15 April 2025

Next 15 Group plc

("Next 15" or the "Group")

Results for the year ended 31 January 2025

Resilient performance in a challenging macro-environment

Next 15 Group plc (AIM:NFG), the tech and data-driven growth consultancy, today announces its final results for the year ended 31 January 2025.

Financial results for the year to 31 January 2025

	Year ended 31 January 2025 £m	Year ended 31 January 2024 £m	% change year on year
Adjusted results[1]			
Net revenue	**569.7**	**577.8**	**(1.4)%**
Adjusted operating profit	**107.4**	**121.1**	**(11.3)%**
Adjusted operating profit margin	**18.9%**	**21.0%**	
Adjusted profit before tax	**101.4**	**117.9**	**(14.0)%**
Adjusted diluted earnings per share	**69.3p**	**81.6p**	**(15.1)%**
Statutory results			
Net cash generated from operations	**96.1**	**105.0**	**(8.5)%**
Revenue	**729.8**	**734.7**	**(0.7)%**
Operating profit	**56.6**	**77.1**	**(26.6)%**
Profit before tax	**62.5**	**80.3**	**(22.2)%**
Diluted earnings per share	**37.9p**	**50.3p**	**(24.7)%**
Total dividend per share	**15.35p**	**15.35p**	

[1]Adjusted results have been presented to provide additional information that may be useful to shareholders to understand the performance of the Group by facilitating comparability both year on year and with industry peers. Adjusted results are reconciled to statutory results within the appendix.

Financial and Operational Highlights

- Group net revenue decline of 1.4% to £569.7m, reflecting a challenging macro backdrop; offset by strong performances from SMG, M Booth, M Booth Health, MHP and Brandwidth
- Adjusted operating profit of £107.4m, at a margin of 18.9%. Statutory operating profit down 26.6% to £56.6m
- Adjusted profit before tax of £101.4m
- Adjusted diluted earnings per share of 69.3p and statutory diluted earnings per share of 37.9p
- Statutory revenue decline of 0.7% to £729.8m.
- Final dividend unchanged at 10.6p per share and a total dividend of 15.35p for the year
- Net cash generated from operations before tax was £96.1m, with net debt of £38.4m as at 31 January 2025
- Significant new client wins including Deliveroo, PayPal, the Bank of England and WHSmith US
- Completed bolt-on acquisitions of Studio La Plage, Tuva and Cadence for initial consideration of £8.0m
- Creating a new business that brings together our four B2B tech marketing agencies
- £17.0m restructuring cost incurred in the year realising an annualised saving of £45m, of which £16m relates to Mach49. Of the remaining £29m saving, approximately £9m has been realised in the year

Current trading and outlook

Trading in the new financial year is broadly in line with management expectations, with the trends of last year continuing into the early months of FY26, with several new business wins. Despite the current economic and geopolitical backdrop, performance continues to be resilient across all four business segments, in particular in our consumer businesses.

In line with our previous communication, the loss of the significant Mach49 contract will have a material adverse impact on our FY26 financial performance. We also note that Sterling has recently strengthened against the US dollar. Should this continue, this will lead to further headwinds in the current financial year. The Group's continued focus on simplification of the business coupled with product related investment in AI sets the foundation for long term growth, as well as the strength and quality of our management teams and client relationships gives us confidence in delivering a solid trading performance in the year ahead.

Commenting on the results, Tim Dyson, CEO of Next 15 said:

“We note that markets are reacting strongly to the trade war. As of today, our customers are still determining the impact on their businesses. We anticipate this to be non-linear and strongly dependent on supply chains. We also anticipate that, as during Covid, some customers will increase their spend in a bid to drive sales, while others are more conservative. While we have not seen any notable change to our trading, either positive or negative, we are taking a cautious view given the market volatility and uncertainty over the impacts a trade war may have. However, we continue to invest thoughtfully and focus on strategic improvements to the Group. As a result, we remain confident about the medium-term prospects for our business.”

Webcast for analysts and investors

Next 15 will host an analyst and investor webcast at 9:30 today, Tuesday 15 April 2025.

To access the webinar, please contact next15@mhpgroup.com

For further information contact:

Next 15 Group plc
Tim Dyson, Chief Executive Officer
+1 415 350 2801
Peter Harris, Chief Financial Officer
+44 (0) 20 7908 6444

Deutsche Numis (Nomad & Joint Broker)
Mark Lander, Hugo Rubinstein
+44 (0)20 7260 1000

Berenberg (Joint Broker)
Ben Wright, Mark Whitmore
+44 (0)20 3207 7800

MHP (Investor Relations)
Simon Evans, Eleni Menikou, Veronica Farah
+44 (0)77 1011 7517
Next15@mhpgroup.com

Notes:

Net revenue
Net revenue is calculated as revenue less direct costs as shown on the Consolidated Income Statement.

Organic net revenue growth
Organic net revenue growth is defined as the net revenue growth at constant currency excluding the impact of 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. Net revenue is reconciled to statutory revenue within the appendix and a reconciliation of the movement in the year is included in the net revenue bridge on page 6.

Adjusted operating profit margin
Adjusted operating profit margin is calculated based on the adjusted operating profit as a percentage of net revenue. Adjusted operating profit is reconciled to statutory results within the appendix.

This announcement contains inside information as defined in Article 7 of the Market Abuse Regulation.

About Next 15

Next 15 (AIM:NFG) is an AIM-listed tech and data-driven growth consultancy with operations in Europe, North America and across Asia Pacific. The Group has a strong track record of creating and acquiring high-performance businesses. For acquired businesses it offers an opportunity to take advantage of the Group's global operational infrastructure and centralised resources to accelerate their growth. The Group has long-term customer relationships with many of the world's leading companies including Google, Amazon, Facebook, Microsoft, IBM, American Express and Procter & Gamble.

The business operates across four segments, each of which describes how we help customers grow in different ways: Customer Insight helps them understand their opportunities and challenges; Customer Engagement optimises their reputation and digital assets; Customer Delivery helps them connect with customers to drive sales; and Business Transformation helps maximise long-term value through corporate positioning, business design and the development of new ventures.

At Next 15, success is underpinned by a people-led approach. Our purpose is to make our customers and our people the best versions of themselves, and our culture is empowering and respectful.

Chairman and Chief Executive's Statement

Review of FY25

In FY25 the Group delivered a resilient performance in an uncertain and unpredictable macro-environment. The loss of Mach49's significant contract was announced in September 2024 and reduced Group revenues by approximately £7m in the year and will reduce revenues by £75.9m in the year to 31 January 2026. The tech sector continued to be challenging, whilst our government revenues in the UK were impacted by political instability when an early general election was called in July 2024. Our brands reacted to the weaker than expected revenue performance by undertaking significant cost reduction exercises, resulting in leaner and more focused businesses. We also completed three bolt-on acquisitions for a combined initial consideration of £8.0m to provide further opportunities for revenue growth in a number of our key businesses.

The statutory operating profit decreased by 26.6% to £56.6m (2024: £77.1m) and diluted earnings per share decreased to 37.9p (2024: 50.3p).

Acquisitions

The Group has made selective acquisitions during the year with a focus on expanding several of our existing businesses through bolt-on acquisition. During the period, the Group acquired two small businesses for its UK-based communications business, MHP Group, which performed strongly in the year. The acquisitions were made to build out its range of products and services in the tech and content areas. The Group also completed the acquisition of Cadence for Transform, the technology and data consultancy. In the UK, Cadence is renowned for its public service transformation expertise and has become a trusted adviser to central and local government, as well as the rail and road sectors.

Returns to shareholders

The Group maintains a disciplined and consistent approach to capital allocation, with a target leverage of below 1.5x EBITDA. The first priority is to maintain a healthy balance sheet, then investment into the business, and we will continue to invest in a selective manner to support long-term growth of the Group. The Board will continue to prioritise organic investment in the business, alongside selective M&A with a focus on bolt-on acquisitions to enhance key business areas. Beyond this, our priority is to return excess cash to shareholders, firstly through a regular dividend and, when possible, further capital returns.

The Board is recommending the payment of a final dividend for the year ended 31 January 2025 of 10.6p per share, which would represent a total dividend of 15.35p for the year, which is unchanged on the 2024 financial year.

In the prior year, the Group announced a share buyback programme to a maximum of £30m, allowing us to return excess cash to shareholders. At the previous reporting period on 31 January 2024, we had, to that date, invested £4.5m buying back shares. We also announced we would acquire up to a further £10m worth of shares by the end of July 2024, of which we only spent £5.3m in the year, buying back 607,199 shares which have been cancelled. Currently, no further share buyback is planned.

Review of Adjusted Results to 31 January 2025

In order to assist shareholders' understanding of the performance of the business, the following commentary is focused on the adjusted performance for the 12 months to 31 January 2025, compared with the 12 months to 31 January 2024. The Directors consider these adjusted measures better reflect the trading performance of the business as well as aligning with how shareholders value the business. They also give shareholders more information to allow for understandable like-for-like year-on-year comparisons and more closely correlate with the cash and working capital position of the Group.

ADJUSTED RESULTS[1]	**Year Ended 31 January 2025 £'000**	**Year Ended 31 January 2024 £'000**
Net revenue	**569,696**	**577,839**
Operating profit	**107,446**	**121,081**
Operating profit margin	**18.9%**	**21.0%**
Net finance expense	**(6,001)**	**(3,136)**
Profit before income tax	**101,445**	**117,945**
Effective tax rate on adjusted profit	**27.4%**	**26.3%**
Diluted adjusted earnings per share	**69.3p**	**81.6p**

[1]Adjusted results have been presented to provide additional information that may be useful to shareholders to understand the performance of the business by facilitating comparability both year on year and with industry peers. Adjusted results are reconciled to statutory results below and within the appendix.

In FY25 the Group delivered a resilient performance in an uncertain and unpredictable macro-environment. Our Customer Delivery segment delivered organic revenue growth largely due to a stellar performance from SMG, our retail media business, whilst our Engage, Data and Insights and Business Transformation segments experienced organic revenue declines, mostly due to softness in the tech sector.

Our total Group net revenues decreased by 1.4% (2024: increased by 2.5%) to £569.7m, with organic net revenue decline of 4.0% (2024: growth of 0.3%) reflecting the slowdown in the tech sector and more generally a challenging macro-environment. Our adjusted operating profit decreased by 11.3% to £107.4m (2024: £121.1m) at an adjusted operating margin of 18.9% (2024: 21.0%). The brands reacted to this weaker than expected revenue performance by undertaking significant cost reduction exercises at a one-off cost of £17.0m. This resulted in a total headcount impact of over 500 roles which equates to over 10% of our global headcount at an annualised saving of approximately £45m, of which £16m relates to employees previously engaged within Mach49. Of the remaining £29m, approximately £9m has been realised in the year.

Net revenue bridge

	Net Revenue (£'m)	Movement (% of prior year net revenue)	
Year to 31 January 2024	**577.8**		
Organic decline	(22.9)	- 4.0%	(FY24: + 0.3%)
Acquisitions	22.0	+ 3.8%	(FY24: + 3.3%)
Impact of FX	(7.2)	- 1.2%	(FY24: - 1.1%)
Year to 31 January 2025	**569.7**		

[1]The definition of net revenue and explanation of how organic net revenue growth is calculated is included within the appendix.

Reconciliation between statutory and adjusted profit

For the year to 31 January 2025, the Group delivered net revenue of £569.7m (2024: £577.8m), adjusted operating profit of £107.4m (2024: £121.1m), adjusted profit before income tax of £101.4m (2024: £117.9m) and adjusted diluted earnings per share of 69.3p (2024: 81.6p).

Statutory revenue for the year was £729.8m (2024: £734.7m) which resulted in an operating profit of £56.6m compared with £77.1m in the previous year. Diluted earnings per share decreased to 37.9p (2024: 50.3p), principally reflecting higher net finance charges in the year and lower operating profit as a result of significant restructuring costs.

Adjusted operating profit decreased by 11.3% to £107.4m (2024: £121.1m) and statutory profit before tax reduced by 22.2% to £62.5m (2024: £80.3m). 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 a reduction in the expected Mach49 earn-out payment.

At each balance sheet date, we are required to estimate the value of future earnout payments for all of our acquired businesses. The Mach49 estimate is the largest and most judgemental of these calculations. As at 31 January 2024, we estimated the total value payable under the earn-out to be $250m on an undiscounted basis, but noted at the time this was an area of significant judgement. When reflecting the historic trading performance, we have reduced the estimate of the total earn-out to $219m, a reduction of $31m year on year, with $91m of the earnout remaining to be paid as at 31 January 2025. Accordingly, in the year this resulted in a £22.6m 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 net the movement in fair value of other financial liabilities.

We also incurred £17.0m of operational restructuring costs as we reacted to the reduction in demand for our services at a number of our agencies.

	Year ended 31 January 2025	Year ended 31 January 2024
	£'000	£'000
Profit before income tax	**62,452**	**80,348**
Acquisition accounting related costs[1]	16,231	24,568
One-off charges employee incentive schemes	175	6,605
Costs associated with operational restructuring	16,966	5,152
Intangibles write off	1,409	-
RCF fees write off	-	601
Deal costs	600	671
Goodwill impairment	3,000	-
Property impairment	612	-
Adjusted profit before income tax[2]	**101,445**	**117,945**

[1] Acquisition accounting related costs includes unwinding of discount and change in estimate on deferred and contingent consideration and share purchase obligation payable, employment linked acquisition payments and amortisation of acquired intangibles.
[2] A full reconciliation and further detail is set out in the appendix.

Segment adjusted performance

	Customer Engage £'000	Customer Delivery £'000	Customer Insight £'000	Business Transformation £'000	Head Office £'000	Total £'000
Year ended 31 January 2025						
Net revenue	**262,001**	**109,599**	**55,404**	**142,692**	**-**	**569,696**
Adjusted operating profit/(loss)	**53,854**	**23,857**	**7,009**	**40,045**	**(17,319)**	**107,446**
Adjusted operating profit margin[1]	**20.6%**	**21.8%**	**12.7%**	**28.1%**	**-**	**18.9%**
Organic net revenue (decline)/growth	**(2.4)%**	**2.7%**	**(9.5)%**	**(9.3)%**	**-**	**(4.0)%**
Year ended 31 January 2024						
Net revenue	263,120	107,653	57,476	149,590	-	577,839
Adjusted operating profit/(loss)	53,178	29,117	10,358	48,253	(19,825)	121,081
Adjusted operating profit margin[1]	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%

[1] Adjusted operating profit margin is calculated based on the adjusted operating profit as a percentage of net revenue.

The **Customer Engage** segment includes M Booth, M Booth Health, Outcast, Archetype, Nectar, Brandwidth, MHP and House 337. M Booth, M Booth Health, MHP and Brandwidth 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 0.4% to £262.0m, with an organic revenue decline of 2.4%, and delivered an adjusted operating profit of £53.9m at an improved adjusted operating margin of 20.6%.

The **Customer Delivery** segment includes our Activate, The Agent3 Group, Twogether and SMG agencies. This segment is focused on solving short-term revenue challenges for its clients usually through digital products, which makes it easier to determine their return on investment. SMG had a stellar year winning significant new customers such as ASDA and Deliveroo in the UK and WHSmith Travel in the US. SMG also extended its contractual relationship with its largest customer Morrisons for a further four years.

Our B2B tech-focused agencies had a tough year as their clients continued to delay spend due to the weak macro-environment. The segment delivered net revenue growth of 1.8% to £109.6m with organic revenue growth of 2.7%. The adjusted operating profit decreased to £23.9m at a still very healthy adjusted operating profit margin of 21.8%, principally due to the investment by SMG in US expansion.

The **Customer Insights** segment includes Savanta and Plinc. Savanta had a weaker year than expected and we made a leadership change and a significant restructuring as a result. Plinc grew its retail client base and continued to develop a suite of new products for its target market. Total net revenue for the segment decreased by 3.6% to £55.4m with organic decline of 9.5%, whilst the adjusted operating profit decreased by 32.3% to £7.0m at a reduced adjusted operating margin of 12.7%.

This **Business Transformation** segment includes Mach49, The Blueshirt Group, Palladium and Transform. In September 2024 we announced the loss of the significant contract by Mach49, which reduced expected revenue by £7m in the year and will lead to a reduction in revenue of £75.9m in the year to January 2026. Transform had a weaker year due to the political instability and the early election in the UK. It secured a major contract win with the Department of Education, which should result in a much-improved performance in the year to January 2026. 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 a net revenue decline of 4.6% to £142.7m with an organic revenue decline of 9.3%. The adjusted operating profit declined by 17.0% to £40.0m at an adjusted operating profit margin of 28.1%.

Regional adjusted performance

	UK	EMEA	US	Asia Pacific	Head Office	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Year ended 31 January 2025						
Net revenue	**258,897**	**12,330**	**282,492**	**15,977**	**-**	**569,696**
Adjusted operating profit/(loss)	**44,526**	**2,641**	**75,686**	**1,912**	**(17,319)**	**107,446**
Adjusted operating profit margin[1]	**17.2%**	**21.4%**	**26.8%**	**12.0%**	**-**	**18.9%**
Organic net revenue (decline)/growth	**(4.1)%**	**2.0%**	**(3.9)%**	**(6.6)%**	**-**	**(4.0)%**
Year ended 31 January 2024						
Net revenue	254,281	12,399	294,054	17,105	-	577,839
Adjusted operating profit/(loss)	45,731	2,345	91,139	1,691	(19,825)	121,081
Adjusted operating profit margin[1]	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%

[1] Adjusted operating profit margin is calculated based on the adjusted operating profit as a percentage of net revenue.

In the year to 31 January 2025, total US net revenues declined by 3.9% to £282.5m from £294.1m, which included organic decline of 3.9%. We saw continued weakness from our B2B tech businesses, 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 lost its biggest contract during the year, whilst The Blueshirt Group had a fall in revenues due to a dearth of Tech IPOs. All businesses reacted to the tougher trading conditions by managing cost bases tightly. The adjusted operating profit from our US businesses decreased by 17.0% to £75.7m compared with £91.1m in the previous 12 months to 31 January 2024, at a still very healthy operating margin of 26.8% compared with 31.0% in the prior year.

The UK businesses delivered a mixed performance over the last 12 months, with net revenue increasing by 1.8% to £258.9m from £254.3m in the prior period. This growth was supported by two bolt-on acquisitions for MHP. Our UK businesses delivered an organic revenue decline of 4.1%. The adjusted operating profit decreased to £44.5m from £45.7m in the prior year with the adjusted operating margin decreasing to 17.2% from 18.0% in the prior year.

The EMEA business continued to perform relatively well with net revenue reduced marginally to £12.3m (2024: £12.4m) and an adjusted operating profit of £2.6m, at an adjusted operating margin of 21.4%.

In the APAC region net revenue declined by 6.6% to £16.0m (2024: £17.1m). The operating profit increased to £1.9m at an operating margin of 12.0%.

Balance Sheet and Net Debt

The Group's balance sheet remains strong, with a modest net debt position as at 31 January 2025 of £38.4m (2024: £1.4m) and net assets of £181.2m (2024: £156.2m).

Contingent consideration also saw a significant decrease to £72.7m as at 31 January 2025. Primarily due to £62.0m settlements during the year and a £29.7m change in estimate, primarily driven by the revised assumptions for the latest trading performance and forecast expectations for the Mach49 business. The estimates around the contingent consideration are considered by management to be an area of significant judgement, which could result in a material adjustment to the value of these liabilities in the future years.

The net cash inflow from operating activities before changes in working capital for the year to 31 January 2025 decreased to £103.1m from £115.7m in the prior period reflecting the reduction in profit. We had a net outflow from working capital of £7.0m due to the reduction in deferred income and bonus accruals across the Group. This resulted in our net cash generated from operations before tax being £96.1m (2024: £105.0m).

Over the year we incurred £68.9m in acquisition-related payments and £7.2m in capital expenditure.

Cash flow KPIs	Year to 31 January 2025 £m	Year to 31 January 2024 £m
Net cash inflow from operating activities before changes in working capital	**103.1**	**115.7**
Working capital movement	**(7.0)**	**(10.7)**
Net cash generated from operations	**96.1**	**105.0**
Income tax paid	**(20.7)**	**(25.4)**
Investing activities	**(12.3)**	**(17.9)**
Dividend paid to shareholders	**(15.5)**	**(14.8)**
Net debt	**(38.4)**	**(1.4)**

Treasury and funding

At 31 January 2025, the Group had a £150m revolving credit facility ("RCF") with a consortium of HSBC, Bank of Ireland, NatWest Bank, Citibank and CIC, and as part of the arrangement, the Group had a £50m accordion option. Post the year-end, the Group strengthened its banking facilities by agreeing to access an additional £25m of this accordion. The facility is available until December 2027 with an option to extend for a further year.

The RCF facility is available for permitted acquisitions and working capital requirements. It 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. The margin payable on each facility is dependent upon the level of gearing in the business. The Group also has a US facility of $7m (2024: $7m) which is available for property rental guarantees and US-based working capital needs.

Current trading and outlook

Trading in the new financial year is broadly in line with management expectations, with the trends of last year continuing into the early months of FY26, with several new business wins. Despite the current economic and geopolitical backdrop, performance continues to be resilient across all four business segments, in particular in our consumer businesses.

In line with our previous communication, the loss of the significant Mach49 contract will have a material adverse impact on our FY26 financial performance. We also note that Sterling has recently strengthened against the US dollar. Should this continue, this will lead to further headwinds in the current financial year. The Group's continued focus on simplification of the business coupled with product related investment in AI sets the foundation for long term growth, as well as the strength and quality of our management teams and client relationships gives us confidence in delivering a solid trading performance in the year ahead.

NEXT 15 GROUP PLC

CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

	Note	Year ended 31 January 2025 £'000	Year ended 31 January 2024 Restated[1] £'000
Revenue		729,810	734,673
Direct costs		(160,114)	(156,834)
Net revenue	2	**569,696**	**577,839**
Staff costs		411,854	407,445
Depreciation		12,153	12,263
Amortisation		21,948	24,360
Other operating charges		67,113	56,652
Total operating charges		(513,068)	(500,720)
Operating profit		**56,628**	**77,119**
Movement in fair value of other financial liabilities	9	12,704	7,469
Finance expense	5	(7,569)	(5,372)
Finance income	6	689	1,132
Profit before income tax		**62,452**	**80,348**
Income tax expense	3	(21,482)	(26,403)
Profit for the year		**40,970**	**53,945**
Attributable to:			
Owners of the parent		39,465	52,907
Non-controlling interests		1,505	1,038
		40,970	**53,945**
Earnings per share			
Basic (pence)	7	39.3	53.3
Diluted (pence)	7	37.9	50.3

[1] Comparatives have been restated, as explained in the FY24 restatements section in note 1.

NEXT 15 GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

	Year ended 31 January 2025	Year ended 31 January 2024
	£'000	£'000
Profit for the year	**40,970**	**53,945**
Other comprehensive income/(expense):		
Items that may be reclassified into profit or loss:		
Exchange differences on translating foreign operations	858	(576)
Items that will not be reclassified subsequently to profit or loss		
Revaluation of investments	134	(6)
Total other comprehensive income/(expense) for the year	992	(582)
Total comprehensive income for the year	**41,962**	**53,363**
Attributable to:		
Owners of the parent	40,457	52,325
Non-controlling interests	1,505	1,038
	41,962	**53,363**

NEXT 15 GROUP PLC

ADJUSTED RESULTS: KEY PERFORMANCE INDICATORS

	Year ended 31 January 2025 £'000	Year ended 31 January 2024 £'000
Net revenue	**569,696**	**577,839**
Operating charges	(446,707)	(441,062)
EBITDA	**122,989**	**136,777**
Depreciation and Amortisation	(14,664)	(14,592)
Operating profit	**108,325**	**122,185**
Interest on finance lease liabilities	(879)	(1,104)
Adjusted operating profit	**107,446**	**121,081**
Operating profit margin	*18.9%*	*21.0%*
Net finance expense	(6,001)	(3,136)
Adjusted profit before income tax	**101,445**	**117,945**
Tax	(27,795)	(31,073)
Adjusted profit after tax	**73,650**	**86,872**
Non-controlling interest	(1,505)	(1,038)
Retained profit	**72,145**	**85,834**

Weighted average number of ordinary shares	100,379,867	99,247,832
Diluted weighted average number of ordinary shares	104,151,507	105,218,101

Adjusted earnings per share	71.9p	86.5p
Diluted adjusted earnings per share	69.3p	81.6p

Net cash generated from operations before tax	96,135	105,041
Cash outflow on acquisition-related payments	(68,987)	(70,865)
Net debt	(38,365)	(1,356)
Dividend (per share)	15.35p	15.35p

Adjusted results have been presented to provide additional information that may be useful to shareholders to understand the performance of the business by facilitating comparability both year on year and with industry peers. Adjusted results are reconciled to statutory results within the appendix. Per the detail in the appendix (A2), one-off charges for employee incentive schemes, employment linked acquisition payments, restructuring costs, deal costs, RCF fees written off, intangible write off, goodwill impairment and property impairment are adjusted for in calculating the adjusted operating charges and amortisation of acquired intangibles is adjusted for in calculating the adjusted depreciation and amortisation. Interest on lease liabilities and unwinding of discount and change in estimate of future contingent consideration and share purchase obligation payables are adjusted for in calculating net finance expense. These measures are not considered to be adjusted performance measures for the Company.

NEXT 15 GROUP PLC
CONSOLIDATED BALANCE SHEET AS AT 31 JANUARY 2025 AND 2024

	Note	31 January 2025 £'000	31 January 2024 £'000 Restated[1]
Assets			
Property, plant and equipment		7,599	10,099
Right-of-use assets		16,150	24,686
Intangible assets		270,504	279,342
Investments in financial assets		861	581
Deferred tax asset		52,749	62,087
Other receivables		544	1,040
Total non-current assets		348,407	377,835
Trade and other receivables		163,008	170,003
Cash and cash equivalents	8	89,433	89,073
Corporation tax asset		4,114	911
Total current assets		256,555	259,987
Total assets		**604,962**	**637,822**
Liabilities			
Loans and borrowings	8	65,939	44,227
Deferred tax liabilities		15,431	15,939
Lease liabilities		13,962	23,313
Other payables		113	110
Provisions		6,501	19,591
Contingent consideration	9	42,669	84,693
Additional contingent incentive	9	288	1,847
Deferred consideration	9	474	-
Share purchase obligation	9	-	7,277
Total non-current liabilities		145,377	196,997
Overdraft	8	61,859	46,202
Trade and other payables		139,282	151,510
Lease liabilities		9,197	10,115
Provisions		25,933	3,066
Corporation tax liability		4,189	6,843
Contingent consideration	9	30,047	62,059
Additional contingent incentive	9	2,015	2,483
Deferred consideration	9	3,942	-
Share purchase obligation	9	1,929	2,326
Total current liabilities		278,393	284,604
Total liabilities		**423,770**	**481,601**
TOTAL NET ASSETS		**181,192**	**156,221**
Equity			
Share capital		2,523	2,486
Share premium reserve		192,654	175,144
Share purchase reserve		(2,643)	(2,658)
Foreign currency translation reserve		4,162	3,304
Other reserves		608	608
Retained loss		(15,633)	(22,904)
Total equity attributable to owners of the parent		**181,671**	**155,980**
Non-controlling interests		(479)	241
TOTAL EQUITY		**181,192**	**156,221**

[1] Comparatives have been restated, as explained in the FY24 restatements section in note 1.

NEXT 15 GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

	Share capital	Share premium reserve	Share purchase reserve	Foreign currency translation reserve	Other reserves[1]	Retained loss	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 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	**22**	**4,024**	-	-	-	**(6,643)**	**(2,597)**	-	**(2,597)**
Shares issued on acquisitions	**17**	**4,946**	-	-	-	-	**4,963**	-	**4,963**
Acquisition of own shares	**(15)**	-	**15**	-	-	**(4,475)**	**(4,475)**	-	**(4,475)**
Movement in relation to share-based payments	-	-	-	-	-	**11,476**	**11,476**	-	**11,476**
Tax on share-based payments	-	-	-	-	-	**(984)**	**(984)**	-	**(984)**
Dividends to owners of the Parent	-	-	-	-	-	**(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 period	-	-	-	-	-	**(3,698)**	**(3,698)**	**(204)**	**(3,902)**
Non-controlling interest reversed in the period	-	-	-	-	-	-	-	**29**	**29**
Non-controlling dividend	-	-	-	-	-	-	-	**(1,290)**	**(1,290)**
At 31 January 2024	**2,486**	**175,144**	**(2,658)**	**3,304**	**608**	**(22,904)**	**155,980**	**241**	**156,221**
Profit for the year	-	-	-	-	-	**39,465**	**39,465**	**1,505**	**40,970**
Other comprehensive income for the year	-	-	-	**858**	-	**134**	**992**	-	**992**
Total comprehensive income for the year	-	-	-	**858**	-	**39,599**	**40,457**	**1,505**	**41,962**
Shares issued on satisfaction of vested performance shares	**26**	**7,215**	-	-	-	**(9,878)**	**(2,637)**	-	**(2,637)**
Shares issued on acquisitions	**26**	**10,295**	-	-	-	-	**10,321**	-	**10,321**
Acquisition of own shares	**(15)**	-	**15**	-	-	**(5,344)**	**(5,344)**	-	**(5,344)**
Movement in relation to share-based payments	-	-	-	-	-	**759**	**759**	-	**759**
Tax on share-based payments	-	-	-	-	-	**(3,712)**	**(3,712)**	-	**(3,712)**
Dividends to owners of the Parent	-	-	-	-	-	**(15,457)**	**(15,457)**	-	**(15,457)**
Movement due to ESOP share purchases	-	-	-	-	**(5)**	-	**(5)**	-	**(5)**
Movement due to ESOP share option exercises	-	-	-	-	**5**	-	**5**	-	**5**
Movement on reserves for non-controlling interests	-	-	-	-	-	**(93)**	**(93)**	**93**	-
Non-controlling interest reversed in the period	-	-	-	-	-	**1,397**	**1,397**	**(1,397)**	-
Non-controlling dividend	-	-	-	-	-	-	-	**(921)**	**(921)**
At 31 January 2025	**2,523**	**192,654**	**(2,643)**	**4,162**	**608**	**(15,633)**	**181,671**	**(479)**	**181,192**

[1] Other reserves include ESOP reserve, the treasury reserve, the merger reserve and the hedging reserve.

NEXT 15 GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

	Year ended 31 January 2025	Year ended 31 January 2024
	£'000	£'000
Cash flows from operating activities		
Profit for the year	40,970	53,945
Adjustments for:		
Depreciation	12,153	12,263
Amortisation	21,948	24,360
Movement in fair value of other financial liabilities	(12,704)	(7,469)
Finance expense	7,569	5,372
Finance income	(689)	(1,132)
Impairment of intangibles	4,409	-
Loss on sale of property, plant and equipment	409	125
Loss/(gain) on exit of finance lease	628	(1,313)
Income tax expense	21,482	26,403
Employment linked acquisition provision charge	9,498	10,006
Settlement of employment linked acquisition payments	(1,655)	(15,713)
Share-based payment charges	759	11,476
Settlement of share-based payment in cash	(1,683)	(2,597)
Net cash inflow from operating activities before changes in working capital	**103,094**	**115,726**
Change in trade and other receivables	10,060	837
Change in trade and other payables	(16,555)	(12,343)
Change in other liabilities	(464)	821
	(6,959)	(10,685)
Net cash generated from operations before tax outflows	**96,135**	**105,041**
Income taxes paid	(20,668)	(25,408)
Net cash inflow from operating activities	**75,467**	**79,633**
Cash flows from investing activities		
Acquisition of subsidiaries and trade and assets, net of cash acquired	(6,884)	(13,006)
Acquisition of investments in financial assets	(479)	-
Acquisition of property, plant and equipment	(2,197)	(3,711)
Proceeds on disposal of investments in financial assets	335	-
Proceeds on disposal of property, plant and equipment	29	8
Acquisition of intangible assets	(5,021)	(3,436)
Movement in long-term cash deposits	304	(179)
Income from finance lease receivables	1,019	1,388
Interest received	602	1,051
Net cash outflow from investing activities	**(12,292)**	**(17,885)**

NEXT 15 GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOW *(Continued)*

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

	Year ended 31 January 2025	Year ended 31 January 2024
	£'000	£'000
Cash flows from financing activities		
Payment of contingent consideration	(59,969)	(42,146)
Purchase of non-controlling interest in subsidiary	-	(5,059)
Proceeds on sale of non-controlling interest in subsidiary	-	29
Acquisition of own shares	(5,344)	(4,475)
Capital element of finance lease rental repayment	(11,260)	(14,175)
Increase in bank borrowings and overdrafts	184,025	195,564
Repayment of bank borrowings and overdrafts	(162,834)	(171,891)
Banking arrangement fees	-	(1,905)
Interest paid	(6,690)	(4,268)
Dividend and profit share paid to non-controlling interest partners	(921)	(1,290)
Dividends paid to shareholders of the parent	(15,457)	(14,762)
Net cash outflow from financing activities	**(78,450)**	**(64,378)**
Net decrease in cash and cash equivalents	**(15,275)**	**(2,630)**
Cash and cash equivalents at beginning of the year	42,871	47,320
Exchange loss on cash held	(22)	(1,819)
Cash and cash equivalents at end of the year	**27,574**	**42,871**

NOTES TO THE YEAR END RESULTS

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

1) BASIS OF PREPARATION

The financial information in these results has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the United Kingdom (collectively Adopted IFRSs). The principal accounting policies used in preparing the results are those the Group has applied in its financial statements for the year ended 31 January 2025.

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 January 2025 or 2024, but is derived from those accounts. Statutory accounts for 2024 have been delivered to the Registrar of Companies and those for 2025 will be delivered following the company's annual general meeting. The auditors have reported on those accounts: their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006.

FY24 Restatements

Within the period, it was determined that the Group's cash and overdrafts within notional cash pooling arrangements, did not meet the requirements for offsetting in accordance with IAS 32 'Financial Instruments: Presentation' and shouldn't be presented net in the consolidated balance sheet. For presentational purposes, amounts have therefore been restated. The impact of this change is to increase both cash and cash equivalents and bank overdraft by £61.9m (2024: £46.2m) in the Group's consolidated balance sheet. This has had no impact on net assets as seen on the face of the consolidated balance sheet.

Within the consolidated income statement, the fair value movement of other financial liabilities has been presented separately to provide greater clarity, and accordingly the corresponding 2024 comparative amounts have been re-presented for consistency and comparability between periods. The 2024 comparative amount includes £26.0m that was previously included within finance expense, and £33.5m that was previously included within finance income. There is no impact on net profit, net assets or subtotals presented previously.

Going concern statement

The Directors have, at the time of approving this financial information, 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 this financial information. 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.

2) SEGMENT INFORMATION

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 and net revenue, which reflects the internal reporting measure used by the Board of Directors. This measurement basis excludes the effects of certain acquisition-related costs and goodwill impairment charges. Head office costs relate to Group costs before allocation of intercompany charges to the operating segments. Intersegment transactions have not been separately disclosed as they are not material. The Board of Directors does not review the assets and liabilities of the Group on a segmental basis and therefore this is not separately disclosed.

NOTES TO THE YEAR END RESULTS *(Continued)*

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

2) SEGMENT INFORMATION *(continued)*

	Customer Engage £'000	Customer Delivery £'000	Customer Insight £'000	Business Transformation £'000	Head Office £'000	Total £'000
Year ended 31 January 2025						
Net revenue	**262,001**	**109,599**	**55,404**	**142,692**	**-**	**569,696**
Adjusted operating profit/(loss)	**53,854**	**23,857**	**7,009**	**40,045**	**(17,319)**	**107,446**
Adjusted operating profit margin[1]	**20.6%**	**21.8%**	**12.7%**	**28.1%**	-	**18.9%**
Organic net revenue (decline)/growth	**(2.4)%**	**2.7%**	**(9.5)%**	**(9.3)%**	**-**	**(4.0)%**
Year ended 31 January 2024						
Net revenue	263,120	107,653	57,476	149,590	-	577,839
Adjusted operating profit/(loss)	53,178	29,117	10,358	48,253	(19,825)	121,081
Adjusted operating profit margin[1]	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%

[1] Adjusted operating profit margin is calculated based on the adjusted operating profit as a percentage of net revenue.

	UK £'000	EMEA £'000	US £'000	Asia Pacific £'000	Head Office £'000	Total £'000
Year ended 31 January 2025						
Net revenue	**258,897**	**12,330**	**282,492**	**15,977**	**-**	**569,696**
Adjusted operating profit/(loss)	**44,526**	**2,641**	**75,686**	**1,912**	**(17,319)**	**107,446**
Adjusted operating profit margin[1]	**17.2%**	**21.4%**	**26.8%**	**12.0%**	**-**	**18.9%**
Organic net revenue (decline)/growth	**(4.1)%**	**2.0%**	**(3.9)%**	**(6.6)%**	**-**	**(4.0)%**
Year ended 31 January 2024						
Net revenue	254,281	12,399	294,054	17,105	-	577,839
Adjusted operating profit/(loss)	45,731	2,345	91,139	1,691	(19,825)	121,081
Adjusted operating profit margin[1]	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%

[1] Adjusted operating profit margin is calculated based on the adjusted operating profit as a percentage of net revenue.

3) TAXATION

The tax charge on adjusted profit for the year ended 31 January 2025 is £27,795,000 (2024: £31,073,000), equating to an adjusted effective tax rate of 27.4%, compared to 26.3% in the prior year. The Group's adjusted effective tax rate was higher than the rate achieved in the prior year largely due to the increase in the UK statutory rate to 25% from the blended rate of 24.03% in the prior year following the increase from 19% to 25% on 1 April 2023.

The statutory tax expense for the year ended 31 January 2025 is £21,482,000 (2024: £26,403,000).

4) DIVIDENDS

A final dividend of 10.6p per ordinary share will be paid on 8 August 2025 to shareholders listed on the register of members on 4 July 2025. Shares will go ex-dividend on 3 July 2025. This makes the total dividend for the year 15.35p per share (2024: 15.35p).

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

5) FINANCE EXPENSE

	Year ended 31 January 2025 £'000	Year ended 31 January 2024 £'000
Financial liabilities at amortised cost		
Bank interest payable	6,495	4,242
Interest on lease liabilities[1]	879	1,104
Other		
Other interest payable	195	26
Finance expense	**7,569**	**5,372**

[1]These items are adjusted for in calculating the adjusted net finance expense.

6) FINANCE INCOME

	Year ended 31 January 2025 £'000	Year ended 31 January 2024 £'000
Financial assets at amortised cost		
Bank interest receivable	585	1,039
Finance lease interest receivable	87	81
Other		
Other interest receivable	17	12
Finance income	**689**	**1,132**

7) EARNINGS PER SHARE

	Year ended 31 January 2025 £'000	Year ended 31 January 2024 £'000
Profit attributable to ordinary shareholders	**39,465**	**52,907**
	Number	**Number**
Weighted average number of ordinary shares	100,379,867	99,247,832
Dilutive LTIP and options shares	1,036,086	1,848,787
Dilutive growth deal shares	2,198,485	3,345,900
Other potentially issuable shares	537,069	775,582
Diluted weighted average number of ordinary shares	**104,151,507**	**105,218,101**
Basic earnings per share	**39.3p**	**53.3p**
Diluted earnings per share	**37.9p**	**50.3p**

NOTES TO THE YEAR END RESULTS (*Continued)*

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

8) NET DEBT

At 31 January 2025, the Group had a £150m revolving credit facility ("RCF") with a consortium of HSBC, Bank of Ireland, NatWest Bank, Citibank and CIC, and as part of the arrangement, the Group had a £50m accordion option. Post the year-end, the Group strengthened its banking facilities by agreeing to access an additional £25m of this accordion. The facility is available until December 2027 with an option to extend for a further year.

The RCF facility is available for permitted acquisitions and working capital requirements. It 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. The margin payable on each facility is dependent upon the level of gearing in the business. The Group also has a US facility of $7m (2024: $7m) which is available for property rental guarantees and US-based working capital needs.

	31 January 2025 £'000	31 January 2024 £'000
Total loans, borrowings and overdraft	127,798	90,429
Less: cash and cash equivalents	(89,433)	(89,073)
Net debt	**38,365**	**1,356**
Share purchase obligation	1,929	9,603
Deferred consideration	4,416	-
Contingent consideration	72,716	146,752
Additional contingent incentive	2,303	4,330
Net debt and acquisition related liabilities	**119,729**	**162,041**

9) OTHER FINANCIAL LIABILITIES

	Deferred consideration £'000	Contingent consideration £'000	Additional contingent incentive £'000	Share purchase obligation £'000
At 31 January 2023	**-**	**189,406**	**6,309**	**8,984**
Arising during the year	-	12,077	-	-
Exchange differences	-	(6,160)	(238)	(78)
Utilised	-	(39,075)	(3,071)	-
Unwinding of discount	-	23,049	572	1,250
Change in estimate	-	(32,545)	758	(553)
At 31 January 2024	**-**	**146,752**	**4,330**	**9,603**
Exchange differences	-	1,296	115	46
Utilised	-	(62,014)	(2,454)	(3,606)
Reclassification	4,279	1,453	-	(5,732)
Unwinding of discount	137	14,920	350	1,044
Change in estimate	-	(29,691)	(38)	574
At 31 January 2025	**4,416**	**72,716**	**2,303**	**1,929**
Current	**3,942**	**30,047**	**2,015**	**1,929**
Non-current	**474**	**42,669**	**288**	**-**

9) OTHER FINANCIAL LIABILITIES *(continued)*

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. During the year, earnout liabilities decreased by a net £79.3m, primarily driven by settlements during the year and a change in estimate of £22.6m relating to the Mach49 business. This change in estimate was driven by the revised assumptions for the latest trading performance for the Mach49 business. At the previous year end, the Group estimated the total earn-out to be US$250m which has now been reduced down to US$219m at 31 January 2025 on an undiscounted basis.

Changes in the estimates of contingent consideration payable are recognised in the movement in fair value of other financial liabilities. 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. Estimations are also included for other uncertainties deriving from the purchase agreements, which are subject to final negotiations which ultimately determine the future payments. An increase in the liability would result in an increase in net finance income/expense, while a decrease would result in a further gain. Management has determined that a reasonable possible range of discounted outcomes within the next financial year is £56m to £84m.

Litigation

In 2022, 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. On 9 September 2024, all parties filed with the court a "Notice of Settlement of Entire Case," which indicates that the parties expect all remaining claims to be dismissed in their entirety.

The Group does not expect any outflow from any company in the Group in relation to the claim. 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.

APPENDIX – ALTERNATIVE PERFORMANCE MEASURES

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

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.

Purpose

The Director's 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.

A1: RECONCILIATION OF STATUTORY OPERATING PROFIT TO ADJUSTED OPERATING PROFIT

A reconciliation of segment adjusted operating profit to segment adjusted operating profit and statutory operating profit is provided as follows:

	Year ended 31 January 2025	Year ended 31 January 2024
	£'000	£'000
Statutory operating profit	**56,628**	**77,119**
Interest on finance lease liabilities	(879)	(1,104)
Statutory operating profit after interest on finance lease liabilities	**55,749**	**76,015**
Amortisation of acquired intangibles (A2)	19,437	22,031
One-off charges for employee incentive schemes (A2)	175	6,605
Employment linked acquisition payments (A2)	9,498	10,006
Property impairment (A2)	612	-
Goodwill impairment (A2)	3,000	-
Costs associated with restructuring (A2)	16,966	5,152
RCF fees write off (A2)	-	601
Intangibles write off (A2)	1,409	-
Deal costs (A2)	600	671
Adjusted operating profit	**107,446**	**121,081**
Adjusted operating profit margin	**18.9%**	**21.0%**

Adjusted operating profit margin is calculated based on the adjusted operating profit as a percentage of net revenue.

APPENDIX – ALTERNATIVE PERFORMANCE MEASURES *(Continued)*

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

A2: RECONCILIATION OF STATUTORY PROFIT BEFORE TAX TO ADJUSTED PROFIT BEFORE TAX

	Year ended 31 January 2025	Year ended 31 January 2024
	£'000	£'000
Statutory profit before income tax	**62,452**	**80,348**
Unwinding of discount on deferred and contingent consideration and share purchase obligation payable[1]	16,451	24,871
Change in estimate of future contingent consideration and share purchase obligation payable[1]	(29,155)	(32,340)
One-off charges for employee incentive schemes[2]	175	6,605
Employment linked acquisition payments[3]	9,498	10,006
Costs associated with restructuring[4]	16,966	5,152
Deal costs[5]	600	671
Property impairment [6]	612	-
RCF fees write off[7]	-	601
Intangibles write off[8]	1,409	-
Goodwill impairment[9]	3,000	-
Amortisation of acquired intangibles[10]	19,437	22,031
Adjusted profit before income tax	**101,445**	**117,945**

[1]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 underlying 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. The unwinding of discount on these liabilities is also excluded from underlying 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] This charge relates to transactions whereby a restricted grant of brand equity was given to key management in MHP Group Limited (2024: House 337 Limited, MHP Group Limited, Transform UK Consulting Limited, M Booth & Associates LLC, Brandwidth Marketing Limited and Plinc 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 a one-off charge 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.

[3]This charge relates to payments linked to the continuing employment of the sellers which is being recognised as an expense over the period of employment as required by accounting standards. Although these costs are not exceptional or non-recurring, the Group determined they should be excluded from the underlying performance as the costs relate to acquiring the business. The sellers of the business are typically paid market 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.

[4]In the current year the Group has incurred restructuring costs, of which £16.1m related to staff redundancies as we proactively reduced our cost base to take account of the weakness in demand from tech clients and anticipated efficiencies. Only costs that relate to roles permanently being eliminated from the business with no intention to replace are adjusted for. The remaining £0.9m costs relate to the reorganization and integration of a number of businesses across the Group. 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]These costs are directly attributable to business combinations and acquisitions made during the year, as well as aborted acquisitions and other mergers. The charges are excluded from performance as they would not have been incurred had the business not explored these business combinations 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.

APPENDIX – ALTERNATIVE PERFORMANCE MEASURES *(Continued)*

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

A2: RECONCILIATION OF STATUTORY PROFIT BEFORE TAX TO ADJUSTED PROFIT BEFORE TAX*(Continued)*

[6]In the current year the Group recognised charges relating to the reorganization of the property space across the Group. The majority of the charge is impairment of right-of-use assets which were linked to office spaces associated with the significant contract that was lost during the year. 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 the prior 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.

[8]In the current year the Group took an impairment charge of £1.4m for writing off internally generated intangible assets which were identified as no longer being offered to clients as a result of a strategic restructure at one of the Group's Customer Insights businesses. Therefore, the associated products were deemed to no longer generate any future economic benefit and as a result, the corresponding £1.4m remaining on the balance sheet was written off. The Group adjusted for this cost, as the charge was one-off not relating to the underlying trading of the business and therefore added back to aid comparability Group's profitability year on year.

[9]In the current year the Group took an impairment charge of £3.0m against the carrying value of goodwill relating to House 337. Following a full review, it was identified that the value in use on the associated cash generating unit was less that the carrying value of goodwill, resulting in negative headroom. Therefore, an impairment charge has been recognised. The Group adjusted for this cost, as the charge was one-off not relating to the underlying trading of the business and therefore added back to aid comparability Group's profitability year on year.

[10]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 been added back to aid comparability.

Adjusted profit before income tax has been presented to provide additional information which may be useful to the reader. Adjusted earnings to ordinary shareholders is a measure of performance used in the calculation of the adjusted earnings per share. This measure is considered an important indicator of the performance of the business and so it is used for the vesting of employee performance shares.

A3: RECONCILIATION OF ADJUSTED TAX EXPENSE

	Year ended 31 January 2025 £'000	Year ended 31 January 2024 £'000
Income tax expense reported in the Consolidated Income Statement	21,482	26,403
Add back tax on adjusting items:		
Costs associated with the current period restructure and office moves	4,412	1,248
Unwinding of discount on and change in estimates of contingent and deferred consideration	(2,379)	(2,220)
Share-based payment charge	-	273
Employment-related acquisition payments	(15)	-
Intangible write off	352	-
Amortisation of acquired intangibles	3,943	5,369
Adjusted tax expense	**27,795**	**31,073**
Adjusted profit before income tax	101,445	117,945
Adjusted effective tax rate	**27.4%**	**26.3%**

APPENDIX – ALTERNATIVE PERFORMANCE MEASURES *(Continued)*

FOR THE YEARS ENDED 31 JANUARY 2025 AND 31 JANUARY 2024

A4: RECONCILIATION OF ADJUSTED EARNINGS PER SHARE

	Year ended 31 January 2025 £'000	Year ended 31 January 2024 £'000
Profit attributable to ordinary shareholders	**39,465**	**52,907**
Unwinding of discount on future deferred and contingent consideration and share purchase obligation payable	16,451	24,871
Change in estimate of future contingent consideration and share purchase obligation payable	(29,155)	(32,340)
One-off charges for employee incentive schemes	175	6,605
Costs associated with restructuring	16,966	5,152
Property impairment	612	-
RCF fees write off	-	601
Amortisation of acquired intangibles	19,437	22,031
Intangible write off	1,409	-
Goodwill impairment	3,000	-
Employment linked acquisition payments	9,498	10,006
Deal costs	600	671
Tax effect of adjusting items above	(6,313)	(4,670)
Adjusted earnings attributable to ordinary shareholders	**72,145**	**85,834**

	Number	**Number**
Weighted average number of ordinary shares	100,379,867	99,247,832
Dilutive LTIP shares	1,036,086	1,848,787
Dilutive growth deal shares	2,198,485	3,345,900
Other potentially issuable shares	537,069	775,582
Diluted weighted average number of ordinary shares	**104,151,507**	**105,218,101**
Adjusted earnings per share	71.9p	86.5p
Diluted adjusted earnings per share	69.3p	81.6p

Adjusted and diluted adjusted earnings per share have been presented to provide additional information which may be useful to shareholders to understand the performance of the business by facilitating comparability both year on year and with industry peers. The adjusted earnings per share is the performance measure used for the vesting of employee performance shares.

A5: RECONCILIATION OF NET REVENUE

	Year ended 31 January 2025 £'000	Year ended 31 January 2024 £'000
Revenue	729,810	734,673
Direct costs	(160,114)	(156,834)
Net revenue	**569,696**	**577,839**

Organic net revenue growth is defined as the net revenue growth at constant currency excluding the impact of 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.