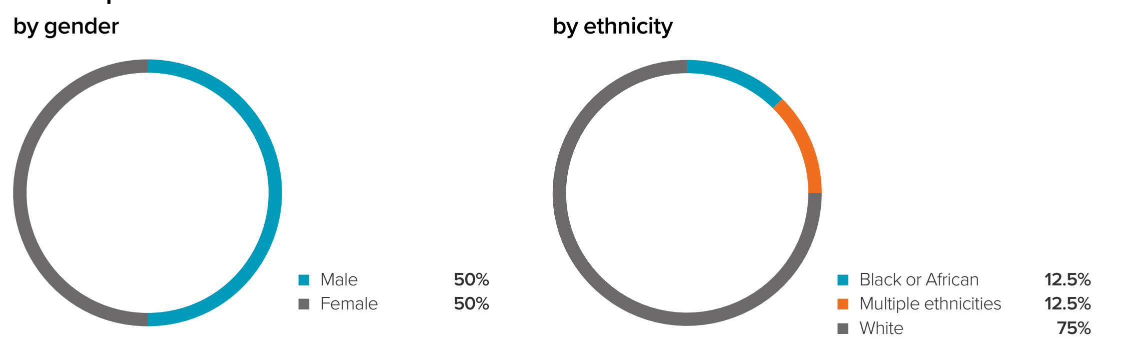
Corporate governance statement continued

Board and Committee meeting attendance at scheduled meetings during the year

Director	Board (6)	Audit and Risk (4)	Remuneration (3)	Nomination (2)	ESG (5)
Penny Ladkin-Brand	●●●●●●		●●●	●●	
Helen Hunter	●●●●●●	●●●●	●●●	●●	
Robyn Perriss	●●●●●●	●●●●		●●	●●●●●
Dianna Jones	●●●●●●		●●●	●●	●●●●●
Paul Butler	●●●●●●	●●●●		●●	●●●●●
Tim Dyson	●●●●●●				
Peter Harris	●●●●●●				
Jonathan Peachey	●●●●●●				

● Attended Board
● Attended Committee

Board representation



Director reappointment

Appointments to the Board are the responsibility of the Board as a whole.

The Directors' service agreements, the terms and conditions of appointment of Non-Executive Directors and Directors' deeds of indemnity are available for inspection at the Company's registered office during normal business hours.

The Company's Articles of Association provide that a Director appointed by the Board shall retire and offer themselves for re-election at the first AGM following their appointment and that, at each AGM of the Company, one-third of the Directors in addition to any new appointment must retire by rotation. Penny Ladkin-Brand and Jonathan Peachey will offer themselves for re-election by the shareholders at the forthcoming AGM.

The Board believes that each Director standing for re-election is independent in character and judgement. The Board therefore recommends that the Company and its shareholders support the re-election of each of these Directors.

Biographical details of each Director standing for re-election can be found on pages 68 to 69.

Board performance evaluation

The performance of the Board and its Committees is key to successfully leading the Company to follow its strategic direction. Regular monitoring and review is an important factor to facilitate and improve the effectiveness of the Board and its Committees. It is also a valuable feedback mechanism for improving effectiveness and maximising strengths, and highlighting areas for further development.

Having completed a rigorous internal evaluation last year led by the Chair and undertaken by a questionnaire being sent to all Directors and a one-to-one follow-up meeting with each Director and the Company Secretary, it was agreed to follow the same approach for the year ahead.

The outcome from the Board and Committee evaluation concluded that overall the directors consider that the Board and Committees effectiveness is improving. Following feedback from the Executive Directors, the Non-Executive Directors meet as a group prior to each Board meeting and share thoughts and any concerns on agenda items. This has helped the smooth running of Board meetings.

Equity, Diversity and Inclusion

The Board's Diversity Policy, which is available on our website, www.next15.com, reinforces our belief that a diverse workforce is not just a social good, but a commercial advantage. For a Group where the 'who' comes before the 'what' it is crucial that we are drawing from the widest possible pool of talent. Next 15 is committed to supporting and setting a standard for our brands as they embrace diversity and we are committed to setting an example through our plc practices.

The Policy supports the principles of the FTSE Women Leaders and Parker Reviews on gender and ethnic diversity and, in reviewing Board composition, the Nomination Committee will consider a range of experiences, backgrounds, and characteristics that are visible and non-visible, including but not limited to: gender, gender identity, sexual preference, race, ethnicity, national origin, age, physical and cognitive ability, experience, industry and sector expertise, skill set, and geographical location. This is in order to enable it to discharge its duties and responsibilities effectively, and model diversity, equity and inclusion for the Group.

As at 31 January 2024, we met all of the diversity targets in the Board's Diversity Policy. Women represented 50% of the Board (target of 40%), two ethnically diverse Directors as detailed on page 76 (target of one Director) and two Non-Executive Directors were retained in the USA (target one Non-Executive Director in the USA).

A truly diverse Board embraces the differences in our business, our society and our skill set and these differences will be a major consideration in determining the right composition of the Board. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board requires to be effective.

Culture

We have a strong corporate culture based on entrepreneurial spirit, taking personal responsibility and treating all stakeholders fairly and equitably. Businesses within the Group are given a high degree of autonomy in line with the Group's emphasis on personal responsibility, with the centre acting as enablers and teachers. However, the Board and its Committees set a high standard for ethical behaviour and ensure the Group complies with applicable laws and regulations, and the Executive Team works to embed a corporate conscience that runs throughout Group initiatives and practices.

The Board monitors the culture of the Group through periodic updates on people, culture, inclusivity and talent provided by the Group Chief People Officer through monitoring exercises such as staff surveys, employee listening sessions and feedback from Paul Butler as the Board's workforce engagement representative.

Stakeholder engagement

Our people

Our employees and workers are considered one of the Company's principal stakeholders. The ESG report on pages 26 to 40 details the importance the Company places on its people and the steps taken to support, evolve and motivate employees. The Stakeholder engagement report on pages 21 to 23 details how we engage with our employees. Our Non-Executive Director, Paul Butler, is the Board's workforce engagement representative.

The Group's approach to ED&I is set out on pages 30 to 32, and on our website at www.next15.com. Our approach to Board diversity is set out above.

Corporate governance statement continued

Stakeholder engagement continued

Our shareholders

The Board as a whole accepts its responsibility for engaging with shareholders and is kept fully informed about information in the marketplace.

Engagement with our shareholders is detailed on page 22.

Chairs of each Committee attend the AGM to address any shareholders' questions. Proxy votes are disclosed at the meeting on each shareholder resolution and are subsequently published on the Group's website at www.next15.com by completing an online proxy appointment form in advance of the meeting, appointing the chair of the meeting as your proxy.

In the event of a significant proportion of votes ever being received against a particular resolution, the Board would take steps to understand shareholder concerns and consider what action they might want to take in response. Shareholders are also encouraged to submit questions to the Board throughout the year via the Company Secretary to cosec@next15.com. More information concerning the arrangements for the AGM can be found on page 108.

Our customers and suppliers

Client focus is critical to the success of each of our brands. By their nature our brands work in collaboration with their clients: we embed teams within client organisations, use agile processes, and build businesses to better serve client needs based on what they tell us.

Because of the nature of our business, our long-term success as a Group is not dependent on any one supplier; nevertheless, we believe in treating our suppliers fairly, for example by ensuring that we pay our suppliers promptly in accordance with the prevailing terms of business.

More information on how we engage with our stakeholders can be found on pages 21 to 23.

Financial reporting and going concern statement

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Directors have made this assessment in light of reviewing the Group's budget and cash requirements for a period in excess of one year from the date of signing of the Annual Report and considered outline plans for the Group thereafter.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 1 to 67. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 15 to 20.

The Directors' responsibilities statement in respect of the financial statements is set out on page 109.

Nomination Committee report

THE COMMITTEE ACKNOWLEDGES THAT THE COMPOSITION AND EFFECTIVENESS OF THE BOARD IS PIVOTAL TO THE CONTINUED SUCCESS OF THE GROUP.

Penny Ladkin-Brand
Chair of the Nomination Committee

I am pleased to present to you the report of the Nomination Committee (the 'Committee') for the year ended 31 January 2024.

Role of the Committee

The Committee's roles and responsibilities are governed by its terms of reference which are reviewed annually by the Committee and the Board. The principal role of the Committee is to:

- review the structure, size and composition of the Board (including skills, knowledge, experience, independence and diversity) and its Committees;
- ensure that there is a formal, rigorous and transparent procedure of appointments to the Board including setting criteria, identifying candidates and making recommendations to the Board;
- ensure a succession plan is in place for the Board and senior executives which includes the identification and development of future candidates; and
- review the effectiveness and performance of the Board, its Committees and individual members.

Committee membership

The Committee comprises all five of the Non-Executive Directors.

Activity during the year

The Committee held two meetings during the year and all Committee members attended both meetings. The Committee acknowledges that the composition and effectiveness of the Board is pivotal to the continued success of the Group. The Committee additionally met informally ahead of each of the Board meetings.

The Committee reviewed the current composition of the Board in terms of the number of Executive and Non-Executive Directors and the skills, experience and diversity of the Directors. Board members did not change during the year to 31 January 2024 following the appointment of Dianna Jones and Paul Butler as Non-Executive Directors and Jonathan Peachey as Executive Director in the previous year. The Committee considers that the Board has the right mix of skills, experience, independence and diversity and all Directors demonstrated ongoing commitment to the roles and have the necessary time to commit to the Company. The Committee will continue to review this as the Company grows and develops.

During the year Helen Hunter was appointed as Senior Independent Director ('SID'). Prior to this appointment, the Company did not have a SID and it was felt that with the growth of the Company and the increased number of Directors, appointing a SID would aid the smooth running of the Board.

Nomination Committee report continued

Activity during the year continued
The Committee and the Board have been reviewing the Board composition to ensure that there is effective succession planning at Board level, as well as considering succession planning for key senior executives of the Group. This work is ongoing as the Committee recognises the need continually to review succession planning. The Committee worked with the Group's Chief People Officer and sought advice from the executive search and leadership consultancy Spencer Stuart to give advice to the Committee on succession planning across the Group's senior management team. The Committee is happy that Spencer Stuart is independent and has no connection with the Group other than advising on succession planning. Following this advice, a number of members of key management are working with an external coach to support their development.

The Committee approved that an internal Board and Committee evaluation process should take place. The Board evaluation process consisted of a questionnaire followed by one-to-one meetings with the Company Secretary to both give and receive feedback on individual Directors as well as the Board and Committees' effectiveness. The evaluation was a helpful process which provided a number of suggestions for how to adapt Board meetings in order to maximise their effectiveness as detailed further on page 77.

The Board reviewed and recommended a Board Diversity Policy which is available on the Company's website. This sets out the Board's commitment to diversity, equity and inclusion and sets measurable objectives for achieving a suitably diverse Board. The policy's principle is that when appointing Board members, the Committee will consider a range of experiences, backgrounds and characteristics that are visible and non-visible, including but not limited to, gender, gender identity, sexual preference, race, ethnicity, national origin, age, physical and cognitive ability, experience, industry and sector expertise, skill set and geographical location, in order to enable it to discharge its duties and responsibilities effectively, and model diversity, equity and inclusion for the Group.

Specifically the measurable objectives are 1) to ensure that the proportion of women on the Board remains above 40 per cent (in accordance with the recommendations of the FTSE Women Leaders Review), 2) to ensure that the Board retains at least one ethnically diverse Director (in accordance with the recommendations of the Parker Review), and 3) to ensure that the Board retains at least one Non-Executive Director in the USA. The composition of the Board currently meets all of these objectives.

Penny Ladkin-Brand
Chair of the Nomination Committee
15 April 2024

Audit and Risk Committee report

THE GROUP HAS CONTINUED TO MAKE PROGRESS IN MATURING ITS RISK MANAGEMENT PROCESSES AND ENTITY-LEVEL CONTROLS.

Robyn Perriss
Chair of the Audit and Risk Committee

As Chair of the Audit and Risk Committee, I am pleased to present the Committee's report for the year ended 31 January 2024. At the July 2023 Audit Committee meeting a decision was made to formally rename the Audit Committee as the Audit and Risk Committee (the 'Committee') and to amend the terms of reference accordingly.

The Committee continues to fulfil a vital role in the Group's governance framework, providing independent challenge and oversight of the accounting, financial reporting and internal control processes, risk management, the Internal Audit function and the relationship with Deloitte LLP, the External Auditor. This report outlines how the Committee has discharged its responsibilities during the year, the key issues it has considered during FY24 and also areas of focus over the next financial year. I recommend that it be read in conjunction with the financial statements and their accompanying notes, which can be found from page 110.

The Group has continued to make progress in maturing its risk management processes and entity-level controls, including the roll out of The Framework to the brands setting out what key processes, controls and systems are mandated centrally as well as areas where there may be more brand autonomy and optionality, providing minimum data and standards are met. As part of this maturing of governance and controls, the Group invested in senior heads within the 'second line' including the appointment of a dedicated Head of Risk and Compliance and an in-house Head of Data Protection (was previously outsourced). The building out of teams performing oversight roles within the second line will continue to be a focus area for FY25.

Focus areas for FY25

The Committee's priorities for the next financial year will include:

- continued focus on cyber and IT security;
- continued focus on data privacy;
- continued focus on appropriate revenue recognition and working capital management;
- continued focus on risk maturity and entity-level control management; including monitoring brand-level compliance with the framework as well as compliance with the 2023 QCA Code;
- considering the adequacy of the Group's anti-fraud controls and compliance with new legislation including the UK 'failure to prevent' fraud corporate criminal offence;
- monitoring of tax processes and controls; mindful that the Group meets the definition of a large company and operates in a number of different jurisdictions and will need to comply with Country by Country Reporting by 31 January 2025;
- consideration of the Group's business continuity plans, both at a brand and Head Office level; and
- consideration of how the Group is leveraging AI tools and any risks associated therewith, together with the appropriateness of the AI governance framework.

Focus areas for FY25 continued
Through the activities of the Committee, described in this report, the Board confirms that it has reviewed the effectiveness of the Group's internal systems of control and risk management, covering all material controls including financial, operational and compliance controls, and that there were no material failings identified which require disclosure in this Annual Report and Accounts.

As ever, I will be happy to answer any questions about the work of the Committee at the upcoming AGM in June.

Robyn Perriss
Chair of the Audit and Risk Committee
15 April 2024

Membership and attendance

The current members of the Committee are the Chair of the Committee and two Non-Executive Directors, all of whom are independent. The membership of the Committee has been selected with the aim of providing a range of financial and commercial expertise necessary to meet its responsibilities under the QCA Code. The Committee Chair has previous experience as Chief Financial Officer of a FTSE 100 business and is a qualified accountant, and thus the Board considers her financial experience to be recent and relevant to discharge the duty to the Committee and its stakeholders. This is kept under continuous review and any changes to the composition of the Committee are a matter for the Nomination Committee to finalise.

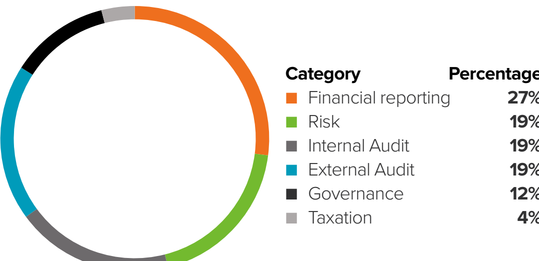
The Committee met formally four times during the year and each meeting had full attendance. Biographies of the members of the Committee are shown on pages 68 and 69 and a summary of members' attendance can be found on page 76.

The Company Secretary, or their nominee, attends all meetings as Secretary to the Committee and, by invitation, they are attended by the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, the External Audit Partner and the Head of Internal Audit. From time to time other senior managers and advisers are invited to present to the Committee.

Role and responsibilities

The Committee's role is to assist the Board in fulfilling its oversight responsibilities. The Committee monitors and reviews the integrity of the Group's financial reporting and other announcements relating to its financial reporting and manages the relationships between the Company and its Internal and External Audit functions. The Committee makes recommendations to the Board based on its activities, all of which were accepted during the year. The Committee's responsibilities are set out in its Terms of Reference on the Company's website at www.next15.com.

How the Committee spends its time



The chart above depicts how the Committee spent its time in FY24. The Committee is satisfied that this was the correct focus to serve the broad needs and risk profile of the business during the year. Looking forward, the Committee is mindful of the increased scale and complexity of the Group and will continue to focus on both core financial reporting controls and broader operational risks and related controls as highlighted by the range of internal audit reviews proposed in FY25 as set out on page 84 and 85.

Key activities during the year

Key area	Activity during the year
Financial reporting & Taxation	• Considered the Group's accounting policies and practices, application of accounting standards and significant judgements and estimates, adjusting items, tax matters, goodwill impairment, earn-out liabilities, and accounting for new acquisitions. • Reviewed the Annual Report and Accounts as a whole including the clarity of the disclosures and that the narrative in the front section reflected the performance as detailed in the Group financial statements. • Reviewed the Going Concern Statement included in the Annual Report and Accounts; in assessing going concern the Committee has considered the Group's latest budget and three-year plan, cash flow forecast and corresponding sensitivities together with potential downside scenarios. • Considered upcoming legislative developments relating to tax and their potential impact on the Group. • Reviewed the half-year accounts, including the material judgements and estimates. • Reviewed the half-year and full-year results announcements and trading statements. • Considered the ongoing litigation matter detailed in note 17, including the appropriate accounting treatment for the legal costs incurred to date and the disclosures as set out in note 17. • Considered the significant financial judgements in relation to the FY24 Annual Report and Accounts as detailed in note 1 on pages 141 and 142.
Operations	• Received updates at each meeting on the ongoing work to enhance the Group's IT, privacy and cyber security infrastructure and capabilities. • Received regular updates on the Framework, an internal control framework that sets out key processes, systems and controls that are mandated centrally, together with areas that the brands have more autonomy in relation to, providing minimum data and standards are met. • Monitored the post-acquisition integration status of brands acquired.

Key area	Activity during the year
Internal Audit & Risk	• Approved the annual Internal Audit plan, including its alignment to the principal risks, emerging areas of risk, coverage across the Group and continuing review of the Group's processes and controls. • Received a detailed update on the work of the Internal Audit function at each meeting and reviewed and discussed the findings of Internal Audit reviews undertaken during the year and monitored progress of agreed remediation actions. • Monitored the remit and resourcing of the Group's Internal Audit function. • Assisted the Board in its assessment of the Group's risk environment, internal controls and risk management processes. • Kept under review the effectiveness of the Group's internal controls and risk management.
External Audit	• Reviewed the External Auditor's independence, objectivity, and the effectiveness of the External Audit process. • Received an update from the External Auditor on the planned approach and scope for the full-year audit. • Reviewed the External Auditor's report on the full-year audit. • Considered External Auditor fees and terms of engagement. • Reviewed the Group's policy relating to the provision of non-audit services by the External Auditor.
Governance	• Discussed the impact of upcoming changes to accounting standards and legal, tax and regulatory requirements. • Received updates on whistleblowing, anti-bribery and corruption policies and reviewed the gifts and hospitality register. • Carried out a review of the Committee's terms of reference. As part of the broader Board evaluation exercise reviewed the Committee's effectiveness.

Risk and internal control

The Group's system of internal control, along with its design and operating effectiveness, is subject to review by the Committee. The Board has overall responsibility for setting the Group's risk appetite and ensuring that there is an effective risk management framework. The Committee supports the Board in reviewing systems of risk management and the effectiveness of internal controls. The Executive Directors have overall accountability for the control and management of the risks the Company faces. More information on how we manage risk can be found on pages 54 to 67.

Audit and Risk Committee report continued

Internal Audit

During the year the Group operated a co-sourced internal audit model, with BDO LLP acting as the outsourced Head of Internal Audit, supported by a dedicated Next 15 Internal Audit team. The independent and objective Internal Audit function supports the Board in assessing and identifying risks with the Audit and Risk Committee to produce an annual plan to test the relevant controls put in place to mitigate those risks. Through testing the operating effectiveness of controls, Internal Audit report to the Audit and Risk Committee and assist management in improving the effectiveness of governance, risk management and internal controls. Internal Audit focuses on controls and related activities (including policies, procedures and systems) which are in place to ensure:

- proper identification and management of risk;
- reliability, integrity and security of information; and
- compliance with policies, plans, procedures, laws and regulations.

Internal Audit may perform advisory services relating to governance, risk management and control as appropriate for Next 15. It may also evaluate within the independence requirements, specific operations at the request of the Board, Audit and Risk Committee, or management as appropriate. To provide for the independence of the function, the function is run by the Head of Internal Audit, who reports to the Audit and Risk Committee. The Audit and Risk Committee provides final approval of the department's Charter and annual Internal Audit plan. The Head of Internal Audit is responsible for providing the Audit and Risk Committee with a self-assessment on internal audit activity, its consistency with the Audit Charter and performance relative to its plan at least every two years. The last self-assessment was undertaken in FY23.

The Internal Audit plan for FY24 covered a broad range of core financial and operational processes and controls, including projects and reviews focused on the following specific risk areas:

- *Revenue recognition:* this is an area of risk for the industry generally and a key area of focus for Next 15. This review comprised a deep-dive review of key controls in place for the revenue recognition process and compliance with the requirements of IFRS 15 for two Next 15 brands, each operating in distinct segments.
- *Data Protection benchmarking:* this was a collaborative effort between the Data Protection and Privacy Office ('DPO') and Internal Audit (with support from BDO's Data Protection SMEs). The aim of the benchmarking exercise was to enable the newly appointed Head of Data Protection to understand the maturity of the privacy landscape within each of the Brands at Next 15, as well as the general approach taken to data protection across the Group. The outcome of the exercise was the creation of bespoke action plans, to enable the brands to meet their legal and regulatory obligations, across the jurisdictions in which Next 15 operates.
- *Review of the Framework and entity-level controls:* following the roll out of the Framework this provided an independent point in time assessment of the entity-level control maturity within the Group at both a Head Office and an individual brand level.
- *Fraud risk assessment:* given the increased scale of the Group and against the backdrop of a cost of living crisis and increasing prevalence and sophistication of cyber crime, this review focused on Next 15's approach to fraud risk management and assessing controls in relation to the prevention and detection of fraud across three areas: financial reporting including Maconomy, a key financial system, cash leakage and personnel risks.
- *Earn-out review:* given the significant financial value of earn-outs and vested senior management interest, it was considered important for Internal Audit to complete an independent review to provide assurance over the design and operating effectiveness of key controls in place for the incentives process and the calculation of earn-outs.

Following changes to the internal resources within the business, it is planned that the Internal Audit function will be fully outsourced to BDO LLP for FY25. The Internal Audit plan for FY25 was developed using a combination of the annually refreshed corporate risk register, the sector experience of team members within the core team and wider outsourced capabilities, and in discussion with other key stakeholders such as External Audit and management and approved by the Audit and Risk Committee. Some areas remained on the plan from the prior year, as they are inherent risks within the business, other areas were included to reflect the increased scale of Next 15 and changes to the wider economic and regulatory risk landscape. During FY25 specific reviews are planned in the following areas:

- *Fraud risk assessment review:* a deep-dive audit to evaluate the adequacy of anti-fraud controls across the Group and readiness to comply with new legislation.

Internal Audit continued

- *Business continuity review:* an evaluation of preparedness at both the Head Office and brand level in the event of a major business disruption incident and to help identify issues that may limit interim business processing and restoration.
- *US-focused review:* given the US operations are over 50% of Group revenues and we operate in a number of states, each subject to local rules, we plan to focus on HR benefits and compliance in the US in FY25.
- *AI risks review:* review to understand the extent of AI use within the Group and potential risks and assess the appropriateness of the AI management framework.
- *Ongoing assurance and support:* including areas such as revenue recognition, working capital, cyber and IT security and data privacy as aligned to the Group principal risks and approved by the Committee.

Next 15 continues to expand its global operations through a blended approach of organic and acquisitional growth. Internal Audit plays an important role helping to ensure that risks are identified and appropriately managed in line with the Group's risk appetite. Internal Audit will continue to perform regular horizon scanning to anticipate future risks that may have an impact on Next 15's operations and strategic priorities and bring these to the attention of the Audit and Risk Committee and Board.

External Audit

The External Auditor, Deloitte LLP, was first appointed in 2014, for the financial period ended 31 January 2015. The Board is satisfied that the Company has adequate policies and safeguards in place to ensure that Deloitte maintain their objectivity and independence. The External Auditor reports annually on its independence from the Company and in accordance with Deloitte's partner rotation rules, a new senior audit partner, Peter McDermott, was appointed with effect from 1 February 2020.

Whilst not subject to the UK Competition and Markets Authority Order 2014, the Committee continues to review the External Auditor's appointment, ensuring the Company's best interests are considered and ensuring compliance with reforms of the audit market. The next mandatory rotation of the Deloitte lead audit partner is February 2025 and the Committee will keep under review whether it is appropriate to conduct a tender process prior to this.

The Group has a formal policy on the engagement of the External Auditor for non-audit services. The objective of the policy is to ensure that the provision of non-audit services by the External Auditor does not impair, or is not perceived to impair, the External Auditor's independence or objectivity. The policy sets out monetary limits and imposes guidance on the areas of work that the External Auditor may be asked to undertake and those assignments where the External Auditor should not be involved. The policy is reviewed regularly, and its application is monitored by the Committee. The fees paid to Deloitte in respect of non-audit services are shown in note 5 to the financial statements. This work is not considered to affect the independence or objectivity of the External Auditor. The Audit and Risk Committee has confirmed no services were provided outside of the updated policy.

External Audit effectiveness

The Committee places great importance on ensuring that the External Audit is of a high quality and that the auditor is effective. The Committee received a comprehensive audit plan from Deloitte LLP, setting out the proposed scope and areas of focus for the year-end audit and the auditor's assessment of the key areas of risk that had been identified. The audit plan and areas of risk identified were reviewed, and where appropriate, challenged by the Committee. The Committee met with Deloitte throughout the year, including at times without management present, to discuss their remit and any issues arising from their work as auditor.

As part of the FY24 year-end process the Committee reviewed the effectiveness of the External Auditor. The evaluation was led by the Committee Chair and involved issuing tailored evaluation questionnaires which were completed by the Committee and selected members of the Group finance team and the Internal Auditor, supplemented by two roundtable sessions held with members of the UK and US brand finance teams.

The questionnaire responses, corroborated by the Committee's discussions with the brand finance teams and with management, provided useful feedback to the Committee and indicated that overall the External Auditor areas of audit focus and challenge continued to be appropriate and that their performance remained effective.

The Committee has made a recommendation to the Board to reappoint Deloitte LLP as the Company's auditor for the 2025 financial year. Accordingly, a resolution proposing their reappointment will be proposed at the AGM in July 2024.

Audit and Risk Committee report continued

Key areas of focus

Key area and explanation	How it was addressed
Changes in estimates relating to acquisition-related liabilities The Group has material acquisition-related liabilities, with some payments dependent on performance up to three years from 31 January 2024. The estimates are sensitive to changes in revenue growth rates and profitability assumptions, as well as the discount rate used. During FY24 earn-out liabilities decreased by a net £44m in the year, primarily driven by settlements made during the year and a change in estimate in relation to the Mach49 business. Within the Mach 49 business there is one significant contract with a global technology and digital business and there is little judgement in relation to the future revenue in relation to this contract given it is a committed amount. Outside of this large contract the revenues of the business are more variable and in a tough US macro environment, when reviewing the latest trading performance and forecast expectations for Mach49, management have revised their assumptions for this element of the Mach49 business. This has reduced the Mach49 earn-out consideration from a maximum of $300m to $250m of which $200m remains payable as at year end.	The Committee considered the acquisition-related liabilities recognised at the half-year and year-end split by brand and how they had changed over the last 6 or 12 months, and the key assumptions made together with related sensitivity analysis. A detailed paper was prepared by management and presented to the year-end Audit and Risk Committee. The paper set out Mach49 performance including a latest forecasted view at both a revenue and profit level, split between contractual and non-contractual elements over the life of the earn-out, together with appropriate sensitivity analysis. At the year end, the External Auditor's testing of key assumptions was also discussed and following due consideration the Committee concluded it was satisfied with management's assumptions and judgements.
Presentation of alternative performance measures The identification of adjusting items and the presentation of Alternative Performance Measures ('APMs') is a judgement in terms of which costs or credits are not associated with the underlying trading of the Group or otherwise impact the comparability of the Group's results year on year. The Group's adjusting items include the amortisation of acquired intangibles, the change in estimate and unwinding of discount on acquisition-related liabilities, deal costs, charge for one-off employee incentive schemes, employment-related acquisition costs, property-related impairment, and restructuring costs. Whilst APMs are still referred to in the Financial Review at the front of the Annual Report and Accounts to explain the Group's results in line with how the Board reviewed underlying trading performance, the detailed financial APMs are disclosed within the glossary of the Annual Report and Accounts. In there each is explained and reconciled to statutory numbers.	For both the full and half-year results the Committee considered the adjusting items, including explanations of why they were either not related to the underlying performance of the business or impacted the comparability of the Group's results year on year. The Committee also reviewed the FRC's guidance, considered adjusting items used by the Group's peers and the External Auditor's assessment of the adjusting items. The Committee reviewed the narrative for the adjusting items within the glossary to the Annual Report and Accounts to ensure it gave adequate detail on why the items were adjusted. The Committee concluded it was satisfied with the adjusting items included in the Group's results and that appropriate disclosure of those items has been included in the Annual Report and Accounts.
Revenue recognition Revenue comprises commission and fees earned and is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual agreement. Typically, performance obligations are satisfied over time as services are rendered. Revenue recognised over time is based on the proportion of the level of service performed. An element of estimation and judgement is involved in relation to year-end cut-off and open percentage of completion revenue projects at year end with the brands needing to estimate how complete the project work is and therefore how much revenue to recognise at the year end.	During the year, Group management together with Internal Audit, continued the revenue project started in the prior year. Management continued to provide IFRS 15 revenue recognition training to the brands finance teams to facilitate the standard categories of revenue types and ensure appropriate accounting treatment. In addition, Internal Audit performed further deep dive reviews for three brands that were not subject to a full scope external audit in order to identify key risks and controls together with ensuring the implementation of the standard revenue categories. Deloitte were able to use the updated revenue definitions in the current year as part of their design of year end audit procedures. Based on detailed reports and discussions with management and the external auditor, including the findings of their year end audit procedures, the Committee was satisfied that the recognition of revenue under IFRS 15 was appropriate.
Disclosure of a contingent liability The Group is party to a US legal claim in relation to the historic entitlement of the Group's largest US business. The claim is ongoing and the Group strongly disputes these claims and through discussion with legal advisers the Group determines a future outflow is not probable and therefore no provision recognised. Further detail and required disclosure is included in note 17.	The Committee discussed the status of the claim and considered the likelihood of an outflow along with the ability to measure any potential outflow. During the year management regularly discussed the claim and progress with legal advisers and provided summarised updates to the Committee. A paper was also prepared by management and presented to the year-end Audit and Risk Committee detailing out the assumptions and criteria for recognising a provision as well as disclosing a contingent liability. The Committee concluded it was satisfied with the contingent liability disclosure included in the Group's results.

Directors' remuneration report

THE COMMITTEE IS SATISFIED THAT THE CURRENT REMUNERATION FRAMEWORK IS APPROPRIATE AND SUPPORTS THE GROUP'S STRATEGY.

Helen Hunter
Chair of the Remuneration Committee

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 January 2024. The report explains the work of the Remuneration Committee (the 'Committee') during the year, the basis for the remuneration paid to Directors for FY24, and how we intend to apply the remuneration framework for FY25.

Performance and pay outcomes for FY24
Next 15 is a group of businesses built by the talent of our people who embody entrepreneurial spirit and deep specialist expertise. It is through their energy and innovation Next 15 has continued to grow and deliver a record performance. Group adjusted operating profit increased by 6% to £121.1m and adjusted operating profit margin increasing by almost 1% reflecting an improvement in trading from businesses integrated following the Engine acquisition, and tight cost control across the Group.

For FY24, the bonus was based on adjusted operating profit, cash conversion ratio, organic net revenue growth, adjusted operating profit margin and in light of our focus on our talent across Next 15, for the first time employer net promoter score ('eNPS') performance conditions. As a result of the record performance during the year, with adjusted operating margin improved despite tougher trading conditions, 55.4% of the maximum bonus opportunity was achieved.

The FY22 Long-Term Incentive Plan ('LTIP') award, which vested based on performance over the three-year period to 31 January 2024, was based on adjusted diluted EPS, organic net revenue and adjusted operating profit margin performance targets measured over a three-year performance period. Over the three year period average organic net revenue growth was 15.7% and average margin was 21%. As a result 100% of the award will vest.

This year also completes the vesting of the legacy LTIP awards, with the fifth and final tranche of the FY20 award (20%) vesting based on FY24 results. Performance against adjusted EPS (70%), organic net revenue growth (15%) and adjusted operating profit margin (15)% metrics over FY24 results in 36% vesting. This tranche will be released in April 2024 alongside tranche four of the award, which vested during the year.

Further details on the performance against targets for both the bonus and LTIP can be found later in this report.

Looking forward – how we intend to operate our remuneration framework in FY25
During the year, the Remuneration Committee reviewed the remuneration framework against our current strategy and guidance from investors and investor representative bodies and remains satisfied that the current structure of remuneration remains appropriate for FY25.

Salary increases for the CEO and COO will be 3% and for CFO will be 5%. This is slightly below the average workforce increase.

Looking forward – how we intend to operate our remuneration framework in FY25 continued

The Company is keeping under review any impact the "Big Tent" debate may have on executive remuneration given the significant US presence of the Group.

The annual bonus opportunity will continue to be 100% of salary for all Executive Directors, payable in cash. The Committee has reviewed whether the inclusion of the employee net promoter score introduced last year continues to be the most appropriate ESG metric to include and concluded that it should continue to feature in the bonus for FY25. Our annual bonus plan will therefore remain based on the same mix of adjusted operating profit, cash conversion ratio, organic net revenue growth, adjusted operating profit margin and employee net promoter score performance measures and stretching targets have been set which will be disclosed retrospectively in next year's report.

The Committee intends to grant LTIP awards for all Executive Directors at 150% of base salary. As set out in last year's report, the Committee has reviewed the appropriateness of incorporating an ESG metric within the LTIP following the introduction of an ESG metric in the bonus last year and will continue to be part of the bonuses for FY25. The FY25 LTIP awards will therefore be based on the same mix of adjusted diluted EPS, organic net revenue growth and adjusted operating profit margin. This suite of measures reflects our financial KPIs and provide a rounded assessment of our performance over FY25 for the bonus and longer term to the period to FY27 for the LTIP. The Committee has set stretching targets for each performance metric, which are detailed on page 105.

Broader employee pay

With the cost of living crisis and the war for talent in areas such as AI, we have seen the average salary increase in the UK by 9% and in the US by 11% across broader employee population. This is not surprising given the general pressures on cost of living and the changing capabilities we're bringing into our brands. Benchmarking can be difficult in such a fluid environment, and we therefore use internal Group metrics to assist. The Group has also formed collaborative skills forums where talent and knowledge can be shared or difficult to find.

Given the pressure on employee pay, total remuneration has become more important. Guidelines are provided to assist with meaningful bonus targets and to ensure each employee is aware of how they achieve their bonus potential. Benefits including Private Medical Insurance and Pension, are reviewed annually to assist with providing above-market employee value propositions to all our brands.

Closing remarks

The Committee is satisfied that the current remuneration framework is appropriate and supports the Group's strategy in both the short and long term.

We continue to apply the framework robustly to ensure that there is a strong link between performance, remuneration outcomes and our business strategy, with variable remuneration tied to the achievement of stretching targets.

I hope this report is clear and demonstrates the robust application of our remuneration framework. Although we are an AIM-listed company with no requirement for a shareholder vote on Directors' pay, in the spirit of full accountability, this Remuneration Report will be subject to an advisory shareholder vote at the forthcoming AGM.

We look forward to continued dialogue with you, and your support at the forthcoming AGM.

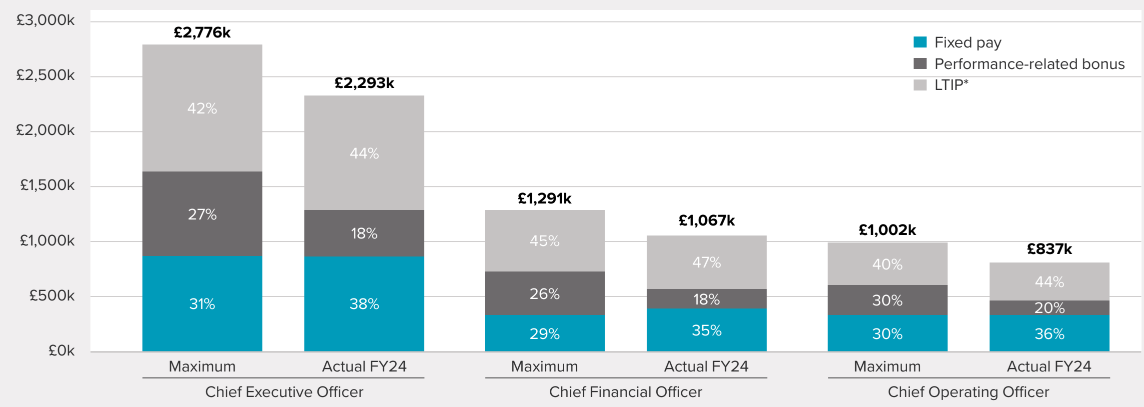
Helen Hunter
Chair of the Remuneration Committee
15 April 2024

At a glance
How we performed in FY24
FY24 performance-related bonus

Adjusted performance measure	Target range	Performance	Weighting	Outcome
Operating profit[1]	£117m–£135m	£120.2m	25%	8.5%
Organic net revenue growth	7%–12%	0.3%	25%	0%
Cash conversion ratio	80%–90%	90.8%	20%	20%
Operating profit margin[1]	18%–21%	21.0%	20%	20%
Employee Net Promoter Score	26–39	31	10%	6.9%
Total			**100%**	**55.4%**

1 Excludes acquisitions made in year.

Maximum vs actual pay for FY24



* Maximum LTIP value is based on share price at grant date. Actual LTIP value is based on average Q4 FY24 share price.

Directors' remuneration report continued

LTIP tranches vesting in relation to FY24 performance

Tranche 5 of the FY20 LTIP award is eligible to vest in FY25, based on performance over FY24. The full FY22 LTIP award is eligible to vest in FY25, based on performance over the three-year performance period ending FY24.

The performance against targets and the vesting outcome is shown below:

FY20 LTIP Award

Adjusted performance measure	Weighting	Target range	Performance	FY20 tranche 5 vesting
Earnings per share[1]	70%	5%–15%	5.7%	21.2%
KPIs				
Organic net revenue growth	15%	7%–12%	0.3%	0%
Operating profit margin	15%	18%–21%	20.95%	14.8%
Total	**100%**			**36.0%**

FY22 LTIP Award

Adjusted performance measure	Weighting	Target range	Performance	Vesting
Earnings per share (absolute growth)[1]	66.67%	20%–50%	117%	66.67%
KPIs				
Organic net revenue growth (average growth)	16.67%	4%–7.5%	15.7%	16.67%
Operating profit margin (average growth)	16.67%	18%–20%	21.0%	16.67%
Total	**100%**			**100%**

1 The earnings per share growth is calculated on a constant tax basis for both awards. The constant tax rate used for the FY20 LTIP award is 23.3% and for the FY22 LTIP award is 20.2%.

How we will apply our remuneration framework for FY25

Element	Time horizon			Application of remuneration framework for FY25
	FY25	FY26	FY27	
Salary	■			Tim Dyson, Chief Executive: US$962,000 (3% increase since FY24) Peter Harris, Chief Financial Officer: £356,800 (5% increase since FY24) Jonathan Peachey, Chief Operating Officer: £309,000 (3% increase since FY24) Average increases across the workforce for FY25 are 5.5%.
Pension and benefits	■			The Directors are entitled to receive employer contributions of up to 10% of base salary to a Group pension plan. The US based Director also receives a pension benefit under a US 401k plan.
Annual bonus	■			Maximum opportunity is 100% of salary, payable in cash. Performance metrics for FY25 of adjusted operating profit, organic net revenue growth, cash conversion ratio, adjusted operating profit margin and employee net promoter score.
Long-term incentives	■	■	■	Long-term incentive grant of 150% of salary. Performance will be measured over a single three-year period and will be based two-thirds on adjusted EPS, 16.7% on organic net revenue growth and 16.7% on adjusted operating profit margin. A two-year holding period will apply to the vested award.
Shareholding requirement	■	■	■	Executive Directors must build and maintain a holding of shares in the Company of 200% of salary. Fifty percent (50%) of the number of shares (net of tax) vesting under the incentive arrangements must be retained until guideline is met.

Remuneration framework

To ensure that the Group continues to grow, organically and inorganically, we must have the right remuneration framework in place.

In setting our remuneration framework the Committee considers:

- ensuring that there is a strong long-term alignment of interest between Executive Directors and our shareholders;
- the need to align the overall reward arrangements with the Group's strategy, both in the short and long term;
- the need to attract, retain and motivate Executive Directors and senior management of the right calibre, ensuring an appropriate mix between fixed and variable pay; and
- ensuring that there is a coherent cascade of pay and benefits arrangements elsewhere in the Group to support internal alignment of interest and succession.

Directors' remuneration report continued

Executive Director remuneration framework

Element of remuneration	Key features	Purpose and link to strategy	Maximum opportunity	Performance measures	Malus and clawback
Base salary	Reflects external market and geography and an individual's performance and contribution. Reviewed annually, normally in February.	Attracts and retains the best talent with the necessary expertise to deliver the Group's strategy and to create shareholder value.	No prescribed maximum. Account will be taken of increases applied to employees as a whole when determining salary increases. Committee discretion to award increases when it considers it appropriate, including where base salary at outset may have been set at a relatively low level, or where there has been a substantial change in responsibilities of the role.	The Committee considers the individual's performance and contribution in the period since the last review.	N/A
Allowances and benefits	The Chief Executive Officer is entitled to a contribution to a deferred benefit plan; private health, dental and vision insurance; life assurance; professional adviser fees paid on his behalf; and car allowance (lease and associated fees) or cash in lieu thereof. The Chief Financial Officer and Chief Operating Officer are entitled to private medical insurance. The Committee may determine that other benefits may be added where appropriate.	Provides market-competitive and cost-effective benefits. Provides reassurance and risk mitigation and supports personal health and wellbeing.	The value of benefits is not capped as it is determined by the cost to the Company, which may vary.	N/A	N/A

Executive Director remuneration framework continued

Element of remuneration	Key features	Purpose and link to strategy	Maximum opportunity	Performance measures	Malus and clawback
Pension	Directors are entitled to receive employer contributions to a Group pension plan.	Provides market-equivalent retirement benefits.	Maximum contribution, currently 10% of base salary. In addition, Tim Dyson is entitled to receive a pension benefit under a US 401k plan.	N/A	N/A
Performance-related bonus	Annual cash bonus plan. Targets closely aligned with the Group's strategic aims. Targets are reviewed annually by the Committee. Not pensionable.	Reinforces and rewards delivery of annual performance and strategic business priorities. Delivers value to shareholders and consistent with the delivery of the strategic plan.	The maximum bonus opportunity is 100% of salary.	The Committee chooses measures that help drive and reward the achievement of the Group's strategy. Metrics and their relative weightings are reviewed each year. The Remuneration Committee has the discretion to adjust and to override formulaic outcomes for annual bonus payment due if the Remuneration Committee considers it is not reflective of the underlying performance of the Company, as well as investor experience and the employee reward outcome.	The bonus is subject to recovery and withholding provisions which may be applied in the event of a material miscalculation of a participant's entitlement, a material misstatement or restatement of the Company's financial results for the year to which the performance period relates, or material personal misconduct that would justify summary dismissal, or result in significant reputational damage to the Company, or have a material adverse effect on the Company's financial position, or reflect a significant failure of the Company's risk management or control.

Executive Director remuneration framework continued

Element of remuneration	Key features	Purpose and link to strategy	Maximum opportunity	Performance measures	Malus and clawback
Long-Term Incentive Plan ('LTIP')	Awards may be structured as performance share awards or nil-cost options. For awards granted during FY21 onwards, awards will be subject to a three-year performance period. For awards granted during FY22 onwards, there will be a two-year holding period on shares acquired from vested awards. The value of dividends payable over the vesting period may be added to the vested share awards in cash or shares.	Rewards long-term sustainable performance, in line with the Company's strategy. Focuses Executive Directors on delivering outstanding value creation for shareholders.	150% of salary.	The Committee chooses performance measures that support delivery of the Company's strategy and provide alignment between Executive Directors and shareholders. Performance metrics and their respective weightings may vary from year to year depending on financial and strategic priorities. Up to 25% vests for threshold performance. The Remuneration Committee has the discretion to adjust and to override formulaic outcomes for the LTIP vesting level if it considers it is not reflective of the underlying performance of the Company, as well as investor experience and the employee reward outcome.	Same clawback and malus provisions as for the performance-related bonus.

Executive Director remuneration framework continued

Element of remuneration	Key features	Purpose and link to strategy	Maximum opportunity	Performance measures	Malus and clawback
Shareholding guidelines	Executive Directors are expected to build and maintain a holding of shares in the Company of 200% of base salary.	Increases alignment between Executive Directors and shareholders and shows a clear commitment by all Executive Directors to creating value for shareholders in the longer term.	Minimum shareholding guidelines to be satisfied within five years of appointment of 200% of salary for all Executive Directors. If any Executive Director does not meet the guideline, they will be expected to retain up to 50% of the net of tax number of shares vesting under any of the Company's discretionary share incentive arrangements until the guideline is met.	N/A	Executive Directors shall not dispose of shares needed to meet their minimum shareholding requirement except as approved by the Committee. The Committee may give such approval in limited circumstances such as to comply with legal obligations or to avoid financial distress.

Non-Executive Director remuneration framework

Element of remuneration	Key features	Purpose and link to strategy	Maximum opportunity	Performance measures
Fees	Cash fees, determined by the Executive Directors, reflecting the time commitment required, the responsibility of each role, and the level of fees in comparable companies.	Supports recruitment and retention of Non-Executive Directors with the necessary breadth of skills and experience to advise and assist with establishing and monitoring the Group's strategic objectives.	The aggregate Directors' service fees (excluding salary or other remuneration) is limited to £500,000 under the Company's Articles. No entitlement to compensation for early termination.	Internal evaluation of the Board's and its Committees' effectiveness takes place periodically.

Policy on recruitment

In the case of hiring or appointing a new Executive Director, the Committee may make use of any or all of the existing components of remuneration, as described above. The Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate operates) to ensure that the pay arrangements are in the best interests of the Company and its shareholders. Awards forfeited from the previous employer may be bought out like-for-like with equivalent bonus or LTIP awards over Next 15 shares.

Directors' service contracts, policy on outside appointments and payments for loss of office

Executive Directors have rolling contracts that are terminable on six months' notice. There are no contractual entitlements to compensation on termination of the employment of any of the Directors other than payment in lieu of notice at the discretion of the Company.

	Date of current service contract	Notice period
Executive Directors		
Tim Dyson	1 June 1997	6 months
Peter Harris	25 March 2014	6 months
Jonathan Peachey	16 April 2019	6 months

The Executive Directors are allowed to accept appointments and retain payments from sources outside the Group, provided such appointments are approved by the Board.

Bonus and LTIP awards normally lapse if the Executive resigns. However, for a 'good leaver', part-year bonus may be payable, pro rata, and the Executive's unvested awards may also vest subject to the achievement of the performance conditions, usually pro rata, for the proportion of the LTIP holding period employed.

Non-Executive Directors' letters of appointment

All Non-Executive Directors are engaged under letters of appointment terminable on three months' notice at any time. Non-Executive Directors are not entitled to any pension benefit or any payment in compensation for early termination of their appointment.

	Date of current letter of appointment	Notice period
Non-Executive Directors		
Penny Ladkin-Brand	1 February 2021	3 months
Helen Hunter	26 June 2019	3 months
Robyn Perriss	10 November 2020	3 months
Dianna Jones	25 March 2022	3 months
Paul Butler	23 June 2022	3 months

Composition of the Committee and advice received

The Committee comprises three Non-Executive Directors: Helen Hunter the Committee Chair, Penny Ladkin-Brand and Dianna Jones. The Company's Executive Directors and the Chief People Officer attend the Committee meetings by invitation and assist the Committee in its deliberations, except when issues relating to their own remuneration are discussed. No Director is involved in deciding his or her own remuneration. The Company Secretary or his nominee acts as secretary to the Committee. The Committee is authorised, where it judges it necessary to discharge its responsibilities, to obtain independent professional advice at the Company's expense.

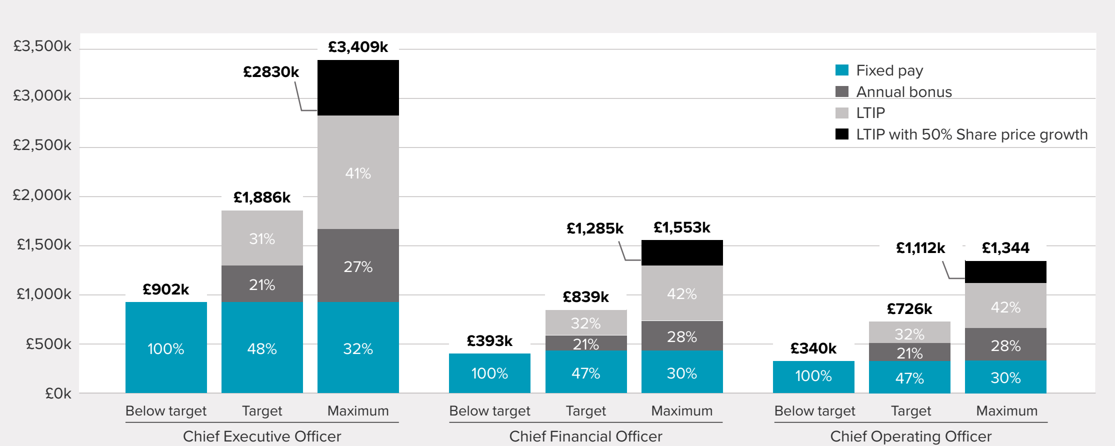
Korn Ferry is appointed as adviser to the Committee. Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct and has confirmed to the Committee that it adheres in all respects to the terms of the Code. Fees paid to Korn Ferry during the period were £27,738 (FY23: £32,352). The Committee is satisfied that the advice it received from Korn Ferry is objective and independent.

Illustrative performance scenarios
The charts to the right illustrate, under three different performance scenarios, the total value of the remuneration package receivable by the Executive Directors for FY25. The assumptions used have been set out below.

Minimum: Comprises fixed pay only using the salary for FY25, the value of benefits in FY24 and a 10% company pension contribution. Tim Dyson also receives a pension benefit under a US 401k plan.

On-Target: A bonus of 50% of salary is payable (50% of maximum) for target performance and half the LTIP awards vest (based on a grant value of 150% of salary).

Maximum: Comprises fixed pay and assumes that the maximum annual bonus is paid (100% of salary) and the FY25 LTIP grant (150% of salary) vests in full. The maximum scenario includes an additional element to represent 50% share price growth on the LTIP award from the date of grant to vesting.



Terms of reference and activities in the year

The activities of the Committee are governed by its terms of reference, which are available from the Group's website at www.next15.com. The Committee had 3 meetings during the year and details of attendance can be found in the corporate governance statement on page 76.

The principal matters considered by the Committee during the year included:

- reviewing the remuneration framework against the Group strategy and best practice corporate governance requirements;
- reviewing market practice and corporate governance developments;
- undertaking the annual review of remuneration for Executive Directors;
- setting financial targets for the FY25 annual bonus plan;
- reviewing and setting appropriate stretching performance targets for the FY25 LTIP awards;
- considering the remuneration arrangements of brand senior management;
- reviewing the extent to which performance conditions have been met for both the annual and long-term incentive plans, and agreeing the cash and equity payments arising, including the processes and communication to Executive Directors and senior executives;
- closely reviewing changes to laws, regulations and guidelines or recommendations regarding remuneration, including in relation to tax; and
- continuing to review the Group's approach to gender pay, diversity and inclusion policies.

Key activities of the Committee for the year ahead

The principal matters for consideration by the Committee for the year ahead will include:

- keeping the remuneration framework under review;
- setting appropriate performance targets for the incentive schemes;
- continuing to review the Group's approach to gender pay, diversity and inclusion policies;
- monitoring and reviewing best practice corporate governance requirements, changes to laws, regulations and tax;
- reviewing the current use of long-term incentive schemes and the impact on dilution and headroom and the possibility of introducing an all-employee share plan; and
- review of remuneration structures for staff below Executive Director level.

Directors' remuneration for the 12-month period to 31 January 2024

	Salary and fees 2024 £'000	Performance-related bonus 2024 £'000	LTIP awards £'000[1]	Pension contributions 2024 £'000	Other benefits 2024 £'000	**Total 2024 £'000**	Total fixed pay 2024 £'000	Total variable pay 2024 £'000	Total 2023 £'000[2]
Executive Directors									
Tim Dyson	748	415	1,005	68	57	**2,293**	873	1,420	3,471
Peter Harris	340	188	504	34	1	**1,067**	375	692	1,558
Jonathan Peachey	300	166	371	—	—	**837**	300	537	967
Non-Executive Directors									
Penny Ladkin-Brand	156	—	—	—	—	**156**	156	—	150
Helen Hunter	68	—	—	—	—	**68**	68	—	60
Robyn Perriss	63	—	—	—	—	**63**	63	—	60
Dianna Jones	67	—	—	—	—	**67**	67	—	55
Paul Butler	61	—	—	—	—	**61**	61	—	41

1 The LTIP totals are the aggregate of the FY20 LTIP award, plus the FY22 LTIP award (which covered a single three-year period) which all vest in relation to performance periods ending FY24. These awards have been valued using a share price of 782p, being the average share price over the last quarter of the financial year.

2 These figures have been restated to reflect the actual value of the LTIPs on vesting in relation to FY23 using a share price of 833p on 27 April 2023.

Performance-related bonus

The annual bonus opportunity for FY24 was 100% of salary for all Executive Directors. Performance was based on five weighted performance metrics. The formulaic outcome based on performance against targets resulted in a bonus pay-out of 55.4% of maximum as set out in the table below.

Performance metric	Weighting (% of max)	Target range	Actual performance	Pay-out for element (% of element)
Adjusted operating profit	25%	£117m–£135m	£120.2m	8.5%
Cash conversion ratio	20%	80%–90%	90.8%	20%
Organic net revenue growth	25%	7%–2%	0.3%	0%
Adjusted operating profit margin	20%	18%–21%	21.0%	20%
Employee Net Promoter Score	10%	26–39	31	6.9%
Total bonus (% of max)				**55.4**

The bonuses for the year ended 31 January 2024 are £414,508 (US$517,099) for Tim Dyson, £188,305 for Peter Harris and £166,200 for Jonathan Peachey payable entirely in cash.

Directors' remuneration report continued

Long Term Incentive Plan

The historic awards granted to the Executive Directors which vested by reference to performance periods ending on 31 January 2024 are summarised below:

FY20 LTIP grant (granted 28 April 2019)

Executive Director	Number of performance shares in tranche 5	Percentage of award vesting	Number of shares vesting from tranche 5	Gain on vesting [1] £'000
Tim Dyson	25,644	36.0%	9,232	72
Peter Harris	11,770	36.0%	4,237	33

Performance shares which vest in tranche 5 of the FY20 award will be released in April 2024, together with the shares that vested under tranche 4. Together this is a total of 34,645 shares for Tim Dyson and 15,900 shares for Peter Harris.

FY22 LTIP grant (granted 6 May 2021 and 28 June 2021)

The FY22 LTIP grant for Tim Dyson and Peter Harris was made in two tranches, reflecting that shareholder approval was sought during 2021 to increase the Executive Directors' individual LTIP award limits from 100% of salary to 150% of salary. Jonathan Peachey's award, granted prior to him joining the Board, comprises a single grant. The FY22 LTIP award is based on performance over a three-year performance period ending 31 January 2024.

Executive Director	Number of performance shares	Percentage of award vesting	Number of shares vesting	Gain on vesting [1] £'000
Tim Dyson	119,245	100%	119,245	932
Peter Harris	60,162	100%	60,162	470
Jonathan Peachey	47,399	100%	47,399	371

1 The gain on vesting has been calculated using a share price of 782p, being the average share price over the last quarter of the period.

The performance shares under the FY22 LTIP award will be released in April 2024.

Awards granted during FY24

The FY24 awards were granted to Executive Directors on 27 April 2023.

The awards cover a three-year period with performance measured over the period from 1 February 2023 to 31 January 2026. The performance criteria are based two-thirds on adjusted EPS performance and 16.7% on organic net revenue growth, and 16.7% on adjusted operating profit margin. Subject to performance against these conditions, the award will be released following the end of FY26.

Awards granted during FY24 continued

Executive Director	**Tim Dyson**	**Peter Harris**	**Jonathan Peachey**
Number of performance shares	156,351	69,462	61,308
Vesting criteria (for all Executive Directors)			
Up to 66.67% of maximum award	*Target*	*Proportion of award vesting*	
Absolute increase in adjusted diluted earnings per share over the three-year performance period at a constant tax rate	Less than 20%	0%	
	20%	16.67%	
	Between 20% and 40%	16.67%–66.67% (straight-line basis)	
	40% or more	66.67% total award	
Up to 33.33% of maximum award			
Average annual organic net revenue growth over the three-year performance period	Less than 5%	0%	
	5%	4.2%	
	Between 5% and 12%	4.2%–16.67% (straight-line basis)	
	12% or more	16.67%	
Average annual adjusted operating profit margin	Less than 18%	0%	
	18%	4.2%	
	Between 18% and 21%	4.2%–16.67% (straight-line basis)	
	21% or more	16.67%	

Directors' remuneration report continued

Directors' interests in share plans for the year to 31 January 2024

As at 31 January 2024 the following Directors held performance share awards over Ordinary Shares of 2.5p each under the 2015 LTIP and 2016 Share Award Agreements, as detailed below:

Executive Director	Number of performance shares at 31 January 2023	Shares lapsing during the period	Shares released during the period	Shares granted during the period	**Number of performance shares at 31 January 2024**	Grant date	End of performance period	Total gain on release[4] £'000
Tim Dyson	53,615	214	53,401	—	**—**	10.04.2018	31.01.2023[1]	445
	51,287	—	—	—	**51,287**	26.04.2019	31.01.2024[2]	—
	186,423	—	186,423	—	**—**	30.07.2020	31.01.2023[3]	1,553
	81,557	—	—	—	**81,557**	06.05.2021	31.01.2024	—
	37,688	—	—	—	**37,688**	28.06.2021	31.01.2024	—
	94,365	—	—	—	**94,365**	01.06.2022	31.01.2025	—
	—	—	—	156,351	**156,351**	27.04.2023	31.01.2026	—
Total					**421,248**			
Peter Harris	27,141	108	27,033	—	**—**	10.04.2018	31.01.2023[1]	225
	23,539	—	—	—	**23,539**	26.04.2019	31.01.2024[2]	—
	85,174	—	85,174	—	**—**	30.07.2020	31.01.2023[3]	709
	41,065	—	—	—	**41,065**	06.05.2021	31.01.2024	—
	19,097	—	—	—	**19,097**	28.06.2021	31.01.2024	—
	46,367	—	—	—	**46,367**	01.06.2022	31.01.2025	—
	—	—	—	69,462	**69,462**	27.04.2023	31.01.2026	—
Total					**199,530**			
Jonathan Peachey	63,274	—	63,274	—	**—**	30.07.2020	31.01.2023[3]	527
	47,399	—	—	—	**47,399**	06.05.2021	31.01.2024	—
	40,924	—	—	—	**40,924**	01.06.2022	31.01.2025	—
	—	—	—	61,308	**61,308**	27.04.2023	31.01.2026	—
Total					**149,631**			

1 As reported previously, the LTIP awards under the 2015 LTIP (granted from 2017 until 2019) vest on a tranche basis over a total five-year period. The first 60% of the total awarded performance shares were released to the Executive Directors in April 2021. The Executive Directors became unconditionally legal and beneficially entitled to the remaining 40% in April 2023.

2 The first 60% of the total awarded performance shares were released to the Executive Directors in April 2022. The Executive Directors will become unconditionally legal and beneficially entitled to the remaining 40% of the award in April 2024.

3 Executive Directors became unconditionally legally and beneficially entitled to the total awarded performance shares in April 2023.

4 These figures have been calculated using the share price on the date of release of 833p.

Directors' interests in the shares of Next 15 Group plc

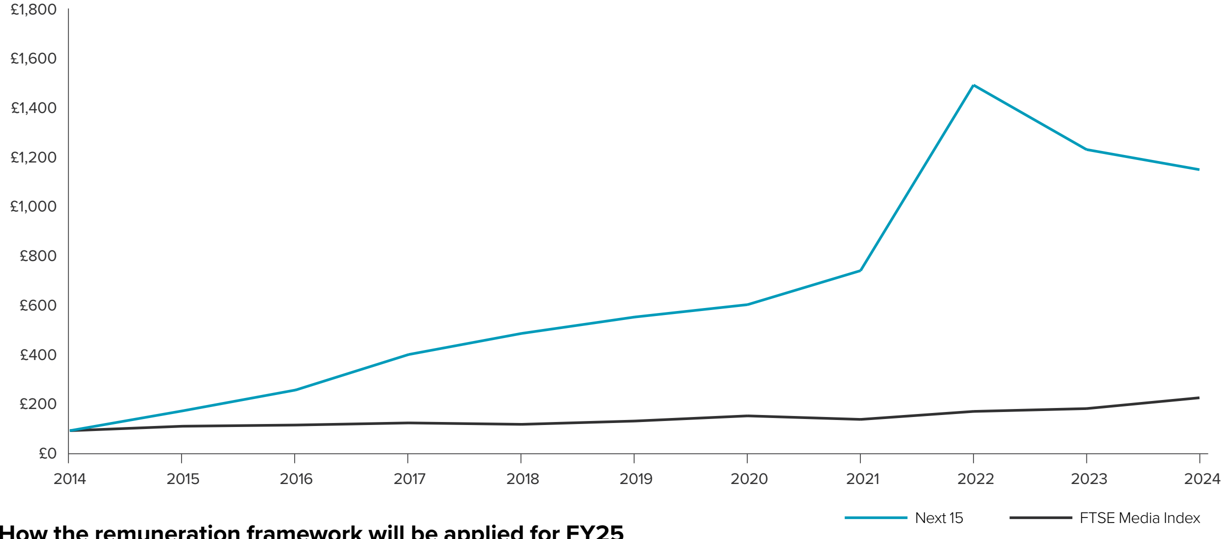
The interests of the Directors in the share capital of the Company at 31 January 2023 and 31 January 2024 are as follows:

	Ordinary Shares		LTIP performance shares	
	31 January 2023	**31 January 2024**	31 January 2023	**31 January 2024**
Executive Directors				
Tim Dyson	4,742,275	**4,862,186**	504,935	**421,248**
Peter Harris	405,604	**461,707**	242,383	**199,530**
Jonathan Peachey	14,783	**46,420**	140,240	**149,631**
Non-Executive Directors				
Penny Ladkin-Brand	85,118	**85,118**	—	**—**
Helen Hunter	—	**—**	—	**—**
Robyn Perriss	—	**—**	—	**—**
Dianna Jones	—	**—**	—	**—**
Paul Butler	—	**—**	—	**—**

Total shareholder return

The Directors consider that a comparison of the Company's total shareholder return to that of similar businesses on the Main Market is more relevant than a comparison with the FTSE AIM All-Share Index.

This graph shows the value on 31 January 2024 of £100 invested in the Company on 31 January 2014 compared with £100 invested in the FTSE Media Index and demonstrates the sustained and significant total shareholder return that we have delivered to shareholders over this period.



How the remuneration framework will be applied for FY25

Salary

The CEO and COO will each receive a salary increase of 3% and the CFO will receive an increase of 5% for FY25, following a benchmarking exercise across other similar listed businesses. This is slightly below the average increase awarded to the workforce as explained earlier in this report.

Executive Director	Salary with effect from 1 April 2023	**Salary with effect from 1 April 2024**	Increase
Tim Dyson	US$933,392	**US$962,000**	3%
Peter Harris	£339,900	**£356,800**	5%
Jonathan Peachey	£300,000	**£309,000**	3%

How the remuneration framework will be applied for FY25 continued

Non-Executive Director fees

Following the review of NED remuneration, the NED fees will be increased as shown in the table below:

Fee	Fee with effect from 1 April 2023	**Fee with effect from 1 April 2024**	Increase
Non-Executive Chair fee	£157,500	**£162,225**	3%
Non-Executive Director base fee	£55,650	**£57,680**	3%
Audit and Risk Committee Chair fee[1]	£7,000	**£11,000**	57%
Remuneration Committee and ESG Committee Chair fee	£7,000	**£7,210**	3%
Senior Independent Director fee	£7,000	**£7,210**	3%

1 The Audit Committee became the Audit and Risk Committee during the year. The Company reviewed the Chair fee and compared to similar sized companies and it was deemed that the fee was out of line and therefore was increased to be in line with market practice.

Pension and benefits

Pension will remain capped at 10% of base salary for Executive Directors. Tim Dyson is also entitled to a small pension under a US 401k pension plan.

Benefits will operate in line with FY24, and policy.

Annual bonus

The annual bonus opportunity will be 100% of salary, payable in cash. Performance will be measured against adjusted operating profit (25% of total), cash conversion ratio (20% of total), organic net revenue growth (25% of total), adjusted operating profit margin (20% of total) and eNPS target (10% of total). The Committee considers the bonus targets to be commercially sensitive but commits to full retrospective disclosure in next year's Remuneration Report.

Long-term incentive

The Executive Directors will be granted LTIP awards of 150% of salary. Performance will be measured over a single three-year performance period to 31 January 2027. The awards will vest based on the achievement of the following performance conditions and targets over the three-year performance period:

Performance condition	Weighting (% of salary)	Threshold (25% vests)	Maximum (100% vests)
Adjusted diluted EPS growth over the performance period	100%	10%	30%
Average annual organic net revenue growth	25%	2%	6%
Average annual adjusted operating profit margin	25%	18%	21%

A two-year post-vesting holding period applies to vested awards.

The Committee will have discretion to override the formulaic outcome of the incentives in certain circumstances. Clawback and malus provisions will apply.

Report of the Directors

Statutory and other information

The Directors present their Annual Report together with the audited financial statements of Next 15 Group plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 January 2024.

The Group has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include such matters of strategic importance to the Group in the Strategic Report which otherwise would be required to be disclosed in this Directors' Report, and are incorporated by reference to the links below:

- **Key Performance Indicators** **p13**
- **Stakeholder engagement** **p21**
- **Section 172 statement** **p24**
- **Employees and workers** **p30**
- **Equity, Diversity and Inclusion** **p30**
- **Employee engagement** **p33**
- **Principal risks and uncertainties** **p54**
- **Directors' interests in shares** **p103**

Principal activity	The principal activity of the Group during the year was that of a growth consultancy with specialist services spanning market research and data analytics to advertising, lead generation, shopper marketing, management consultancy and venture building.
Legal form	The Company is a public limited company listed on the AIM sub-market of the London Stock Exchange.
Group results and dividends	The Group's results for the period are set out in the Consolidated Income Statement on page 122. The Directors recommend a final dividend of 10.6p per Ordinary Share to be paid on 9 August 2024, which gives a total dividend for the period of 15.35p per Ordinary Share (2023: 14.6p).
Directors	Details of Directors who served during the year and biographies for Directors currently in office can be found on pages 68 to 69. Details of the Directors' remuneration, share options, service agreements and interests in the Company's shares are provided in the Directors' remuneration report on pages 87 to 105. Except for Directors' service contracts, no Director has a material interest in any contract to which the Company or any of its subsidiaries is a party.
Reappointment	The Company's Articles of Association provide that a Director appointed by the Board shall retire and offer themselves for re-election at the first AGM following their appointment and that, at each AGM of the Company, one-third of the Directors in addition to any new appointment must retire by rotation. Information regarding the appointment of our Directors is included in our corporate governance report on pages 71 to 78.
Corporate governance statement	Next 15 has adopted the QCA Code and is compliant with all of its principles. Disclosures required by the QCA Code have been made both in this Annual Report and on our website. Further information on the Company's compliance with the QCA Code can be found on the Group's website at www.next15.com.
Share capital	At 11 April 2024 the issued share capital of the Company was £2,480,421 divided into 99,216,841 Ordinary Shares of 2.5p each. Details of our share capital and movements in our issued share capital are shown in note 20 to the financial statements on page 173.
Directors' indemnity and insurance	In accordance with its Articles of Association the Company has entered into contractual indemnities with each of the Directors in respect of its liabilities incurred as a result of their office. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and Officers' Liability Insurance policy throughout the period. Although the Directors' defence costs may be met, neither the Company's indemnity nor the insurance policy provides cover in the event that the Director is proved to have acted dishonestly or fraudulently.

Statutory and other information continued

Acquisitions	The following is a summary of Group acquisitions made in the year to 31 January 2024, more detailed disclosure of which can be found in note 26 to the financial statements. On 15 April 2023, Palladium Group Limited purchased the entire share capital Digital Diligence Limited (trading as OneFourZero). On 10 August 2023, Palladium Group Limited purchased the entire share capital of White Space Strategy Limited. On 10 August 2023, Brandwidth Marketing Limited purchased the entire share capital of Williams Commerce Holdings Limited/ Cloudfy Limited. On 17 October 2023, Brandwidth Marketing Limited purchased the entire share capital of Rush Ventures Corp. On 27 November 2023, Savanta Analytics Limited purchased the entire share capital of Explorer MWI Corporation and Savanta Group LLC acquired the entire share capital of Explorer Research Corporation.
Cyber security and data privacy	During the course of the year, we have thoroughly assessed our cyber security and data protection risks through a Group-wide gap assessment against our cyber security standards and the Information Commissioners Office Accountability Framework. The increased oversight has led to targeted mitigation strategies. We have also appointed an in-house Head of Data Protection to have oversight of data privacy across the Group. We continue to ensure we have up-to-date policies, procedures and controls in place with regard to network security, access controls and data protection.
Likely future developments in the business of the Group	The Group's priorities for 2024/25 are disclosed in the Strategic Report on pages 1 to 67.

Research and Development ('R&D')	Our brands invest in R&D to convert their intellectual property into products and to automate their work for clients. This has accelerated as AI developments have increased the scope for automation in our businesses. Innovations in development include: a high-performance customer data platform, AI-driven retail media planning capabilities, an automated market research platform and AI-powered next-generation tools for our communications brands. We have also established Next 15 Labs as a team that carries out early-stage R&D on AI-based approaches that we think will be valuable for multiple brands over the coming years.
Health and safety	Health and safety policy is a matter for the Board, and they are aware of their responsibilities and are committed to keeping health and safety policy under review; a full evaluation was undertaken during the year which resulted in comprehensive goals being set. The implementation of the Group policy on health and safety sits with the Chief Financial Officer. The Group is dedicated to observing health and safety laws and government guidance in every country we operate in, and we prioritise the welfare of employees, visitors, customers and any other individual or group affected by our activities. Whilst we benefit from being a low-risk industry, in line with our values, the health and safety of our people is our primary concern.
Modern slavery statement	The Group does not tolerate modern slavery or human trafficking in our organisation or in our supply chain. We are committed across the Group to eliminate, as far as possible, the risk of modern slavery and human trafficking taking place. The Group's full policy on modern slavery can be found at www.next15.com.
Political donations	It is the Group's policy not to make donations for political purposes and, accordingly, there were no payments to political organisations during the year (2023: £Nil).
Charitable donations	During the year ended 31 January 2024, the Group donated £92,862 to various charities (2023: £223,428).

Report of the Directors continued

Statutory and other information continued

Acquisition of shares	Acquisitions of shares by the Next Fifteen Employee Trust purchased during the period are as described in note 23 to the financial statements.
Financial instruments	Information on the Group's financial risk management objectives, policies and activities and on the Group's exposure to relevant risks in respect of financial instruments is set out in note 19 and in the Strategic Report on pages 1 to 67.

External Auditor

Deloitte LLP has indicated its willingness to continue to act as External Auditor to the Company and a resolution for its reappointment, and to authorise the Board to fix their remuneration, will be proposed at the forthcoming AGM.

Disclosure of information to the External Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

1. so far as the Director is aware, there is no relevant audit information of which the Company's External Auditor is unaware; and
2. the Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to ensure that the Company's External Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Annual General Meeting

The Annual General Meeting (the 'AGM') of Next 15 Group plc (the 'Company') will be held at 60 Great Portland Street, London W1W 6RT, on Thursday 27 June 2024 at 9.30 a.m. We recommend that shareholders vote on all resolutions by completing an online proxy appointment form in advance of the meeting, appointing the chair of the meeting as your proxy. Shareholders can ask the Company Secretary questions using cosec@next15.com.

The Notice of AGM and explanatory notes regarding the ordinary and special business to be put to the meeting will be set out in a separate circular to shareholders, which will be made available on the Group's website at www.next15.com and will be mailed to shareholders who have requested a paper copy.

Significant shareholdings

As at 11 April 2024 the Company had received the notifications below of the following significant beneficial holdings in the issued Ordinary Share capital carrying rights to vote in all circumstances of the Company. The percentage holding is based on the Company's issued share capital at the date of the notification.

	2024	
	Total	**%**
Octopus Investments Limited	**11,794,764**	**11.89%**
Liontrust Asset Management	**10,962,519**	**11.05%**
Aviva Investors	**10,100,769**	**10.18%**
Slater Investments	**6,663,647**	**6.72%**
Tim Dyson	**4,862,186**	**4.90%**
BlackRock	**4,803,839**	**4.84%**
JPMorgan Asset Management	**4,096,696**	**4.13%**
abrdn	**3,323,712**	**3.35%**
Janus Henderson Investors	**3,070,899**	**3.10%**

Financial reporting and going concern statement

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Directors have made this assessment in light of reviewing the Group's budget and cash requirements for a period in excess of one year from the date of signing of the Annual Report and considered outline plans for the Group thereafter.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 1 to 67. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 15 to 20. In addition, note 19 to the financial statements includes: the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Directors' responsibilities statement in respect of the financial statements is set out on page 109.

Approved by the Board on 15 April 2024 and signed on its behalf by:

Mark Sanford

Company Secretary
15 April 2024

Directors' responsibilities statement

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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure framework'. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 15 April 2024 and is signed on its behalf by:

Peter Harris
Chief Financial Officer
15 April 2024

Independent Auditor's report
to the members of Next 15 Group plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Next 15 Group plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 January 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Parent Company Balance Sheets;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the Consolidated Statement of Cash Flow; and
- the related notes 1 to 30 and the Parent Company related notes 1 to 12.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

2. 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 the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • revenue recognition: cut-off of project revenue; and • valuation of acquisition-related liabilities	Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £4.7m which was determined on the basis of a number of different measures including adjusted profit before tax and revenue.	
Scoping	Our audit procedures provide coverage of 69% of the Group's revenue and 70% of adjusted profit before tax.	
Significant changes in our approach	There have been no significant changes in our approach from the prior year.	

Independent Auditor's report continued
to the members of Next 15 Group plc

4. 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's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- assessing the assumptions used in the forecasts, including the appropriateness of the modelling of downside scenarios and consideration of the potential impact of the current macroeconomic environment;
- testing the clerical accuracy of those forecasts;
- assessing the linkage to business model and medium-term risks;
- assessing the availability of financing facilities including nature of facilities, repayment terms and covenants;
- evaluating the amount of headroom in the forecasts and undertaking sensitivity analysis to determine what changes would be required to breach cash requirements or covenant compliance and assessing available mitigating activities should they be required; and
- assessing the appropriateness of the disclosures made in 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's and Parent Company's ability to continue as a going concern for a period of at least 12 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.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included 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.

5. Key audit matters continued

5.1. Revenue recognition: cut-off of project revenue

Key audit matter description	The Group has recognised £734.7m of revenue for the year ended 31 January 2024 (2023: £720.5m). Projects where revenue is recognised over time and which span the year end require a level of judgement and estimation. For each of these projects, management determines the proportion of the service performed at the year-end date. We identify the cut-off of revenue recognised for these projects as a key audit matter in the current period. Management is incentivised, both at the component level and at the Group level, according to revenue and profit growth targets. Due to the level of judgement involved, we have determined that there is potential for manipulation of this balance by management, and this therefore represents a risk of fraudulent financial reporting. For further details, see page 86 of the Audit and Risk Committee Report and note 1(e) to the financial statements which sets out management's accounting policy for revenue earned from project fees.

How the scope of our audit responded to the key audit matter	In order to address the key audit matter relating to revenue recognition, our audit work included:
	
	• obtaining an understanding of relevant controls over revenue recognition and forecasting of revenue, both at the component and Group level;
	
	• for each component, selecting a statistical sample of projects that span the year end and testing the revenue recognised, including:
	
	  • making enquiries of management and project teams to obtain an understanding of the specific judgements;
	
	  • testing the underlying calculations used to determine the accuracy and completeness of revenue, including challenging management estimates of the stage of completion to internal information on time incurred as a proportion of overall costs; and
	
	  • comparing the audit evidence obtained in respect of each sample against the project statement of work and available external correspondence to assess the timeframe for delivery of the service and any judgements made in respect of these; and
	
	• evaluating whether the disclosures within the financial statements are in compliance with the requirements of IFRS 15 'Revenue from Contracts with Customers'.

Key observations	Based on our audit procedures performed, we concluded that the project revenue recognised in the period and the disclosures made in the financial statements are appropriate.

Independent Auditor's report continued
to the members of Next 15 Group plc

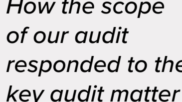
5. Key audit matters continued

5.2. Valuation of acquisition-related liabilities

Key audit matter description	As at 31 January 2024, the Group had £160.7m of acquisition-related liabilities (2023: £204.7m) which consist mainly of contingent consideration payable based on a share of the post-acquisition profits of the businesses previously acquired. These liabilities are estimated upon acquisition and subsequently revised at the Group's financial year end. As these liabilities are held at fair value, a change in the estimate of revenue growth or profitability of a brand could result in a material charge or release to the income statement. These changes are recorded in the income statement each period and in the current year the credit arising from changes in estimates and the unwinding of discount is £7.5m (2023: charge of £54.1m) as set out in note 17. The values of these liabilities remain highly judgemental until settled as they are based on forecast future performance of specific brands. Given the most significant liability balance and in-year movement relates to the previous acquisition of Mach49, we consider the valuation of liabilities created by this acquisition to be the key audit matter. The undiscounted earn-out associated with Mach49 is $250m and given the size of this balance there is a significant level of estimation uncertainty. There is a risk that these liabilities are inappropriately valued if they are based on inappropriate forecast revenue, Earnings Before Interest and Tax ('EBIT') and discount rate assumptions. Given the sensitivity, management has included this as a key source of estimation uncertainty in note 1 and included sensitivity analysis in note 17 to the financial statements. The Audit and Risk Committee includes its assessment of this matter on page 86.

5. Key audit matters continued

5.2. Valuation of acquisition-related liabilities continued



How the scope of our audit responded to the key audit matter

In order to address the key audit matter, our audit work included:

- obtaining an understanding of relevant controls over the valuation of acquisition-related liabilities process;
- challenging management's model by comparison to historical margins from similar contracts and external contradictory evidence;
- making inquiries of senior management of both the Group and Mach49 to assess the inputs in management's model and to identify any contradictory evidence;
- challenging forecast revenue and EBIT assumptions by considering the historical accuracy of budgeting and benchmark data;
- with the involvement of our valuation specialists, determining whether the discount rate applied falls within an acceptable range;
- where relevant, agreeing settlements in the year and post-year end to bank statements or other documentation; and
- assessing whether the disclosures within the financial statements appropriately explain the estimates made in calculating these acquisition-related liabilities and the sensitivity of these estimates to changes in inputs.

Key observations

We are satisfied the revenue and EBIT assumptions used in the valuation of acquisition-related liabilities relating to the Mach49 business at year end are appropriate and the discount rate applied is within our acceptable range.

We consider the disclosures made in the financial statements to be appropriate.

Independent Auditor's report continued
to the members of Next 15 Group plc

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£4.7m (2023: £4.5m)	£4.23m (2023: £4.05m)
Basis for determining materiality	Materiality has been determined on a blended basis considering a number of different measures including adjusted profit before tax and revenue. This is consistent with the prior year.	Parent Company materiality is capped at 90% of Group materiality. Parent Company materiality represents 1.7% (2023: 1.7%) of net assets.
Rationale for the benchmark applied	Adjusted profit before income tax, revenue and net revenue are key performance indicators for the users of the Annual Report and financial statements. Materiality of £4.7m represents approximately 4.0% (2023: 3.9%) of adjusted profit before tax, 0.6% (2023: 0.6%) of revenue and 0.8% (2023: 0.8%) of net revenue.	The Parent Company is a holding company, and net assets are indicative of the Company's ability to support its subsidiaries.

6. Our application of materiality continued

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	70% (2023: 68.5%) of Group materiality	70% (2023: 68.5%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. the quality of the control environment; b. there is an effective corporate governance structure; c. continued low level of uncorrected misstatements; d. no prior period adjustments; and e. there is maturity within the executive management team, with little turnover.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £0.24m (2023: £0.23m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

In selecting the components that are in scope each year, we obtained an understanding of the Group and its environment, including an understanding of the Group's system of internal controls, and assessing the risks of material misstatement at the Group level. The components were also selected to provide an appropriate basis on which to undertake audit work to address the identified risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the Group audit engagement team.

Such audit work represents a combination of procedures, all of which are designed to target the Group's identified risks of material misstatement in the most effective manner possible. Based on our assessment, we focused our audit work on 15 components, 2 of which were subject to a full-scope audit and 13 of which were subject to an audit of specified account balances. Our audit procedures provided coverage of 69% (2023: 68%) of the Group's consolidated revenue and 70% (2023: 73%) of the Group's adjusted profit before tax. The movement in coverage of adjusted profit before tax primarily reflects the change in mix of profit and loss-making components.

Independent Auditor's report continued
to the members of Next 15 Group plc

7. An overview of the scope of our audit continued

7.1. Identification and scoping of components continued

Our audit work at the components, excluding the Parent Company, is executed at levels of materiality appropriate for such components, which in all instances are capped at 50% (2023: 50%) of Group materiality. For all remaining components, we have performed centralised analytical procedures at component materiality. The range of component materialities we have used are from £1,250,000 to £1,645,000 (2023: £1,236,000 to £1,545,000).

7.2. Our consideration of the control environment

The Group operates a range of IT systems which underpin the financial reporting process. For all components subject to either a full scope audit or audit of specified balances, we identified the relevant IT systems and obtained an understanding of the systems as part of our understanding and assessing of the control environment.

We also obtained an understanding of the relevant controls associated with the revenue process, the financial reporting process and the process for making certain accounting estimates. While the control environment of the Group continues to improve each year, we continued to identify deficiencies in respect of those areas which meant we did not rely on these controls but instead changed the nature, timing and extent of the substantive audit procedures performed.

7.3. Our consideration of climate-related risks

There has been increasing interest from stakeholders as to how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on its operations will be from increased occurrence of extreme weather events, regulations, government interventions, reporting obligations and inability to meet climate change targets. This is explained on pages 47 to 50 in the Strategic Report and in note 19 to the financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

The Group has not identified a material impact relating to climate change at this time. Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk, both physical and transition, and assessing whether the effects of climate change on pages 47 to 50 and in note 19 to the financial statements do not have a material effect on the financial statements.

8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors
As explained more fully in the Directors' Responsibilities Statement, 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.

10. 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud
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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the Directors and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including tax and valuations specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Independent Auditor's report continued
to the members of Next 15 Group plc

11. Extent to which the audit was considered capable of detecting irregularities, including fraud continued

11.1. Identifying and assessing potential risks related to irregularities continued

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition: cut-off of project revenue, being the risk that management recognise the incorrect amount of revenue to benefit them either in the current or future years. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, AIM Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. This includes the Group's compliance with GDPR.

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition: cut-off of project revenue as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. 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.

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 any material misstatements in the Strategic Report or the Directors' Report.

13. Matters on which we are required to report by exception
13.1. Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our report
This report is made solely to the 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter McDermott (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
15 April 2024

Consolidated income statement
for the year ended 31 January 2024 and the year ended 31 January 2023

	Note	**Year ended 31 January 2024 £'000**	Year ended 31 January 2023 £'000
Revenue	2	**734,673**	720,500
Direct costs		**(156,834)**	(156,701)
Net revenue		**577,839**	563,799
Staff costs	3	**(407,445)**	(391,798)
Depreciation	4,12,16	**(12,263)**	(12,187)
Amortisation	4,11	**(24,360)**	(25,053)
Other operating charges		**(56,652)**	(67,554)
Total operating charges		**(500,720)**	(496,592)
Operating profit		**77,119**	67,207
Finance expense	6	**(31,393)**	(63,735)
Finance income	7	**34,622**	6,637
Net finance income/(expense)		**3,229**	(57,098)
Profit before income tax		**80,348**	10,109
Income tax expense	8	**(26,403)**	(7,123)
Profit for the year		**53,945**	2,986
Attributable to:			
Owners of the Parent		**52,907**	1,623
Non-controlling interests		**1,038**	1,363
		53,945	2,986
Earnings per share			
Basic (pence)	10	**53.3**	1.7
Diluted (pence)	10	**50.3**	1.5

The accompanying notes are an integral part of this Consolidated Income Statement.

All results relate to continuing operations.

Consolidated statement of comprehensive income

for the year ended 31 January 2024 and the year ended 31 January 2023

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Profit for the year	**53,945**	2,986
Other comprehensive expense:		
Items that will not be reclassified subsequently to profit or loss:		
Fair value loss on investments in equity instruments designated as fair value through other comprehensive income	**(6)**	(448)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(576)**	(1,323)
Total other comprehensive expense for the year	**(582)**	(1,771)
Total comprehensive income for the year	**53,363**	1,215
Total comprehensive income attributable to:		
Owners of the Parent	**52,325**	(148)
Non-controlling interests	**1,038**	1,363
	53,363	1,215

The accompanying notes are an integral part of this Consolidated Statement of Comprehensive Income.

All results relate to continuing operations.

Consolidated balance sheet

as at 31 January 2024 and 31 January 2023

	Note	**31 January 2024 £'000**	31 January 2023 £'000
Assets			
Property, plant and equipment	12	**10,099**	10,882
Right-of-use assets	16	**24,686**	28,675
Intangible assets	11	**279,342**	274,067
Investments in financial assets		**581**	590
Deferred tax assets	18	**62,087**	67,058
Other receivables	13	**1,040**	830
Total non-current assets		**377,835**	382,102
Trade and other receivables	13	**170,003**	164,175
Cash and cash equivalents	19	**42,871**	47,320
Corporation tax asset		**911**	829
Total current assets		**213,785**	212,324
Total assets		**591,620**	594,426
Liabilities			
Loans and borrowings	19	**44,227**	21,250
Deferred tax liabilities	18	**15,939**	14,152
Lease liabilities	16	**23,313**	29,482
Other payables	14	**110**	169
Provisions	15	**19,591**	14,150
Contingent consideration	17	**84,693**	151,237
Additional contingent incentive	17	**1,847**	3,829
Share purchase obligation	17	**7,277**	6,729
Total non-current liabilities		**196,997**	240,998

	Note	31 January 2024 £'000	31 January 2023 £'000
Trade and other payables	14	**151,510**	160,006
Lease liabilities	16	**10,115**	12,286
Provisions	15	**3,066**	15,673
Corporation tax liability		**6,843**	8,159
Additional contingent incentive	17	**2,483**	2,480
Contingent consideration	17	**62,059**	38,169
Share purchase obligation	17	**2,326**	2,255
Total current liabilities		**238,402**	239,028
Total liabilities		**435,399**	480,026
Total net assets		**156,221**	114,400
Equity			
Share capital	20	**2,486**	2,462
Share premium reserve		**175,144**	166,174
Share purchase reserve		**(2,658)**	(2,673)
Foreign currency translation reserve		**3,304**	3,880
Other reserves	24	**608**	608
Retained loss		**(22,904)**	(56,503)
Total equity attributable to owners of the Parent		**155,980**	113,948
Non-controlling interests		**241**	452
Total equity		**156,221**	114,400

The accompanying notes are an integral part of this Consolidated Balance Sheet.

These financial statements were approved and authorised by the Board on 15 April 2024.

Peter Harris
Chief Financial Officer
Company number 01579589

Consolidated statement of changes in equity

for the year ended 31 January 2024 and the year ended 31 January 2023

	Note	Share capital £'000	Share premium reserve £'000	Share purchase reserve £'000	Foreign currency translation reserve £'000	Other Reserves[1] £'000	Retained loss £'000	Equity attributable to owners of the Parent £'000	Non-controlling interests £'000	Total equity £'000
At 1 February 2023		2,462	166,174	(2,673)	3,880	608	(56,503)	113,948	452	114,400
Profit for the year		—	—	—	—	—	52,907	52,907	1,038	53,945
Other comprehensive expense for the year		—	—	—	(576)	—	(6)	(582)	—	(582)
Total comprehensive (expense)/ income for the year		—	—	—	(576)	—	52,901	52,325	1,038	53,363
Shares issued on satisfaction of vested performance shares	20	22	4,024	—	—	—	(6,643)	(2,597)	—	(2,597)
Shares issued on acquisitions	20	17	4,946	—	—	—	—	4,963	—	4,963
Acquisition of own shares	20	(15)	—	15	—	—	(4,475)	(4,475)	—	(4,475)
Movement in relation to share-based payments	21	—	—	—	—	—	11,476	11,476	—	11,476
Tax on share-based payments	8	—	—	—	—	—	(984)	(984)	—	(984)
Dividends to owners of the Parent	9	—	—	—	—	—	(14,762)	(14,762)	—	(14,762)
Movement due to ESOP share purchases		—	—	—	—	(7)	—	(7)	—	(7)
Movement due to ESOP share option exercises		—	—	—	—	7	—	7	—	7
Movement on reserves for non-controlling interests		—	—	—	—	—	(216)	(216)	216	—
Non-controlling interest purchased in the year		—	—	—	—	—	(3,698)	(3,698)	(204)	(3,902)
Non-controlling interest reversed in the year		—	—	—	—	—	—	—	29	29
Non-controlling dividend	9	—	—	—	—	—	—	—	(1,290)	(1,290)
At 31 January 2024		**2,486**	**175,144**	**(2,658)**	**3,304**	**608**	**(22,904)**	**155,980**	**241**	**156,221**

1 Other reserves include the ESOP reserve, the treasury reserve, the merger reserve and the hedging reserve; see note 24.

	Note	Share capital £'000	Share premium reserve £'000	Share purchase reserve £'000	Foreign currency translation reserve £'000	Other Reserves[1] £'000	Retained loss £'000	Equity attributable to owners of the Parent £'000	Non-controlling interests £'000	Total equity £'000
At 1 February 2022		2,320	104,800	(2,673)	5,203	608	(50,429)	59,829	1,630	61,459
Profit for the year		—	—	—	—	—	1,623	1,623	1,363	2,986
Other comprehensive expense for the year		—	—	—	(1,323)	—	(448)	(1,771)	—	(1,771)
Total comprehensive (expense)/income for the year		—	—	—	(1,323)	—	1,175	(148)	1,363	1,215
Shares issued on satisfaction of vested performance shares	20	8	2,067	—	—	—	(3,053)	(978)	—	(978)
Shares issued on acquisitions	20	21	10,780	—	—	—	—	10,801	—	10,801
Shares issued on placing[2]	20	113	48,527	—	—	—	—	48,640	—	48,640
Movement in relation to share-based payments	21	—	—	—	—	—	6,711	6,711	—	6,711
Tax on share-based payments	8	—	—	—	—	—	1,898	1,898	—	1,898
Dividends to owners of the Parent	9	—	—	—	—	—	(12,679)	(12,679)	—	(12,679)
Movement due to ESOP share purchases		—	—	—	—	(3)	—	(3)	—	(3)
Movement due to ESOP share option exercises		—	—	—	—	3	—	3	—	3
Movement on reserves for non-controlling interests		—	—	—	—	—	(126)	(126)	126	—
Non-controlling dividend	9	—	—	—	—	—	—	—	(2,667)	(2,667)
At 31 January 2023		**2,462**	**166,174**	**(2,673)**	**3,880**	**608**	**(56,503)**	**113,948**	**452**	**114,400**

1 Other reserves include the ESOP reserve, the treasury reserve, the merger reserve and the hedging reserve; see note 24.

2 Shares issued on placing is shown net of £1.4m issue costs on issue of Ordinary Shares.

The accompanying notes are an integral part of this Consolidated Statement of Changes in Equity.

Consolidated statement of cash flow

for the year ended 31 January 2024 and the year ended 31 January 2023

	Note	**Year ended 31 January 2024 £'000**	Year ended 31 January 2023 £'000
Cash flows from operating activities			
Profit for the year		**53,945**	2,986
Adjustments for:			
Depreciation	4,12	**4,629**	4,433
Right-of-use depreciation	4,16	**7,634**	7,754
Amortisation	4,11	**24,360**	25,053
Finance expense	6	**31,393**	63,735
Finance income	7	**(34,622)**	(6,637)
Impairment of property, plant and equipment	12	**—**	1,172
Loss on sale of property, plant and equipment	4	**125**	68
(Gain)/loss on exit of finance lease		**(1,313)**	2,811
Income tax expense	8	**26,403**	7,123
Employment-linked acquisition provision charge	3	**10,006**	11,971
Settlement of employment-linked acquisition payments	15	**(15,713)**	(6,649)
Share-based payment charge	21	**11,476**	6,711
Settlement of share-based payment in cash		**(2,597)**	(971)
Net cash inflow from operating activities before changes in working capital		**115,726**	119,560
Change in trade and other receivables		**837**	(16,995)
Change in trade and other payables		**(12,343)**	(7,307)
Movement in other liabilities		**821**	(52)
Change in working capital		**(10,685)**	(24,354)
Net cash generated from operations		**105,041**	95,206
Income taxes paid	8	**(25,408)**	(20,301)
Net cash inflow from operating activities		**79,633**	74,905

	Note	**Year ended 31 January 2024 £'000**	Year ended 31 January 2023 £'000
Cash flows from investing activities			
Acquisition of subsidiaries' trade and assets, net of cash acquired	26	**(13,006)**	(70,268)
Proceeds on disposal of investments in financial assets		**—**	7,452
Acquisition of property, plant and equipment	12	**(3,711)**	(3,485)
Proceeds on disposal of property, plant and equipment		**8**	2
Acquisition of intangible assets	11	**(3,436)**	(3,491)
Movement in long-term cash deposits		**(179)**	(13)
Income from finance lease receivables		**1,388**	2,228
Interest received	7	**1,051**	113
Net cash outflow from investing activities		**(17,885)**	(67,462)
Net cash inflow from operating and investing activities		**61,748**	7,443
Cash flows from financing activities			
Payment of contingent consideration	17	**(42,146)**	(34,656)
Purchases of non-controlling interest in subsidiary		**(5,059)**	—
Proceeds on sale of non-controlling interest in subsidiary		**29**	—
Acquisition of own shares	20	**(4,475)**	—
Issue of share capital	20	**—**	50,006
Issue costs on issue of Ordinary Shares		**—**	(1,365)
Repayment of lease liabilities	16	**(14,175)**	(16,510)
Increase in bank borrowings and overdrafts		**195,564**	100,281
Repayment of bank borrowings and overdrafts		**(171,891)**	(101,795)
Banking arrangement fees		**(1,905)**	—
Interest paid	6	**(4,268)**	(1,794)
Dividend and profit share paid to non-controlling interest partners	9	**(1,290)**	(2,667)
Dividend paid to shareholders of the Parent	9	**(14,762)**	(12,679)
Net cash outflow from financing activities		**(64,378)**	(21,179)
Net decrease in cash and cash equivalents		**(2,630)**	(13,736)
Cash and cash equivalents at beginning of the year		**47,320**	58,216
Exchange (loss)/gain on cash held		**(1,819)**	2,840
Cash and cash equivalents at end of the year		**42,871**	47,320

The accompanying notes are an integral part of this Consolidated Statement of Cash Flow.

Notes to the accounts
for the year ended 31 January 2024

1 Accounting policies
Next 15 Group plc (the ‘Company’) is a public limited company incorporated and registered in England and Wales. The address of the registered office is given on page 211. The nature of the Company’s operation and its principal activities are set out in the Strategic Report on pages 1 to 67. The consolidated financial statements include the Company and its subsidiaries (together, the ‘Group’) and its interests in associates, as disclosed in note 27.

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

A. Basis of preparation
The Group’s financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (‘Adopted IFRSs’) and the parts of the Companies Act 2006 applicable to companies reporting under Adopted IFRSs. These financial statements are presented in thousands of pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The consolidated financial statements have been prepared on a going concern basis (as set out in the corporate governance statement) and on a historical cost basis, except for the remeasurement to fair value of certain financial assets and liabilities as described in the accounting policies below.

B. New and amended standards adopted by the Group
The Group has adopted the following new accounting pronouncements which became effective this year:

- Amendments to IFRS 17 ‘Insurance Contracts’;
- Amendments to IAS 1 ‘Presentation of Financial Statements - Making materiality judgements’;
- Amendments to IAS 8 ‘Definition of Accounting Estimates’; and
- Amendments to IAS 12 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’.

The amendments listed above did not have a material impact on the Group’s results or financial position.

1 Accounting policies continued

C. Basis of consolidation

The Group's financial statements consolidate the results of the Company and all of its subsidiary undertakings ('Group'), and its interests in associates.

Subsidiaries are all entities over which the Group has control. Control is achieved where the Company has existing rights that give it the ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Consolidated Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Parent's ownership interests in them. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Each of these approaches has been used by the Group. Non-controlling interests are subsequently measured as the amount of those non-controlling interests at the date of the original combination and the non-controlling interest's share of changes in equity since the date of the combination.

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Associates are accounted for under the equity method of accounting. The Consolidated Income Statement reflects the share of the results of the operations of the associate after tax.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in the Consolidated Income Statement. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the Consolidated Income Statement, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies for subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

D. Merger reserve (included in other reserves)

Where the conditions set out in section 612 of the Companies Act 2006 or equivalent sections of previous Companies Acts are met, shares issued as part of the consideration in a business combination are measured at their fair value in the Consolidated Balance Sheet, and the difference between the nominal value and fair value of the shares issued is recognised in the merger reserve.

Notes to the accounts continued

for the year ended 31 January 2024

1 Accounting policies continued

E. Revenue and other income

Revenue comprises commission and fees earned and is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual agreement. Typically, performance obligations are satisfied over time as services are rendered. Payment terms across the Group vary, but the Group is generally paid in arrears for its services and payment is typically due between 60 and 90 days.

Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. In the majority of cases, relevant output measures such as the completion of distinct performance obligations set out in the contract are used to assess proportional performance. Where this is not the case then an input method based on costs incurred to date is used to measure performance. The primary input of substantially all work performed is represented by labour. As a result of the relationship between labour and cost there is normally a direct correlation between costs incurred and the proportion of the contract performed to date.

The amount of revenue recognised depends on whether we act as an agent or as a principal. The Group acts as principal when we control the specified good or service prior to transfer. When the Group acts as a principal the revenue recorded is the gross amount billed. Out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded as a direct cost. Certain other arrangements with our clients are such that our responsibility is to arrange for a third party to provide a specified good or service to the client. In these cases, we are acting as an agent and we do not control the relevant good or service before it is transferred to the client. When the Group is acting as an agent, the revenue is recorded at the net amount retained. There are deemed to be no significant judgements in applying IFRS 15 and in evaluating when customers obtain control of the promised goods or services.

Direct costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients but where the Group retains quality control oversight, such as production or research costs.

Further details on revenue recognition in terms of the nature of contractual agreements are as follows:

- retainer fees relate to arrangements whereby we have an obligation to perform services to the customer on an ongoing basis over the life of the contract. In these instances, revenue is recognised using a time-based method resulting in straight-line revenue recognition;
- where project fees relate to assignments carried out under contractual terms which entitle the Group to payment for its performance to date in the event of contract termination, then fees are recognised over the period of the relevant assignments. Revenue is typically recognised in line with the value delivered to the customer which is the amount assigned to the project milestones completed set out in the contract. Where this is not the case then an input method based on costs incurred is used; and
- revenue can be derived from media placements, for which the revenue for commissions on purchased media is typically recognised at the point in time the media is run.

The Group has variable incentive-based revenue, typically in the form of volume-based rebates provided to certain clients. The variable consideration is estimated using the most likely amount and is included in revenue to the amount that is highly probably not to result in a significant reversal of the cumulative revenue recognised.

1 Accounting policies continued

E. Revenue and other income *continued*

Accrued and deferred income

Accrued income is a contract asset and is recognised when a performance obligation has been satisfied but has not yet been billed. Contract assets are transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement.

In certain cases, payments are received from customers prior to satisfaction of performance obligations and recognised as deferred income on the Group's balance sheet. These balances are considered contract liabilities and are typically related to prepayments for third-party expenses that are incurred shortly after billing.

Finance income

Finance income primarily relates to changes in estimate in the Group's contingent consideration and share purchase obligation liabilities; refer to section T.

F. Intangible assets

Goodwill

Goodwill represents the excess of the fair value of consideration payable, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree, over the fair value of the Group's share of the identifiable net assets acquired. The fair value of consideration payable includes assets transferred, liabilities assumed and equity instruments issued. The amount relating to the non-controlling interest is measured on a transaction-by-transaction basis, at either fair value or the non-controlling interest's proportionate share of net assets acquired. Both approaches have been used by the Group. Goodwill is capitalised as an intangible asset, not amortised but reviewed annually for impairment or in any period in which events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment in carrying value is charged to the Consolidated Income Statement.

Software

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development and employee costs. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Amortisation is provided on software at rates calculated to write off the cost of each asset evenly over its expected useful life of between two and four years. Costs associated with maintaining computer software programs and licences for cloud-based software not controlled by the Group are recognised as an expense as they are incurred. No amortisation is charged on assets in the course of construction until they are available for operational use in the business.

Software acquired as part of a business combination is recognised at fair value at the acquisition date. Software has a finite useful life and is amortised using the straight-line method over its estimated useful life of two to four years.

Trade names

Trade names acquired in a business combination are recognised at fair value at the acquisition date. Trade names have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trade names over their estimated useful lives of up to 20 years.

Notes to the accounts continued
for the year ended 31 January 2024

1 Accounting policies continued

F. Intangible assets *continued*

Customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship of five to six years.

Non-compete

Certain acquisition agreements contain non-compete arrangements restricting the vendor's ability to compete with the acquiring business during an earn-out period. The non-compete arrangements have a finite useful life equivalent to the length of the earn-out period and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the length of the arrangement.

G. Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation. Depreciation is provided on all property, plant and equipment at annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Short leasehold improvements	–	Over the term of the lease
Office equipment	–	20% to 50% per annum straight-line basis
Office furniture	–	20% per annum straight-line basis
Motor vehicles	–	25% per annum straight-line basis

H. Impairment

Impairment tests on goodwill are undertaken annually at the financial year end and in the event of any changes in circumstances that indicate impairment. Other non-financial assets (excluding deferred tax) are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Where the carrying value of an asset exceeds its recoverable amount, which is measured as the higher of value-in-use and fair value less costs to sell, the asset is impaired accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, defined as the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows. Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill. The cash-generating units represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. The recoverable amount of the goodwill is determined using value-in-use calculations, which require estimates of future cash flows, and as such is subject to estimates and assumptions around revenue and cost growth rates from the Board-approved budget and discount rates applied. Further details are contained in note 11.

1 Accounting policies continued

H. Impairment *continued*

Impairment charges are included within the amortisation and impairment line of the Consolidated Income Statement unless they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

I. Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their 'functional currency') are recorded at the exchange rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the Consolidated Income Statement. In the consolidated financial statements, foreign exchange movements on intercompany loans to foreign operations with indefinite terms, for which there is no expectation of a demand for repayment, are recognised directly in equity within a separate foreign currency translation reserve.

On consolidation, the results of overseas operations are translated into sterling at the average exchange rates for the accounting period.

All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rates and the results of overseas operations at average rates are recognised directly in the foreign currency translation reserve within equity. The effective portion arising on the retranslation of foreign currency borrowings which are designated as a qualifying hedge is recognised within equity. See note 19 for more detail on hedging activities.

On disposal of a foreign operation, the cumulative translation differences recognised in the foreign currency translation reserve relating to that operation up to the date of disposal are transferred to the Consolidated Income Statement as part of the profit or loss on disposal.

On a reduction of ownership interest in a subsidiary that does not affect control, the cumulative retranslation difference is only allocated to the non-controlling interests ('NCI') and not recycled through the Consolidated Income Statement.

J. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. 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.

K. Financial instruments

Financial assets and liabilities are recognised on the Group's Consolidated Balance Sheet when the Group becomes party to the contractual provisions of the asset or liability. The Group's accounting policies for different types of financial asset and liability are described below.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the accounts continued
for the year ended 31 January 2024

1 Accounting policies continued

K. Financial instruments *continued*

Trade receivables

All trade receivables held by the Group are financial assets held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows. Trade receivables are initially recognised at transaction cost and will subsequently be measured at amortised cost less allowances for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term (less than three months) call deposits held with banks, with deemed low credit risk. Bank overdrafts are shown within loans and borrowings in current liabilities on the Consolidated Balance Sheet, except where there is a pooling arrangement with a bank that allows them to be offset against cash balances. In such cases the net cash balances are shown within cash and cash equivalents in the Consolidated Balance Sheet.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit loss (‘ECL’) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors.

Such provisions are recorded in a separate allowance account, with the loss being recognised as an expense in the other operating charges line in the Consolidated Income Statement.

Contingent consideration

On initial recognition, the liability for contingent consideration relating to acquisitions is measured at fair value. The liability is calculated based on the present value of the ultimate expected payment with the corresponding debit included within goodwill. Subsequent movements in the present value of the ultimate expected payment are recognised in the Consolidated Income Statement within finance income/expense, as the Group considers these movements as re-measurements of long-term financing arrangements rather than movements arising from the operating activities of the Company. Payments of contingent consideration are considered as settling a long-term liability that financed the acquisition and therefore the cash payments are classified as cash flows from financing activities.

The Group has a portion of consideration which is payable subject to continuing employment of the previous owner within the Group. The expected liability is recognised within operating costs evenly over the required employment term of the seller and is separately recognised as an employment-related acquisition payment provision.

The Group adjusts for the remeasurement of the acquisition-related liabilities within the adjusted performance measures in order to aid comparability of the Group’s results year on year as the charge/credit can vary significantly depending on the brand’s performance.

1 Accounting policies continued

K. Financial instruments *continued*

Share purchase obligation

Put option agreements that allow the non-controlling interest shareholders in the Group's subsidiary undertakings to require the Group to purchase the non-controlling interest are recorded in the Consolidated Balance Sheet as liabilities. On initial recognition, the liability is measured at fair value and is calculated based on the present value of the ultimate expected payment with the corresponding debit included in the share purchase reserve. Subsequent movements in the present value of the ultimate expected payment are recognised in the Consolidated Income Statement within finance income/expense, as the Group considers these movements as re-measurements of long-term financing arrangements rather than movements arising from the operating activities of the Company.

Additional contingent incentive

The Group has an additional contingent incentive scheme for the sellers of Activate Marketing Services LLC ('Activate'), which was put in place subsequent to the acquisition. The scheme follows on from the earnout payments for Activate that were in place on acquisition and effectively results in an increase to the original cap included within the acquisition agreement. Despite no service requirements included within the new scheme, this is treated as remuneration for the sellers of Activate who are current employees. A portion of the scheme is settled in cash which the Group has accounted for as a cash-settled employee benefit under IAS 19, resulting in a recognition of the liability contingent on the future of the performance of Activate. The valuation of the liability is calculated based on the present value of the ultimate expected payment and any subsequent movements in the present value of the ultimate expected payment are recognised in the Consolidated Income Statement within finance income/expense.

The remaining portion of the scheme is settled in equity and has been accounted for under IFRS 2.

Trade payables

Trade payables are initially recognised at fair value and thereafter at amortised cost.

Bank borrowing

Interest-bearing bank loans and overdrafts are recognised at their fair value, net of direct issue costs and, thereafter, at amortised cost. Finance costs are charged to the Consolidated Income Statement over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs that are initially recognised as a reduction in the proceeds of the associated capital instrument.

Hedging activities

The Group designates certain derivatives as hedging instruments in respect of hedges of net investments in foreign operations. The Group has chosen to continue to account for these under IAS 39 as allowed by the transition provisions for IFRS 9.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Notes to the accounts continued
for the year ended 31 January 2024

1 Accounting policies continued
K. Financial instruments *continued*
Hedging activities continued
Where a foreign currency loan is designated as a qualifying hedge of the foreign exchange exposure arising on retranslation of the net assets of a foreign operation, any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income in a separate hedging reserve included within other reserves. This offsets the foreign exchange differences arising on the retranslation of the foreign operation's net assets, which are recognised in the separate foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement within finance income/expense.

Gains and losses accumulated in equity on retranslation of the foreign currency loans are recycled through the Consolidated Income Statement when the foreign operation is sold or is partially disposed of so that there is a loss of control. At this point the cumulative foreign exchange differences arising on the retranslation of the net assets of the foreign operation are similarly recycled through the Consolidated Income Statement. Where the hedging relationship ceases to qualify for hedge accounting, the cumulative gains and losses remain within the foreign currency translation reserve until control of the foreign operation is lost; subsequent gains and losses on the hedging instrument are recognised in the Consolidated Income Statement.

Where there is a change in the ownership interest without effecting control, the exchange differences are adjusted within reserves.

L. Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation, and are discounted to present value where the effect is material. Provisions are created for acquisition-related payments linked to the continuing employment of the sellers and are recognised over the required period of employment. Provisions comprise liabilities where there is uncertainty about the timing of the settlement and are measured at the present value of the Group's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

M. Retirement benefits
Pension costs which relate to payments made by the Group to employees' own defined contribution pension plans are charged to the Consolidated Income Statement as incurred.

N. Share-based payments
The Group issues equity-settled share-based payments to certain employees via the Group's Long-Term Incentive Plan. The share-based payments are measured at fair value at the date of the grant and expensed on a straight-line basis over the vesting period. At each reporting date, the Group revises its estimates of the number of equity instruments expected to vest and the cumulative expense is adjusted for failure to achieve non-market performance vesting conditions.

Fair value is measured by using a Black-Scholes model on the grounds that there are no market-related vesting conditions. The expected life used in the model has been adjusted, based on the Board's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

1 Accounting policies continued

N. Share-based payments *continued*

The Group grants brand equity appreciation rights to key individuals in the form of LLC units or restricted ordinary shares in the relevant subsidiary. The LLC units or restricted ordinary shares give the individuals a right to a percentage of the future appreciation in their particular brand's equity. Appreciation is measured based on a multiple of the brand's operating earnings in subsequent year(s), over the base line value determined at the date of grant, which is also based on a multiple of operating earnings. Since any brand appreciation payments are to be settled in Group equity, they are accounted for as equity-settled share-based payments. The value is recognised as a one-off share-based payment in the income statement in the year of grant as the agreements do not include service requirements, thus the cost accounting is not aligned with the timing of the anticipated benefit of the incentive, namely the growth of the relevant brands. Therefore, adjusting for these within the Group's adjusted performance measures gives a better reflection of the Group's performance and enhances comparability year on year.

O. Leased assets

The Group leases various assets, comprising mostly of properties and office equipment. The Group assesses whether a contract is or contains a lease, at inception of a contract, based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a corresponding lease liability at the commencement date with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (approximately less than £5,000), where the Group has elected to use the exemption. The total rentals payable under these leases are charged to the Consolidated Income Statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease. When this rate cannot be determined, the Group uses the incremental borrowing rate for the same term as the underlying lease. Lease payments comprise fixed payments less any lease incentives receivable and variable lease payments as at the commencement date. The lease liability is subsequently remeasured when there is a change in future lease payments due to a renegotiation or market rent review, or a reassessment of the lease term. Lease modifications result in remeasurement of the lease liability with a corresponding adjustment to the related right-of-use asset. Interest expense is included within finance expense in the Consolidated Income Statement. The right-of-use asset is initially measured based on the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received, plus the estimated cost for any restoration costs the Group is obligated to at lease inception. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the asset.

At times, entities of the Group will sublet certain of their properties when underlying business requirements change. The Group assesses the classification of these subleases with reference to the right-of-use asset, not the underlying asset. As a result, certain subleases are classified as finance leases and a sublease receivable is recognised and recorded as a financial asset within trade and other receivables on the Consolidated Balance Sheet and any relating right-of-use asset is derecognised.

When the Group acts as an intermediate lessor it accounts for the head lease and the sublease separately. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership in relation to the underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Amounts due from lessees under finance leases are recognised as finance lease receivables at the amount of the Group's net investment in the leases using the effective interest rate method. The Group recognises lessor payments under operating leases as income on a straight-line basis over the lease term.

Notes to the accounts continued
for the year ended 31 January 2024

1 Accounting policies continued

P. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Q. Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Consolidated Balance Sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the asset can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Where a temporary difference arises between the tax base of employee share options and their carrying value, a deferred tax asset should arise. To the extent that the future tax deduction exceeds the related cumulative IFRS 2 'Share-Based Payment' ('IFRS 2') expense, the excess of the associated deferred tax balance is recognised directly in equity. To the extent that the future tax deduction matches the cumulative IFRS 2 expense, the associated deferred tax balance is recognised in the Consolidated Income Statement.

1 Accounting policies continued

R. Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

S. Employee Share Ownership Plan ('ESOP')

As the Group is deemed to have control of its ESOP trust, the trust is treated as a subsidiary and is consolidated for the purposes of the Group accounts. The ESOP's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the Group financial statements. The ESOP's investment in the Group's shares is deducted from equity in the Consolidated Balance Sheet as if they were treasury shares and presented in the ESOP reserve.

T. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

I. Presentation of payments of earn-out liabilities

The classification of payments in relation to the Group's earn-out liabilities including contingent consideration and share purchase obligation within the consolidated statement of cash flow, requires judgement. The Group determines the settlement of both the initial estimate and subsequent remeasurement as a single settlement of a liability outstanding for several years that financed an acquisition. Therefore, the payment of contingent consideration and other earn-out liabilities are classified as cash flows from financing activities. For consistency, the Group also classifies the subsequent movement in the present value of the expected consideration, including changes in estimate of future contingent consideration payable and future share purchase obligations, to be recognised within finance expense/income.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Notes to the accounts continued
for the year ended 31 January 2024

1 Accounting policies continued

T. Critical accounting judgements and key sources of estimation uncertainty *continued*

Key sources of estimation uncertainty continued

II. Contingent consideration, share purchase obligation and valuation of put options

Contingent consideration and share purchase obligations relating to acquisitions have been included based on discounted management estimates of the most likely outcome. The difference between the fair value of the liabilities and the actual amounts payable is charged to the Consolidated Income Statement as notional finance costs over the life of the associated liability. Changes in the estimates of contingent consideration payable and the share purchase obligation are recognised in finance income/expense. These require judgements around future revenue growth, profit margins and discount rates, which, if incorrect, could result in a material adjustment to the value of these liabilities within the next financial year. Further details, including sensitivity analysis, are contained in note 17.

U. New standards and amendments not applied

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards which have been published but are only effective for accounting periods beginning on or after 1 February 2024 or later periods. These new pronouncements are listed below:

- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 (amendments), Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current' and 'Non-current liabilities with covenants';
- Amendments to IAS 7 'Supplier Finance Arrangements'; and
- Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback'.

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

2 Segment information

Reportable segments

The Board of Directors has identified the operating segments based on the reports it reviews as the chief operating decision-maker ('CODM') to make strategic decisions, assess performance and allocate resources. These are deemed to be both regional and service segments.

The Group's business is separated into a number of brands which are considered to be the underlying cash-generating units ('CGUs'). These brands are organised into service segments based on the work they do for their customers and into geographical segments based on where the brand is located; within these reportable segments the Group operates a number of separate businesses which generally offer complementary products and services to their customers.

Revenues from one customer within the Business Transformation segment represents approximately £76.6m (10%) of the Group's total revenues.

2 Segment information continued

Measurement of operating segment profit

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted operating profit before intercompany recharges, which reflects the internal reporting measure used by the Board of Directors. This measurement basis excludes the effects of certain fair value accounting charges, amortisation of acquired intangibles and other costs not associated with the performance of the business, details of which are included in the Glossary section on page 200. Total adjusted operating profit is reconciled to operating profit in note A2 to the glossary, which in turn is reconciled to statutory profit before tax in the Consolidated Income Statement. Head Office costs relate to Group costs before allocation of intercompany charges to the operating segments. Inter-segment transactions have not been separately disclosed as they are not material.

	Customer Engage £'000	Customer Delivery £'000	Customer Insight £'000	Business Transformation £'000	Head Office £'000	Total £'000
Year ended 31 January 2024						
Revenue	**346,472**	**157,913**	**76,528**	**153,760**	**—**	**734,673**
Adjusted operating profit/(loss)	**53,178**	**29,117**	**10,358**	**48,253**	**(19,825)**	**121,081**
Year ended 31 January 2023						
Revenue	360,192	148,925	70,326	141,057	—	720,500
Adjusted operating profit/(loss)	55,432	30,191	11,049	43,855	(26,358)	114,169

	UK £'000	EMEA £'000	US £'000	Asia Pacific £'000	Head Office £'000	Total £'000
Year ended 31 January 2024						
Revenue	**330,897**	**15,201**	**366,686**	**21,889**	**—**	**734,673**
Adjusted operating profit/(loss)	**45,731**	**2,345**	**91,139**	**1,691**	**(19,825)**	**121,081**
Non-current assets[1]	**196,544**	**1,209**	**115,292**	**1,082**	**—**	**314,127**
Year ended 31 January 2023						
Revenue	311,071	14,110	371,972	23,347	—	720,500
Adjusted operating profit/(loss)	42,460	2,826	93,463	1,778	(26,358)	114,169
Non-current assets[1]	199,093	1,026	112,440	1,065	—	313,624

1 Total non-current assets excluding £0.6m of investments in financial assets (2023: £0.6m), £62.1m of deferred tax assets (2023: £67.1m) and £1.0m of other receivables (2023: £0.8m) has been presented.

Notes to the accounts continued
for the year ended 31 January 2024

3 Employee information

Staff costs for all employees, including Directors, consist of:

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Wages and salaries	**350,315**	339,062
Social security costs	**26,684**	26,057
Pension costs	**8,964**	7,997
Share-based payment charge (note 21)	**11,476**	6,711
Employment-related acquisition payments (note 15)	**10,006**	11,971
	407,445	391,798

The average monthly number of employees during the period, by geographical location, was as follows:

	Year ended 31 January 2024	Year ended 31 January 2023
UK	**2,197**	2,088
Europe and Africa	**206**	129
US	**1,097**	1,125
Asia Pacific	**614**	503
Head Office	**129**	134
	4,243	3,979

Key management personnel are considered to be the Board of Directors as set out on pages 68 to 69.

3 Employee information continued

Directors' remuneration consists of:

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Short-term employee benefits	**2,215**	2,448
Pension costs	**102**	119
Share-based payment charge	**1,259**	1,661
Non-Executive Directors' remuneration	**415**	366
	3,991	4,594

The highest-paid Director received total emoluments of £1,288,000 (2023: £1,486,000).

4 Operating profit

The following key charges/(credits) are included within operating profit. The total of the below does not reconcile to any other total within this report:

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Depreciation of owned property, plant and equipment (note 12)	**4,629**	4,433
Depreciation of right-of-use assets (note 16)	**7,634**	7,754
Amortisation of intangible assets (note 11)	**24,360**	25,053
Impairment of property, plant and equipment (note 12)	**—**	1,172
Impairment of right-of-use assets (note 16)	**1,588**	5,752
Gain on recognition of finance lease receivable	**2,763**	164
Loss on sale and impairment of property, plant and equipment (note 12)	**130**	68
Share-based payment charge (note 21)	**11,476**	6,711
Employment-related acquisition payments (note 3)	**10,006**	11,971
Short-term sublease income	**(18)**	(7)
Short-term lease expense	**902**	862
Low-value lease expense	**48**	19
Foreign exchange loss/(gain)	**874**	(1,592)

Notes to the accounts continued
for the year ended 31 January 2024

5 Auditor's remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and their associates:

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Fees payable to the Company's auditor for the statutory audit of the Company accounts and consolidated annual statements	**715**	650
The auditing of financial statements of the subsidiaries pursuant to legislation	**5**	4
Non-audit services:		
Other assurance services	**7**	7
	727	661

6 Finance expense

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Financial liabilities at amortised cost		
Bank interest payable	**4,242**	1,791
Interest on lease liabilities (note 16)	**1,104**	1,365
Financial liabilities at fair value through profit and loss		
Unwinding of discount on share purchase obligation (note 17)	**1,250**	1,425
Change in estimate of future share purchase obligation (note 17)	**—**	348
Unwinding of discount on contingent consideration (note 17)	**23,621**	21,460
Change in estimate of future contingent consideration payable (note 17)	**1,150**	37,343
Other		
Other interest payable	**26**	3
Finance expense	**31,393**	63,735

7 Finance income

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Financial assets at amortised cost		
Bank interest receivable	**1,039**	103
Finance lease interest receivable	**81**	50
Financial liabilities at fair value through profit and loss		
Change in estimate of future share purchase obligation (note 17)	**553**	4,131
Change in estimate of future contingent consideration (note 17)	**32,937**	2,343
Other		
Other interest receivable	**12**	10
Finance income	**34,622**	6,637

8 Taxation

The major components of income tax expense for the year ended 31 January 2024 and year ended 31 January 2023 are:

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Consolidated Income Statement		
Current income tax		
Current income tax expense	**25,718**	25,457
Adjustments in respect of current income tax in prior years	**541**	(1,829)
Deferred income tax		
Relating to the origination and reversal of temporary differences	**1,008**	(15,778)
Adjustments in respect of deferred tax for prior years	**(864)**	(727)
Income tax expense reported in the Consolidated Income Statement	**26,403**	7,123
Consolidated Statement of Changes in Equity		
Tax debit/(credit) relating to share-based payment	**984**	(1,898)
Income tax benefit reported in equity	**984**	(1,898)

Notes to the accounts continued
for the year ended 31 January 2024

8 Taxation continued

The tax assessed for the year is higher than the standard effective rate of corporation tax in the UK of 24% (2023: 19%). The difference is explained below:

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Factors affecting the tax charge for the year		
Profit before income tax	**80,348**	10,109
Corporation tax expense at 24% (2023: 19%)	**19,308**	1,921
Effects of:		
Disallowed expenses	**4,324**	5,482
Non-taxable items in determining taxable profit	**(512)**	(1,095)
Deferred impact of UK rate change 24% (2023: 25%)	**85**	—
Recognition of previously unrecognised tax losses	**(2,503)**	(355)
Provision over losses subject to tax enquiry	**2,502**	—
Non-utilisation of tax losses	**215**	121
Higher rates of tax on overseas earnings and withholding tax	**4,307**	4,004
Deduction for overseas taxes	**(1,000)**	(862)
Adjustments in respect of prior years	**(323)**	(2,093)
	26,403	7,123

The income tax expense for the year is based on the UK effective statutory rate of corporation tax of 24% (2023: 19%). Overseas tax is calculated at the rates prevailing in the respective jurisdictions. Net corporation tax paid during the year totalled £25.4m (2023: £20.3m).

On 11 July 2023, new tax rules that introduce a global minimum effective tax rate of 15% were enacted in the UK. The legislation implements domestic and multinational top-up taxes for periods starting on or after 31 December 2023. At this stage we anticipate that the year ended 31 January 2025 will be the first period in which Next 15 will be subject to the rules.

The legislation will require the Group to calculate a Pillar 2 Effective Tax Rate (ETR) for every jurisdiction in which the Group operates. A Pillar 2 Income Tax will arise where the ETR is less than 15%. Next 15 has been closely monitoring the introduction of these rules and has undertaken high level calculations on the application of the transitional safe harbour rules to assess their potential impact. These calculations are based on the Group's draft consolidated financial statement results for the 31 January 2024. Based on our preliminary review of these calculations, we do not anticipate any top-up tax will be applicable.

9 Dividend

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Dividends paid during the year		
Final dividend paid for prior year of 10.1p per Ordinary Share (2023: 8.4p)	**10,028**	8,251
Interim dividend paid of 4.75p per Ordinary Share (2023: 4.5p)	**4,734**	4,428
	14,762	12,679
Non-controlling interest dividend[1]	**1,290**	2,667

1 During the year, a profit share was paid to the holders of the non-controlling interest of Blueshirt of £277,100 (2023: £336,059), M Booth of £791,761 (2023: £743,084) and BCA of £221,576 (2023: £1,586,210).

The ESOP waived its right to dividends in the financial years ended 31 January 2024 and 2023.

A final dividend of 10.6p per share (2023: 10.1p) has been proposed, which is a total amount of £10,542,239 (2023: £9,948,897). This has not been accrued. This makes the total dividend for the year 15.35p per share (2023: 14.6p). The final dividend, if approved at the AGM on 27 June 2024, will be paid on 9 August 2024 to all shareholders on the Register of Members as at 5 July 2024. The ex-dividend date for the shares is 4 July 2024.

10 Earnings per share

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Profit attributable to ordinary shareholders	**52,907**	1,623

	Number	Number
Weighted average number of Ordinary Shares	**99,247,832**	97,635,507
Dilutive LTIP & options shares	**1,848,787**	2,279,528
Dilutive growth deal shares[1]	**3,345,900**	2,373,445
Other potentially issuable shares	**775,582**	3,392,207
Diluted weighted average number of Ordinary Shares	**105,218,101**	105,680,687
Basic earnings per share	**53.3p**	1.7p
Diluted earnings per share	**50.3p**	1.5p

1 This relates to the brand equity appreciation rights as discussed in note 1, section N.

Notes to the accounts continued
for the year ended 31 January 2024

11 Intangible assets

	Software £'000	Trade names £'000	Customer relationships[3] £'000	Non-compete agreements £'000	Goodwill £'000	Total £'000
Cost						
At 31 January 2022	17,996	20,358	89,260	9,045	141,555	278,214
Additions	455	—	—	—	—	455
Capitalised internal development	3,036	—	—	—	—	3,036
Acquired through business combinations[1]	10	4,346	50,342	272	50,394	105,364
Disposals	(75)	—	—	—	—	(75)
Exchange differences	74	930	2,838	306	5,428	9,576
At 31 January 2023	21,496	25,634	142,440	9,623	197,377	396,570
Additions	12	—	—	—	—	12
Capitalised internal development	3,424	—	—	—	—	3,424
Acquired through business combinations[1]	3	1,947	14,225	834	11,876	28,885
Disposals	(51)	—	—	—	—	(51)
Exchange differences	(49)	(389)	(1,231)	(128)	(2,290)	(4,087)
At 31 January 2024	**24,835**	**27,192**	**155,434**	**10,329**	**206,963**	**424,753**
Amortisation and impairment						
At 31 January 2022	11,776	9,000	57,952	5,765	10,671	95,164
Charge for the year	2,135	2,116	19,764	1,038	—	25,053
Disposals	(71)	—	—	—	—	(71)
Exchange differences	72	381	1,606	146	152	2,357
At 31 January 2023	13,912	11,497	79,322	6,949	10,823	122,503
Charge for the year[2]	2,599	2,224	18,414	1,123	—	24,360
Disposals	(43)	—	—	—	—	(43)
Exchange differences	(38)	(203)	(993)	(88)	(87)	(1,409)
At 31 January 2024	**16,430**	**13,518**	**96,743**	**7,984**	**10,736**	**145,411**
Net book value at 31 January 2024	**8,405**	**13,674**	**58,691**	**2,345**	**196,227**	**279,342**
Net book value at 31 January 2023	7,584	14,137	63,118	2,674	186,554	274,067

1 During the year, the Group acquired Williams, Rush and Explorer as well as other acquisitions and a number of trade and asset purchases, none of which are individually significant to the Group (note 26).

2 Amortisation charge for the year includes acquired intangibles of £1,123,000 for non-compete agreements, £18,414,000 for customer relationships, £2,224,000 for trade names and £270,000 relating to software.

3 Customer relationships includes individually significant balances with a carrying amount of £35,356,000, relating to identified customer relationships that was recognised on the acquisition of Engine Acquisition Limited, which are to be amortised until February 2030 and an amount of £3,195,000, relating to identified customer relationships that was recognised on the acquisition of Shopper Media Group Limited, which are to be amortised until March 2025.

11 Intangible assets continued

Impairment testing for cash-generating units containing goodwill

Goodwill acquired through business combinations is allocated to cash-generating units ('CGUs') for impairment testing as follows:

	2024 £'000	2023 £'000
Archetype	**8,268**	8,268
Outcast (US)	**13,021**	13,471
M Booth (US)	**22,122**	22,888
Blueshirt (US)	**5,383**	5,570
Savanta[1] (UK & US)	**17,245**	13,657
Publitek[2]	**9,886**	9,889
Twogether	**10,620**	10,620
Velocity	**5,653**	5,653
elvis	**2,179**	2,179
Activate (US)	**7,446**	7,704
Brandwidth[3]	**9,565**	3,041
Planning-inc	**2,157**	2,157
CRE	**4,351**	4,351
Mach49 (US)	**9,456**	9,783
SMG	**8,766**	8,766
BCA (US)	**2,616**	2,706
House 337[4]	**11,248**	11,122
MHP	**24,468**	24,468
Transform	**16,682**	16,682
Other[5]	**5,095**	3,579
	196,227	186,554

1 The goodwill in Savanta has increased in the year due to the acquisition of Explorer (£3,663,000) and an adjustment to the prior year acquisition of Motif (£46,000), with the remainder of the change is due to change in foreign exchange.

2 The goodwill in Publitek has increased in the year due to the acquisition of SAMS Network which was not significant to the Group (£2,000), with the remainder of the change due to foreign exchange.

3 The goodwill in Brandwidth has increased in the year due to the acquisition of Williams (£1,954,000) and Rush (£4,570,000).

4 The goodwill in House 337 has increased in the year due to the acquisition of Vixen Labs which was not significant to the Group (£126,000).

5 Other goodwill represents goodwill on a number of CGUs, none of which is individually significant in comparison to the total carrying value of goodwill. The increase can be attributed to the goodwill in Palladium increasing in the year due to the acquisition of Onefourzero (£488,000) and Whitespace (£1,028,000).

11 Intangible assets continued

Impairment testing for cash-generating units containing goodwill *continued*

Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill. The CGUs represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. This is a lower level than the operating segments disclosed in note 2; the CGUs are allocated to operating segments based on their geographical location or the product or service they provide.

The Group performs an impairment testing process by considering:

Stage 1) The performance of the brands during the previous financial year and the value-in-use of the brands at 31 January 2024. The value-in-use is calculated by taking the present value of expected future cash flows based on minimum expected standard growth rates applied to the Board-approved FY25 budget.

Stage 2) The value-in-use of the brands, calculated by taking the present value of expected future cash flows based on management's best estimate of brand-specific growth rates for the following four years applied to the Board-approved FY25 budget.

Note that the growth rates in stages 1 and 2 applied for year five are dependent on the geographical region of the respective brand. The long-term perpetuity growth rates applied for year five onwards for the US, UK and APAC regions are 2.5% (2023: 2%), 1.5% (2023: 1.5%) and 1% (2023: 1%) respectively. The growth rates applied for years two to five for the US, UK and APAC regions are 3% (2023: 2%), 2% (2023: 1.5%) and 3% (2023: 3%) respectively.

Sensitivity analysis

The Group has performed sensitivity analysis on the assumptions used in the value-in-use calculations. The Group has performed two scenarios. Firstly, with all other variables unchanged, if revenue and costs do not grow past the FY25 budget and there is no growth in perpetuity, no material impairment would be required. Secondly, with all other variables unchanged, if the pre-tax discount rate increased by 5% to 18.9%, no impairment would be required.

11 Intangible assets continued

Cash flow projections

The recoverable amounts of all CGUs have been determined from value-in-use calculations based on the pre-tax operating profits before non-cash transactions including amortisation and depreciation taken from the most recent financial budgets approved by management for the next financial year. The Board-approved budgets are based on assumptions of client wins and losses, rate card changes and cost inflation as well as any other one-off items expected in the year for that particular CGU. The cash flow forecasts extrapolate the FY25 budgeted cash flows for the following four years based on the estimated regional growth rates, which is applied to revenue and costs. This rate does not exceed the average long-term growth rate for the relevant markets. The value-in-use is compared with the combined total of goodwill, intangible assets and tangible fixed assets. The growth rate in relation to the geographical region of the brand is then applied into perpetuity after five years.

Pre-tax discount rate

A UK pre-tax rate of 13.9% (2023: 12.7%) and US pre-tax rate of 14.4% (2023: 13.8%), being the Board's estimated discount rates, have been used in discounting all projected cash flows. The Board considers these pre-tax discount rates to be calculated using appropriate methodology and reference to market yields of long-term government bonds. These rates are already in the higher end of the spectrum amongst its peers, and the Board views these rates as accurately reflecting the return expected by a market participant. The Board has considered whether to risk-affect the discount rate used for the different brands. Given the nature of each business, that they operate in well-developed territories and are largely similar digital media communication businesses dependent on the mature economies in which they operate, the Board has considered no risk adjustment to the individual discount rates is required. Further, a scenario considering the higher US specific discount rate of 14.4%, reflective of expected market returns has been applied to the UK CGUs and indicated no goodwill impairment.

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for the year ended 31 January 2024

12 Property, plant and equipment

	Short leasehold improvements £'000	Office equipment £'000	Office furniture £'000	Motor vehicles £'000	Total £'000
Cost					
At 31 January 2022	13,123	9,737	2,378	—	25,238
Exchange differences	929	471	171	—	1,571
Additions	740	2,598	140	7	3,485
Acquired through business combinations	4,125	896	139	—	5,160
Disposals	(570)	(1,086)	(536)	—	(2,192)
At 31 January 2023	18,347	12,616	2,292	7	33,262
Exchange differences	(318)	(285)	(73)	(1)	(677)
Additions	1,790	1,799	122	—	3,711
Acquired through business combinations	—	118	43	185	346
Disposals	(3,923)	(702)	(78)	(30)	(4,733)
At 31 January 2024	**15,896**	**13,546**	**2,306**	**161**	**31,909**
Accumulated depreciation					
At 31 January 2022	9,171	7,100	1,461	—	17,732
Exchange differences	665	362	154	—	1,181
Charge for the year	1,788	2,328	315	2	4,433
Impairment	1,013	148	11	—	1,172
Disposals	(465)	(1,140)	(533)	—	(2,138)
At 31 January 2023	12,172	8,798	1,408	2	22,380
Exchange differences	(251)	(223)	(67)	—	(541)
Charge for the year	1,812	2,510	300	7	4,629
Disposals	(3,923)	(659)	(76)	—	(4,658)
At 31 January 2024	**9,810**	**10,426**	**1,565**	**9**	**21,810**
Net book value at 31 January 2024	**6,086**	**3,120**	**741**	**152**	**10,099**
Net book value at 31 January 2023	6,175	3,818	884	5	10,882

13 Trade and other receivables

	2024 £'000	2023 £'000
Current		
Trade receivables	**133,832**	132,675
Less: provision for impairment of trade receivables	**(1,022)**	(1,276)
Trade receivables – net	**132,810**	131,399
Other receivables	**8,594**	3,136
Prepayments	**7,885**	8,435
Accrued income	**17,273**	19,100
Finance lease receivables	**3,441**	2,105
	170,003	164,175
Non-current		
Rent deposits	**1,040**	830

Trade receivables disclosed above are measured at amortised cost. There were no significant changes in the accrued income balances during the reporting period.

The Group has applied the practical expedient permitted by IFRS 15 to not disclose the transaction price allocated to performance obligations unsatisfied (or partially unsatisfied) as of the end of the reporting period as contracts typically have an original expected duration of a year or less.

As of 31 January 2024, trade receivables of £1,022,000 (2023: £1,276,000) were impaired. Movements in the provision were as follows:

	2024 £'000	2023 £'000
At start of year	**1,276**	591
Provision for receivables impairment	**1,481**	1,075
Receivables written off during the year as uncollectable	**(1,112)**	(302)
Unused amounts reversed	**(603)**	(131)
Foreign exchange movements	**(20)**	43
At end of year	**1,022**	1,276

The provision for receivables impairment has been determined using an expected credit loss model by reference to historical default rates. Owing to the immaterial level of the provision for impairment of receivables, no further disclosure is made. The Group considers there to be no material difference between the fair value of trade and other receivables and their carrying amount in the balance sheet.

Notes to the accounts continued
for the year ended 31 January 2024

13 Trade and other receivables continued
As at 31 January, the analysis of trade receivables that were not impaired is as follows:

	2024 £'000	2023 £'000
Not past due	**103,189**	94,978
Up to 30 days	**21,582**	20,761
31 to 60 days	**4,672**	10,059
Greater than 61 days	**3,367**	5,601
At end of year	**132,810**	131,399

14 Trade and other payables

	2024 £'000	2023 £'000
Current		
Trade creditors	**30,598**	28,485
Other taxation and social security	**11,961**	9,538
Vacation accruals	**2,673**	3,036
Other payables	**10,770**	10,730
Accruals	**36,419**	45,160
Deferred income	**59,089**	63,057
	151,510	160,006
Non-current		
Other payables	**110**	169
	110	169

The Group considers that the carrying amount of trade and other payables approximates to their fair value with the exception of obligations under finance leases; refer to note 16.

There were no significant changes in the deferred income balances during the reporting period. All the brought forward deferred income balance was recognised as revenue in the current reporting period. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

15 Provisions

	Property[1] £'000	Acquisition payments[2] £'000	Other[3] £'000	Total £'000
At 31 January 2022	695	21,310	506	22,511
Additions	—	11,971	26	11,997
Acquired through business combinations	1,698	—	1,732	3,430
Used during the year[4]	(99)	(8,034)	—	(8,133)
Exchange differences	18	—	—	18
At 31 January 2023	2,312	25,247	2,264	29,823
Additions	431	10,006	1,072	11,509
Acquired through business combinations	30	—	—	30
Used during the year[4]	(184)	(18,223)	(341)	(18,748)
Exchange differences	(8)	53	(2)	43
At 31 January 2024	**2,581**	**17,083**	**2,993**	**22,657**
Current	**396**	**1,727**	**943**	**3,066**
Non-current	**2,185**	**15,356**	**2,050**	**19,591**

1 Property provisions are primarily for dilapidations and include assumptions of a cost per square foot required to make good the property at the end of the lease.

2 Acquisition payments are provisions for the portion of consideration which is payable subject to continuing employment of the previous owners within the Group. The expected liability is recognised over the required employment term of the seller and is separately recognised as an employment-related acquisition payment provision. As the amount of consideration relating to these acquisitions are not capped, the maximum amount of the resulting outflow is not capped.

3 Other includes provisions for potential tax liabilities and redundancy provisions.

4 The amounts utilised during the year in relation to acquisition payments were settled £15.7m in cash and £2.5m in shares (2023: £6.6m in cash and £1.4m in shares).

Notes to the accounts continued
for the year ended 31 January 2024

16 Right-of-use Assets and Lease Liabilities
The movements in the year ended 31 January 2024 were as follows:

Right-of-use assets:	Land and buildings £'000
Cost	
At 1 February 2022	47,280
Additions	1,163
Acquired through business combinations	19,881
Disposals	(3,278)
Exchange differences	3,386
At 31 January 2023	68,432
Additions	5,069
Acquired through business combinations	512
Disposals	(3,071)
Exchange differences	(1,783)
At 31 January 2024	**69,159**
Accumulated depreciation	
At 1 February 2022	27,332
Charge for the year	7,754
Impairment	5,752
Disposals	(3,266)
Exchange differences	2,185
At 31 January 2023	39,757
Charge for the year	7,634
Impairment	1,588
Disposals	(3,022)
Exchange differences	(1,484)
At 31 January 2024	**44,473**
Net book value at 31 January 2024	**24,686**
Net book value at 31 January 2023	28,675

16 Right-of-use Assets and Lease Liabilities continued

Lease liabilities:	Land and buildings £'000
At 1 February 2023	41,768
Acquired through business combinations	537
Additions	4,920
Interest expense related to lease liabilities	1,104
Disposals	(148)
Repayment of lease liabilities	(14,175)
Exchange differences	(578)
At 31 January 2024	**33,428**
Current	**10,115**
Non-current	**23,313**

The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts recognised as finance income and finance costs:

	2024 £'000	2023 £'000
Depreciation of right-of-use assets	**7,634**	7,754
Short-term lease expense	**902**	862
Low-value lease expense	**48**	19
Short-term sublease income	**(18)**	(7)
Charge to operating profit	**8,566**	8,628
Sublease finance interest receivable (note 7)	**(81)**	(50)
Lease liability interest expense (note 6)	**1,104**	1,365
Lease charge to profit before income tax	**9,589**	9,943

Notes to the accounts continued
for the year ended 31 January 2024

16 Right-of-use Assets and Lease Liabilities continued

The maturity of the lease liabilities is as follows:

	2024 £'000	2023 £'000
Amounts payable:		
Within one year	**10,976**	13,282
In two to five years	**24,136**	29,969
After five years	**208**	986
Total gross future liability	**35,320**	44,237
Effect of discounting	**(1,892)**	(2,469)
Lease liability at 31 January	**33,428**	41,768

The Group does not face a significant liquidity risk with regard to its lease liabilities. Refer to note 19 for management of liquidity risk.

17 Other financial liabilities

	Deferred consideration £'000	Contingent consideration[1] £'000	Additional contingent incentive £'000	Share purchase obligation £'000	Total £'000
At 31 January 2022	133	161,541	5,202	11,252	178,128
Arising during the year[1]	—	1,779	—	—	1,779
Changes in estimates[2]	—	35,144	(144)	(3,783)	31,217
Exchange differences	—	13,302	467	136	13,905
Utilised[3]	(160)	(43,009)	—	(46)	(43,215)
Unwinding of discount	27	20,649	784	1,425	22,885
At 31 January 2023	—	189,406	6,309	8,984	204,699
Arising during the year[1]	—	12,077	—	—	12,077
Changes in estimates[2]	—	(32,545)	758	(553)	(32,340)
Exchange differences	—	(6,160)	(238)	(78)	(6,476)
Utilised[3]	—	(39,075)	(3,071)	—	(42,146)
Unwinding of discount	—	23,049	572	1,250	24,871
At 31 January 2024	**—**	**146,752**	**4,330**	**9,603**	**160,685**
Current	**—**	**62,059**	**2,483**	**2,326**	**66,868**
Non-current	**—**	**84,693**	**1,847**	**7,277**	**93,817**

1 Contingent consideration on acquisitions – during the year, the Group acquired a controlling stake in Williams, Rush and Explorer, as well as a number of other acquisitions, none of which are material to the Group. (2023: Engine, Cubaka and Green Leads). See note 26 for additional information on these acquisitions.

2 Gross movements in changes in assumptions are disclosed in notes 6 and 7.

3 The amounts utilised were settled £42.1m in cash and £Nil in shares (2023: £34.7m in cash and £8.5m in shares).

The estimates around contingent consideration and share purchase obligations are considered by management to be an area of significant judgement, with any changes in assumptions and forecasts creating volatility in the income statement. Management estimates the fair value of these liabilities taking into account expectations of future payments. The expectation of future payments is based on an analysis of the approved FY25 budget with further consideration being given to current and forecast wider market conditions, together with current trading and recent significant contract wins. An assumed medium-term growth expectation is then applied which is specific to each individual entity over the course of the earn-out period and discounted back to present value using a pre-tax discount rate.

During the year, earn-out related liabilities (included in the table above) decreased by a net £44.0m, primarily driven by settlements during the year and a change in estimate of £32.3m relating to the Mach49 business. This change in estimate was driven by the revised assumptions for the latest trading performance and forecast expectations for the Mach49 business. At the previous year end, the Group estimated the total earn-out to be the maximum cap of US$300m, which has now been reduced down to US$250m at 31 January 2024 on an undiscounted basis.

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for the year ended 31 January 2024

17 Other financial liabilities continued

Changes in the estimates of contingent consideration payable and the share purchase obligation are recognised in finance income/expense. If the judgements around future revenue growth, profit margins and discount rates change, this could result in a material adjustment to the value of these liabilities within the next financial year. An increase in the liability would result in an increase in finance expense, while a decrease would result in a further gain.

Sensitivity analysis

At 31 January 2024, the weighted average revenue growth rate in estimating future financial performance was 18.1% and the weighted average profit margin was 33.5%. The discount rate applied to these obligations at 31 January 2024 ranged from 13.9% to 14.4%. For the most significant individual earn-out sensitive to changes to the inputs, a revenue growth rate of 19% and a profit margin of 34% was used. The discount rate applied to this most significant earn-out was 14.4%.

The following table shows the increase to the value of the combined liabilities due to earn-out agreements which would occur were there to be a reasonable possible increase in the next reporting period of up to 15% in the estimated future revenue growth rate, profit margin and the discount rate. A range of percentage point increases/decreases applied to the assumptions used by management have been shown below.

	5% change £'000	10% change £'000	15% change £'000
Increase in net revenue growth rate	3,456	17,984	22,033
Increase in profit margin	15,047	27,413	42,309
Increase in discount rate	(8,483)	(15,937)	(22,528)

There is also sensitivity around the timing of certain earn-out payments; the effect of deferred timing by one year on the earn-out agreements would have approximately a £1,012,000 impact on the liabilities.

When changing the estimated future revenue growth rate, profit margin and the discount rate by a reasonable possible increase in the next reporting period of up to 15% for the largest individual earn-out relating to the Mach49 business, the value of the liability is impacted as follows:

	5% change £'000	10% change £'000	15% change £'000
Increase in net revenue growth rate	2,106	15,247	17,654
Increase in profit margin	7,442	14,884	22,325
Increase in discount rate	(6,592)	(12,379)	(17,494)

Litigation

During the prior year, a former minority shareholder and employee of the Group's largest US business filed a legal claim against the founding shareholders of the subsidiary and the Group amongst others, relating to their historic entitlement to a share in the business. The claim has progressed through the discovery phase and depositions are taking place. The Group continues to strongly dispute these claims and is defending the claim. The Group has continued to discuss the claim with legal advisers and still determines a future outflow is not probable and therefore no provision has been made in relation to the claim.

17 Other financial liabilities continued

Litigation *continued*

Although the legal claim continues, there is continued ambiguity as to what the total settlement amount might be and the amount, if any, that the Group will be required to pay. IAS 37 Provisions, Contingent Liabilities and Contingent Assets requires the disclosure of an estimate of the financial effect of any contingent liability, separate from the effect of any possible reimbursement. Whilst no specific estimate of potential gross outflow for the Group can be made given the stage of this claim, the claimant is seeking a proportion of the earnout valuation of this business, which is disclosed elsewhere in this note. Given the Group is only subject to certain claims, it is not clear what proportion of the earnout valuation this will represent, and how any such claim would be apportioned between the Group and other parties were it to result in a future outflow.

The Group cannot credibly estimate the timing or quantum of any outflow, but the Directors believe that any financial outflow against Next 15 will be offset by reimbursement through an indemnity given at the time of the acquisition and therefore any overall financial impact for Next 15 would be immaterial. The Group has incurred legal fees in relation to this claim and has recognised a corresponding asset representing the amount recoverable under the indemnity given at the time of the acquisition.

18 Deferred taxation

Temporary differences between the carrying value of assets and liabilities in the balance sheet and their relevant value for tax purposes result in the following deferred tax assets and liabilities:

	Accelerated capital allowances £'000	Short-term compensated absences £'000	Share-based remuneration £'000	Provision for impairment of trade receivables £'000	Excess book basis over tax basis of intangible assets £'000	Excess tax basis over book basis of intangible assets £'000	Other temporary differences £'000	Tax losses £'000	Total £'000
At 31 January 2022	(222)	232	5,321	150	(6,454)	36,611	7,149	376	43,163
Reclassification	11	—	—	—	—	—	18	—	29
Credit to income	(149)	(4)	1,927	91	2,460	12,782	(522)	(80)	16,505
Exchange differences	(25)	19	—	11	—	2,876	607	31	3,519
Acquisitions	528	—	—	—	(12,653)	—	357	77	(11,691)
Taken to equity	—	—	1,381	—	—	—	—	—	1,381
At 31 January 2023	143	247	8,629	252	(16,647)	52,269	7,609	404	52,906
Reclassification	67	—	(617)	—	—	2,460	(1,903)	—	7
Credit to income	154	(80)	351	(205)	3,538	(3,183)	(1,045)	327	(143)
Exchange differences	3	(9)	1	(4)	—	(1,517)	(175)	(22)	(1,723)
Acquisitions	(71)	—	—	—	(4,386)	—	(2)	—	(4,459)
Taken to equity	—	—	(1,597)	—	—	1,157	—	—	(440)
At 31 January 2024	**296**	**158**	**6,767**	**43**	**(17,495)**	**51,186**	**4,484**	**709**	**46,148**

Notes to the accounts continued
for the year ended 31 January 2024

18 Deferred taxation continued

The Company offsets deferred tax assets and deferred tax liabilities in accordance with the requirements set forth in paragraph 74 of IAS 12. The Group maintains tax groups in both the United Kingdom and United States which result in the offsetting of deferred tax assets and deferred tax liabilities of multiple entities as described in paragraph 74(b)(ii) of IAS 12. After offsetting under IAS 12 deferred tax assets and liabilities are recognised in the Consolidated Balance Sheet as follows:

	2024 £'000	2023 £'000
Net deferred tax balance		
Deferred tax assets	**62,087**	67,058
Deferred tax liabilities	**(15,939)**	(14,152)
Net deferred tax asset	**46,148**	52,906

Deferred tax has been calculated using the anticipated rates that will apply when the assets and liabilities are expected to reverse based on tax rates enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

The deferred tax asset for the excess tax basis over book basis of intangible assets is subject to significant volatility should management's estimates change around contingent consideration, an area of significant judgement (see note 17).

The estimated value of the deferred tax asset not recognised in respect of tax losses available to carry forward is £11.8m (2023: £14.0m).

Tax losses and tax credits for which no deferred tax asset was recognised:

	31 January 2024		31 January 2023	
As at 31 January	**Gross amount**	**Tax effected**	Gross amount	Tax effected
Tax losses expiring:				
Within 10 years	**34**	**8**	52	13
More than 10 years	**7**	**1**	3	—
Available indefinitely	**47,432**	**11,767**	55,826	13,962
Total	**47,473**	**11,776**	55,881	13,975
Tax credits expiring:				
Within 10 years	**n/a**	**312**	n/a	501
More than 10 years	**n/a**	**—**	n/a	—
Available indefinitely	**n/a**	**—**	n/a	—
Total	**n/a**	**312**	n/a	501

18 Deferred taxation continued

At the balance sheet date, the aggregate amount of the temporary differences in relation to the investment in subsidiaries for which deferred tax liabilities have not been recognised was £0.6m (2023: £14.9m). No liability has been recognised in respect of these differences as the Group is in a position to control the timing of the reversal of the temporary differences and the Group considers that it is probable that such differences will not reverse in the foreseeable future.

The group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

19 Financial instruments

Financial risk management, policies and strategies

The Group's principal financial instruments comprise bank loans, finance leases, cash and short-term deposits. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Directors have assessed that there is currently no material impact arising from climate change on the judgements and estimates determining the valuations within the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit before tax at 31 January 2024, based on year-end balances and rates.

The sensitivity analyses provided are hypothetical only and should be used with caution as the impacts provided are not necessarily indicative of the actual impacts that would be experienced because the Group's actual exposure to market rates changes as the Group's portfolio of debt and cash changes. In addition, the effect of a change in a particular market variable on fair values or cash flows is calculated without considering interrelationships between the various market rates or mitigating actions that would be taken by the Group. The changes in valuations are estimates of the impact of changes in market variables and are not a prediction of future events or anticipated gains or losses.

	Movement in basis points	**2024 £'000**	2023 £'000
Group	+200	**(921)**	(440)

Notes to the accounts continued
for the year ended 31 January 2024

19 Financial instruments continued

Liquidity risk

The Group manages its risk of a shortage of funds with a mixture of long and short-term committed facilities.

On 12 December 2023, the Group agreed a new £150m revolving credit facility (‘RCF’) with a consortium including HSBC, Bank of Ireland, NatWest Bank, Citibank and CIC. The facility is available until December 2027 with an option to extend for a further year. As part of the arrangement, the Group has a £50m accordion option to facilitate future acquisitions.

The £150m RCF facility is available for permitted acquisitions and working capital requirements, and is due to be repaid from the trading cash flows of the Group. The facility is available in a combination of sterling, US dollar and/or euro. The margin payable on each facility is dependent upon the level of gearing in the business. The Group also has a US facility of US$7m (2023: US$7m) which is available for property rental guarantees and US-based working capital needs.

At 31 January 2024 the Group had an undrawn amount of £103,931,752 (2023: £78,000,000) on the RCF in the UK and US$5,362,637 (2023: US$3,220,634) available on the US$7m US facility (this allows for the letters of credit in place).

The following table summarises the maturity profile based on the remaining period between the balance sheet date and the contractual maturity date of the Group’s financial liabilities at 31 January 2024 and 31 January 2023, based on contractual undiscounted payments:

	Within one year £’000	Between one and two years £’000	Between two and five years £’000	More than five years £’000	Total £’000
At 31 January 2024					
Financial liabilities	**162,238**	**120,585**	**94,191**	**208**	**377,222**
At 31 January 2023					
Financial liabilities	159,822	103,166	187,144	986	451,118

The financial liabilities disclosed in the table above include contingent consideration and share purchase obligations as well as the employment-linked acquisition payment provisions. These are included within the cash flow forecasts reviewed by the Directors when assessing whether the Group has adequate resources to continue in operational existence, details of which are described in the Directors’ going concern statement on page 108. The majority of our financial liabilities and earn-out obligations are valued based on the forecast performance of the brands, which is translated into cash generation prior to the payment of the earn-out obligations. The Group’s banking facilities along with the cash generated from the Group are expected to be sufficient to cover the earn-out obligations when they fall due.

19 Financial instruments continued

Currency risk

As a result of significant global operations, the Group's balance sheet can be affected significantly by movements in the foreign exchange rates against sterling. This is largely through the translation of balances denominated in a currency other than the functional currency of an entity. The Group has transactional currency exposures in the US, Europe and the Asia Pacific region, including foreign currency bank accounts and intercompany recharges. The Group considers the use of currency derivatives to protect significant US dollar and euro currency exposures against changes in exchange rates; however, the Group has not held derivative financial instruments at the end of either period.

The following table demonstrates the sensitivity to reasonably possible changes in exchange rates, with all other variables held constant, of the Group's profit before tax based on period-end balances, year average and year-end rates. If there was an equivalent strengthening against sterling there would be similar movement in the opposite direction.

	Weakening against sterling	**2024 £'000**	2023 £'000
US dollar	20%	**(17,877)**	(6,372)
Euro	20%	**(153)**	(368)
Australian dollar	20%	**(232)**	315
Indian rupee	20%	**280**	(16)

The following table demonstrates the sensitivity to reasonable possible changes in exchange rates, with all other variables held constant, of the Group's net assets on period-end balances and rates:

	Weakening against sterling	**2024 £'000**	2023 £'000
US dollar	20%	**4,607**	13,134
Euro	20%	**(297)**	(679)
Australian dollar	20%	**(338)**	163
Indian rupee	20%	**232**	(180)

Credit risk

The Group's principal financial assets are bank balances, cash and trade and other receivables which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group trades only with recognised, creditworthy third parties. It is the Group's policy that customers who wish to trade on credit terms be subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts has not been significant. The amounts presented in the balance sheet are net of provisions for impairment of trade receivables, estimated by the Group's management based on an expected credit loss model driven by historical experience and factors specific to certain debtors, see note 13. The credit risk on liquid funds is limited because the counterparties are reputable banks with high credit ratings assigned by international credit rating agencies, although the Board recognises that in the current economic climate these indicators cannot be relied upon exclusively.

Notes to the accounts continued
for the year ended 31 January 2024

19 Financial instruments continued

Maximum exposure to credit risk

Current Financial Assets	**2024 £'000**	2023 £'000
Total trade and other receivables	**162,118**	155,740
Cash and cash equivalents	**42,871**	47,320

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. Total capital of the Group is calculated as total equity as shown in the Consolidated Balance Sheet, plus net debt. Net debt is calculated as total borrowings, less cash and cash equivalents. This measure of net debt excludes any acquisition-related contingent liabilities or share purchase obligations. The quantum of these obligations is dependent on estimations of forecast profitability. Settlement dates are variable and range from 2023 to 2027.

	2024 £'000	2023 £'000
Total loans and borrowings[1]	**44,227**	21,250
Less: cash and cash equivalents	**(42,871)**	(47,320)
Net debt/(cash) excluding lease liabilities	**1,356**	(26,070)
Total equity	**156,221**	114,400
Total capital	**157,577**	88,330

1 Total loans and borrowings is made up of current obligations of £Nil (2023: £Nil) and non-current obligations of £44.2m (2023: £21.3m).

	2024 £'000	2023 £'000
Net debt/(cash) excluding lease liabilities	**1,356**	(26,070)
Share purchase obligation	**9,603**	8,984
Contingent consideration	**146,752**	189,406
Additional contingent incentive	**4,330**	6,309
Net debt plus earn-out liabilities	**162,041**	178,629

19 Financial instruments continued

Capital risk management *continued*

The movement in net debt/(cash) is as follows:

	At 1 February 2022 £'000	Cash (inflows)/ outflows from operations £'000	Acquisitions and contingent consideration £'000	Foreign exchange, fair value and non-cash movements £'000	At 1 February 2023 £'000	Cash outflows/ (inflows) from operations £'000	Acquisitions and contingent consideration £'000	Foreign exchange, fair value and non-cash movements £'000	**At 1 February 2024 £'000**
Total loans and borrowings	22,478	(31,514)	30,000	286	21,250	3,254	20,419	(696)	**44,227**
Less: cash and cash equivalents	(58,216)	(60,471)	74,121	(2,754)	(47,320)	(68,235)	70,865	1,819	**(42,871)**
Net (cash)/debt excluding lease liabilities	(35,738)	(91,985)	104,121	(2,468)	(26,070)	(44,562)	70,865	1,123	**1,356**
Lease liabilities	32,983	(16,510)	23,216	2,079	41,768	(14,175)	537	5,298	**33,428**
Net (cash)/debt including lease liabilities	(2,755)	(108,495)	127,337	(389)	15,698	(58,737)	71,402	6,421	**34,784**

Externally imposed capital requirement

Under the terms of the Group's banking covenants the Group must meet certain criteria based on the ratio of net debt to adjusted EBITDA; net debt plus earn-out liabilities (note 17) to adjusted EBITDA; and adjusted net finance charges to adjusted EBITDA. The ratios are calculated on a quarterly basis using management accounts and on a yearly basis using the figures in this report. The Group maintains long-term cash forecasts which incorporate forecast covenant positions as part of the Group's capital and cash management. There have been no breaches of the banking covenants in the current or prior period and the Group has ensured compliance with all of its covenant obligations with significant headroom.

Fair values of financial assets and liabilities

Fair value is the amount at which a financial instrument can be exchanged in an arm's-length transaction between informed and willing parties, other than a forced or liquidation sale. The book value of the Group's financial assets and liabilities equals the fair value of such items as at 31 January 2024, with the exception of lease liabilities. The book value of obligations under finance leases is £33,428,000 (2023: £41,768,000) and the fair value is £35,320,000 (2023: £44,237,000). The fair value of obligations under finance leases is estimated by discounting future cash flows to net present value and is Level 3 within the fair value hierarchy.

Financial instruments – detailed disclosures

Financial instruments recognised in the balance sheet

The IFRS 9 categories of financial assets and liabilities included in the balance sheet and the line in which they are included are as follows:

Notes to the accounts continued
for the year ended 31 January 2024

19 Financial instruments continued
Financial instruments – detailed disclosures *continued*
Financial instruments recognised in the balance sheet continued

At 31 January 2024	At fair value through profit or loss – mandatorily measured £'000	FVTOCI £'000	Financial liabilities at amortised cost £'000	Financial assets at amortised cost £'000	Total £'000
Non-current financial assets					
Other receivables	–	–	–	1,040	1,040
	–	–	–	1,040	1,040
Current financial assets					
Cash and cash equivalents	–	–	–	42,871	42,871
Trade and other receivables	–	–	–	162,118	162,118
	–	–	–	204,989	204,989
Current financial liabilities					
Trade and other payables	–	–	80,460	–	80,460
Lease liabilities	–	–	10,115	–	10,115
Provisions	–	–	3,066	–	3,066
Contingent consideration[1]	62,059	–	–	–	62,059
Share purchase obligation[1]	2,326	–	–	–	2,326
Additional contingent incentive[1]	–	–	2,483	–	2,483
	64,385	–	96,124	–	160,509
Non-current financial liabilities					
Loans and borrowings	–	–	44,227	–	44,227
Lease liabilities	–	–	23,313	–	23,313
Provisions	–	–	16,598	–	16,598
Other payables	–	–	110	–	110
Contingent consideration[1]	84,693	–	–	–	84,693
Additional contingent incentive[1]	–	–	1,847	–	1,847
Share purchase obligation[1]	7,277	–	–	–	7,277
	91,970	–	86,095	–	178,065

1 See note 17.

19 Financial instruments continued

Financial instruments – detailed disclosures *continued*

Financial instruments recognised in the balance sheet continued

The Group has no fair value Level 1 instruments (2023: none). The investments in equity instruments are Level 2 instruments. Level 2 fair value measurements are those derived from inputs other than quoted prices, such as historical quoted prices.

All other instruments at fair value through profit or loss were Level 3 instruments as per the table above in the current year and were as per the table below in the prior year. Level 3 financial instruments are valued using the discounted cash flow method to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration. Unrealised gains or losses are recognised within finance income/expense; see notes 6 and 7. They are not based on observable market data. Further detail on the significant unobservable inputs used in the fair value measurements are included in note 17. The additional contingent incentive balance relates to an incentive scheme accounted for as a cash-settled employee benefit under IAS 19.

At 31 January 2023	At fair value through profit or loss – mandatorily measured £'000	FVTOCI £'000	Financial liabilities at amortised cost £'000	Financial assets at amortised cost £'000	Total £'000
Non-current financial assets					
Other receivables	—	—	—	830	830
	—	—	—	830	830
Current financial assets					
Cash and cash equivalents	—	—	—	47,320	47,320
Trade and other receivables	—	—	—	155,740	155,740
	—	—	—	203,060	203,060
Current financial liabilities					
Trade and other payables	—	—	87,411	—	87,411
Lease liabilities	—	—	12,286	—	12,286
Provisions	—	—	15,673	—	15,673
Contingent consideration[1]	38,169	—	—	—	38,169
Share purchase obligation[1]	2,255	—	—	—	2,255
Additional contingent incentive[1]	—	—	2,480	—	2,480
	40,424	—	117,850	—	158,274

1 See note 17.

Notes to the accounts continued
for the year ended 31 January 2024

19 Financial instruments continued
Financial instruments – detailed disclosures *continued*
Financial instruments recognised in the balance sheet continued

At 31 January 2023	At fair value through profit or loss – mandatorily measured £'000	FVTOCI £'000	Financial liabilities at amortised cost £'000	Financial assets at amortised cost £'000	Total £'000
Non-current financial liabilities					
Loans and borrowings	—	—	21,250	—	21,250
Lease liabilities	—	—	29,482	—	29,482
Provisions	—	—	11,886	—	11,886
Other payables	—	—	169	—	169
Contingent consideration[1]	151,237	—	—	—	151,237
Additional contingent incentive[1]	—	—	3,829	—	3,829
Share purchase obligation[1]	6,729	—	—	—	6,729
	157,966	—	66,616	—	224,582

1 See note 17.

Interest-bearing loans and borrowings
The table below provides a summary of the Group's loans and borrowing as at 31 January 2024:

	Effective interest rate	**2024 £'000**	2023 £'000
Current			
Variable rate bank loan	HSBC Bank base rate + 1.50%	**—**	—
Non-current			
Variable rate bank loan	HSBC Bank base rate + 1.50%	**44,227**	21,250

The Group is able to draw down in both GBP and USD under the revolving credit facility ('RCF'). The fair value of the borrowings not denominated in GBP as at 31 January 2024 is US$9.0m (£7.1m) (2023: US$Nil (£Nil)). As a result of ineffectiveness, £Nil was transferred during the period from the hedging reserve to the income statement (2023: £Nil).

20 Share capital

Called-up share capital

Ordinary Shares of 2.5p each:

	2024 Number	**2024 Nominal value £'000**	2023 Number	2023 Nominal value £'000
Authorised, allotted, called-up and fully paid				
At start of year	**98,503,930**	**2,462**	92,811,145	2,320
Issued in the year in respect of contingent and deferred consideration and share purchase obligations	**684,672**	**17**	858,361	21
Issued in the year in satisfaction of vested LTIPs (note 21)	**277,232**	**7**	122,044	3
Issued in the year in respect of growth share sales and restricted stock units	**594,013**	**15**	207,380	5
Issued in the year in respect of share placing	**—**	**—**	4,505,000	113
Cancelled in the year in respect of acquisition of own shares	**(603,912)**	**(15)**	—	—
At end of year	**99,455,935**	**2,486**	98,503,930	2,462

Fully paid Ordinary Shares carry one vote per share and the right to dividends. No amounts were received for the newly issued shares in the year. In the prior year £48.6m, net of costs incurred of £1.4m, was received for the newly issued shares in respect of the share placing, and no amounts were received for the other newly issued shares.

In September 2023, the Company commenced a share buyback programme to purchase its own ordinary shares. As at 31 January 2024, the total number of shares bought back was 603,912. All of the shares bought back were cancelled. The shares were acquired on the open market at a total consideration of £4.5m.

21 Share-based payments

The Group uses a Black-Scholes model to calculate the fair value of options on grant date for new issues and modifications for LTIPs. At each period end the cumulative expense is adjusted to take into account any changes in the estimate of the likely number of shares expected to vest. Details of the relevant LTIP schemes are given in the following note. All the share-based payment plans are subject to non-market performance conditions such as adjusted earnings per share targets and continued employment. All schemes are equity settled. The Group uses a weighted average probability model to value the brand appreciation rights as permitted under IFRS 2.

Notes to the accounts continued
for the year ended 31 January 2024

21 Share-based payments continued
The share-based payment charge was made up of the following:

The following table shows the breakdown of the share-based payment charge:

	2024 £'000	2023 £'000
Employment-related LTIP shares, share options and restricted stock units	**4,972**	6,115
Grant of brand equity interests	**6,504**	596
Share-based payment charge	**11,476**	6,711

Grant of brand equity interests were for 19.63% in House 337 Limited, 20% in MHP Group Limited, 20% in Transform UK Consulting Limited, 6% in M Booth & Associates LLC, 3.9% in Brandwidth Marketing Limited and 20% in Plinc Limited (2023: 18% in Elvis Communications Limited and 12.5% in Publitek Limited).

Movement on options and performance shares granted (represented in Ordinary Shares):

	Outstanding 31 January 2023 number ('000)	Granted number ('000)	Lapsed number ('000)	Exercised number ('000)	Outstanding 31 January 2024 number ('000)	Exercisable 31 January 2024 number ('000)
Long-Term Incentive Plan – performance shares	1,281	477	—	(589)	**1,169**	**407**

The fair value of performance shares granted in the period calculated using a Black-Scholes model was as follows:

	April 2023
Fair value of performance shares granted under the LTIP (p)	**723**
Share price at date of grant (p)	**833**
Risk-free rate (%)	**4.23**
Expected life (years)	**3**
Expected volatility (%)	**44.5**
Dividend yield (%)	**1.75**

Expected volatility was determined by calculating the historical volatility of the Company's share price, over a period equal to the expected life of the options.

Performance shares issued by the Company under the Next 15 Group plc Long-Term Incentive Plan are granted at a nil exercise price. The weighted average share price at the date of exercise for share options exercised in the year was 833p (2023: 1,038p). For share options outstanding at the end of the year the weighted average remaining contractual life is two years (2023: one year).

22 Performance shares

The Company has issued options over its shares to employees that remain outstanding as follows:

Performance shares	Number of shares	Performance period start date	Performance period end date	Performance share grant date
Next 15 Group plc				
Long-Term Incentive Plan	74,827	1 February 2019	31 January 2024	25 April 2019
	332,303	1 February 2021	31 January 2024	6 May 2021
	3,000	28 September 2021	28 September 2024	28 September 2021
	281,546	1 February 2022	31 January 2025	1 June 2022
	477,750	1 February 2023	31 January 2026	27 April 2023
	1,169,426			

During the period, the Company issued 277,232 shares to satisfy the vesting under the Next 15 LTIPs. These were initially subscribed for by the ESOP. No shares are now held in treasury (see note 23). The Company's current Long-Term Incentive Plan is the 2015 LTIP, which was approved by shareholders at the Company's 2015 AGM. Under the 2015 LTIP, performance shares or share options may be awarded. The performance is measured over a period of either three or five consecutive financial years of the Group, commencing with the financial year in which the award was granted. The Remuneration Committee decided that for the FY24 awards, there will be three performance conditions:

(a) an earnings per share ('EPS') target, which will determine 67% of the total vesting. Diluted adjusted EPS growth is calculated from the information published in the Group's accounts and is based on the adjusted EPS measure. For certain participants, if the growth in the Company's earnings per share over the performance period is at least 30%, 100% of 67% of the total award will vest. If the compound growth in EPS in the relevant year is between 20% and 30% then between 25% and 100% of 67% of the total award will vest on a straight-line basis. For certain other participants the targets are different, whereby if the growth in the Company's earnings per share in the relevant year is at least 40%, 100% of 67% of the total award will vest. If the compound growth in EPS in the relevant year is between 20% and 40% then between 25% and 100% of 67% of the total award will vest on a straight-line basis. For all participants, if EPS does not grow 20% or more, 0% of 67% of the total award will vest;

(b) an organic net revenue growth target, which will determine 16.5% of the total vesting. For certain participants, if average growth in the Company's organic net revenue growth is at least 9%, 100% of 16.5% of the total award will vest. For certain other participants the targets are different, whereby if average growth in the Company's organic net revenue growth is at least 12%, 100% of 16.5% of the total award will vest. For all participants, if organic net revenue does not grow at an average of 5% or more, 0% of 67% of the total award will vest. Between these targets, the award will vest on a straight-line basis; and

(c) an operating profit margin target, which will determine 16.5% of the total vesting. For certain participants, if average adjusted operating profit margin in the Company is at least 20%, 100% of 16.5% of the total award will vest. For certain other participants the targets are different, whereby if average adjusted operating profit margin in the Company is at least 21%, 100% of 16.5% of the total award will vest. For all participants, if average adjusted operating profit margin for the performance period is not an average of 18% or more, 0% of 67% of the total award will vest. Between these targets, the award will vest on a straight-line basis.

Notes to the accounts continued
for the year ended 31 January 2024

23 Investment in own shares

Employee share ownership plan ('ESOP')

The purpose of the ESOP is to enable the Company to offer participation in the ownership of its shares to Group employees, principally as a reward and incentive scheme. Arrangements for the distribution of benefits to employees, which may be the ownership of shares in the Company or the granting of options over shares in the Company held by the ESOP, are made at the ESOP's discretion in such manner as the ESOP considers appropriate. Administration costs of the ESOP are accounted for in the profit and loss account of the Company as they are incurred.

At 31 January 2024 the ESOP held Nil (2023: Nil) Ordinary Shares in the Company.

The ESOP subscribed for 277,232 newly issued shares which were allotted and immediately disposed of in order to satisfy LTIP vesting of 277,232 shares for £Nil consideration (2023: 122,044 shares for £Nil consideration). Nil shares were subscribed for, allotted and immediately disposed of in respect of satisfaction of a restricted stock arrangement for £Nil proceeds (2023: Nil shares for £Nil proceeds).

24 Other reserves

	Merger reserve £'000	ESOP Reserve[1] £'000	Hedging reserve £'000	Total other reserves £'000
At 31 January 2022	3,075	—	(2,467)	608
Purchase and take on of shares	—	(3)	—	(3)
Movement due to ESOP LTIP and growth shares exercises	—	3	—	3
At 31 January 2023	3,075	—	(2,467)	608
Purchase and take on of shares	—	(7)	—	(7)
Movement due to ESOP LTIP and growth shares exercises	—	7	—	7
At 31 January 2024	**3,075**	**—**	**(2,467)**	**608**

1 The ESOP Trust's investment in the Group's shares is deducted from equity in the Consolidated Balance Sheet as if they were treasury shares and presented in the ESOP reserve.

25 Commitments

Operating leases – Group as lessee

As a result of the transition to IFRS 16, leases previously classified as operating leases have now been recognised on the balance sheet, except for the short-term leases and leases of low-value assets, which are included below.

As at 31 January 2024, the Group's total future minimum lease rentals are as follows:

	2024		2023	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
In respect of operating leases which will be paid in the following periods:				
Within one year	**123**	**60**	309	20
In two to five years	**—**	**13**	17	25
	123	**73**	326	45

26 Acquisitions and equity transactions

During the year the following material transactions took place:

1. the acquisition of UK-based Williams Commerce Holdings Limited and Cloudfy Limited;
2. the acquisition of Canadian-based Rush Ventures Corporation; and
3. the acquisition of Canadian-based Explorer MWI Corporation and Explorer Marker Research Corporation.

More details on each transaction are provided below.

1. Williams Commerce Holdings Limited and Cloudfy Limited

On 10 August 2023, Brandwidth Marketing Limited purchased the entire share capital of Williams Commerce Holdings Limited and Cloudfy Limited and its subsidiaries ('Williams'). Williams is a full-service e-commerce agency including website development, ongoing digital marketing services and system integration. Goodwill of £1,954,000 arises from anticipated profitability and future operating synergies from the acquisition.

Notes to the accounts continued
for the year ended 31 January 2024

26 Acquisitions and equity transactions continued

1. Williams Commerce Holdings Limited and Cloudfy Limited *continued*

In the post-acquisition period Williams has contributed £2,450,000 to net revenue and £(102,000) to profit before tax. If acquired on 1 February 2023 Williams would have contributed net revenue of £4,900,000 and loss before tax of £204,000 to the Group results. The following table sets out the estimated book values of the identifiable assets acquired and their fair value to the Group.

	Book value at acquisition £'000	Fair value adjustments £'000	Fair value to the Group £'000
Non-current assets			
Acquired intangible assets	—	4,418	4,418
Property, plant and equipment	280	—	280
Right-of-use assets	228	—	228
Current assets			
Cash and cash equivalents	463	—	463
Other current assets[1]	2,611	—	2,611
Current liabilities	(1,936)	—	(1,936)
Provisions	(1)	—	(1)
Lease liabilities	(315)	—	(315)
Deferred tax liability	—	(1,105)	(1,105)
Net assets acquired	1,330	3,313	4,643
Goodwill			1,954
			6,597
Consideration			
Initial consideration settled in cash[2]			4,523
Total discounted contingent consideration			2,074
			6,597

1 The fair value of receivables acquired is £1,498,000 after considering a bad debt provision of £17,000.

2 This includes initial consideration paid for the business and cash paid for working capital.

None of the goodwill is expected to be deductible for tax purposes. Deal costs (included in other operating costs) amount to £203,000.

26 Acquisitions and equity transactions continued

2. Rush Ventures

On 17 October 2023, Brandwidth Marketing Limited purchased the entire share capital of Rush Ventures Corp ('Rush'). Rush is a data-driven performance marketing agency focused on delivering complex SEO and SEM solutions. Goodwill of £4,570,000 arises from anticipated profitability and future operating synergies from the acquisition. In the post-acquisition period Rush has contributed £1,077,000 to net revenue and £557,000 to profit before tax. If acquired on 1 February 2023 Rush would have contributed net revenue of £3,231,000 and profit before tax of £1,671,000 to the Group results. The following table sets out the estimated book values of the identifiable assets acquired and their fair value to the Group.

	Book value at acquisition £'000	Fair value adjustments £'000	Fair value to the Group £'000
Non-current assets			
Acquired intangible assets	—	6,735	6,735
Current assets			
Cash and cash equivalents	419	—	419
Other current assets[1]	492	—	492
Current liabilities	(218)	—	(218)
Deferred tax liability	—	(1,785)	(1,785)
Net assets acquired	693	4,950	5,643
Goodwill			4,570
			10,213
Consideration			
Initial consideration settled in cash[2]			3,810
Initial consideration settled in Ordinary Shares of the Parent			965
Total discounted contingent consideration			5,438
			10,213

1 The fair value of receivables acquired is £490,000 after considering a bad debt provision of £Nil.

2 This includes initial consideration paid for the business and cash paid for working capital.

None of the goodwill is expected to be deductible for tax purposes. Deal costs (included in other operating costs) amount to £58,000.

Notes to the accounts continued
for the year ended 31 January 2024

26 Acquisitions and equity transactions continued

3. Explorer MWI Corporation and Explorer Market Research Corporation ('Explorer')

On 27 November 2023, Savanta Analytics Ltd and Savanta Group LLC purchased the entire share capital of Explorer MWI Corp and Explorer Research Corp respectively. Explorer are a shopper research agency driving shopper growth by applying techniques to understand, predict and help influence shopper behaviour. Goodwill of £3,630,000 (CAD$6,232,000) arises from anticipated profitability and future operating synergies from the acquisition. In the post-acquisition period Explorer has contributed £1,438,000 to net revenue and £75,000 to profit before tax. If acquired on 1 February 2023 Explorer would have contributed net revenue of £5,752,000 and profit before tax of £225,000 to the Group results. The following table sets out the estimated book values of the identifiable assets acquired and their fair value to the Group.

	Book value at acquisition £'000	Fair value adjustments £'000	Fair value to the Group £'000
Non-current assets			
Acquired intangible assets	—	4,045	4,045
Property, plant and equipment	60	—	60
Current assets			
Cash and cash equivalents	(526)	—	(526)
Other current assets[1]	3,718	—	3,718
Current liabilities	(1,784)	—	(1,784)
Other non-current liabilities	(36)	—	(36)
Deferred tax liability	—	(1,072)	(1,072)
Net assets acquired	1,432	2,973	4,405
Goodwill[2]			3,630
			8,035
Consideration			
Initial consideration settled in cash[3]			3,059
Initial consideration settled in Ordinary Shares of the Parent			980
Total discounted contingent consideration			3,996
			8,035

1 The fair value of receivables acquired is £2,273,000 after considering a bad debt provision of £Nil.

2 Goodwill is denominated in CAD and therefore the exchange rate at the point of acquisition has been used.

3 This includes initial consideration paid for the business and cash paid for working capital.

None of the goodwill is expected to be deductible for tax purposes. Deal costs (included in other operating costs) amount to £34,000.

26 Acquisitions and equity transactions continued

The following table summarises the net cash outflow and value of shares issued on acquisition of subsidiaries during the year ending 31 January 2024:

	Consideration settled in cash £'000	Cash and cash equivalent balances acquired £'000	Total net cash outflow £'000	Value of shares issued £'000
Williams	**4,523**	**(463)**	**4,060**	**—**
Rush	**3,810**	**(419)**	**3,391**	**965**
Explorer	**3,059**	**526**	**3,585**	**980**
Other[1]	**2,059**	**(89)**	**1,970**	**—**
	13,451	**(445)**	**13,006**	**1,945**

1 Other represents amounts in relation to a number of acquisitions, none of which is individually significant to the Group.

27A Subsidiaries

The Group's subsidiaries as at 31 January 2024 are listed below.

Legal entity	Country of incorporation	Directly owned by the Company	Percentage voting rights held by Group	Address
Activate Marketing Services LLC	USA		100	CT Corporation System, 330 North Brand Boulevard, Glendale, CA 91203-2336
Agent3 Group Limited	United Kingdom	✓	56.89	60 Great Portland Street, London, England, W1W 7RT
Agent3 Group LLC	USA		57.63	CT Corporation System, 330 North Brand Boulevard, Glendale, CA 91203-2336
Agent3 Group Pty Ltd	Australia		57.63	GRANT THORNTON AUSTRALIA, Level 17, 383 Kent Street, Sydney, Australia
Archetype Agency AB	Sweden		100	Rosenlundsgatan 36, 118 53, Stockholm, Sweden
Archetype Agency Beijing Limited	China		100	Room 1703, 1705, 14F, Tower 2, Guanghuala Soho, No.22 Guanghua Road, Chaoyang District, Beijing, 100020, China
Archetype Agency BV	Netherlands		100	Silodam 1D, 1013AL, Amsterdam, Netherlands
Archetype Agency GmbH	Germany		100	Nymphenburger Str. 168 80634, Munich, Germany
Archetype Agency Limited	Hong Kong	✓	100	Room 302, 8 Queen's Road East, Wan Chai, Hong Kong
Archetype Agency Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Archetype Agency LLC	USA		100	The Corporation Trust Company, 1209 Orange Street – Corporation Trust Center, New Castle County, Wilmington, DE 19801
Archetype Agency Private Ltd	India		100	Second Floor, Plot No.7, Second Floor, TDI Centre, Jasola, New Delhi, 110025, India

Notes to the accounts continued
for the year ended 31 January 2024

27A Subsidiaries continued

Legal entity	Country of incorporation	Directly owned by the Company	Percentage voting rights held by Group	Address
Archetype Agency Pte Ltd	Singapore		100	36 Prinsep Street, #05-01/02, 188648, Singapore
Archetype Agency Pty Ltd	Australia		100	GRANT THORNTON AUSTRALIA, Level 17, 383 Kent Street, Sydney, Australia
Archetype Agency S.L.	Spain		100	Calle Gran Vía, 27 Madrid Spain
Archetype Agency S.R.L.	Italy		100	Piazzale Principessa, Clotilde 8, CAP 20121, Milan, Italy
Archetype Agency SARL	France		100	4-6 boulevard Montmartre, 75009 Paris, France
Archetype Agency SDN. BHD.	Malaysia		100	BO3-B-12-1, Level 12, Menara 3A, Kuala Lumpur, Malaysia
August.One Communications International Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Berne (UK) Limited	United Kingdom		56.89	60 Great Portland Street, London, England, W1W 7RT
Bite Communications Group Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Blueshirt Capital Advisors LLC	USA		51	CT Corporation System, 330 North Brand Boulevard, Glendale, CA 91203-2336
Brandwidth Group Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Brandwidth LLC	USA		100	The Corporation Trust Company, 1209 Orange Street – Corporation Trust Center, Wilmington, DE 19801
Brandwidth Marketing Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
BYND Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
BYND LLC	USA		100	CT Corporation System, 330 North Brand Boulevard, Glendale, CA 91203-2336
Capture Marketing Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Cloudfy Ecommerce India Private Ltd	India		100	4th Floor, Tower B, Plot No A-41, Sector 62, Noida,
Cloudfy Inc	USA		100	1209 Orange St, Wilmington, DE 19801
Cloudfy Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Cloudfy Pty Ltd	Australia			GRANT THORNTON AUSTRALIA, Level 17, 383 Kent Street, Sydney, Australia
CommunicateResearch Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Conversion Rate Experts Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Cubaka Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Digital Diligence Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Elvis Communications Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT

27A Subsidiaries continued

Legal entity	Country of incorporation	Directly owned by the Company	Percentage voting rights held by Group	Address
Encore Digital Media Limited	United Kingdom		100	C/O Bellwether Green Limited, 225 West George Street, Glasgow, Scotland, G2 2ND
Engine Acquisition Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Engine Partners UK LLP	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Engine People UK Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Explorer Market Research Corporation	USA		100	1209 Orange St, Wilmington, DE 19801
Explorer MWI Corporation	Canada		100	2425 Skymark Avenue, Unit 5, Mississauga, Ontario
Fast Floor Multimedia Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Fuel Data Strategies Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Green Leads LLC	USA		100	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801
House 337 Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
HPI Research Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Hypertext Communications Private Limited	India		100	Plot No.7, Second Floor, TDI Centre, Jasola, New Delhi, 110025, India
Hypertext Pte Ltd	Singapore		100	600 North Bridge Road, #23-01 Parkview Square, Singapore, 188778, Singapore
IF.Agency LLC	USA		100	The Corporation Trust Company, 1209 Orange Street – Corporation Trust Center, Wilmington, DE 19801
I T Telemarketing Services Limited	United Kingdom		56.89	60 Great Portland Street, London, England, W1W 7RT
Lobster Agency Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
M.Booth & Associates LLC	USA		100	The Corporation Trust Company, 1209 Orange Street – Corporation Trust Center, Wilmington, DE 19801
M.Booth Health LLC	USA		100	The Corporation Trust Company, 1209 Orange Street – Corporation Trust Center, Wilmington, DE 19801
Mach49 LLC	USA		100	CT Corporation System, 330 North Brand Boulevard, Glendale, CA 91203-2336
Mach49 Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Mach49 Singapore Pte Ltd	Singapore		100	22 Malacca Street #04-03 RB Capital Building Singapore 048980
Market Making Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Marlin PR Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
MHP Communications Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT

Notes to the accounts continued
for the year ended 31 January 2024

27A Subsidiaries continued

Legal entity	Country of incorporation	Directly owned by the Company	Percentage voting rights held by Group	Address
MHP Group Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Mischief PR Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Nectar Communications LLC	USA		100	CT Corporation System, 330 North Brand Boulevard, Glendale, CA 91203-2336
Next Fifteen Communications Corporation	USA	✓	100	The Corporation Trust Company, 1209 Orange Street – Corporation Trust Center, Wilmington, DE 19801
Next 15 HoldCo1 Limited	United Kingdom		100	C/O Bellwether Green Limited, 225 West George Street, Glasgow, Scotland, G2 2ND
Next 15 HoldCo2 Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
NRM New Co Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
ODD Communications Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
ODD London Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
OpinionPanel Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Outcast London Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Palladium Group Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Palladium Digital Group LLC	USA		100	The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington DE 19801, United States
Plinc Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Portfolio T SPV1 LLC	USA		100	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801
Portfolio T SPV2 Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Publitek GmbH	Germany		100	Nymphenburger Straße 168, 80634, Munchen, Germany
Publitek Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Publitek LLC	USA		100	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801
Rush Ventures Corp	Canada			5000 Yonge St, Suite 1901, North York, ON M2N 7E9, Canada
Savanta Analytics Limited	Canada		100	3250 Bloor Street West, East Tower, Suite 600 Toronto, ON, M8X 2X9, Canada
Savanta Analytics Private Limited	India		99.98	C-1101 Antriksh Golf View 2, Sector-78, Noida, Gautam Buddha Nagar, Uttar Pradesh, 201301, India
Savanta Group Limited	United Kingdom	✓	100	C/O Bellwether Green Limited, 225 West George Street, Glasgow, Scotland, G2 2ND
Savanta Group LLC	USA		100	CT Corporation System, 330 North Brand Boulevard, Glendale, CA 91203-2336

27A Subsidiaries continued

Legal entity	Country of incorporation	Directly owned by the Company	Percentage voting rights held by Group	Address
Shopper Media Group Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Shopper Media Group LLC	USA		100	The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington DE 19801, United States
Technical Publicity Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Text 100 (Proprietary) Limited	South Africa		100	13 Wellington Road, Parktown, 2193, Private Bag X60500, Houghton, Johannesburg, 2041, South Africa
Text 100 International Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Text 100 Pty Ltd	Australia		100	Level 17, 383 Kent Street, Sydney NSW 2000, Australia
The Blueshirt Group LLC	USA		89.3	CT Corporation System, 330 North Brand Boulevard, Glendale, CA 91203-2336
The Craft Consulting Limited	United Kingdom		56.89	60 Great Portland Street, London, England, W1W 7RT
The Engine Group Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
The Lexis Agency Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
The Outcast Agency LLC	USA		100	CT Corporation System, 330 North Brand Boulevard, Glendale, CA 91203-2336
This is Motif Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Threefold Agency Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Transform UK Consulting Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
To This Day Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Twogether Creative Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Twogether Creative LLC	USA		100	CT Corporation System, 330 North Brand Boulevard, Glendale, CA 91203-2336
Velocity Partners Limited	United Kingdom	✓	100	60 Great Portland Street, London, England, W1W 7RT
Velocity Partners US Inc	USA		100	CT Corporation System, 28 Liberty Street, New York, NY 10005
Vox Public Relations India Private Ltd	India		100	Second Floor, Plot No.7, Second Floor, TDI Centre, Jasola, New Delhi, 110025, India
WCL Digital PTE LTD	Singapore			600 North Bridge Road, #23-01, Singapore 188778
WCRS&CO Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
White Space Strategy Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Williams Commerce Holdings Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT
Williams Commerce Limited	United Kingdom		100	60 Great Portland Street, London, England, W1W 7RT

Notes to the accounts continued
for the year ended 31 January 2024

27A Subsidiaries continued

All shares held are a class of Ordinary Shares with the exception of the US LLCs where LLC units are held.

The principal activity of the subsidiary undertakings is growth consultancy including data and insights, customer engagement, digital marketing and communications and business transformation.

All subsidiary undertakings operate in the country in which they have been incorporated. All subsidiary undertakings listed are included in the consolidated results. None of the Group's subsidiaries have a non-controlling interest that is individually material to the Group. As a result the disclosure requirements for subsidiaries with a material non-controlling interest under IFRS 12 are not considered necessary.

The following companies are exempt from the requirements relating to the audit of individual accounts for the year/period ended 31 January 2024 by virtue of section 479A of the Companies Act 2006: Agent3 Group Limited (08331678), Archetype Agency Limited (03329933), August.One Communications International Limited (03224261), Berne (UK) Limited (06577006), Bite Communications Group Limited (04131879), Brandwidth Group Limited (09599858), Brandwidth Marketing Limited (03860505), BYND Limited (07123452), Capture Marketing Limited (06667381), Cloudfy Limited (10829791), Communicate Research Limited (04810991), Conversion Rate Experts Limited (05895439), Cubaka Limited (06544244), Digital Diligence Limited (09195531), Elvis Communications Limited (04768344), Encore Digital Media Limited (SC449653), Engine Acquisition Limited (09080182), Engine Partners UK LLP (OC365812), Engine People UK Limited (05278995), Fast Floor Multimedia Limited (03876609), Fuel Data Strategies Limited (04617236), House 337 Limited (14105998), HPI Research Limited (05816194), I T Telemarketing Services Limited (02898765), Lobster Agency Limited (10331017), Mach49 Limited (12281031), Market Making Limited (07913465), Marlin PR Limited (06480768), MHP Communications Limited (01855944), MHP Group Limited (14106014), Mischief PR Limited (05355942), Next 15 Holdco1 Limited (SC364548), Next 15 HoldCo2 Limited (03023521), NRM New Co Limited (07925411), ODD Communications Limited (07861569), ODD London Limited (05107477), OpinionPanel Limited (05013113), Outcast London Limited (07831770), Palladium Group Limited (09460746), Plinc Limited (04118854), Portfolio T SPV2 Limited (14097274), Publitek Limited (05287915), Savanta Group Limited (SC281352), Shopper Media Group Limited (10366845), Technical Publicity Limited (02384040), Text 100 International Limited (02433862), The Craft Consulting Limited (09439145), The Engine Group Limited (05015446), The Lexis Agency Limited (04404752), This is Motif Limited (02692105), Threefold Agency Limited (10366888), To This Day Limited (10479051), Transform UK Consulting Limited (14112512), Twogether Creative Limited (07824276), Velocity Partners Limited (04128107), WCRS&CO Limited (01737774), White Space Strategy Limited (05535151), Williams Commerce Holdings Limited (13013315) and Williams Commerce Limited (07051709).

27B Associates

The Group's investments as at 31 January 2024 are listed below:

Legal entity	Country of incorporation	Directly owned by the Company	Percentage owned by the Group	Address
Savvi Saas Limited	United Kingdom	✓	5.3%	C/O James Cowper Kreston White Building 1-4, Cumberland Place, Southampton, SO15 2NP
Futureland Ventures Limited	United Kingdom	✓	1.7%	15 Welmar Mews, London, England, SW4 7DD
StartPulsing Limited	United Kingdom	✓	4.67%	

28 Related-party transactions

The ultimate controlling party of the Group is Next 15 Group plc (incorporated and registered in England and Wales). The Company has a related-party relationship with its subsidiaries (note 27) and with its Directors. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. During the period to 31 January 2024 there were the following related-party transactions:

Brand	Services	Related party	**Expense impact 2024 £'000**	**Liability at year end 2024 £'000**	Expense impact 2023 £'000	Liability at year end 2023 £'000
Next 15 Group	IT software and accessories	Various brands of the Group procured services through Softcat plc, which acted as a re-seller. One of the Group's Non-Executive Directors ('NED') is also a NED for Softcat plc	**1,971**	**(107)**	1,751	(129)

Dividends were paid to Directors of the Company during the year in proportion to their shareholdings in the Company. Tim Dyson, Peter Harris, Jonathan Peachey and Penny Ladkin-Brand received dividends of £722,035, £68,563, £6,893, £12,640 respectively (2023: £636,953, £52,323, £1,907, £10,980). Key management personnel compensation is disclosed in note 3.

29 Operating lease rental receivables

As at 31 January, the Group's total future minimum lease payments receivable under non-cancellable leases are as follows:

	2024 £'000	2023 £'000
In respect of operating leases which will be receivable in the period:		
Within one year	**219**	175
In two to five years	**5**	—
	224	175

30 Events after the balance sheet date

There have been no events subsequent to the statement of financial position date and the date of approval of these financial statements that would have a material effect on the Group.

Company balance sheet
as at 31 January 2024 and 31 January 2023

	Note	**2024 £'000**	2023 £'000
Non-current assets			
Intangible assets	2	**—**	—
Tangible assets	3	**76**	130
Right-of-use assets	4	**—**	—
Investments in subsidiaries	5	**225,168**	225,197
Investment in financial assets		**381**	381
Deferred tax assets	10	**81**	127
Trade and other receivables	6	**77,465**	72,060
		303,171	297,895
Current assets			
Trade and other receivables	6	**59,407**	34,362
Current tax asset		**3,689**	2,444
		63,096	36,806
Current liabilities			
Trade and other payables	7	**56,157**	53,750
Lease liabilities	4	**—**	669
Provisions	9	**810**	14,526
Contingent consideration		**10**	95
		56,977	69,040
Net current assets		**6,119**	32,234
Total assets less current liabilities		**309,290**	265,661
Non-current liabilities			
Borrowings	8	**38,729**	21,155
Other financial liabilities	8	**7,900**	7,424
Provisions	9	**12,869**	7,885
		59,498	36,464
Net assets		**249,792**	229,197

	Note	**2024 £'000**	2023 £'000
Equity			
Share capital	11	**2,486**	2,462
Share premium account		**175,144**	166,174
Merger reserve		**3,075**	3,075
Share-based payment reserve		**13,598**	12,094
Other reserve		**26,475**	26,460
Retained earnings		**29,014**	18,932
Equity attributable to owners of the Company		**249,792**	229,197

The following notes are an integral part of this Company Balance Sheet.

The Company reported a profit for the financial year ended 31 January 2024 of £30,692,000 (2023: profit of £17,556,000).

These financial statements were approved and authorised for issue by the Board on 15 April 2024.

Peter Harris
Chief Financial Officer
Company number 01579589

Company statement of changes in equity

for the year ended 31 January 2024 and 31 January 2023

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Share-based payment reserve £'000	ESOP reserve £'000	Other reserve[1] £'000	Retained earnings £'000	Total £'000
At 1 February 2022	2,320	104,800	3,075	11,029	—	26,460	14,819	162,503
Profit for the period	—	—	—	—	—	—	17,556	17,556
Fair value gain on investments in equity instruments designated as FVTOCI	—	—	—	—	—	—	(313)	(313)
Dividends	—	—	—	—	—	—	(12,679)	(12,679)
Shares issued in satisfaction of vested share options and performance shares	8	2,067	—	(1,550)	—	—	(451)	74
Shares issued on acquisition	21	10,780	—	—	—	—	—	10,801
Shares issued on placing	113	48,527	—	—	—	—	—	48,640
Movement in relation to share-based payments	—	—	—	2,615	—	—	—	2,615
Movement due to ESOP share purchases	—	—	—	—	(3)	—	—	(3)
Movement due to ESOP share option exercises	—	—	—	—	3	—	—	3
At 1 February 2023	2,462	166,174	3,075	12,094	—	26,460	18,932	229,197
Profit for the period	—	—	—	—	—	—	30,692	30,692
Dividends	—	—	—	—	—	—	(14,762)	(14,762)
Shares issued in satisfaction of vested share options and performance shares	22	4,024	—	(495)	—	—	(1,373)	2,178
Shares issued on acquisition	17	4,946	—	—	—	—	—	4,963
Acquisition of own shares	(15)	—	—	—	—	15	(4,475)	(4,475)
Movement in relation to share-based payments	—	—	—	1,999	—	—	—	1,999
Movement due to ESOP share purchases	—	—	—	—	(7)	—	—	(7)
Movement due to ESOP share option exercises	—	—	—	—	7	—	—	7
At 31 January 2024	**2,486**	**175,144**	**3,075**	**13,598**	**—**	**26,475**	**29,014**	**249,792**

1 Other reserves relates to the hedging and capital redemption reserves.

The following notes are an integral part of this Company Statement of Changes in Equity.

Notes forming part of the Company financial statements
for the year ended 31 January 2024

1 Accounting policies

A. Basis of preparation

Next 15 Group plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 211. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 67. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The separate financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments measured at fair value at the end of each reporting period, and are in accordance with applicable accounting standards in the United Kingdom. The material accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below.

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

The auditor's remuneration for audit and other services is disclosed in note 5 to the consolidated financial statements.

The new standards and amendments which have not yet been adopted are disclosed in note 1, section U, to the consolidated financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related-party transactions. Where required, equivalent disclosures are given in the Group accounts of Next 15 Group plc. The Group accounts of Next 15 Group plc are available to the public and are at the beginning of this section.

The monthly average number of employees during the year was 111 (2023: 80) and employee costs for the year totalled £10,823,000 (2023: £10,490,000). This was made up of £7,890,000 in respect of wages and salaries (2023: £7,260,000); £1,385,000 in respect of social security (2023: £1,510,000); £328,000 in respect of pension costs (2023: £340,000) as well as £1,220,000 in relation to share-based payment charges (2023: £1,380,000). Disclosures relating to the remuneration of the Parent Company's Directors are included in the Directors' remuneration report on pages 87 to 105.

B. Investments in subsidiaries

An investment in a subsidiary is recognised at cost less any provision for impairment.

Notes forming part of the Company financial statements continued

for the year ended 31 January 2024

1 Accounting policies continued

C. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report section of the Annual Report, which also describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company is in a net current asset position and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, including receiving dividends from its subsidiaries. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

D. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Company's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

I. Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value-in-use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £225m.

II. Contingent consideration, share purchase obligation and valuation of put options

Contingent consideration and share purchase obligations relating to acquisitions have been included based on discounted management estimates of the most likely outcome. The difference between the fair value of the liabilities and the actual amounts payable is charged to the Consolidated Income Statement as notional finance costs over the life of the associated liability. Changes in the estimates of contingent consideration payable and the share purchase obligation are recognised in finance income/expense. These require judgements around future revenue growth, profit margins and discount rates, which, if inappropriate, would result in a material adjustment to the value of these liabilities within the next financial year. Further details are contained in note 17 in the Group financial statements and note 8 in the Company financial statements.

2 Intangible assets

	Computer software £'000
Cost	
At 1 February 2023	3,723
At 31 January 2024	**3,723**
Accumulated depreciation	
At 1 February 2023	3,723
At 31 January 2024	**3,723**
Net book value	
At 31 January 2024	**—**
At 31 January 2023	—

3 Tangible assets

	Short leasehold improvements £'000	Office equipment £'000	Total £'000
Cost			
At 1 February 2023	321	292	613
Additions	—	61	61
At 31 January 2024	**321**	**353**	**674**
Accumulated depreciation			
At 1 February 2023	274	209	483
Charge for the year	47	68	115
At 31 January 2024	**321**	**277**	**598**
Net book value			
At 31 January 2024	**—**	**76**	**76**
At 31 January 2023	47	83	130

Notes forming part of the Company financial statements continued

for the year ended 31 January 2024

4 Leases

The movements in the year ended 31 January 2024 were as follows:

Right-of-use assets:

	Land and buildings £'000
Cost	
At 1 February 2022	11,515
Additions	59
Impairment	(3,391)
At 31 January 2023	8,183
Additions	—
Impairment	—
At 31 January 2024	**8,183**
Accumulated depreciation	
At 1 February 2022	7,231
Charge for the year	952
At 31 January 2023	8,183
Charge for the year	—
At 31 January 2024	**8,183**
Net book value at 31 January 2024	**—**
Net book value at 31 January 2023	—

4 Leases continued

Lease liabilities:

	Land and buildings £'000
At 31 January 2023	669
Interest expense related to lease liabilities	9
Repayment of lease liabilities	(678)
At 31 January 2024	**—**

The maturity of the lease liabilities is as follows:

	2024 £'000	2023 £'000
Amounts payable:		
Within one year	**—**	673
Total gross future liability	**—**	673
Effect of discounting	**—**	(4)
Lease liability at 31 January	**—**	669

Notes forming part of the Company financial statements continued
for the year ended 31 January 2024

5 Investments in subsidiaries

	Total £'000
Cost	
At 1 February 2023	225,197
Disposals	(29)
At 31 January 2024	**225,168**

The Directors consider the value of investments in subsidiary undertakings to be not less than that stated in the balance sheet of the Company.

The Company's subsidiaries are those as listed in note 27 of the consolidated financial statements.

6 Trade and other receivables

	Company 2024 £'000	Company 2023 £'000
Amounts falling due after more than one year		
Amounts due from subsidiary undertakings	**77,465**	72,060

	Company 2024 £'000	Company 2023 £'000
Amounts falling due within one year		
Amounts due from subsidiary undertakings	**51,124**	26,634
Other debtors	**6,794**	6,612
Prepayments and accrued income	**1,239**	766
Other taxation	**250**	350
Total trade and other receivables	**59,407**	34,362

7 Trade and other payables

	Company 2024 £'000	Company 2023 £'000
Overdraft	**41,266**	46,196
Trade creditors	**1,288**	1,162
Amounts owed to subsidiary undertakings	**9,478**	2,884
Other taxation and social security	**254**	221
Other creditors	**213**	134
Accruals and deferred income	**3,658**	3,153
Total trade and other payables	**56,157**	53,750

8 Non-current liabilities

	Company 2024 £'000	Company 2023 £'000
Bank loan[1]	**38,729**	21,155
Between one and two years	**—**	21,155
Between two and five years	**38,729**	—
After five years	**—**	—
Contingent consideration	**623**	695
Between one and two years	**623**	—
Between two and five years	**—**	695
After five years	**—**	—
Share purchase obligation	**7,277**	6,729
Between one and two years	**—**	—
Between two and five years	**7,277**	6,729
After five years	**—**	—
Total	**46,629**	28,579

1 The entire bank facility is secured on guarantees from the guarantor pool.

The bank loans are valued at the net proceeds drawn down at the exchange rates prevailing at the time they are drawn. The foreign currency element of the loans is revalued at the prevailing rate at 31 January 2024.

Notes forming part of the Company financial statements continued
for the year ended 31 January 2024

8 Non-current liabilities continued

The Company has no fair value Level 1 instruments (2023: none). The Company's investments in financial assets are Level 2 instruments and are measured at historic quoted prices. All other instruments at fair value through profit or loss are Level 3 instruments being the contingent consideration and share purchase obligation liabilities.

Level 3 financial instruments are valued using the discounted cash flow method to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration or share purchase obligation. They are not based on observable market data.

9 Provisions

	Employment-related acquisition liabilities £'000	Total £'000
At 31 January 2023	22,411	22,411
Additions	8,088	8,088
Utilised in period	(16,820)	(16,820)
At 31 January 2024	**13,679**	**13,679**
Current	**810**	**810**
Non-current	**12,869**	**12,869**

Employment-related acquisition liabilities are provisions for the portion of consideration which is payable subject to continuing employment of the previous owners within the Group. The expected liability is recognised over the required employment term of the seller and is separately recognised as an employment-related acquisition payment provision.

10 Deferred tax

Deferred tax is provided as follows:

	Accelerated capital allowances £'000	Other £'000	Total £'000
At 31 January 2022	45	64	109
Charge/(credit) to income	57	(39)	18
At 31 January 2023	102	25	127
Credit to income	(24)	(22)	(46)
At 31 January 2024	**78**	**3**	**81**

11 Share capital and reserves

	2024 £'000	2023 £'000
Authorised, allotted, called up and fully paid		
99,455,935 Ordinary Shares of 2.5p each	**2,486**	2,462

For details on changes to issued share capital in the year, please refer to note 20 in the Group financial statements. For details of the dividends declared and paid in the year, please refer to note 9 in the Group financial statements.

12 Related-party transactions

During the period the Company received the following amounts in respect of Head Office costs and intercompany interest from undertakings which were not wholly owned at the balance sheet date:

	Intercompany interest		Recharges	
	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000	**Year ended 31 January 2024 £'000**	Year ended 31 January 2023 £'000
Agent3 Limited	**46**	58	**1,186**	1,462
Blueshirt Capital Advisors LLC	**—**	—	**140**	212
Blueshirt Group LLC	**—**	—	**544**	539

At 31 January the Company had the following intercompany amounts receivable from the subsidiaries below:

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Agent3 Limited	**4,383**	4,135
Blueshirt Capital Advisors LLC	**12**	26
Blueshirt Group LLC	**84**	95

Glossary – Alternative performance measures

for the 12-month period ended 31 January 2024 (unaudited)

Introduction

In the reporting of financial information, the Directors have adopted various alternative performance measures ('APMs'). The Group includes these non-GAAP measures as they consider these measures to be both useful and necessary to the readers of the financial statements to help understand the performance of the Group. The Group's measures may not be calculated in the same way as similarly titled measures reported by other companies and therefore should be considered in addition to IFRS measures. The APMs used are not a substitute for, or superior to, IFRS measures.

Purpose

The Directors believe that these APMs are highly relevant as they reflect how the Board measures the performance of the business and align with how shareholders value the business. They also allow understandable like-for-like, year-on-year comparisons and more closely correlate with the cash inflows from operations and working capital position of the Group.

They are used by the Group for internal performance analyses and the presentation of these measures facilitates better comparability with other industry peers as they adjust for non-recurring or uncontrollable factors which materially affect IFRS measures.

The identification of adjusting items is a judgement in terms of which costs or credits otherwise impact the comparability of the Group's results year on year. Adjusting items for the Group include amortisation of acquired intangibles, the change in estimate and unwinding of discount on acquisition-related liabilities, deal costs, growth share charges, employment-related acquisition costs, restructuring costs, RCF fees write off and property impairment.

The adjusted measures are also used for the performance calculation of the adjusted earnings per share used for the vesting of employee share options, banking covenants and cash flow analysis.

APMs	Relevant IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Profit and loss measures			
Net revenue	Revenue	• Excludes direct costs as shown on the Consolidated Income statement Reconciliation A1	Excludes the direct pass-through costs, as this is more closely aligned to the fees the Group earns for their product and services. This is a key management incentive metric.
Organic net revenue growth	Revenue growth	No direct equivalent Net revenue bridge, in Financial Review	Net revenue growth at constant currency, excluding impact of the acquisitions and disposals in the last 12 months. For acquisitions made in the prior year, only the corresponding months of ownership are included in the calculation of growth. This is a key management incentive metric.
Adjusted operating profit	Operating profit	• Excludes adjusting items • Excludes amortisation of acquired intangibles • Includes interest on lease liabilities Reconciliation A2	Operating profit before the impact of adjusting items and after interest on lease liabilities. The Group considers this to be an important measure of Group performance and is consistent with how the Group is reported and assessed by the Board and is a key management incentive metric.

Purpose continued

APMs	Relevant IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Profit and loss measures continued			
Adjusted operating profit margin	Operating profit margin	Not applicable	Adjusted operating profit margin is calculated based on the operating profit after interest on finance lease liabilities as a percentage of net revenue.
Adjusted profit before tax	Profit before tax	• Excludes adjusting items • Excludes amortisation of acquired intangibles • Excludes fair value remeasurements of financial instruments Reconciliation A4	Profit before the impact of adjusting items and tax. The Group considers this to be an important measure and is consistent with how the Group is reported and assessed by the Board. This measure allows for understandable like-for-like, year-on-year comparisons and facilitates better comparability with other industry peers as they adjust for non-recurring or uncontrollable factors.
Adjusted diluted earnings per share	Diluted earnings per share	• Excludes adjusting items Reconciliation A6	Profit after tax attributable to owners of the Parent and before the impact of adjusting items, divided by the weighted average number of Ordinary Shares in issue during the financial year adjusted for the effects of any potentially dilutive options. This is an important measure for the Group and is used within the performance calculations used for the vesting of employee share options. It allows for understandable like-for-like, year-on-year comparisons as it adjusts for non-recurring and uncontrollable measures including remeasurement of acquisition-related liabilities.
Net finance expense	Finance expense/ income	• Excludes adjusting items	Total net finance costs excluding interest on leases and adjusted items. The Group considers this to be an important measure and better reflects the underlying finance cost of the business by adjusting for non-cash items and the remeasurements of acquisition-related liabilities that can vary significantly.
Tax measures			
Effective tax rate on adjusted profit	Effective tax rate	• Adjusting items and their tax impact Reconciliation A7	Total income tax rate for the Group excluding the tax effect of items which are adjusted for in arriving at the adjusted profit before income tax. This measure is more representative of the Group's tax payable position and its ongoing tax rate.
Balance sheet measures			
Net cash/(debt)	None	• Reconciliation of net debt Reconciliation A8	Net debt comprises total loans and borrowings less cash and cash equivalents. Net debt does not include any contingent consideration as it is conditional upon future events which are not yet certain at the balance sheet date. It also excludes lease liabilities. This measure is a good indication of the strength of the Group's balance sheet position and is widely used by credit rating agencies.

Glossary – Alternative performance measures continued

for the 12-month period ended 31 January 2024 (unaudited)

A1: Reconciliation of net revenue

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Revenue	**734,673**	720,500
Direct costs	**(156,834)**	(156,701)
Net revenue	**577,839**	563,799

A2: Reconciliation of adjusted operating profit to statutory operating profit

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Operating profit	**77,119**	67,207
Interest on finance lease liabilities	**(1,104)**	(1,365)
Operating profit after interest on finance lease liabilities	**76,015**	65,842
Charge for employee incentive schemes[1]	**6,605**	596
Employment-related acquisition payments[2]	**10,006**	11,971
Deal costs[3]	**671**	5,521
Costs associated with restructuring[4]	**5,152**	2,302
RCF fees write off[5]	**601**	—
Property impairment[6]	**—**	4,749
Total adjusted costs in operating profit excluding amortisation	**23,035**	25,139
Amortisation of acquired intangibles[7]	**22,031**	23,188
Total adjusted costs in operating profit	**45,066**	48,327
Adjusted operating profit	**121,081**	114,169

1 This charge relates to transactions whereby a restricted grant of brand equity was given to key management in House 337 Limited, MHP Group Limited, Transform UK Consulting Limited, M Booth & Associates LLC, Brandwidth Marketing Limited and Plinc Limited (total of £6.5m) (2023: Elvis Communications Limited and Publitek Limited) at nil cost which holds value in the form of access to future profit distributions as well as any future sale value under the performance-related mechanism set out in the share sale agreement. This value is recognised as an upfront cost in the income statement in the year of grant as the agreements did not include service requirements, thus the cost accounting is not aligned with the timing of the anticipated benefit of the incentive, namely the growth of the relevant brands. In the current year it also includes £0.1m of charges associated with equity transactions accounted for as share-based payments. The Group determines that these brand appreciation rights (or growth shares) should be excluded from performance as the cost accounting is not aligned to the timing of the anticipated benefit of the incentive, namely growth of the relevant brands.

2 This charge relates to payments linked to the continuing employment of the sellers which is being recognised as a expense over the period of employment, as required by the accounting standard. Although these costs are not exceptional or non-recurring, the Group determines they should be excluded from the performance, as the costs relate to acquiring the business. The sellers of the business are typically paid market-rate salaries and bonuses in addition to these acquisition-related payments and therefore the Group determines these costs solely relate to acquiring the business. Adjusting for these within the Group's adjusted performance measures gives a better reflection of the Group's profitability and enhances comparability year on year.

A2: Reconciliation of adjusted operating profit to statutory operating profit continued

3 These costs are directly attributable to business combinations and acquisitions made during the year. The charges are excluded from performance as they would not have been incurred had the business combination not occurred and a higher or lower spend has no relation on the organic business. They do not relate to the trading of the Group and are added back each year to aid comparability of the Group's profitability year on year.

4 In the current year the Group has incurred restructuring costs all relating to staff redundancies as we proactively reduced our cost base to take account of macro-economic trends and anticipated efficiencies arising out of the adoption of AI. Only costs that relate to roles permanently being eliminated from the business with no intention to replace are adjusted for. In the prior year, the costs primarily related to rebranding and redundancy costs for the specific transformational events of creating the three new brands from the acquisition of Engine Acquisition Limited ("Engine"). In both years, the costs do not relate to underlying trading of the relevant brands and have been added back to aid comparability of performance year on year.

5 In the current year the Group refinanced its banking facilities and agreed to a new £150m revolving credit facility ("RCF") with a consortium of five banks. The refinance occurred before the old facility agreement ended and therefore there was £0.6m of capitalised fees remaining on the balance sheet in relation to the previous facility agreement that had yet to be amortised. As a result of the new agreement, the old RCF fees were written off as a one-off charge to the income statement. The Group adjusted for this significant cost as the charge is non-recurring and therefore added back to aid comparability of the Group's profitability year on year.

6 In the prior year the Group recognised charges relating to the reorganisation of the property space across the Group. The majority of the charge is impairment of right-of-use assets and leasehold improvements. As a result of the acquisition of Engine and understanding of the ongoing office space required, the Group identified excess property space within the portfolio and therefore took an impairment charge relating to those offices. The Group adjusted for this cost, as the additional one-off impairment charge did not relate to the underlying trading of the business, and therefore added back to aid comparability.

7 In line with its peer group, the Group adds back amortisation of acquired intangibles. Judgement is applied in the allocation of the purchase price between intangibles and goodwill, and in determining the useful economic lives of the acquired intangibles. The judgements made by the Group are inevitably different to those made by our peers and as such amortisation of acquired intangibles has been added back to aid comparability.

A3: Measurement of segment net revenue and adjusted operating profit

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted operating profit before intercompany recharges, which reflects the internal reporting measure used by the Board of Directors. Other information provided to them at a Group level is measured in a manner consistent with that in the financial statements. Head Office costs relate to Group costs before allocation of intercompany charges to the operating segments. Inter-segment transactions have not been separately disclosed as they are not material. The Group reports its results split into four divisions: Customer Engagement, Customer Delivery, Customer Insight and Business Transformation. The following tables provides additional information that has been deemed useful to the readers of the financial statements and shows the split of alternative performance measures by operating and geographical segments which have been reconciled elsewhere within this glossary.

	Customer Engagement £'000	Customer Delivery £'000	Customer Insight £'000	Business Transformation £'000	Head Office £'000	Total £'000
Year ended 31 January 2024						
Net revenue	**263,120**	**107,653**	**57,476**	**149,590**	**—**	**577,839**
Segment-adjusted operating profit/(loss)	**53,178**	**29,117**	**10,358**	**48,253**	**(19,825)**	**121,081**
Adjusted operating profit margin	**20.2%**	**27.0%**	**18.0%**	**32.3%**	**—**	**21.0%**
Organic net revenue (decline)/growth	**(6.3%)**	**5.1%**	**4.3%**	**8.7%**	**—**	**0.3%**
Year ended 31 January 2023						
Net revenue	274,951	102,096	51,985	134,767	—	563,799
Segment-adjusted operating profit/(loss)	55,432	30,191	11,049	43,855	(26,358)	114,169
Adjusted operating profit margin	20.2%	29.6%	21.3%	32.5%	—	20.2%
Organic net revenue growth	9.3%	12.0%	10.2%	83.3%	—	20.7%

Glossary – Alternative performance measures continued

for the 12-month period ended 31 January 2024 (unaudited)

A3: Measurement of segment net revenue and adjusted operating profit continued

	UK £'000	EMEA £'000	US £'000	Asia Pacific £'000	Head Office £'000	Total £'000
Year ended 31 January 2024						
Net revenue	**254,281**	**12,399**	**294,054**	**17,105**	**—**	**577,839**
Segment-adjusted operating profit/(loss)	**45,731**	**2,345**	**91,139**	**1,691**	**(19,825)**	**121,081**
Adjusted operating profit margin	**18.0%**	**18.9%**	**31.0%**	**9.9%**	**—**	**21.0%**
Organic net revenue (decline)/growth	**(0.4%)**	**6.1%**	**0.9%**	**(3.6%)**	**—**	**0.3%**
Year ended 31 January 2023						
Net revenue	240,971	11,626	293,177	18,025	—	563,799
Segment-adjusted operating profit/(loss)	42,460	2,826	93,463	1,778	(26,358)	114,169
Adjusted operating profit margin	17.6%	24.3%	31.9%	9.9%	—	20.2%
Organic net revenue growth	11.3%	16.3%	28.2%	11.0%	—	20.7%

A4: Reconciliation of adjusted profit before income tax and statutory loss before income tax

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Profit before income tax	**80,348**	10,109
Unwinding of discount on contingent, deferred consideration and additional contingent incentive (note 17)[1]	**23,621**	21,460
Unwinding of discount on share purchase obligation (note 17)[1]	**1,250**	1,425
Total adjusting items in operating profit (A2)	**45,066**	48,327
Change in estimate of future contingent consideration payable and additional contingent incentive (note 17)[2]	**(31,787)**	35,000
Change in estimate of future share purchase obligation (note 17)[2]	**(553)**	(3,783)
Adjusted profit before income tax	**117,945**	112,538

1 The unwinding of discount on these liabilities is also excluded from performance on the basis that it is non-cash and the balance is driven by the Group's assessment of the time value of money and this exclusion ensures comparability.

2 The Group adjusts for the remeasurement of the acquisition-related liabilities within the adjusted performance measures in order to aid comparability of the Group's results year on year as the charge/credit from remeasurement can vary significantly depending on the brand's performance. It is non-cash and its directional impact to the income statement is opposite to the brand's performance driving the valuations.

A5: Reconciliation of adjusted staff costs

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Staff costs	**407,445**	391,798
Reorganisation costs	**(5,152)**	(960)
Charges associated with equity transactions accounted for as share-based payments	**(6,504)**	(596)
Employment-related acquisition payments	**(10,006)**	(11,971)
Adjusted staff costs	**385,783**	378,271

A6: Reconciliation of adjusted earnings per share

Adjusted and diluted adjusted earnings per share have been presented to provide additional useful information. The adjusted earnings per share is the performance measure used for the vesting of employee share options and performance shares.

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Profit attributable to ordinary shareholders	**52,907**	1,623
Unwinding of discount on contingent and deferred consideration	**23,621**	21,460
Unwinding of discount on share purchase obligation	**1,250**	1,425
Change in estimate of future contingent consideration payable	**(31,787)**	35,000
Change in estimate of share purchase obligation	**(553)**	(3,783)
Costs associated with the current period restructure	**5,152**	2,302
Charge for employee incentive schemes	**6,605**	596
Property impairment	**—**	4,749
Deal costs	**671**	5,521
Employment-related acquisition payments	**10,006**	11,971
RCF fees write-off	**601**	—
Amortisation of acquired intangibles	**22,031**	23,188
Tax effect of adjusting items above	**(4,670)**	(19,131)
Adjusted earnings attributable to ordinary shareholders	**85,834**	84,921

Glossary – Alternative performance measures continued

for the 12-month period ended 31 January 2024 (unaudited)

A6: Reconciliation of adjusted earnings per share continued

	2024 Number	2023 Number
Weighted average number of Ordinary Shares	**99,247,832**	97,635,507
Dilutive LTIP shares	**1,848,787**	2,279,528
Dilutive growth deal shares	**3,345,900**	2,373,445
Other potentially issuable shares	**775,582**	3,392,207
Diluted weighted average number of Ordinary Shares	**105,218,101**	105,680,687
Adjusted earnings per share	**86.5p**	87.0p
Diluted adjusted earnings per share	**81.6p**	80.4p

A7: Reconciliation of tax expense in the Consolidated Income Statement to adjusted tax expense

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Income tax expense reported in the Consolidated Income Statement	**26,403**	7,123
Add back tax on adjusting items:		
Costs associated with the current period restructure and office moves	**1,248**	1,210
Unwinding of discount on and change in estimates of contingent and deferred consideration	**(2,220)**	12,978
Share-based payment charge	**273**	—
Amortisation of acquired intangibles	**5,369**	4,943
Adjusted tax expense	**31,073**	26,254
Adjusted profit before income tax	**117,945**	112,538
Adjusted effective tax rate	**26.3%**	23.3%

A8: Reconciliation of net debt

	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Total loans and borrowings	**44,227**	21,250
Less: cash and cash equivalents	**(42,871)**	(47,320)
Net debt/(cash)	**1,356**	(26,070)
Share purchase obligation (note 17)	**9,603**	8,984
Contingent consideration (note 17)	**146,752**	189,406
Additional contingent incentive (note 17)	**4,330**	6,309
Net debt plus earn-out liabilities	**162,041**	178,629

Five-year financial information

for the 12-month period ended 31 January 2024 (unaudited)

	Year ended 2024 IFRS £'000	Year ended 2023 IFRS £'000	Year ended 2022 IFRS £'000	Year ended 2021 IFRS £'000	Year ended 2020 IFRS £'000
Profit and loss					
Net revenue	**577,839**	563,799	362,103	266,886	248,469
Staff costs	**407,445**	391,798	258,945	189,530	171,180
Operating profit	**77,119**	67,207	39,985	13,688	19,413
Net finance income/(expense)	**3,229**	(57,098)	(120,335)	(15,425)	(14,061)
Profit/(loss) before income tax	**80,348**	10,109	(80,139)	(1,306)	5,556
Income tax (expense)/credit	**(26,403)**	(7,123)	14,475	(2,643)	(2,717)
Profit/(loss) for the year	**53,945**	2,986	(65,664)	(3,949)	2,839
Non-controlling interests	**1,038**	1,363	3,555	989	577
Profit/(loss) attributable to owners of the Parent	**52,907**	1,623	(69,219)	(4,938)	2,262
Balance sheet					
Non-current assets	**377,835**	382,102	266,158	216,072	224,370
Net current (liabilities)/assets	**(24,617)**	(26,704)	(1,651)	(6,128)	1,780
Non-current liabilities	**(196,997)**	(240,998)	(203,048)	(93,063)	(113,439)
Total equity attributable to owners of the Parent	**155,980**	113,948	59,829	116,957	113,296
Non-controlling interests	**241**	452	1,630	(76)	(585)
Total equity	**156,221**	114,400	61,459	116,881	112,711

	Year ended 2024 IFRS £'000	Year ended 2023 IFRS £'000	Year ended 2022 IFRS £'000	Year ended 2021 IFRS £'000	Year ended 2020 IFRS £'000
Cash flow					
Profit/(loss) for the year	**53,945**	2,986	(65,664)	(3,949)	2,839
Non-cash adjustments and working capital movements	**51,096**	92,220	154,424	76,882	46,662
Net cash generated from operations	**105,041**	95,206	88,760	72,933	49,501
Income tax paid	**(25,408)**	(20,301)	(14,109)	(8,423)	(5,993)
Net cash from operating activities	**79,633**	74,905	74,651	64,510	43,508
Acquisition of subsidiaries net of cash acquired	**(13,006)**	(70,268)	(14,454)	(8,097)	(18,501)
Acquisition of property, plant and equipment	**(3,711)**	(3,485)	(3,107)	(1,998)	(3,460)
Net cash outflow from investing activities	**(17,885)**	(67,462)	(18,532)	(26,994)	(28,340)
Net cash movement in bank borrowings	**23,673**	(1,514)	9,573	(24,912)	13,039
Dividends paid to owners of the Parent	**(14,762)**	(12,679)	(9,832)	—	(6,759)
Net cash (outflow)/inflow from financing activities	**(64,378)**	(21,179)	(24,741)	(39,126)	(6,826)
(Decrease)/increase in cash for the year	**(2,630)**	(13,736)	31,378	(1,610)	8,342
Dividend per share (p)	**15.35**	14.6	12.0	7.0	2.5
Basic earnings per share (p)	**53.3**	1.7	(74.9)	(5.5)	2.7
Diluted earnings per share (p)	**50.3**	1.5	(74.9)	(5.5)	2.5
Key performance indicators and other non-statutory measures					
Adjusted staff costs as a % of net revenue[1]	**66.8**	67.1	65.3	66.8	65.6
Adjusted EBITDA[2]	**136,777**	129,586	91,462	63,895	56,764
Adjusted profit before income tax[3]	**117,945**	112,538	79,268	49,117	40,237
Diluted adjusted earnings per share (p)[3]	**81.6**	80.4	59.7	40.7	34.8
Net (debt)/cash[4]	**(1,356)**	26,070	35,738	14,021	(9,346)

1 Staff costs excluding restructuring costs. See glossary for further information.

2 Operating profit before depreciation, amortisation, acquisition-related consideration movements and other adjusting items.

3 See glossary for further information.

4 Net debt excludes contingent consideration and share purchase obligations. See glossary for further information.

Shareholder information

Financial calendar

Preliminary results

2024 full-year results announcement	16 April 2024
Annual General Meeting	27 June 2024
2025 half-year results announcement	24 Sept 2024
Year end	31 January 2025
2025 full-year results announcement	April 2025

Final dividend

Ex-dividend date	4 July 2024
Record date	5 July 2024
Last date for DRIP election	19 July 2024
Payment of 2024 final dividend	9 August 2024

Interim dividend

Ex-dividend date	17 October 2024
Record date	18 October 2024
Last date for DRIP election	1 November 2024
Payment of 2025 interim dividend	22 November 2024

These dates are provisional and may be subject to change.

Annual General Meeting

Please see page 108 for further details.

Managing your shares and shareholder communications

The Company's shareholder register is maintained by its registrar, Link Group. Information on how to manage your shareholdings can be found at www.signalshares.com. Shareholders can contact Link Group in relation to all administrative enquiries relating to their shares, such as a change of personal details, the loss of a share certificate, out-of-date dividend cheques, change of dividend payment methods and to apply for the Dividend Reinvestment Plan.

Shareholders who have not yet elected to receive shareholder documentation in electronic form can sign up by registering at www.signalshares.com. Should shareholders who have elected for electronic communications require a paper copy of any of the Company's shareholder documentation, or wish to change their instructions, they should contact Link Group.

Registrar

Link Group
Central Square
29 Wellington Street
Leeds LS1 4DL

Telephone from the UK: 0371 664 0300

Calls are charged at the standard geographic rate and will vary by provider. Lines are open Monday to Friday (9.00 a.m. – 5.30 p.m.).

Telephone from overseas: +44 (0)371 664 0300

Calls outside the UK will be charged at the applicable international rate.

E-mail: shareholderenquiries@linkgroup.co.uk

Dividends

Dividends can be paid directly into your bank account. This is the easiest way for shareholders to receive dividend payments and avoids the risk of lost or out-of-date cheques. A dividend mandate form is available from Link Group or at www.signalshares.com.

Link Group is also able to pay dividends to shareholder bank accounts in many currencies worldwide through the International Payment Service. An administrative fee will be deducted from each dividend payment. Further details can be obtained from Link Group or at www.linkgroup.eu/ips.

Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan ('DRIP') which enables shareholders to buy the Company's shares on the London Stock Exchange with their cash dividend. Further information about the DRIP is available from Link Group. If shareholders would like their future dividends to qualify for the DRIP, completed application forms must be returned to the registrar.

Shareholder fraud

Fraud is on the increase and many shareholders are targeted every year. If you have any reason to believe that you may have been the target of fraud, or attempted fraud, in relation to your shareholding, please contact Link Group immediately. More detailed information can be found on the FCA website at: www.fca.org.uk/consumers/share-bond-and-boiler-room-scams.

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Company number
01579589

Website
www.next15.com

References

Customer Insight

1. Market research: The Business Research Company (2023)
2. Data management: Grand View Research (2023)
3. Data analytics & implementation: Precedence research (2023)
4. Customer Relationship Management (CRM) implementation: Grand View Research (2023)

Customer Engagement

5. Customer experience: Grand View Research (2023)
6. Content, communications & creative: Allied Market Research (2024)

Customer Delivery

7. E-commerce implementation: Grand View Research (2023)
8. Search Engine Optimisation (SEO): Research and Markets (2024)
9. Media buying & Planning: The Business Research Company (2023)
10. Social Media Management: Markets and Markets (2023)
11. Lead Generation: Allied Market Research (2024)

Business Transformation

12. Strategy Consulting: The Business Research Company (2023)
    - 12.1. Inc Environmental, Social and Governance (ESG): The Business Research Company (2023)
    - 12.2. Inc People Change Management (PCM): Absolute Market Insights
13. Digital Transformation: Market Reports World
14. Big data and Analytics: The Business Research Company (2024)
15. Other:
    - 15.1. Supply Chain and Logistics: Grand View Research (2023)
    - 15.2. Legal: Global Market Insights (2023)
    - 15.3. HR Advisory: Research and Markets (2023)
    - 15.4. Finance: Global Market Insights (2023)
    - 15.5. Tax: Markets and Markets (2023)

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