26 September 2022

Next Fifteen Communications Group plc

("Next 15" or the "Group")

Interim results for the six months ended 31 July 2022

Record performance driven by double-digit organic revenue growth across all four business segments

Confident outlook and strong current trading; full year performance to be at least in line with management expectations

Next Fifteen Communications Group plc (AIM:NFC), the tech and data-driven growth consultancy, today announces its interim results for the six months ended 31 July 2022.

Financial results for the six months to 31 July 2022 (unaudited)

	Six months ended 31 July 2022 £m	Six months ended 31 July 2021 £m	Year on year change %
Adjusted results[1]			
Net revenue	**274.0**	**165.9**	**65%**
Operating profit after interest on financial lease liabilities	**61.3**	**35.0**	**75%**
Operating profit margin	**22.4%**	**21.1%**	
Adjusted profit before tax	**60.7**	**35.0**	**73%**
Adjusted diluted earnings per share (p)	**44.1p**	**26.3p**	**68%**
Interim dividend per share (p)	**4.5p**	**3.6p**	**25%**
Statutory results			
Revenue	**341.2**	**208.8**	63%
Operating profit	**33.6**	**14.9**	126%
(Loss)/profit before tax[2]	**(8.5)**	**3.1**	(374%)
Diluted loss per share (p)	**(10.6)p**	**(3.1)p**	(242)%

[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 notes 2 and 3.
[2]The statutory loss before tax is principally due to acquisition related accounting, the majority of which relates to the increased earnout payable over the next five years to Mach49 equity holders.

Financial and Operational Highlights

- Group net revenue growth of 65% to £274.0m (2021: £165.9m)
- Organic net revenue growth of 31%
- Adjusted profit before tax up 73% to £60.7m (2021: £35.0m)
- Adjusted diluted earnings per share increased by 68% to 44.1p (2021: 26.3p)
- Interim dividend up 25% to 4.5p per share (H1 2021: 3.6p)
- Significant new client assignments including Morrisons, VMware and Verizon

- Acquisition of Engine Acquisition Limited ("Engine") in March 2022, which has been successfully integrated into the Group
- In May 2022 we launched a recommended offer for M&C Saatchi plc ("M&C Saatchi"), which valued the business at approximately £306m

Current trading and outlook

The Group's strong trading in our first half has continued into the third quarter of our financial year. Whilst we are mindful of the current macro-economic and political backdrop, we remain confident about our outlook.

53% of the Group's revenues are from the US market, with a further 7% of revenues coming from clients that bill in US dollars. The relative strength of our US businesses provides the Board with a high level of confidence in the trading performance for the rest of the year and beyond and we are confident of delivering adjusted profit before tax for the year at least in line with management expectations as revised upwards following our AGM statement in June.

The significant Mach49 contract win in early 2022 and recently announced new client wins, such as Morrisons for Shopper Media Group ("SMG"), gives us confidence for further growth in the next financial year.

The Group's strong balance sheet provides scope for further investments both in the businesses and in M&A to accelerate our longer-term growth.

Offer for M&C Saatchi

We announced in May 2022 our offer to acquire M&C Saatchi. We believe it is a compelling opportunity to bring together two highly complementary organisations to enhance the value of both businesses. We remain confident the transaction will be immediately and materially earnings enhancing with the potential to unlock significant synergies. We expect a final a resolution to this process in the fourth quarter of the calendar year.

Commenting on the results, Chairman of Next 15, Penny Ladkin-Brand said:

"Our first half results have seen exceptionally strong trading with adjusted operating profit up 75% year on year and organic revenue growth of 31%. The acquisition of Engine and the significant contract win at Mach49 have been key to delivering this outstanding performance. We look with confidence to the rest of the financial year as the increasing mix of digital services continues to provide operating leverage and opportunities to reinvest in talent and product development to continue to drive longer term growth."

Tim Dyson, CEO of Next 15, said:

"This has been a fantastic first half performance with all four pillars of our business having shown double digit organic revenue growth. Our US operations have shown exceptional growth with the region now representing 53% of our total net revenues. We have also benefitted from the positive contribution from recent acquisitions including Engine which has been successfully integrated into our Group.

Acquisitions have always been a core component of our growth strategy. In May we announced our offer for M&C Saatchi where we saw a very strong rationale for combining two highly complementary businesses and creating significant value for both sets of shareholders. This opportunity is just as compelling today as it was in May, with our positive engagement across the wider M&C Saatchi leadership team only increasing our confidence in the prospects for the combined group.

Looking ahead, our strong performance has continued into the third quarter with high levels of activity across all parts of the business. We expect our results for the full year to be at least in line with management expectations as revised following our AGM statement."

Webcast for analysts and investors

Next15 will host an analyst and investor webcast at 8:30 today, Monday 26 September 2022.
To access the webinar, please contact next15@mhpc.com

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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.

Adjusted operating profit margin
Adjusted operating profit margin is calculated based on the operating profit after interest on finance lease liabilities as a percentage of net revenue.

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

About Next Fifteen

Next Fifteen (AIM:NFC) 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 centralized 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 maximize long-term value through corporate positioning, business design and the development of new ventures.

At Next Fifteen, 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. We are seeking B Corp status as externally audited recognition of our commitment to our people and the planet alongside performance.

Our goal is to deliver above-market growth. Our revenues have grown by 193% over the last five years and we are aiming to double the size of the business in the next five years. This will be driven by the quality of the businesses, the strength of our customer relationships, the support our model gives them, and strong tech, data and digital tailwinds.

Chairman and Chief Executive's Statement

Next 15, the growth consultancy, is pleased to report its interim results for the six months ended 31 July 2022.

During the period the Group's net revenues increased by 65% to £274.0m (2021: £165.9m), benefiting from the acquisition of Engine in the period, while adjusted profit before tax increased by 73% to £60.7m (2021: £35.0m). On an organic basis net revenues grew by 31% year on year. The performance has been strong across all four areas of the Group with all delivering double digit organic net revenue growth. Business Transformation was our fastest growing segment following the recently announced very significant contract win from Mach49. Delivery also showed exceptional organic growth as our clients continued to increase spend on more measurable products and services. Our Customer Insight and Customer Engagement segments also produced encouraging performances. A fuller financial analysis by segment is provided on the following page.

Net revenue bridge

	Net Revenue £'m	Movement
6 months to 31 July 2021	**165.9**	
Organic growth	51.4	31.0%
Acquisitions	44.2	26.6%
Impact of FX	12.5	7.5%
6 months to 31 July 2022	**274.0**	

The excellent revenue performance aided by the favourable revenue mix towards more higher margin services such as Business Transformation, and improved operational gearing resulted in the Group's adjusted operating margin increasing to 22.4% (2021: 21.1%). Our minority interest decreased to £0.6m (2021: £2.0m) mainly due to BCA, driven by the small number of tech IPOs in the period versus the high level of activity last year.

The Group margin in the first half benefitted from the onboarding of the major contract win for Mach49, which has had lower levels of costs associated with it. The Group margin is expected to reduce in the second half as Mach49 invests up to $10m of additional costs in preparation for the $30m increase in committed income from the contract in the year to January 2024.

Our tax rate on adjusted profit increased to 23.3% (2021: 22.1%) due to the increased proportion of our profit coming from our US operations. Despite this, our adjusted diluted EPS increased by 68% to 44.1p (2021: 26.3p) driven by the strong performance at an adjusted operating profit level. Our net debt excluding lease liabilities as at 31 July 2022 was £18.1m. This is after the recent acquisition of Engine, in addition to other earn out and tax related payments, leaving the Group well placed to make further investments and acquisitions. We continue to be highly cash generative, and our net debt has reduced to £3m as at 22 September 2022.

An interim dividend of 4.5p will be paid to shareholders on 25 November 2022. This represents a 25% increase on the interim dividend paid last year.

The Group reported a statutory operating profit of £33.6m compared with a profit of £14.9m in the prior period, while reported diluted loss per share was 10.6p compared with a loss per share of 3.1p in the prior period, primarily reflecting an increase in earn out related liabilities.

We completed the acquisition of Engine in March 2022, funded by a £50m placing. The integration continues to progress as planned and we are in the process of closing our Bermondsey based offices and moving all of Next 15's London based staff to Engine's offices at 60 Great Portland Street.

In May 2022 we launched a recommended offer for M&C Saatchi, which valued the business at approximately £306m. Due to the subsequent fall in Next 15's share price, the Board of M&C Saatchi has withdrawn its recommendation of our offer, whilst still recognising the strong strategic and operational logic behind our proposal. We expect a final resolution to this process in the fourth quarter of the calendar year.

Segment adjusted performance

	Customer Engage £'000	Customer Delivery £'000	Customer Insight £'000	Business Transformation £'000	Head Office £'000	Total £'000
6 months ended 31 July 2022						
Net revenue	**133,255**	**48,806**	**24,706**	**67,226**	**-**	**273,993**
Adjusted operating profit / (loss) after interest on finance lease liabilities	**26,726**	**15,756**	**5,270**	**26,494**	**(12,978)**	**61,268**
Adjusted operating profit margin [2]	**20.1%**	**32.3%**	**21.3%**	**39.4%**	**-**	**22.4%**
Organic net revenue growth [1]	**12.6%**	**16.9%**	**15.6%**	**157.0%**	**-**	**31.0%**
6 months ended 31 July 2021						
Net revenue	91,170	36,295	18,760	19,724	-	165,949
Adjusted operating profit / (loss) after interest on finance lease liabilities	20,363	13,168	3,329	4,621	(6,476)	35,005
Adjusted operating profit margin [2]	22.3%	36.3%	17.7%	23.4%	-	21.1%
Organic net revenue growth [1]	14.6%	48.8%	22.3%	47.4%	-	23.1%

[1] 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.

[2] Adjusted operating profit margin is calculated based on the adjusted operating profit after interest on finance lease liabilities as a percentage of net revenue.

Our **customer engagement** businesses are designed to help our customers optimize their brand reputation and build mission-critical digital assets such as apps and websites that are the window through which much of the world's commerce is now transacted. The segment benefited from the additions of MHP and Engine Creative in the period. Revenue grew in total by 46.2% to £133.3m, with operating profit of £26.7m, an increase of 31.2%, delivered at an operating margin of 20.1%. We have had very positive performances from most of our businesses with Mbooth, Mbooth Health and Brandwidth performing strongly on the back of good organic growth from their customer bases. Archetype, ODD, Elvis and Beyond's profitability have each risen in the period due to resilient revenue performances and efficiency savings.

Customer delivery businesses are deeply specialised using creativity, data, and analytics to create connections with customers that drive sales and other forms of interaction. A link in the chain that is increasingly digital. Businesses wish to anticipate what their customers want and when they will want it. It is perhaps not surprising that this is a high growth area for our Group. Revenue grew by 34.5% to £48.8m, with operating profit up by 19.7% to £15.8m at an impressive operating margin of 32.3%. Activate has continued to excel as its technology led client base has continued to see the benefit of using Activate's ROI driven lead generation services. Shopper Media Group, the commerce marketing activation business, traded well in the period and announced a major contract win with Morrisons, which will take effect from November 2022.

Our **customer insight** businesses are set up to help customers understand the opportunities and challenges they face and arm them with the data and insights they need to make the best decisions. Revenue grew by 31.7% to £24.7m, with operating profit of £5.3m delivered at an improved operating margin of 21.3%. Savanta showed a strong improvement over the prior period with organic growth of almost 20%, with a particularly strong performance from its US business. After the period, Savanta acquired Motive, a UK based financial services specialist agency, which will strengthen the performance in our second half.

Business transformation supports customers with either redesigning their business model or creating entirely new ventures. Through this segment we help our clients to understand how to maximise the value of the organisation. Revenue grew by 240.8% to £67.2m, with operating profit of £26.5m at an operating margin of 39.4%. Mach49, which announced a very significant contract win in March 2022, has performed exceptionally well as its clients have embraced its corporate venture building expertise and the business has evolved into a more retainer-based business.

Acquisitions

Engine – integration progressing in line with expectations

We completed the acquisition of Engine in March 2022, funded by a £50m placing. The integration has gone well and we are in the process of closing our Bermondsey based offices and moving all of Next 15's London based staff to Engine's offices at 60 Great Portland Street.

Proposed acquisition of M&C Saatchi - a compelling opportunity to further accelerate our growth

In May 2022 we launched a recommended offer for M&C Saatchi, which valued the business at approximately £306m. Due to the subsequent fall in Next 15's share price, the Board of M&C Saatchi has withdrawn its recommendation of our offer, whilst still publicly recognising its strong strategic and operational logic. We expect a final resolution to this process in the fourth quarter of the calendar year.

The Board remains firmly of the belief that the proposed acquisition of M&C Saatchi is an exciting opportunity to bring together two highly complementary businesses, creating a truly global and diversified group with exceptional capabilities, clients and talent. We are confident that by combining these two businesses we can accelerate the ambitions of both, creating significant value for our clients, our people and all shareholders in the Enlarged Group.

The proposed transaction is expected to be immediately and materially earnings enhancing, creating an enlarged group characterised by attractive margins and a highly cash generative financial profile, whilst maintaining a strong balance sheet.

Reconciliation between statutory and adjusted profit

	Six months ended 31 July 2022 (Unaudited) £'000	Six months ended 31 July 2021 (Unaudited) £'000
(Loss) / profit before income tax	**(8,515)**	**3,135**
Unwinding of discount on deferred and contingent consideration and share purchase obligation payable	11,713	3,343
Change in estimate of future contingent consideration and share purchase obligation payable	29,046	7,885
One-off charge for employee incentive schemes	396	5,803
Employment linked acquisition payments	6,745	5,794
Restructuring costs	3,086	-
Deal costs	2,737	242
Property impairment/(write back)	3,880	(990)
Amortisation of acquired intangibles	11,566	8,440
UK furlough grant	-	1,396
Adjusted profit before income tax	**60,654**	**35,048**

Adjusted financial measures are presented to provide additional information that may be useful to shareholders through facilitating comparability with industry peers and to best represent the underlying performance of the business. Adjusted results are explained and reconciled to statutory results within note 2 and 3.

We had a net charge of £29.0m in relation to our estimate of future contingent consideration. This is partly due to the strength of the US $ and a revaluation of US denominated liabilities but is also principally due to a reassessment of management's estimate of future amounts payable due to the strong performance in H1 and momentum of certain brands; particularly Mach49.

As a Group, we have moved towards the inclusion of employment conditions for certain acquisition-related payments. As a result, we are required to build up a provision relating to these payments over time and therefore this has led to an accounting charge of £6.7m (2021: £5.8). We also incurred a one-off £0.4m charge related to new incentive scheme for Elvis. We acquired Engine in March 2022 and have integrated their previous head office function with Next 15's at an annualised saving of £3.3m. We have also merged ODD and Engine Creative rebranding the combined business as House 337 as well as relaunching the Transformation Engine pillar as Transform. In total, this has resulted in a one-off exceptional investment and restructuring cost of £3.1m.

Due to the acquisition of Engine we also decided to consolidate all of our London based employees in their offices in Great Portland St and to vacate our old offices in Bermondsey. We have also continued to consolidate our property portfolio in our key markets of London, New York and San Francisco, resulting in us taking a property impairment charge of £3.9m against our Group properties. We incurred £2.8m of deal costs principally in relation to our acquisition of Engine and our offer for M&C Saatchi. The amortisation of acquired intangibles was £11.6m in the period compared with £8.4m in the prior period.

Balance Sheet

The Group's balance sheet remains in a strong position with net assets of £103.6m (2021: £121.7m). Since the previous year end, intangible assets have significantly increased primarily due to £49.2m of goodwill and £50.4m of acquired intangible assets recognised as a result of the acquisition of Engine. Contingent consideration also saw a significant increase due to the reassessment of management's estimation of future amounts payable to certain brands, in particular for Mach49, which has now been estimated to hit the $300m cap on total payments. 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.

Cashflow

The very strong revenue performance during the period, together with our normal seasonal working capital outflow has negatively impacted our working capital in the first half of our financial year. We had a good new business performance in the first half of FY23 and the time required to complete new clients' procurement processes has delayed their payments in the short term. These factors and the acquisition of Engine resulted in our net debt excluding lease liabilities increasing to £18.1m as at 31 July 2022 (2021: net cash £6.6m). We are now seeing more normal levels of cash generation and our net debt has reduced to approximately £3m as at 22nd September 2022 after paying our final dividend of £8.3m in August.

Bank refinancing

On 20 September 2021, the Group was made available a £60m revolving credit facility ("RCF") by HSBC and Bank of Ireland. The facility had a maturity date of September 2024 with an option to extend for a further two years. As part of the arrangement, the Group had a £40m accordion option to facilitate future acquisitions. At the start of this year, £20m of this accordion was committed and available within the RCF.

Subsequent to this and in relation to the Group's recommended offer for M&C Saatchi, the Group entered into an amendment and restatement agreement, amending and restating the existing facility agreement on 20 May 2022. The total amount available under the amended and restated facilities agreement is £150m, comprising of a £50m term facility and increasing the RCF to £100m. Under the amended and restated facilities agreement, £57.5m is available on a certain funds basis to be used for the acquisition of M&C Saatchi. The remaining £92.5m of the 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 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 (2021: $7m) which is available for property rental guarantees and US-based working capital needs.

Dividend

We are pleased to announce that the Directors recommend an interim dividend of 4.5p which will be paid to shareholders on 25 November 2022 who hold shares on 28 October 2022. This represents an increase of 25% over the prior period.

Current Trading and Outlook

The Group's strong trading in our first half has continued into the third quarter of our financial year. Whilst we are mindful of the current macro-economic and political backdrop, we remain confident about our outlook.

53% of the Group's revenues are from the US market, with a further 7% of revenues coming from clients that bill in US dollars. The relative strength of our US businesses provides the Board with a high level of confidence in the trading performance for the rest of the year and beyond and we are confident of delivering adjusted profit before tax for the year at least in line with management expectations as revised upwards following our AGM statement in June.

The significant Mach49 contract win in early 2022 and recently announced new client wins, such as Morrisons for SMG, gives us confidence for further growth in the next financial year.

The Group's strong balance sheet provides scope for further investments both in the businesses and in M&A to accelerate our longer-term growth.

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED INCOME STATEMENT

FOR THE SIX-MONTH PERIOD ENDED 31 July 2022

	Note	Six months ended 31 July 2022 (Unaudited) £'000	Six months ended 31 July 2021 (Unaudited) £'000	12 months ended 31 January 2022 (Audited) £'000
Revenue		341,228	208,756	470,055
Direct costs		(67,235)	(42,807)	(107,952)
Net revenue	2	**273,993**	**165,949**	**362,103**
Staff costs		(188,580)	(122,419)	(258,945)
Depreciation		(6,072)	(4,681)	(9,442)
Amortisation		(12,446)	(9,269)	(19,317)
Other operating charges		(33,331)	(14,705)	(34,414)
Total operating charges		(240,429)	(151,074)	(322,118)
Operating profit	2	**33,564**	**14,875**	**39,985**
Finance expense	6	(43,055)	(12,776)	(121,384)
Finance income	7	976	827	1,049
Share of profit from associate		-	209	211
(Loss)/profit before income tax	3	**(8,515)**	**3,135**	**(80,139)**
Income tax (expense)/credit	4	(1,148)	(3,998)	14,475
Loss for the period		**(9,663)**	**(863)**	**(65,664)**
Attributable to:				
Owners of the parent		(10,312)	(2,844)	(69,219)
Non-controlling interests		649	1,981	3,555
		(9,663)	**(863)**	**(65,664)**
Loss per share				
Basic (pence)	8	(10.6)	(3.1)	(74.9)
Diluted (pence)	8	(10.6)	(3.1)	(74.9)

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 July 2022

	Six months ended 31 July 2022 (Unaudited) £'000	Six months ended 31 July 2021 (Unaudited) £'000	12 months ended 31 January 2022 (Audited) £'000
Loss for the period	**(9,663)**	**(863)**	**(65,664)**
Other comprehensive (expense)/income:			
Items that may be reclassified into profit or loss			
Exchange differences on translating foreign operations	(70)	(711)	(963)
	(70)	(711)	(963)
Items that will not be reclassified subsequently to profit or loss			
Revaluation of investments	(334)	329	7,466
Total other comprehensive (expense)/income for the period	(404)	(382)	6,503
Total comprehensive expense for the period	**(10,067)**	**(1,245)**	**(59,161)**
Attributable to:			
Owners of the parent	(10,716)	(3,226)	(62,716)
Non-controlling interests	649	1,981	3,555
	(10,067)	**(1,245)**	**(59,161)**

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

ADJUSTED RESULTS: KEY PERFORMANCE INDICATORS

	Six months ended 31 July 2022 (Unaudited) £'000	Six months ended 31 July 2021 (Unaudited) £'000
Net revenue	**273,993**	**165,949**
Total operating charges	(205,067)	(124,879)
Depreciation and amortisation	(6,952)	(5,510)
Operating profit	**61,974**	**35,560**
Interest on finance lease liabilities	(706)	(555)
Operating profit after interest on finance lease liabilities	**61,268**	**35,005**
Operating profit margin	*22.4%*	*21.1%*
Net finance expense excluding interest on finance lease liabilities	(614)	(166)
Share of profits of associate	-	209
Profit before income tax	**60,654**	**35,048**
Tax	(14,147)	(7,739)
Retained profit	**46,507**	**27,309**

Weighted average number of ordinary shares	96,845,504	91,992,850
Diluted weighted average number of ordinary shares	103,977,271	96,443,000

Adjusted earnings per share	47.4p	27.5p
Adjusted diluted earnings per share	44.1p	26.3p

Cash inflow from operating activities	9,974	27,300
Cash outflow on acquisition related payments	102,799	(24,733)
Net (debt)/cash	(18,073)	6,622
Dividend (per share)	4.5p	3.6p

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 notes 2, 3 and 8.

Per note 3, charges for one-off employee incentive schemes, employment linked acquisition payments, restructuring costs, deal costs, property impairment and UK furlough grant 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.

NEXT FIFTEEN COMMUNICATIONS GROUP PLC
CONSOLIDATED BALANCE SHEET AS AT 31 July 2022

	Note	31 July 2022 (Unaudited) £'000	31 July 2021 (Unaudited) £'000	31 January 2022 (Audited) £'000
Assets				
Property, plant and equipment		11,226	8,753	7,506
Right-of-use assets		33,159	22,967	19,948
Intangible assets		285,749	183,763	183,050
Investment in equity-accounted associate		-	-	-
Investments in financial assets		705	1,343	8,483
Deferred tax asset		65,720	15,875	46,350
Other receivables		780	823	821
Total non-current assets		397,339	233,524	266,158
Trade and other receivables		184,509	115,612	119,676
Cash and cash equivalents	9	29,005	27,342	58,216
Corporation tax asset		990	776	708
Total current assets		214,504	143,730	178,600
Total assets		**611,843**	**377,254**	**444,758**
Liabilities				
Loans and borrowings	9	47,078	-	22,478
Deferred tax liabilities		15,346	2,729	3,187
Lease liabilities		35,122	26,456	22,285
Other payables		-	1,482	401
Provisions		13,627	7,455	14,733
Contingent consideration	10	140,051	20,694	125,045
Other contingent liability	10	3,406	3,927	5,202
Share purchase obligation	10	5,208	8,183	9,717
Total non-current liabilities		259,838	70,926	203,048
Loans and borrowings	9	-	20,720	-
Trade and other payables		163,716	115,455	120,333
Lease liabilities		14,370	10,851	10,698
Provisions		11,548	5,721	7,778
Corporation tax liability		6,078	1,612	3,278
Deferred consideration	10	-	125	133
Contingent consideration	10	42,949	28,683	36,496
Other contingent liability	10	2,487	-	-
Share purchase obligation	10	7,211	1,480	1,535
Total current liabilities		248,359	184,647	180,251
Total liabilities		**508,197**	**255,573**	**383,299**
TOTAL NET ASSETS		**103,646**	**121,681**	**61,459**
Equity				
Share capital		2,455	2,317	2,320
Share premium reserve		163,706	103,952	104,800
Foreign currency translation reserve		5,133	5,455	5,203
Other reserves		(2,065)	(2,065)	(2,065)
Retained earnings		(65,961)	10,793	(50,429)
Total equity attributable to owners of the parent		**103,268**	**120,452**	**59,829**
Non-controlling interests		378	1,229	1,630
TOTAL EQUITY		**103,646**	**121,681**	**61,459**

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 31 July 2022

	Share capital £'000	Share premium reserve £'000	Foreign currency translation reserve £'000	Other reserves[1] £'000	Retained earnings £'000	Equity attributable to owners of the Company £'000	Non-controlling interests £'000	Total equity £'000
At 31 January 2021 (audited)	**2,274**	**92,408**	**6,166**	**(2,065)**	**18,174**	**116,957**	**(76)**	**116,881**
(Loss) / profit for the period	-	-	-	-	(2,844)	(2,844)	1,981	(863)
Other comprehensive (expense) / income for the period	-	-	**(711)**	-	329	(382)	-	(382)
Total comprehensive (expense) / income for the period	-	-	**(711)**	-	(2,515)	(3,226)	1,981	(1,245)
Shares issued on satisfaction of vested share options	20	4,763	-	-	(4,783)	-	-	-
Shares issued on acquisitions	23	6,781	-	-	-	6,804	-	6,804
Movement in relation to share-based payments	-	-	-	-	6,346	6,346	-	6,346
Dividends to owners of the parent	-	-	-	-	(6,491)	(6,491)	-	(6,491)
Movement on reserves for non-controlling interests	-	-	-	-	62	62	(62)	-
Non-controlling interest purchased in the period	-	-	-	-	-	-	564	564
Non-controlling interest dividend	-	-	-	-	-	-	(1,178)	(1,178)
At 31 July 2021 (unaudited)	**2,317**	**103,952**	**5,455**	(2,065)	**10,793**	**120,452**	**1,229**	**121,681**
(Loss) / profit for the period	-	-	-	-	(66,375)	(66,375)	1,574	(64,801)
Other comprehensive expense for the period	-	-	(252)	-	7,137	6,885	-	6,885
Total comprehensive (expense) / income for the period	-	-	(252)	-	(59,238)	(59,490)	1,574	(57,916)
Shares issued on satisfaction of vested share options	2	622	-	-	(624)	-	-	-
Shares issued on acquisitions	1	226	-	-	-	227	-	227
Movement in relation to share-based payments	-	-	-	-	1,976	1,976	-	1,976
Dividends to owners of the Parent	-	-	-	-	(3,341)	(3,341)	-	(3,341)
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	-	-	-	-	5	5	(5)	-
Non-controlling interest purchased in the period	-	-	-	-	-	-	21	21
Non-controlling interest reversed in the period	-	-	-	-	-	-	171	171
Non-controlling interest dividend	-	-	-	-	-	-	(1,360)	(1,360)
At 31 January 2022 (audited)	**2,320**	**104,800**	**5,203**	**(2,065)**	**(50,429)**	**59,829**	**1,630**	**61,459**
(Loss) / profit for the period	-	-	-	-	(10,312)	(10,312)	649	(9,663)
Other comprehensive expense for the period	-	-	(70)	-	(334)	(404)	-	(404)
Total comprehensive (expense) / income for the period	-	-	(70)	-	(10,646)	(10,716)	649	(10,067)
Shares issued on satisfaction of vested share options	3	524	-	-	(1,505)	(978)	-	(978)
Shares issued on acquisitions	19	9,855	-	-	-	9,874	-	9,874
Shares issued on placing	113	48,527	-	-	-	48,640	-	48,640
Movement in relation to share-based payments	-	-	-	-	5,083	5,083	-	5,083
Dividends to owners of the parent	-	-	-	-	(8,251)	(8,251)	-	(8,251)
Movement on reserves for non-controlling interests	-	-	-	-	(213)	(213)	213	-
Non-controlling interest dividend	-	-	-	-	-	-	(2,114)	(2,114)
At 31 July 2022 (unaudited)	**2,455**	**163,706**	**5,133**	**(2,065)**	**(65,961)**	**103,268**	**378**	**103,646**

[1] Other reserves include ESOP reserve, hedging reserve, share purchase reserve and merger reserve.

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX MONTH PERIOD ENDED 31 July 2022

	Six months ended 31 July 2022 (Unaudited) £'000	Six months ended 31 July 2021 (Unaudited) £'000	Twelve months ended 31 January 2022 (Audited) £'000
Cash flows from operating activities			
Loss for the period	(9,663)	(863)	(65,664)
Adjustments for:			
Depreciation	6,072	4,681	9,442
Amortisation	12,446	9,269	19,317
Finance expense	43,055	12,776	121,384
Finance income	(976)	(827)	(1,049)
Share of profit from equity accounted associate	-	(209)	(211)
Impairment of fixed assets	1,163	-	1,378
(Gain)/loss on sale/impairment of property, plant and equipment	(3)	741	(189)
Loss/(gain) on exit of finance lease	2,718	(1,196)	(1,423)
Gains on investment activities	-	-	(455)
Income tax expense/(credit)	1,148	3,998	(14,475)
Employment linked acquisition provision charge	6,745	5,794	15,167
Share-based payment charges	3,517	7,411	9,463
Net cash inflow from operating activities before changes in working capital	**66,222**	**41,575**	**92,685**
Change in trade and other receivables	(35,230)	(25,659)	(26,842)
Change in trade and other payables	(7,030)	16,506	27,014
Change in other liabilities	36	(53)	4
	(42,224)	(9,206)	176
Net cash generated from operations before tax and interest outflows	**23,998**	**32,369**	**92,861**
Income taxes paid	(14,024)	(5,069)	(14,109)
Net cash inflow from operating activities	**9,974**	**27,300**	**78,752**
Cash flows from investing activities			
Acquisition of subsidiaries and trade and assets, net of cash acquired	(69,239)	(11,477)	(14,454)
Payment of contingent and deferred consideration	(33,560)	(13,256)	(13,628)
Purchase of equity investments designated FVTOCI	-	(60)	(60)
Acquisition of property, plant and equipment	(1,878)	(1,444)	(3,107)
Proceeds on disposal of property, plant and equipment	9	2	20
Acquisition of intangible assets	(1,580)	(1,505)	(2,694)
Net movement in long-term cash deposits	(39)	(39)	(73)
Income from finance lease receivables	1,233	597	1,767
Interest received	55	22	69
Net cash outflow from investing activities	**(104,999)**	**(27,160)**	**(32,160)**

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOW *(Continued)*

FOR THE SIX MONTH PERIOD ENDED 31 July 2022

	Six months ended 31 July 2022 (Unaudited) £'000	Six months ended 31 July 2021 (Unaudited) £'000	Twelve months ended 31 January 2022 (Audited) £'000
Cash flows from financing activities			
Issue of share capital	50,006	-	-
Issue costs on issue of ordinary shares	(1,365)	-	-
Capital element of finance lease rental payment	(7,555)	(5,846)	(11,993)
Increase in bank borrowings and overdrafts	71,216	7,945	32,091
Repayment of bank borrowings and overdrafts	(47,148)	-	(22,518)
Interest paid	(698)	(219)	(424)
Dividend and profit share paid to non-controlling interest partners	(2,114)	(1,178)	(2,538)
Dividends paid to shareholders of the parent	-	-	(9,832)
Net cash inflow/(outflow) from financing activities	**62,342**	**702**	**(15,214)**
Net (decrease)/increase in cash and cash equivalents	**(32,683)**	**842**	**31,378**
Cash and cash equivalents at beginning of the period	58,216	26,831	26,831
Exchange gains/(loss) on cash held	3,472	(331)	7
Cash and cash equivalents at end of the period	**29,005**	**27,342**	**58,216**

NOTES TO THE INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 July 2022

1) BASIS OF PREPARATION

The unaudited consolidated interim financial statements represent a condensed set of financial information and have been prepared using the recognition and measurement principles of International Accounting Standards, and in accordance with IAS 34, Interim Financial Reporting. 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 2022.

The comparative financial information for the year ended 31 January 2022 has been derived from the audited statutory financial statements for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

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, 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. Other information provided to them 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. 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.

	Customer Engage £'000	Customer Delivery £'000	Customer Insight £'000	Business Transfor mation £'000	Head Office £'000	Total £'000
6 months ended 31 July 2022 (Unaudited)						
Net revenue	**133,255**	**48,806**	**24,706**	**67,226**	**-**	**273,993**
Adjusted operating profit/(loss) after interest on finance lease liabilities	**26,726**	**15,756**	**5,270**	**26,494**	**(12,978)**	**61,268**
Adjusted operating profit margin[1]	**20.1%**	**32.3%**	**21.3%**	**39.4%**	**-**	**22.4%**
Organic net revenue growth[2]	**12.6%**	**16.9%**	**15.6%**	**157.0%**	**-**	**31.0%**
6 months ended 31 July 2021 (Unaudited)						
Net revenue	91,170	36,295	18,760	19,724	-	165,949
Adjusted operating profit/(loss) after interest on finance lease liabilities	20,363	13,168	3,329	4,621	(6,476)	35,005
Adjusted operating profit margin[1]	22.3%	36.3%	17.7%	23.4%	-	21.1%
Organic net revenue growth[2]	14.6%	48.8%	22.3%	47.4%	-	23.1%
Year ended 31 January 2022 (Audited)						
Net revenue	187,566	79,951	42,109	52,477	-	362,103
Adjusted operating profit/(loss) after interest on finance lease liabilities	40,434	28,501	9,023	15,221	(13,832)	79,347
Adjusted operating profit margin[1]	21.6%	35.6%	21.4%	29.0%	-	21.9%
Organic net revenue growth[2]	15.7%	40.0%	18.6%	99.9%	-	26.1%

[1] Adjusted operating profit margin is calculated based on the operating profit after interest on finance lease liabilities as a percentage of net revenue.
[2] 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.

NOTES TO THE INTERIM RESULTS *(Continued)*

FOR THE SIX MONTHS ENDED 31 July 2022

2) SEGMENT INFORMATION (continued)

	UK £'000	EMEA £'000	US £'000	Asia Pacific £'000	Head Office £'000	Total £'000
Six months ended 31 July 2022 (Unaudited)						
Net revenue	**114,943**	**5,603**	**144,758**	**8,689**	**-**	**273,993**
Adjusted operating profit/(loss) after interest on finance lease liabilities	**21,858**	**1,568**	**49,999**	**821**	**(12,978)**	**61,268**
Adjusted operating profit margin[1]	**19.0%**	**28.0%**	**34.5%**	**9.5%**	**-**	**22.4%**
Organic revenue growth[2]	**17.0%**	**21.8%**	**43.0%**	**13.2%**	**-**	**31.0%**
Six months ended 31 July 2021 (Unaudited)						
Net revenue	64,626	4,713	89,302	7,308	-	165,949
Adjusted operating profit/(loss) after interest on finance lease liabilities	14,309	1,050	25,210	912	(6,476)	35,005
Adjusted operating profit margin[1]	22.1%	22.3%	28.2%	12.5%	-	21.1%
Organic revenue growth[2]	19.7%	13.6%	26.9%	13.3%	-	23.1%
Twelve months ended 31 January 2022 (Audited)						
Net revenue	137,491	10,041	199,348	15,223	-	362,103
Adjusted operating profit/(loss) after interest on lease liabilities	30,910	2,504	58,355	1,410	(13,832)	79,347
Adjusted operating profit margin[1]	22.5%	24.9%	29.3%	9.3%	-	21.9%
Organic net revenue growth[2]	18.3%	21.3%	33.2%	11.9%	-	26.1%

[1] Adjusted operating profit margin is calculated based on the operating profit after interest on finance lease liabilities as a percentage of net revenue.
[2] 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.

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

	Six months ended 31 July 2022 (Unaudited) £'000	Six months ended 31 July 2021 (Unaudited) £'000	Twelve months ended 31 January 2022 (Audited) £'000
Segment adjusted operating profit after interest on finance lease liabilities	**61,268**	**35,005**	**79,347**
Interest on finance lease liabilities	706	555	1,043
Segment adjusted operating profit	**61,974**	**35,560**	**80,390**
Charge for one-off employee incentive schemes (note 3)	(396)	(5,803)	(5,891)
Employment linked acquisition payments (note 3)	(6,745)	(5,794)	(15,167)
Restructuring costs (note 3)	(3,086)	-	-
Deal costs (note 3)	(2,737)	(242)	(486)
Property (impairment)/write back (note 3)	(3,880)	990	(233)
UK furlough grant (note 3)	-	(1,396)	(1,396)
Amortisation of acquired intangibles (note 3)	(11,566)	(8,440)	(17,687)
Gain on investment activities (note 3)	-	-	455
Operating profit	**33,564**	**14,875**	**39,985**

NOTES TO THE INTERIM RESULTS *(Continued)*

FOR THE SIX MONTHS ENDED 31 July 2022

3) RECONCILIATION OF ADJUSTED FINANCIAL MEASURES

	Six months ended 31 July 2022 (Unaudited) £'000	Six months ended 31 July 2021 (Unaudited) £'000	Twelve months ended 31 January 2022 (Audited) £'000
Adjusted profit before income tax	**60,654**	**35,048**	**79,268**
Unwinding of discount on deferred and contingent consideration and share purchase obligation payable[1]	(11,713)	(3,343)	(8,299)
Change in estimate of future contingent consideration and share purchase obligation payable[1]	(29,046)	(7,885)	(110,703)
Charge for one-off employee incentive scheme [2]	(396)	(5,803)	(5,891)
Employment linked acquisition payments [3]	(6,745)	(5,794)	(15,167)
Restructuring costs[4]	(3,086)	-	-
Deal costs[5]	(2,737)	(242)	(486)
Property impairment/(write back) [6]	(3,880)	990	(233)
UK furlough grant[7]	-	(1,396)	(1,396)
Amortisation of acquired intangibles[8]	(11,566)	(8,440)	(17,687)
Gains on investment activities[9]	-	-	455
(Loss)/profit before income tax	**(8,515)**	**3,135**	**(80,139)**

Adjusted profit before income tax has been presented to provide additional information which may be useful to the reader, and it is a measure of performance used in the calculation of the adjusted earnings per share. This measure is considered to best represent the underlying performance of the business and so it is used for the vesting of employee performance shares. The adjusting items are consistent with those in the prior period.

[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 Elvis Communications Limited £0.4m (2021: Brandwidth Marketing Limited and Publitek Limited total of £0.6m) 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. In the prior year, the remaining £5.2m of the charge relates to an additional incentive scheme for the sellers of Activate. 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 over the required period of employment. Although these costs are not exceptional or non-recurring, the Group determined they should be excluded from the underlying performance as the costs solely 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 period the Group has incurred restructuring costs which primarily relate to rebranding and redundancy costs taken in respect of the acquisition of Engine Acquisition Limited ("Engine"). These costs related to specific transformational events and they did not relate to underlying trading of the relevant brands and have been added back to aid comparability of performance year on year. These costs are made up of £1.7m staff costs and £1.4m of other costs relating to rebranding and Engine Group restructuring.

[5] This charge relates to third party professional fees incurred during potential and purchased acquisitions during the period.

[6] In the current year the Group has 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 has identified excess property space within the portfolio and therefore taken an impairment charge relating to those offices. The Group has adjusted for this cost, as the additional one-off impairment charge does not relate to the underlying trading of the business and therefore added back to aid comparability.

3) RECONCILIATION OF ADJUSTED FINANCIAL MEASURES (*Continued*)

[7]As a result of Covid-19, a number of the UK agencies received government support from the UK furlough scheme. During the prior year the Group repaid all amounts received from the UK government. As a result of the receipt and repayment being accounted for in two separate years, the amounts are added back to aid comparability of the Group's profitability year on year.
[8]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.
[9]In the prior period the Group acquired a controlling interest in BCA and became a subsidiary of the Group, previously accounted for as an associate. As a result of this change, the Group recognised a gain on the revaluation of the previously held investment in equity-accounted associate of £0.9m. The remaining charge relates to the loss on disposal of a separate controlling interest, whereby the Group retained an associate interest at the year end. The overall credit relates to specific transformational events and do not relate to the underlying trading of the relevant brand and therefore have been added back to aid comparability of the performance year on year.

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.

4) TAXATION

The tax charge on adjusted profit for the six months ended 31 July 2022 is £14,147,000 (six months ended 31 July 2021 of £7,739,000), equating to an adjusted effective tax rate of 23.3%, compared to 22.1% in the prior period.

The Group's adjusted corporation tax rate is expected to remain higher than the standard UK rate for the foreseeable future due to the higher rate of tax the Group suffers on its overseas profits. An increase in the UK and US corporation tax rates had been anticipated to help pay for the cost of economic support during the Covid pandemic. However, the Group notes that the increase in the UK rate is now expected to be cancelled and the proposed increase in the US rate has been abandoned for the foreseeable future. The Group therefore does not currently anticipate any material changes to its adjusted effective tax rate.

The statutory tax charge for the six months ended 31 July 2022 is £1,148,000 (six months ended 31 July 2021 of £3,998,000).

RECONCILIATION OF ADJUSTED TAX EXPENSE

	Six months ended 31 July 2022 (Unaudited) £'000	Six months ended 31 July 2021 (Unaudited) £'000
Income tax expense reported in the Consolidated Income Statement	1,148	3,998
Add back tax on adjusting items:		
Costs associated with the current period restructure and office moves	1,096	1,169
Unwinding of discount on and change in estimates of contingent and deferred consideration	9,523	1,585
Amortisation of acquired intangibles	2,380	987
Adjusted tax expense	**14,147**	**7,739**
Adjusted profit before income tax	60,654	35,048
Adjusted effective tax rate	**23.3%**	**22.1%**

NOTES TO THE INTERIM RESULTS *(Continued)*

FOR THE SIX MONTHS ENDED 31 July 2022

5) DIVIDENDS

An interim dividend of 4.5p (six months ended 31 July 2021: 3.6p) per ordinary share will be paid on 25 November 2022 to shareholders listed on the register of members on 28 October 2022. Shares will go ex-dividend on 27 October 2022. The last date for DRIP elections to be returned to the registrar is 4 November 2022.

6) FINANCE EXPENSE

	Six months ended 31 July 2022 (Unaudited) £'000	Six months ended 31 July 2021 (Unaudited) £'000	Twelve months ended 31 January 2022 (Audited) £'000
Financial liabilities at amortised cost			
Bank interest payable	698	217	398
Interest on lease liabilities[1]	706	555	1,043
Financial liabilities at fair value through profit and loss			
Unwinding of discount on future deferred and contingent consideration and share purchase obligation payable[1]	11,713	3,343	8,299
Change in estimate of future contingent consideration and share purchase obligation payable[1]	29,938	8,659	111,618
Other			
Other interest payable	-	2	26
Finance expense	**43,055**	**12,776**	**121,384**

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

7) FINANCE INCOME

	Six months ended 31 July 2022 (Unaudited) £'000	Six months ended 31 July 2021 (Unaudited) £'000	Twelve months ended 31 January 2022 (Audited) £'000
Financial assets at amortised cost			
Bank interest receivable	53	14	35
Finance lease interest receivable	28	31	65
Financial assets at fair value through profit and loss			
Change in estimate of future contingent consideration and share purchase obligation payable[1]	892	774	915
Other interest receivable	3	8	34
Finance income	**976**	**827**	**1,049**

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

NOTES TO THE INTERIM RESULTS *(Continued)*

FOR THE SIX MONTHS ENDED 31 July 2022

8) EARNINGS PER SHARE

	Six months ended 31 July 2022 (Unaudited) £'000	Six months ended 31 July 2021 (Unaudited) £'000	Twelve months ended 31 January 2022 (Audited) £'000
Loss attributable to ordinary shareholders	**(10,312)**	**(2,844)**	**(69,219)**
Unwinding of discount on future deferred and contingent consideration and share purchase obligation payable	11,713	3,343	8,299
Change in estimate of future contingent consideration and share purchase obligation payable	29,046	7,885	110,703
Charge for one-off employee incentive scheme	396	5,803	5,891
Restructuring costs	3,086	-	-
Property (write back)/impairment	3,880	(990)	233
UK Furlough grant	-	1,396	1,396
Employment linked acquisition payments	6,745	5,794	15,167
Amortisation of acquired intangibles	11,566	8,440	17,687
Deal costs	2,737	242	486
Gains on investment activities	-	-	(455)
Tax effect of adjusting items above	(12,999)	(3,741)	(31,629)
Adjusted earnings attributable to ordinary shareholders	**45,858**	**25,328**	**58,559**
	Number	**Number**	**Number**
Weighted average number of ordinary shares	96,845,504	91,992,850	92,395,619
Dilutive LTIP & Options shares	2,182,849	1,945,908	2,389,017
Dilutive Growth Deal shares	1,585,085	947,547	916,215
Other potentially issuable shares	3,363,833	1,556,695	2,386,786
Diluted weighted average number of ordinary shares	103,977,271	96,443,000	98,087,637
Basic loss per share	(10.6)p	(3.1)p	(74.9)p
Diluted loss per share	(10.6)p	(3.1)p	(74.9)p
Adjusted earnings per share	47.4p	27.5p	63.4p
Diluted adjusted earnings per share	44.1p	26.3p	59.7p

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

NOTES TO THE INTERIM RESULTS *(Continued)*

FOR THE SIX MONTHS ENDED 31 July 2022

9) NET DEBT

On 20 September 2021, the Group was made available a £60m revolving credit facility ("RCF") by HSBC and Bank of Ireland. The facility had a maturity date of September 2024 with an option to extend for a further two years. As part of the arrangement, the Group had a £40m accordion option to facilitate future acquisitions. At the start of this year, £20m of this accordion was committed and available within the RCF.

Subsequent to this and in relation to the Group's recommended offer for M&C Saatchi, the Group entered into an amendment and restatement agreement, amending and restating the existing facility agreement on 20 May 2022. The total amount available under the amended and restated facilities agreement is £150m, comprising of a £50m term facility and increasing the RCF to £100m. Under the amended and restated facilities agreement, £57.5m is available on a certain funds basis to be used for the acquisition of M&C Saatchi. The remaining £92.5m of the 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 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 (2021: $7m) which is available for property rental guarantees and US-based working capital needs.

	31 July 2022 (Unaudited) £'000	31 July 2021 (Unaudited) £'000	31 January 2022 (Audited) £'000
Total loans and borrowings	47,078	20,720	22,478
Less: cash and cash equivalents	(29,005)	(27,342)	(58,216)
Net debt/(cash) excluding lease liabilities	**18,073**	**(6,622)**	**(35,738)**
Share purchase obligation	12,419	9,663	11,252
Contingent consideration	183,000	49,377	161,541
Deferred consideration	-	125	133
Other contingent liability	5,893	3,927	5,202
Net debt and acquisition related liabilities	**219,385**	**56,470**	**142,390**

10) OTHER FINANCIAL LIABILITIES

	Deferred consideration £'000	Contingent consideration £'000	Other Contingent Liability £'000	Share purchase obligation £'000
At 31 January 2021 (Audited)	1,262	45,894	-	6,508
Arising during the period	-	5,626	3,888	-
Reclassification	125	(125)	-	-
Change in estimate	-	5,148	-	2,737
Exchange differences	-	(521)	-	(16)
Utilised	(1,301)	(9,476)	-	-
Unwinding of discount	39	2,831	39	434
At 31 July 2021 (Unaudited)	125	49,377	3,927	9,663
Arising during the period	-	3,447	-	-
Reclassification	8	(8)	-	-
Change in estimate	-	101,657	-	1,161
Exchange difference	-	4,316	170	51
Utilised	-	(723)	-	-
Unwinding of discount	-	3,475	1,105	377
At 31 January 2022 (Audited)	**133**	**161,541**	**5,202**	**11,252**

NOTES TO THE INTERIM RESULTS *(Continued)*

FOR THE SIX MONTHS ENDED 31 July 2022

10) OTHER FINANCIAL LIABILITIES *(Continued)*

	Deferred consideration £'000	Contingent consideration £'000	Other Contingent Liability £'000	Share purchase obligation £'000
At 31 January 2022 (Audited)	**133**	**161,541**	**5,202**	**11,252**
Arising during the period	-	1,095	-	-
Reclassification	-	-	-	-
Change in estimate	-	28,735	-	311
Exchange differences	-	17,176	544	184
Utilised	(160)	(36,368)	-	(46)
Unwinding of discount	27	10,821	147	718
At 31 July 2022 (Unaudited)	**-**	**183,000**	**5,893**	**12,419**
Current	-	42,949	2,487	7,211
Non-current	-	140,051	3,406	5,208

11) ACQUISITIONS AND OTHER SIGNIFICANT TRANSACTIONS

Engine

On 8 March 2022 Next 15 acquired Engine Acquisition Limited ("Engine UK"). Engine UK is a broad-based digital transformation, communications and creative business with approximately 600 staff and 300 UK and international clients. The acquisition of Engine UK for an enterprise value of £77.5m, with £61.7m paid on completion in cash, of which £50.4m related to the Engine intragroup indebtedness.

The Acquisition was funded from the Company's debt facilities and the proceeds of a placing of new ordinary shares in the Company. A total of 4,505,000 new ordinary shares in the capital of the Company of 2.5 pence each have been placed by Numis Securities Limited and Joh. Berenberg, Gossler & Co. KG at a price of 1,110 pence per Placing Share, raising gross proceeds of approximately £50m (before expenses). We have recognised goodwill of £49.2m on this acquisition due to the anticipated profitability and operating synergies. Due to the recent timing of the acquisition, the IFRS 3 acquisition accounting remains draft.