

## Key performance indicators

### HOW WE MEASURE OUR PERFORMANCE

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

We are showing continued progress in our financial and client metrics, reflecting the strong year we have had. Staff retention has also remained strong in a challenging market for talent post pandemic.

As described elsewhere in this report we are developing our ESG strategy and, as a result, it may be that KPIs in this area change over FY24 to better reflect the outcomes we want to achieve.

### Financial KPIs

#### Adjusted operating margin\*

20.2%



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

#### Performance

Margin remained above 20% in FY23 despite the acquisition of Engine in March which was at a lower margin when we acquired it, but saw improvement in performance as the year progressed.

#### Organic net revenue growth\*

20.7%



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

#### Performance

FY23 saw a continuation of high level organic growth as we benefitted from customer spending on new initiatives and aided by a significant contract win at Mach49.

\* Alternative performance measures. Measures with this symbol are defined in the Glossary section on page 199.

## Non-financial KPIs

**Number of clients spending over £2.5m**

38



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

### Performance

In FY23 we saw continued progress in growing major client relationships, accelerated by the acquisition of Engine.

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

25



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

### Performance

We continue to focus on clients' growth problems whilst are often multidisciplinary and involve services from more than one of our brands. This focus is shown in the continued improvements in the number of significant multi-brand relationships in FY23.

**Staff retention**

77.0%



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

### Performance

FY23 has seen minimal changes in staff retention rates. With the continued adoption of hybrid working allowing people greater flexibility, combined with continued effort of CEOs and People teams across the Brands to build inclusive working cultures, 'quiet quitting' has had limited impact across the Group.