

Chief Executive Officer's statement

A GREAT DEAL OF OUR SUCCESS WAS DERIVED FROM THE WAY OUR BUSINESS IS STRUCTURED.



Tim Dyson
Chief Executive Officer

Dear Shareholders,

We have all just lived through one of the most challenging economic cycles, aka the pandemic. This transformed entire industries, ripped up supply chains and caused a massive wave of innovation in businesses large and small. The aftereffects of all that are being felt as we emerge from that crisis to a new economic cycle characterised by inflation and high interest rates. Indeed, I've read countless articles heralding the so called 'end of free money'. I've also read countless articles saying that we are on the edge of a local, national and in some cases global recession. In other words, having just lived through one storm, we are all about to be plunged into another. Which begs the question, how did we do during the last few years and what can we expect in the next? The answer to that question is what I hope to address in my letter this year.

The year ended 31 January 2023 was a historic year for the Group. We grew by 56% to £564m in net revenues. In other words, we added more revenue in the last year than we achieved as a business in FY18. We also managed to deliver this growth without sacrificing profitability, which as business leaders will tell you, isn't easy. A great deal of our success was derived from the way our business is structured. Unlike many others in our field, we run a highly decentralised business model. That means we give a great deal of freedom to the leaders of our brands to run their business in the way they think is best for their customers and their people. While we have relevant controls in place to make sure they comply with the relevant legal and accounting practices, our leaders feel like entrepreneurs. They don't have to get our constant approval to do things. They can move at the speed they need to make sure the customer gets what they need and that their teams are well supported. In other words, the thing that looks most complicated about our business (the number of brands) has proven to be our biggest strength.

The portfolio of businesses that makes up Next 15 all have one thing in common: they are all highly specialised. In other words, they have deep domain expertise. They understand their markets at least as well as their customers do and have products and services that are specifically designed to solve the challenges these businesses face. In simple terms, we are not a department store that sells a little bit of everything but has a limited selection. We are instead, the equivalent of a collection of specialist retailers that are all located in the same place. This means we have brands that are fascinated by the markets in which they do business and are constantly looking for better solutions for their customers. This makes the brands very agile and means the innovation is at the interface with the customer and not buried somewhere in the centre. They do collaborate to solve complex problems and work together with clients where appropriate.

I make this point because I think it's helpful for shareholders to understand that this model means we can adapt to change more quickly than a single entity business of our size might. One thing the pandemic showed was that operating models need to adapt over time and in some cases overnight. Just as many of our customers have had to reshape their supply chains so that their reliance on one source for raw materials, or manufacturing doesn't trip them up, we must adapt our operating models to ensure we can deliver the products and services they need at the speed they need and at a price point that delivers value. For us, this means automating processes and, in some areas, shifting work to different parts of the world to access the right talent. While that can be challenging at times, our structure means we are often solving a series of smaller problems than a few huge ones. In turn, that means we can move like a series of small speed boats, rather than one huge tanker.

Looking to the future, while the macro-economic picture is hard to read (quite literally), I remain quite optimistic about the year ahead. We demonstrated through the pandemic that our business could adapt quickly to the needs of customers, which gives me confidence they can do so again. What we have seen time and again is that quality of product and service matters. Being the best you can be at something has enormous value, if that something is what customers need. As long as we stay close to what our customers need and continue to adapt our products accordingly, and focus on excellence, we should be in a very good place.

One small but meaningful change we have made this year is to our name. We're incredibly proud of our heritage as a communications group working with the world's biggest technology companies. And that's still a very significant part of what Next 15 does. But, we have evolved to become so much more. As I have set out, we're now a growth consultancy with specialist services spanning market research and data analytics to advertising, lead generation, shopper marketing, management consultancy and venture building.

We had been feeling for a while that the name of our Group hasn't reflected this breadth. What's more, it has occasionally felt like some of our non-communications brands are excluded by it. So, as of 18 April 2023, we changed the name of our Group from Next Fifteen Communications Group plc to Next 15 Group plc. It may seem like a small thing but we see this as an important sign of the continued evolution and growth of Next 15.

Strategically, the Group is well placed to deal with a changing economy. It has a strong balance sheet which, in turn, means it can move quickly to add new capabilities to existing brands or add entire new businesses through

acquisition. Our growth in the last year came from a wide range of businesses. In the next year, I expect we will again see a range of businesses contributing, large and small. While I can't predict the future, what I do know, is that the need for the products and services we sell is expanding. Our shift some years ago to prioritise businesses that have data and technology at their centre has ensured that. Equally, our expansion into the consulting world, specifically in relation to business transformation, has proven to be well timed.

We live in an age when innovation is constant for both our customers and our business. All our business leaders are always looking for what the customer will need next. They know businesses need to remain agile and ready to adapt as new technologies emerge. With the energy and level of innovation I am witnessing within the Group, I see a very bright future in the year ahead.



Tim Dyson
Chief Executive Officer
24 April 2023

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