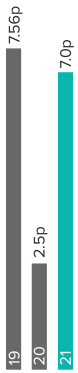
Financial highlights

Net revenue

£266.9m

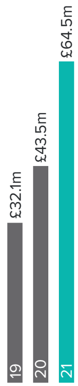
+7%



Dividend per share

7p

+180%



Net cash from operating activities

£64.5m

+48%

Adjusted diluted earnings per share

40.7p

+17%

Adjusted profit before tax

£49.1m

+22%

Statutory operating profit

£13.7m

-29%

Adjusted measures are reconciled to the statutory results in notes 2, 5, 10 and 19 to the financial statements.

Contents

About us

READY,

We are growth consultants. As such we are obsessed with finding ways to help our customers grow their top line, bottom line, reputation, online following, market share, customer satisfaction and share price. Everything we do is driven by data and embraces technology. We hire the brightest minds to work with the world's best businesses that share our desire to be a great company. To us being great is about a team of diverse talent creating products and services that the world needs and doing it in way that is responsible and equitable. We'd like the world to still be here for a while.

Our business

The world of consulting has been forever changed by data and technology. These assets are now the core of almost all businesses and how they are used can make or break a company's future. So, a company's growth is no longer just about good product design and customer service with a layer of good marketing. Today it's about using data to predict a customer's needs and wants, it's about using technology to craft the best way to engage with your customer and very often embedding technology in your product or service. As a result, companies across the world are looking for partners that can help them as they navigate the path to being a digital and data driven business. This is where Next 15 comes in.

Our brands and sectors

We have focused our business on the biggest challenges and opportunities our customers face when they look at how to grow. We essentially have four different businesses:

A customer insight business that uses data to help clients see the opportunities that face them and predict their customer behaviour.

Business transformation capability that is designed to help our customers solve any problem that is holding back their ability to become better understood by their audiences. This may mean working to optimise their brand reputation, but it may also be helping them to create entirely novel businesses that reach new audiences.

A customer engagement digital asset design and building business that is creating the ecommerce platforms, apps, and websites that are the window through which the vast majority of most of the world's commerce is now transacted. Designing a customer's digital experience is now crucial to many companies' success.

A customer delivery business. This is last link in the chain and is increasingly a digital link. Businesses want to anticipate what their customers want, when they will want it and so on. It is perhaps not surprising that this is a high growth area for our group.

Next 15 remains ambitious and is committed to expanding the international presence of its existing business and will continue to invest in their growth and the creation of new products and services. We will also look to acquire businesses that strengthen our capabilities in the areas outlined earlier.

Our customers

We work with many of the world's most important companies. This includes Google, Facebook, Amazon, Microsoft, Procter & Gamble, American Express, Salesforce, Pepsi, Genentech and the World Health Organization. The significance of the role we play for them is reflected in the fact that many of these relationships are over a decade long.

SET, GROW

Employees
2,077
2020: 2,183
2019: 1,979

Offices
47
2020: 49
2019: 50

Countries
15
2020: 15
2019: 14

More about our business
next15.com/about-us

More about our brands
next15.com/portfolio

Chair's statement

"In a year like no other, these are excellent results."

Dear Shareholders,

2020 wasn't a year, it was an era unto itself. It was a time when businesses were tested, retested and then tested again. As the incoming Chair, I'm proud to say that Next 15 passed these tests with flying colours. The net revenues in the year to 31 January 2021 were up 7.4% to £266.9m (2020: £248.5m) and adjusted profit before tax was an impressive 22% higher at £49.1m. On a statutory basis, the group incurred a loss before tax of £1.3m (2020: profit of £5.6m) with an impairment of property driving the year-on-year change. Fully diluted adjusted earnings per share showed growth of 17% to 40.7p and net debt became net cash of £14m. In a year like no other, these are excellent results, especially given it was a year when the Group's businesses went to great lengths to protect its employees' personal safety and wellbeing.

During the year, the Group revisited its strategy to ensure we can deliver on our growth ambitions. In the past we thought about the products and services we sold, such as data, social media content and digital marketing. As we roll out the strategy in the new financial year, our approach is around the problems we solve for customers. Importantly though, we are also focusing the Group's operations around how we help our customers grow. During the pandemic we saw all of our customers wrestle with how to succeed. Some of our technology customers were challenged by how best to help their customers as they had to adapt their business models. Many of our customers, technology or otherwise, wrestled with how to innovate so that they could emerge from the pandemic as a better brand, a better employer, and a better business. All of these are growth challenges. As Tim notes in his statement, we looked hard at where we believed we could help our customers most, which, going forwards, will see us focus on four segments: customer insight, customer engagement, customer delivery and business transformation. This new approach will not only focus our internal investment but our future acquisition strategy.

Looking to the year ahead, the Board is optimistic about the prospects for the Group, despite the continued impact of Covid-19 on the economy. Covid-19 tested our business model, but it also tested the character of the team that leads Next 15 and the people that work for the Group across the world. As the first effects of the pandemic took hold at the start of the financial year, Tim said that he wanted Next 15 to come out of this year as a stronger business. He and the executive team have worked tirelessly in order to achieve that outcome. They have changed the way we operate, rethinking the offering to customers, how the businesses in the group interact and how we interact with our people. Most importantly, the past year has shown that our people have the character to handle challenges that are thrown at them. This resilience and character displayed by our people doesn't appear on our balance sheet, but it has proven to be an invaluable asset. I would like to thank all the people in the Group for their efforts during the year to deliver these results.

Next 15 is a people-based business and during the course of the year we have accelerated our commitment to running a more sustainable, equitable and diverse organisation that displays leadership in governance and values. I was therefore proud of the Group's decision to repay the £1.4m of furlough scheme support it had received from the UK Government when Covid impacted the world economy last March to September. As we emerge from the pandemic, we will continue to step up our efforts to ensure that Next 15 is a truly inclusive environment, reflecting the communities in which it operates and gives back to the environment as much as it takes out. With this in mind we are helping our various businesses to embrace the B Corp certification process. This is not a minor undertaking and will take time to complete but it will ensure they adopt a progressive framework that embraces DE&I and planetary goals.

Turning back to this year's results, the Board recognises the importance of the dividend to our shareholders. The decision taken by the Board during 2020 to suspend both the final dividend payment for the year ended 31 January 2020 and the interim dividend for the 2021 half year, was made at a time of considerable global uncertainty and to provide cash flow headroom. We are therefore pleased to be in a position to reinstate the dividend. This follows the strong trading, particularly during the second half of the financial year and results in a recommendation of a dividend of 7p per share which is in line with our dividend policy before the pandemic.

I want to close by thanking my predecessor, Richard Eyre, for all that he has done for Next 15 over the last decade. While he no longer serves on the board, I'm thrilled that he will continue to consult to the Group and share his wisdom. I am taking over the role at a hugely exciting time for the Group. The ambitions and plans the executive team has for the Group should see it continue to expand in interesting an innovative ways.

Penny Ladkin-Brand
Chair
12 April 2021


Penny Ladkin-Brand
Chair


Tim Dyson


Peter Harris


Helen Hunter


Robyn Perriss


Mark Sanford

Chief Executive's statement

"We have refocused the Group so that it is set up to achieve the biggest challenge facing all of our customers: growth."

Dear Shareholders,

"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair." These famous opening lines to Charles Dickens' 'A Tale of Two Cities' seem so very apt for the year we have just had. From the perspective of humanity, the destruction caused by the pandemic has been horrible to witness. So, to have prospered as a business leaves one, at times, feeling a little guilty, but prosper we did. Indeed, without appreciating it, we had been building a business that was ready for Covid-19 and the changes this would force on our customers and their businesses.

Being in the right place at the right time wasn't simply luck, but luck has played a part in our success. For example, we were fortunate not to have significant exposure to the travel and leisure industry. We were also fortunate that we didn't have a large live events business. However, it wasn't luck that we managed our businesses well when Covid-19 impacted the world's major economies, and it wasn't luck that we had the digital and tech services, support and expertise that our customers needed to cope during trying times. This is because we have worked hard over the last five years to make our businesses as modern as they could be.

A lot has been written about 'the new normal' being created by Covid-19. In reality, this new world is in so many ways a logical evolution of the old one, it's just that this evolution has happened at lightning pace. The shift by brands to a more direct relationship with their consumers has been underway for years, fuelled by ecommerce and social media, the two basic platforms needed to make the business model work. However, shifts of this nature are complex moves for large companies. In Covid-times their entire business model, including their supply chains, have had to be changed in months. Some businesses have struggled to make the necessary shifts, but many have taken the challenges in their stride. This has thrust innovation onto the agenda of business leaders throughout the world. But innovation isn't just a task, it's a way of being and as such has changed the way companies are designed and behave. As businesses have changed, the need for strategic partners who can move at speed has never been clearer. Enter Next 15.

While our customers have been changing, so have we. For example, going forward we have refocused the Group for the next financial year so that it is set up to solve the biggest challenge facing all of our customers: growth. There are lots of ways we could help our customers grow, but we believe we have a unique advantage in four areas:

- Customer Insight
- Customer Engagement
- Customer Delivery
- Business Transformation

Our customer insights business is set up to help customers understand the situations they face and arm them with the knowledge they need to make the best decisions. Our customer engagement business is designed to help our customers optimise their brand reputation, build the mission-digital assets such as ecommerce platforms, apps and websites that are the window through which much of the world's commerce is now transacted. Customer delivery businesses are deeply specialised to use creativity, data and analytics to create the connections with customers to drive sales and other forms of interaction. This link in the chain is increasingly digital. Businesses want 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. The last area is business transformation. This is where customers need our help to either redesign their business model or create entirely new ventures. It is also the area where they need our help to understand how to maximise the value of the organisation.

As we focus on our future it is good to see that the investments the Group has made in recent years to modernise its business model are delivering strong returns. The growth in the last year seen in businesses such as Agent3 and Activate, and the contribution being made by new additions such as Mach49 should give shareholders a great deal of comfort in both the strategy being pursued and the ability to execute on that strategy.

The other big change for our business during the pandemic has been an acceleration of our commitment to being values driven. We have long believed that our corporate culture was a vital asset. What Covid-19 and the Black Lives Matter movement brought into focus was the importance to our people, and our customers, of living our values and actively committing to continual improvement. We have also heard from a number of shareholders that they want to us show a clearer commitment to being leaders on Environmental, Social and Corporate Governance (ESG) issues. I should stress that our commitments in this area are and will continue to be significant. We are establishing climate impact goals and are working towards carbon neutrality. We have committed to specific goals regarding diversity, equity and inclusion. We are also committed to progressive governance that enables shareholders to have greater transparency and therefore confidence in the decisions we make about the running of our business. This is why we decided earlier this year to repay the £1.4m we had received from the UK government to furlough staff at the height of the crisis. It was clear to us that the furlough scheme was designed for companies that were struggling to survive, not ones like ours that were thriving. We felt that repaying this money was the right thing to do.

The resilient performance of the Group in the last year has put the business in a great position to capitalise on the significant growth opportunities we see in the year ahead, if we continue to execute well. Whilst we do expect our operating costs to increase a small amount as people return to a more normal way of working, we expect to be able to deliver good organic growth which should contribute to progression at the top and bottom line.

Current trading and outlook

Whilst Covid-19 continues to impact the global economy, we remain optimistic about trading two months into our new financial year. The strength of our customer base, coupled with the increasingly digital and data-driven nature of our product offering, continue to position us well to capitalise on opportunities as the economy continues to adapt to and ultimately emerge from the pandemic. Unsurprisingly therefore, new business activity has remained strong and we have expanded briefs from a number of clients including Salesforce, IBM and Amazon. We have every confidence in a bright future for Next 15 and in creating further value for our shareholders and the Board remains confident of achieving management's expectations. The resumption of the payment of dividends following our AGM in June 2021 is a sign of our confidence in the future performance of the Group.

I don't know any business leader that would like to re-live the last year, but I'm proud to say that the pandemic brought out the best in the people that work at Next 15. I'm acutely aware of how hard the teams have worked in these challenging circumstances, but I couldn't be prouder of where that work has taken us. Next 15 was a great business before the pandemic. It is now an even better business and for that I thank our teams from the bottom of my heart.

Tim Dyson
Chief Executive Officer
12 April 2021

BUSINESS DIGITAL

Our business model

Our mission is to become the world's leading growth consultancy. For Next 15, growth consulting isn't just about growth in sales and profitability. It is growth in reputation, talent and product market share. It's growth in valuation, innovation and talent retention. Growth is a complex problem, and it needs a sophisticated solution.

Businesses are increasingly one large digital entity. Supply chains, manufacturing, service delivery, product development, customer engagement and support - these are increasingly digital processes. They are also no longer completely discrete. A problem or opportunity in one area is now connected to everything else. The ability of consultants to view businesses through this digital lens is crucial. But the overriding challenge facing every aspect of consulting is how we enable growth (in every sense of the word).

Business requires partners that can knit together insight, creative, business design, digital build and customer engagement under one roof. That is what Next 15 is building.

Our strategy

1

To build a portfolio of businesses who are best-in-class experts in every aspect of growth, and who can work collectively to solve the most challenging problems for the world's biggest companies.

2

To use our growth expertise internally to create an environment in which highly talented teams can deliver their best work. An environment that attracts ambitious entrepreneurs to have their ambitions accelerated and exceptional talent to grow their careers and experience.

3

To set the standard in being good corporate citizens in the way that we care for our people, environment and the communities we are part of, whilst influencing our customers to do the right thing wherever we can.

How we create value

Principles

Customer insights
Data and analytics, and the insights they reveal, are increasingly embedded across the Group; we actively foster innovation and the development of products and tools in our businesses so that we can do (and prove that we do) the best possible work for clients. Our continued, significant investment in data-driven growth consulting is at the heart of our ability to help clients solve problems, innovate and spot new opportunities.

Customer engagement
The body of content, ideas and expectations surrounding a product is what constitutes a brand. Developing digital content that travels gracefully across technology platform, application and language is essential to consistent brand marketing. Creativity doesn't just apply to content creation though; it also applies to the development of the digital assets that will be used to engage with customers. For many of today's businesses, these digital points of engagement are now their most valuable assets.

Customer delivery
Building brands is a long-term process and requires a rich set of skills and programmes. But as sales and marketing converge our clients are looking for ways to identify people ready and willing to buy their products and services. A well-engineered mixture of first party data, content and algorithms solves this problem as the much needed fuel for corporate growth.

Business transformation
Our marketing heritage helps customers build desire for their products. But the pace of change is such that it is no longer enough simply to paint the best face on a brand through clever marketing. To be effective we have to stand back, think like founders and help redesign the company and its products for success in fast changing markets. Our consulting capability is now helping our customers transform their existing businesses or create entirely new ones to grasp emerging opportunities.

Technology
Every business is now, to a greater or lesser extent, a technology business. To be the world's leading growth consultancy we must be able to seamlessly combine the best technology, communications, product and brand thinking to solve our customers' problems We are experts in applying technology to real-world challenges, whether rapidly prototyping new products, harnessing the power of social and commerce platforms or creating entirely new businesses for our clients.

Approach to acquisitions: strength and success
We deliver consistently good results for investors because we stay true to our principles. These include building a group of businesses that organically fit together, are passionate about what they do, collaborate rather than compete, and have strong leadership teams empowered to pursue their vision of success.

Invest in the best talent
Our people are at the heart of everything we do. As a Group we focus on the 'who' before the 'what'. This principle, espoused by the author Jim Collins, creates a different way of running a company. It means we trust entrepreneurial talent to drive their own businesses and consult with us, but we do not tell them what to do.

Growth in core markets
Next 15 will continue to develop its existing brands and make acquisitions where the strategic fit and value is compelling. In the last few years, the bulk of the Group's efforts has been around strengthening our UK and US businesses as we believe our position in these markets continues to provide the greatest opportunity for our long-term success.

Diversity and inclusion
The events of 2020 have reinforced our belief that a diverse and inclusive workforce are not just a social good, but a commercial advantage. Fair practices in hiring and talent development, as well as maintaining safe and supportive company cultures, are key to the Group's success and the encouragement of diverse voices within it.

Environment
We are in a privileged position to influence our clients and their customers. We intend to use that position to help champion positive change on sustainability and our environment. We will do this in three ways:

- use the internationally recognised B Corp framework to ensure we continue to be the best corporate citizen we can possibly be;
- influence customers to make sustainable choices whenever we do work for them; and
- create new products and services that help our customers rethink their business for the challenges and opportunities ahead.

Customers
Next 15 is careful about choosing which companies it works with. It believes its success will be driven by working with future facing, purpose-driven customers that share our values. This means working with management teams that seek beneficial levels of growth that exceed the norm and create businesses that have a positive social and environmental impact. By selecting customers that share our ambition and our values we believe we can deliver meaningful work that has lasting impact.

Next 15 already works with many of the world's best companies and organisations. Much of our future growth can be derived from better integration of customer campaigns across the Group. This will enable us to deliver better solutions to our customers while increasing revenues.

Productisation
As we embrace more data and technology, we also need to drive increased productisation across our business. This will, in turn, create new, more predictable revenue streams and decrease dependence on people/hourly billing.

Financial review

"The Group ended up producing a very strong trading performance despite the very uncertain trading environment brought on by the Covid-19 pandemic."

A year of strong growth in a tough trading environment

The Group ended up producing a very strong trading performance despite the very uncertain trading environment brought on by the Covid-19 pandemic. The Group was helped by the fact that we had limited exposure to the heavily impacted sectors of leisure, travel, retail and hospitality, and we are not involved in the live events, traditional media buying or sports marketing sectors, which have suffered materially over the last twelve months. Approximately 60% of our revenue is derived from the tech sector and our B2B marketing agencies, which are focused on driving revenue for their clients, excelled in the uncertain economic environment whilst our B2C agencies recovered well after initial Covid-19 related client deferrals.

In order to assist shareholders' understanding of the underlying performance of the business, I have focused my comments on the adjusted performance of the business for the 12 months to 31 January 2021, compared with the 12 months to 31 January 2020, in particular the net revenue performance, adjusted operating profit and adjusted diluted earnings per share.

The Directors consider these adjusted measures to be highly relevant as they reflect the 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 and working capital position of the Group.

	Year to 31 January 2021 £m	Year to 31 January 2020 £m	Growth/(decline) %
Adjusted results			
Net revenue	**266.9**	248.5	7%
Operating profit after interest on finance lease liabilities	**49.5**	40.9	21%
Operating profit margin[1]	**18.5%**	16.4%	
Profit before income tax	**49.1**	40.2	22%
Diluted earnings per share	**40.7p**	34.8p	17%
Statutory results			
Revenue	**323.7**	300.7	8%
Operating profit	**13.7**	19.4	(29)%
(Loss)/profit before income tax	**(1.3)**	5.6	(123)%
Net cash generated from operations	**72.9**	49.5	47%
Diluted earnings per share	**(5.3)p**	2.5	(312)%

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

Adjusted results represent the statutory performance, adjusted to exclude amortisation, restructuring charges, brand equity incentive schemes, movements in acquisition-related consideration, employment related acquisition payments, property related impairments and certain other items. They are reconciled to the statutory results in notes 2, 5 and 10 to the financial statements and within the table on the next page.

More information

Audit Committee report p36

Financial statements p76

Financial review continued

A year of strong growth in a tough trading environment continued

The Group also presents net revenue which is calculated as statutory revenue less direct costs as shown on the consolidated income statement and is more closely aligned to the fees the Group earns for their product and services.

In line with industry peers, the adjusted profit measures take account of items which are not related to trading in the current year including amortisation of acquired intangibles, property related impairments, brand equity incentive schemes, costs associated with restructuring, the receipt of furlough grants from the UK Government and certain other items.

While adjusted operating profit increased by 21% to £49.5m (2020: £40.9m), reflecting the strong trading of the Group, the statutory operating profit declined by 29% to £13.7m (2020: £19.4m). The statutory operating profit decline year on year is primarily due to the one-off property related impairment charge of £10m discussed in further detail below. Diluted loss per share was 5.3p, compared with earnings per share of 2.5p in the previous year.

Reconciliation of adjusted operating profit to statutory operating profit	Year to 31 January 2021 £m	Year to 31 January 2020 £m
Statutory operating profit	**13.7**	19.4
Interest on lease liabilities	**(1.4)**	(1.6)
Share-based payment charge	**2.4**	0.4
Employment-related acquisition payments	**8.0**	5.0
Deal costs	**0.4**	1.0
Costs associated with restructuring	**2.8**	4.6
Property impairment	**10.0**	—
UK Furlough	**(1.4)**	—
Amortisation of acquired intangibles	**15.0**	12.1
Adjusted operating profit after interest on finance lease liabilities	**49.5**	40.9

Adjusted results represent the statutory performance, adjusted to exclude amortisation, restructuring charges, brand equity incentive schemes, movements in acquisition-related consideration and certain other items. They are reconciled to the statutory results in notes 2 and 5 to the financial statements.

Review of adjusted results to 31 January 2021

Group profit and loss account

The last 12 months have been dominated by the impact of the Covid-19 pandemic. When the seriousness of the situation became apparent in March 2020, we quickly took decisive actions to preserve the profitability of our businesses and our cash reserves by reducing our staff cost base in line with our expectations for reductions in revenue. We also looked at our property portfolio and determined that with the changing nature of the working environment, we could significantly reduce our global property footprint with the medium-term ambition of reducing our annual property costs by approximately £5m. We saw organic declines in revenue by quarter of 4% in Q1, 8% in Q2, before recovering to down 3% in Q3 and up 2% in Q4. Our B2B agencies proved resilient throughout the year, whilst our B2C agencies saw a strong recovery in the second half as consumer confidence returned.

Our total group net revenues increased by 7%, but declined by 3%[1] on an organic basis, whilst our pro-active approach to managing our cost base resulted in an increase in the adjusted operating profit margin to a record 18.5% from 16.4% in the prior year. Our B2B agencies including Twogether, Agent3 and Activate performed very strongly whilst our B2C agencies including Savanta and M Booth agencies recovered strongly in the final quarter after being significantly impacted by the pandemic in the first half.

As shown in the table above, we incurred £2.4m of share-based payment charges on new growth shares for M Booth, Savanta, Twogether, and ODD, and £8.0m in relation to employment-related acquisition payments. We incurred £0.4m of deal costs in relation to acquisitions. Amortisation of acquired intangibles was £15.0m in the period. We made an impairment of £10m against the carrying value of our property right of use assets and leasehold improvements. We incurred £2.8m of restructuring costs primarily in relation to our reaction to the Covid-19 pandemic. These were principally staff reductions.

Taxation

The adjusted effective tax rate on the Group's adjusted profit for the year to 31 January 2021 was at a rate of 20.2% (2020: 20.0%), compared to the statutory rate of negative 202% (refer to note 8). The adjusted effective tax rate was marginally higher than the rate achieved in the previous period as we saw a strong performance from our US based agencies, where the rate of corporation tax is typically higher than in the UK.

The Group notes that Governments around the world are likely to increase their rates of corporation tax materially over the next few years to help pay for the cost of economic support in light of the pandemic. Therefore it is likely that the Group's adjusted effective rate of tax will increase materially over the next few years reflecting these increases. The Group does not have any open tax audits, nor does it have any complex structures in place to manage its taxes which could give rise to future challenges from tax or competition authorities. The Board takes a low risk attitude to tax compliance and endeavours to pay the appropriate level of tax in all markets the Group operates in.

Earnings

Diluted adjusted earnings per share has increased by 17% to 40.7p for the year to 31 January 2021 compared with 34.8p achieved in the prior year, as a result of the improved profitability on an adjusted basis.

Segmental review

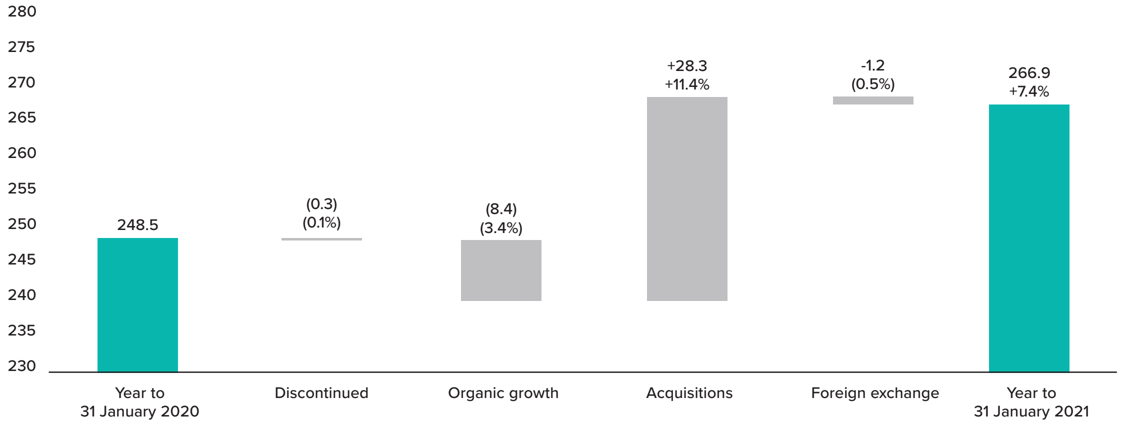
In order to assist shareholders' understanding of the key growth drivers of the Group, we have included an analysis of the results by the operational segments we used to monitor the performance of the business for the year ended 31 January 2021. The three operational segments were Brand Marketing, Data and Analytics and Creative Technology.

As reported in the Chief Executive's statement, the Group is adopting an updated strategy, whereby the Group plans to deliver growth consulting activities delivered through four segments, namely, Customer Insight, Customer Engagement, Customer Delivery and Business Transformation. We will be reporting against these segments going forward.

Brand Marketing

This segment includes Archetype, Outcast, Nectar, Publitek, which are our B2B tech focused agencies. M Booth, our B2C focused agency and Blueshirt, our IPO advisory agency. The B2B agencies performed well, whilst M Booth recovered in the second half after a Covid-impacted first half as clients deferred spend.

Net revenue bridge (£m)



Segmental review

	Brand Marketing £'000	Data and Analytics £'000	Creative Technology £'000	Head office £'000	Total £'000
Year ended 31 January 2021					
Net revenue	**140,530**	**48,447**	**77,909**	**—**	**266,886**
Organic revenue (decline)/growth[1]	**(5.5)%**	**8.2%**	**(6.0)%**	**—**	**(3.4)%**
Adjusted operating profit/(loss) after interest on lease liabilities[2]	**34,573**	**13,254**	**13,053**	**(11,394)**	**49,486**
Adjusted operating profit margin[2]	**24.6%**	**27.4%**	**16.8%**	**—**	**18.5%**
Year ended 31 January 2020					
Net revenue	135,036	45,054	68,379	—	248,469
Organic revenue (decline)/growth[1]	(5.7)%	19.3%	(2.1)%	—	(2.0)%
Adjusted operating profit/(loss) after interest on lease liabilities[2]	29,930	12,697	7,774	(9,541)	40,860
Adjusted operating profit margin[2]	22.2%	28.2%	11.4%	—	16.4%

1 Organic growth is the constant currency growth for the 12 months to 31 January 2021 compared to the 12 months to 31 January 2020, excluding the impact of acquisitions until they have been in the Group for more than one year.

2 Adjusted results are reconciled to the statutory results in notes 2 and 5 to the financial statements.

Financial review continued

Segmental review continued

Brand Marketing continued

Blueshirt had a very strong year on the back of the US tech IPO market. Total net revenue increased by 4% to £140.5m with an organic decline of 5.5% but the adjusted operating profit increased by 15.5% to £34.6m at an improved adjusted operating margin of 24.6%.

Data and Analytics

This segment includes Savanta, our market research agency, Activate, our lead generation agency and Planning-inc, our data platform agency. Activate produced an outstanding performance throughout the year whilst Savanta and Planning-inc each showed a strong recovery in the second half of our financial year on the back of a recovery in consumer confidence. The segment produced a positive performance overall with net revenue growing by 7% to £48.4m with pleasing organic growth of 8.2% and delivered an operating profit of £13.3m at an adjusted operating margin of 27.4%.

Creative Technology

This segment includes our ODD, Elvis, Brandwidth, Beyond, Twogether, Conversion Rate Experts, Palladium, Mach49, Agent3 and Velocity agencies. Conversion Rate Experts and Mach49 were acquired during the year. Overall, the segment delivered net revenue growth of 14% to £77.9m with an organic net revenue decline of 6%. The adjusted operating profit increased by 68% to £13.1m at an improved operating profit margin of 16.8%.

Geographical review

US

Our US businesses have proved resilient and continued to perform well, despite the challenges of the pandemic. In the year to 31 January 2021, total US net revenues grew by 8.5% to £138.4m from £127.6m which equated to an organic decline of 0.8%, taking account of movements in exchange rates, and the acquisitions of Nectar, M Booth Health and Mach49. Organic growth was impacted by the pandemic, but our lead generation agency, Activate, had a very strong performance throughout the year, whilst our B2C agency M Booth recovered in the second half after initially suffering client deferrals as a result of the pandemic. We also took decisive action on the cost base with staff reductions and a property re-organisation in our key markets of New York and San Francisco. The adjusted operating profit from our US businesses increased by 29.2% to £34.1m compared with £26.4m in the previous 12 months to 31 January 2020, with the operating margin increasing to 24.7% from 20.7% in the prior year.

UK

The UK businesses have delivered a resilient performance over the last 12 months, with net revenue increasing by 9.1% to £106.2m from £97.4m in the prior period. This growth was helped by the acquisition of Conversion Rate Experts and the acquisitions of Future Thinking and ComRes into our Savanta business. Our UK businesses suffered an organic revenue decline of 6.4%, with a recovery in the fourth quarter as consumer confidence recovered. The adjusted operating profit increased to £22.4m from £20.1m in the prior year with the adjusted operating margin increasing to 21.1% from 20.6% in the prior year.

EMEA

The EMEA business delivered a solid trading performance. Net revenue decreased by 2% to £8.6m (2020: £8.8m) and adjusted operating profit increased to £2.0m at an improved adjusted operating margin of 23.2%, due to very tight cost control.

APAC

Net revenue decreased by 7% to £13.6m (2020: £14.7m), however the operating margin increased to 17.1% from 15.6% in the prior period and the operating profit remained at a very credible £2.3m.

Year ended 31 January 2021	UK £'000	EMEA £'000	USA £'000	APAC £'000	Head office £'000	Total £'000
Net revenue	**106,247**	**8,610**	**138,383**	**13,646**	**—**	**266,886**
Organic net revenue growth[1]	**(6.4)%**	**(4.7)%**	**(0.8)%**	**(5.5)%**	**—**	**(3.4)%**
Adjusted operating profit after interest on finance lease liabilities[2]	**22,402**	**1,997**	**34,150**	**2,331**	**(11,394)**	**49,486**
Adjusted operating margin[2]	**21.1%**	**23.2%**	**24.7%**	**17.1%**	**—**	**18.5%**
Year ended 31 January 2020						
Net revenue	97,377	8,820	127,563	14,709	—	248,469
Organic net revenue growth[1]	0.3%	0.4%	(4.6)%	4.8%	—	(2.0)%
Adjusted operating profit after interest on finance lease liabilities[2]	20,094	1,587	26,421	2,299	(9,541)	40,860
Adjusted operating margin[2]	20.6%	18.0%	20.7%	15.6%	—	16.4%

1 Organic growth is the constant currency growth for the 12 months to 31 January 2021 compared to the 12 months to 31 January 2020, excluding the impact of acquisitions until they have been in the Group for more than one year.

2 Adjusted results are reconciled to the statutory results in notes 2 and 5 to the financial statements.

Cash flow

The net cash inflow from operating activities before changes in working capital for the year to 31 January 2021 increased to £66.4m from £52.8m in the prior period. Our management of working capital improved with a significant inflow from working capital. This resulted in our net cash generated from operations being £72.9m (2020: £49.5m). Income taxes paid increased to £8.4m from £6.0m.

Due to the pandemic we decided to cancel the dividends which we would have normally paid to Next 15 shareholders in the year. But with the stronger than expected financial performance for the year to January 2021, we have announced a return to the payment of a final dividend for the year to 31 January 2021 of 7p per share. Net interest paid to the Group's banks was approximately £0.8m (2020: £0.9m).

Government support

During the year to 31 January 2021, the Group utilised various Government support schemes, primarily the UK furlough scheme and deferral of US social security. In total across the Group, £2.1m of government assistance has been recognised as a reduction in costs during the year ending 31 January 2021. Since the year end, we have committed to repaying the furlough monies received from the UK government in full of £1.4m, which will be treated as an exceptional item in the results for the year to 31 January 2022.

Balance sheet

The Group's balance sheet remains in a very healthy position with net cash as at 31 January 2021 of £14.0m (2020: net debt of £9.3m).

Cash flow KPIs	**Year to 31 January 2021 £m**	Year to 31 January 2020 £m
Net cash inflow from operating activities	**66.4**	52.8
Changes in working capital	**6.6**	(3.3)
Net cash generated from operations	**72.9**	49.5
Income tax paid	**(8.4)**	(6.0)
Investing activities	**(27.0)**	(28.3)
Dividend paid to shareholders	**—**	(6.8)
Net cash/(debt)	**14.0**	(9.3)
Net (decrease)/increase in bank borrowings	**(24.9)**	13.0

Treasury and funding

The Group operates a £60m revolving credit facility ('RCF') with HSBC available until July 2022, having extended it in February 2018 to include a £20m term loan. The £40m facility is primarily used for acquisitions and is due to be repaid from the trading cash flows of the Group. The facility is available in a combination of sterling, US dollar and euro at an interest margin dependent upon the level of gearing in the business. The term loan of £20m has been fully drawn down and is repayable in equal annual instalments; the last repayment is due in December 2021. The Group also has a US facility of $7m (2020: $7m) which is available for property rental guarantees and US-based working capital needs.

As part of the facilities agreement, Next 15 has to comply with a number of covenants, including maintaining the multiple of net bank debt before earn-out obligations to adjusted EBITDA below 1.75x and the level of net bank debt including earn-out obligations to adjusted EBITDA below 2.5x. Next 15 has ensured that it has complied with all of its covenant obligations with significant headroom.

Peter Harris
Chief Financial Officer
12 April 2021

How we manage our risks

"The effective management of risk is critical to supporting the delivery of the Group's strategic objectives."

Next 15 is exposed to a variety of risks that can have financial, operational and regulatory impact on our business performance, reputation and prosperity. The Board recognises that creating shareholder returns is the reward for taking and accepting risk. The effective management of risk is therefore critical to supporting the delivery of the Group's strategic objectives.

Risk management

The focus of the Risk Management Framework is the annual risk assessment which takes place at an operating company level performed by brand management, and by Next 15 senior leaders for the Group-wide risks. The outcome of this bottom-up / top-down assessment is presented to the Board for review and challenge. The risk management activities are aligned with the risk appetite of the Group, as determined by the Board.

Day to day risk management and control is the responsibility of the Group Executive Team, with Board oversight, and is designed to ensure that Group management provide direction and leadership to the brands so that they can operate in accordance with the Group's risk appetite. As part of this the Group develop and provide the brands with the policies and processes to enable them to manage risk. The internal audit team assesses our risks and controls independently and objectively.

Internal controls

The Board has ultimate responsibility for the Group's system of internal control and regularly reviews its effectiveness in accordance with revised guidance on internal controls published by the Financial Reporting Council. This control system, which centres around a supporting set of minimum controls, is designed to manage rather than eliminate risk of failure to achieve business objectives. It also provides reasonable but not absolute assurance that assets are safeguarded against unauthorised use or material loss, that its transactions are properly authorised and recorded, and that material errors and irregularities are prevented or, failing which, are discovered on a timely basis.

Internal audit

The Group Internal Audit function provides assurance over the Group's control environment. The results of internal audit activities are reported to the Audit Committee at each Audit Committee meeting and the risk-based internal audit plan updated as required to respond to the risks faced by the Group.

Board oversight

The Board gains assurance over the adequacy of design and operation of internal controls across the Group through the following process:

- significant findings from internal audit engagements are reported to management, the executive directors and the Audit Committee. Reporting covers significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by the Board;
- depending on the risk associated with any weaknesses noted, recommendations are followed up and reported back to the Audit Committee until they are adequately resolved; and
- internal audit independently reviews the risk identification procedures and control processes implemented by management and advises on policy and procedure changes.

During its review of the risk management and internal control systems, the Board has not identified nor been advised of any, failings or weaknesses, which it has determined to be significant. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

Whistle blowing and Bribery Act 2010

Whistle blowing procedures are in place for individuals to report suspected breaches of law or regulations or other malpractice. The Group has implemented an anti-bribery code of conduct which is intended to extend to all the Group's business dealings and transactions in all countries in which it or its subsidiaries and associates operate.

Principal risks and uncertainties

The risks outlined below are those that the executive Directors and the Board believe are the principal and material risks of the Group. The matters described below are not intended to be an exhaustive list of possible risks and uncertainties and it should be noted that additional risks, which the Group does not consider material, or of which it is not aware, could have an adverse impact.

Risk description	Mitigating actions	Change in risk
Operational risk		
Coronavirus (Covid-19) Covid-19 has created an unprecedented global emergency, the effects of which will have a lasting impact on both people and economies alike. The extent of the risk and the length of time the economic impact will remain is uncertain. However, as a technology-centred business, we have been able to respond quickly to protect our employees, customers and the business. The Group has been impacted by some spending cuts by its clients in impacted sectors such as hospitality and travel. However, the Group has been protected through the majority of its customers being business to business technology customers.	We have implemented our business continuity plan and have adopted working practices that, while different, have worked to minimise the disruption on our business-as-usual operations. The Group took reasonable precautions through monitoring working capital, cash flow and our sales pipeline. The Group furloughed a number of employees during the year, and pay reductions were taken by the Board and senior leadership across the Group. The situation, while disruptive, has also presented opportunities for challenging the way we work and ensuring that we innovate to continue to best serve our customer's need in a post-Covid environment. We will continue to monitor the situation and are ready to take further action if needed.	↓
Macroeconomic uncertainty The macroeconomic environment continues to be volatile as a result of key drivers. Examples being uncertainties caused by Brexit in the UK and the Covid-19 pandemic. Seen as more discretionary when compared to other operating costs, marketing and innovation budgets have historically been reduced by clients during weakened economic and financial conditions. The risk of client loss or reduction in marketing budgets is therefore increased in times of macroeconomic uncertainty or change.	The impact of this is dependent on sector focus and often brands which lack diversification are more exposed to macroeconomic risk. The Group's strategy of building a portfolio of brands which is diversified across different communications markets and geographic regions minimises the risk that the Group is overly reliant on any one territory, sector or client.	↑
Business continuity There is a risk that unforeseen circumstances could arise, which mean that the business is unable to operate, such as natural disasters, property damage, systems failure or absence of significant personnel.	There are business continuity plans in place across the Group to ensure that we can continue to deliver world-class service to our customers in case of a significant business disruption. These have proven effective during the coronavirus crisis. In addition, the Group has insurance cover in place to mitigate against business disruption.	→

Principal risks and uncertainties continued

Risk description	Mitigating actions	Change in risk
Operational risk continued		
Data protection and privacy The Group stores, transmits and relies on critical and sensitive data such as personally identifiable information and the intellectual property of customers. Security of this type of data is exposed to escalating external threats that are increasing in sophistication as well as internal data breaches. The introduction of the California Consumer Privacy Act ("CCPA") further increases the regulatory rigour that the Group faces. There is a risk that if the Group has not implemented suitable procedures and updated relevant business processes, it may inadvertently breach its regulatory and contractual obligations leading to fines, client delays and reputational damage.	Our response to data protection and privacy is intrinsically linked with our information security programme, including the maintenance of Group-wide policies. This framework provides a strong platform from which to preserve the integrity of business information and ensure compliance with local legal requirements. Next 15 employed a new Chief Technology Officer in December 2020. He is now leading a team which is reviewing the current Group-wide compliance with data protection legislation, and putting in place guidance, training and processes for compliance.	↑
System access and security The Group notes the ongoing threat of third parties attempting to exploit weaknesses in the technological infrastructure and SaaS services of different companies. Inadequate security controls to protect against these threats could lead to business disruption, reputational damage and loss of assets.	The ongoing development and maturation of our Information Security Management System, including the continued investment in endpoint security and threat intelligence, has greatly increased our ability to monitor and respond to cyber-related threats. Our people are also required to undertake ongoing training to maintain their awareness and understanding of information security.	→
People and talent – retention and recruitment Our people are our most important asset. The Group relies on highly skilled employees, who are vital to its success in building and maintaining client relationships and winning new work. We are also heavily reliant on the leaders of the underlying businesses and losing one of those individuals could be particularly detrimental. An active succession planning and talent management strategy is important to ensure that we are not vulnerable to business disruption from the loss of key personnel. An ambitious growth strategy also means the skills and capabilities of existing team members may not be suitable as our businesses grow. Challenging the nature and breadth of roles being undertaken by key people is critical for ensuring the sustainability of our success.	Our approach to recruitment is to hire best-in-class talent and remunerate them accordingly. Next 15 understands that the expectations on employers and what employees "want" from a job is changing and a failure to evolve may result in a loss of key talent or a lack of experienced talent filtering up the business. We are therefore committed to helping develop our staff and helping carve out a career within the wider group if so desired. The Group carries out succession planning and provides promotion opportunities as well as operating both short-term and long-term incentive plans to motivate and retain key individuals.	→
Compliance with laws and regulations The Group operates in a large number of jurisdictions and, as a consequence, is subject to a range of regulations. Any failure to respond quickly to legislative requirements could result in civil or criminal liabilities, leading to fines, penalties or restrictions being placed upon the Group's ability to trade, resulting in reduced sales and profitability and reputational damage.	The Group has maintained an in-house legal function over the whole of its life as a public company and also uses external legal counsel to advise on local legal and regulatory requirements. The Group has an in-house tax function to ensure compliance with tax legislation globally, which consults with external advisers. Furthermore, consideration of regulatory compliance is included in the assurance programme led by the Internal Audit function.	→

Risk description	Mitigating actions	Change in risk
Strategic risk		
Reliance on key clients Losing a major client unexpectedly can have a significant impact on the resourcing, revenue and profit of an individual brand. The impact of this will depend on the particular brand involved. Our top ten largest clients accounted for ~22% of revenues this year. The loss of a major client would create significant pressure if not replaced by new accounts or an increase in business from existing clients.	The Group's strategy is to build a portfolio of brands which is diversified across different communications markets and geographic regions. As well as growing organically, the Group expands through acquisitions which typically increases the diversification of the Group. The Board regularly reviews the Group's reliance on key customers through top ten client analysis in the management accounts and reviews of customers with revenues greater than $1m per annum.	↓
Failure to evolve service offering The Group continues to innovate and invest to develop market-leading offerings to our customers. However, the speed of change and perceived opportunities in the industry has meant more companies, including non-traditional players, are developing their digital marketing capability and thus shifting the competitive landscape. There is a risk to our ongoing growth and market position if we don't respond to the pace of change and be at the forefront of technological solutions to stay ahead of the competition.	The Group follows a strategy of focusing acquisitions on technology-driven marketing agencies. It also encourages all the brands to have data and technology at the centre of their business. The Group continues to diversify its service offering, both organically and through acquisition, to provide world-class marketing, data and analytics, creative consulting and innovative consulting services.	↑
Remuneration and incentive schemes The Group operates numerous earn-out mechanisms and incentive schemes in order to attract and retain senior talent across the Group. As we look to be flexible in how we incentivise our talent these schemes can be complex. This gives rise to a local risk of management override and financial misreporting. In addition, culturally, there is a risk that earn-outs will encourage a 'silo culture' and discourage collaboration between the brands, or that the incentive mechanisms encourage the wrong behaviour or do not appropriately incentivise our key staff.	The group has a defined framework from which all new incentive schemes are developed. The framework creates standardisation and sets a minimum expectation for all our leaders. The Remuneration Committee reviews, challenges and approves all incentive schemes across the Group. External advisers are used where necessary to advise the Board and individuals on any new schemes.	→
Acquisitions – Choice of acquisition targets and delivery of expected growth The Group's growth strategy has always centred around investing in talent and the acquisition of businesses which broaden and enhance existing business operations. One of the inherent risks of acquisitions is that the Group enters unfamiliar markets/regions and works with new personnel, who may not be sufficiently aligned with Group strategy. The acquisition may therefore not generate the financial or commercial benefit it was intended to. Integration of new acquisitions, particularly when they are being bolted onto an existing business, can be challenging and time consuming. There is a risk that the integration distracts the acquiring business, or capacity issues limits the enhancement of synergies resulting in the growth identified during due diligence remaining uncapitalised.	The Board is very careful when selecting potential acquisition partners and we spend a significant amount of time upfront to make sure the individuals are a good fit for the Group. Robust due diligence is performed prior to all acquisitions, with representations, warranties and indemnities being obtained from vendors where possible. The consideration paid for a business typically includes a significant element of deferred consideration, contingent upon future performance. Vendors are also encouraged to retain a minority equity stake to ensure their retention within the Group. Internal Audit works with newly acquired businesses to ensure that they are integrated into the Group's control environment.	→

Principal risks and uncertainties continued

Risk description	Mitigating actions	Change in risk
Strategic risk continued		
Sustainable practices It is a moral and commercial necessity that our business ensures society and the environment is enriched, not degraded, by our operations, even more so in the context of the current environmental crisis and societal inequality. Without demonstrable action, there is risk that we will struggle to retain and recruit talent, as well as retain and win clients who are committed to sustainable business practices and innovation.	The marketing sector has an important role to play in engaging and influencing businesses to innovate and consumers to choose the sustainable products they create. We are actively developing a sustainability strategy which considers the holistic impact of our operations. A number of actions are in progress including (but not limited to): an assessment of our own environmental footprint with a view to adopting climate metric reporting; a review of our active client and supplier base; and standardisation of policies and procedures.	↑
Financial risk		
Fraud and misreporting Particularly in smaller brands with fewer opportunities to segregate duties, there is a risk that without appropriate oversight and review, there could be fraudulent activity and misreporting of financial information. The risk of misappropriation and fraud is also increased due to the siloed nature of the Next 15 operating model and the level of influence founders can have within their specific company environments.	Overseen by the Audit Committee, the Internal Audit function provides assurance of the Group's control environment, with particular focus given to segregation of duties. The consolidation of the Group's banking facility under HSBC gives the Group greater control and visibility over its cash balances. It is mandated that all of the businesses have to adopt the Group's finance, tax and banking systems, which provides the head office team with a lot of oversight of the day to day transactions within the Group's operations. The annual External Audit also provides comfort.	→
Currency risk As a global business, currency fluctuations continue to have a potential impact on the Group's translated results. The Group is listed in the UK with sterling as its functional currency but makes the majority of its profit outside of the UK. As a result, the Group's reported profits and asset values are impacted by any fluctuation of Sterling relative to other currencies, particularly the US Dollar. The Group may also suffer restrictions on the ability to repatriate cash, particularly for our operations in India and China.	Most of the Group's revenue is matched by costs arising in the same currency. Foreign exchange exposure is continually monitored, and net investment hedges are used where appropriate for significant foreign currency investments. The global and local short-term cash flow forecasts are used to monitor future large foreign currency payments, and natural currency hedging is used where possible across the Group. Surplus cash balances are swept to the UK to minimise any exposure to particular currencies or locations.	→

Tim Dyson
Chief Executive Officer

Section 172(1) statement

The Directors are fully aware of their duty to promote the success of the Company for the benefit of its members as a whole in accordance with section 172 of the Companies Act 2006, and in doing so to have regard to the matters set out in section 172(1) (a) – (f).

The corporate governance report on p26 to 35 as well as the chairman's corporate governance statement available at www.next15.com set out how the Directors have engaged with the Group's shareholders, employees and wider workforce, customers, suppliers and wider communities and the environment. On p33 we explain how the Board has set the Group's culture to ensure that decisions are taken in line with the Group's values and objectives.

The principal long-term risks to the Group are set out as Strategic Risks on p16 to 20, and the mitigating actions explained on those pages set how the Directors consider those risks and the resulting actions taken.

The following examples demonstrate how the Directors had regard to the respective elements of section 172 in discharging their duties:

The likely consequences of any decision in the long term Further information can be found on pages 8 and 9	The Board takes a long-term approach to developing its strategy taking into account for instance the impact of technology, changes in customer behaviour, client needs and other external factors. In implementing that strategy, the acquisition of Mach49, LLC. was a step towards the Board's strategic objective of building a material scale innovation division. Other relevant principal decisions during the year include decisions in respect of cancelling the Group's final and interim dividends, repaying the UK support provided by the UK Government furlough scheme, the introduction of a new annual 3-point planning process for our brands, continued investment in the Group's cyber security infrastructure and a radical restructure of our global property portfolio. Assisted by the executive and the Company Secretary, the Board continuously engages with the business on the decision-making process and how their decisions impact the Company's key stakeholders.
The interests of the Company's employees Further information can be found on pages 30 to 34	Next 15 is all about people. We maintain that our success is fundamentally driven by the talent and effort of our workforce. The Board recognises that the interaction between the Board, and senior management of Next 15 and our Brands, is crucial to maintaining the welfare of our people and ultimately our future success. The pandemic presented unique challenges to our Brands so the executive initiated weekly meetings with the Brand CEOs to provide guidance and support, especially when having to make difficult decisions concerning our people. Tim Dyson continues to hold regular meetings with the Brand CEOs and in turn, each CEO is encouraged to engage fully with their staff. A fortnightly CEO town hall is now run where Tim Dyson updates the CEO's on group initiatives. This forum also provides an opportunity to share knowledge across the group and drive collaboration. During the year we have worked on producing an employee handbook which is being launched to all Brands via a new learning and development platform. The whole Board met with the Group's senior leadership in October 2020, taking part in three days of workshops where the Board engaged in a dialogue with management around their and their staff's feedback, with particular focus on support and resilience during the Covid-19 era. During the year the Board initiated an audit of the Diversity, Equity and Inclusion status of all brands within the group to establish baseline data and inform our action plans.
The need to foster the company's business relationships with suppliers, customers and others Further information can be found on pages 30 to 34	Our business relies on good relationships with clients, suppliers and other stakeholders. The Board is regularly briefed on key developments across our Brands, including on new and existing client relationships. Client due diligence is a key part of our acquisition process when evaluating potential acquisition targets and results are made available to the Board. By their nature our businesses work in collaboration with their clients: we embed teams within client organisations, use agile processes, and build businesses to better serve client needs based on what they tell us. The Group has a zero-tolerance approach to practices which are at odds with our values and culture, for example corruption, bribery and modern slavery. We are committed to acting ethically and with integrity in all business dealings and relationships and to implementing and enforcing effective systems and controls to ensure such practices are not taking place anywhere in our businesses or supply chain. An ethics group drawn from our CEOs has been established to help us put these values into action in terms of the way we work and the clients we work with.

Section 172(1) statement continued

The impact of the company's operations on the community and the environment Further information can be found on pages 30 to 31	We continue to increase the focus on our impact on the environment. We are actively developing a sustainability strategy which considers the holistic impact of our operations and using the framework set out by the B Corp movement to help us do so. As a result, a number of actions are in progress including (but not limited to): engagement of specialist support to measure our environmental footprint, setting out new baseline policies for how we look after our staff and the creation of a cross-group Diversity, Equity and Inclusion council with representation at all staff levels. The Group's approach to environmental and social impact matters is set out on pages 30 to 31.
The desirability of the company maintaining a reputation for high standards of business conduct Further information can be found on pages 30 to 34	We continue to have a corporate culture based on entrepreneurial spirit and personal responsibility. Businesses within the Group are given a high degree of autonomy in line with the Group's emphasis on personal responsibility. We continue to prioritise Head Office as enablers and consultants to our Brands, however, the weekly calls initiated by the executive have proven invaluable in increasing oversight into, and informing, business processes and strategy. The Board and its Committees are ultimately responsible for setting high standards for ethical behaviour which is implemented, reviewed and monitored by the Head Office team. Processes are in place to ensure the Group complies with applicable laws and regulation. During the year, as part of the project to launch the revised employee handbook, an extensive review of policy has begun, which we aim to conclude in 2021. Appropriate policies and procedures are in place to ensure the Group complies with relevant legislation and regulations.
The need to act fairly as between members of the company Further information can be found on pages 32 and 33	The Board recognises the critical importance of open dialogue and fair consideration of the Company's members. We communicate with our shareholders through our annual report and accounts, full-year and half-year results announcements, trading updates, AGMs, face-to-face meetings and investor days. In early 2021 we engaged directly with our institutional shareholders concerning proposed changes to executive and non-executive remuneration following an extensive benchmarking exercise undertaken by our remuneration consultants, Korn Ferry. More information on our engagement with shareholders is set out pages 32 and 33.

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS