

NEXT15

INTERIM RESULTS - SEPTEMBER 2024

AGENDA

FY25 Interim results summary

Financials in detail

Capital allocation priorities

Operational progress

Outlook

FY25 INTERIM RESULTS SUMMARY

THE RESULTS

Net revenue up 0.1%

(down 2.2% organically) to
£286.8m (2023: £286.4m)

Adjusted operating profit down 15.6% to £48.1m

(2023: £57.0m)

Margin performance of 16.8% (2023: 19.9%)

Net revenue flat year-on-year reflecting a mixed performance with weakness from tech customers and public sector offset by growth from our FMCG customers

Profitability impacted by weaker trading at some of our higher margin businesses

Tech revenues declined by £13.1m (~13%) on a like-for-like basis compared to H1 FY24, however consumer passions (FMCG) spend grew £11.7m to be 23% of Group revenues

Strong performances in our businesses in the consumer and health sectors (SMG, M Booth and M Booth Health)

THE RESULTS

Adjusted diluted EPS
down to 30.3p (2023:
37.9p)

Net debt as at 31 Jul
2024 £74.8m (2023: net
debt of £21.6m)

Interim dividend
maintained at 4.75p

Working capital outflow and increase in debtors driven in part by
changing profile of the Group's customer base

Further reduction in Mach49 earn-out

Strong client retention outside of Mach49 large contract

Continued progress on major client acquisition and growth including:
PEGA, Ericsson, P&G and Johnson & Johnson

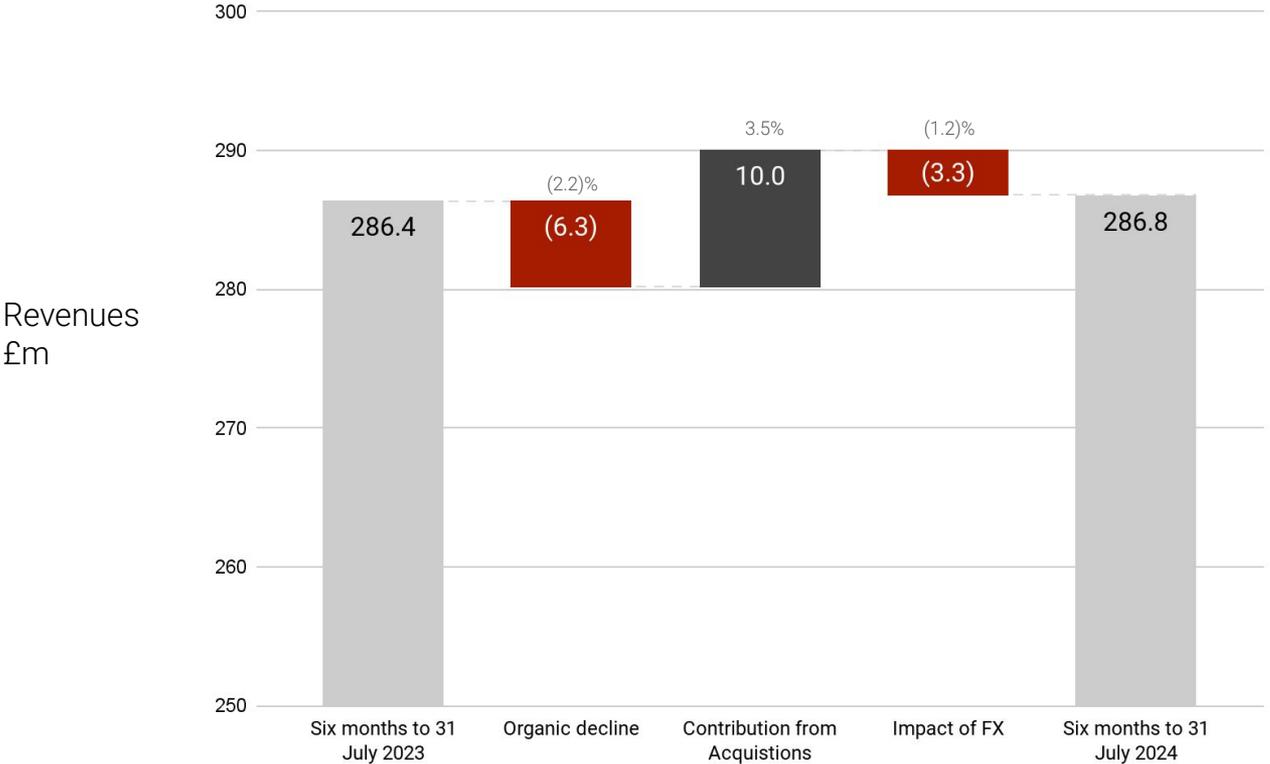
FINANCIALS IN DETAIL

INTERIM RESULTS : SEPTEMBER 2024

ADJUSTED P&L

£M	H1 FY25	H1 FY24	Growth/(Decline) %
Net revenue	286.8	286.4	0.1%
Organic revenue decline	(2.2%)	(1.0%)	
Operating profit	48.1	57.0	(15.6%)
Operating margin	16.8%	19.9%	
Profit before tax	45.7	55.6	(17.8%)
Tax	(12.4)	(15.0)	
Minorities	(1.5)	(1.0)	
Profit after tax	33.3	40.6	
Diluted EPS (p)	30.3	37.9	(20.1%)
Total dividend per share (p)	4.75	4.75	

REVENUE BRIDGE



The average USD rate in H1 FY25 was 1.268, compared to 1.244 in H1 FY24.

SEGMENTAL

Operation	Net revenue H1 FY25 £M	Organic Growth/ (Decline)	Operating Profit £M	Margin H1 FY25	Margin H1 FY24
Customer Insight	27.9	(6.8%)	3.1	11.0%	17.2%
Customer Engagement	134.3	(1.0%)	26.6	19.8%	20.2%
Customer Delivery	55.0	6.9%	12.0	21.8%	27.3%
Business Transformation	69.6	(8.9%)	16.5	23.7%	29.7%
Head Office	-	-	(10.1)	-	-
Total	286.8	(2.2%)	48.1	16.8%	19.9%

CASH FLOW

£M	H1 FY25	H1 FY24
Inflow from operating activities*	51.3	61.6
Working capital	(31.9)	(23.6)
Net inflow from operations	19.4	38.0
Tax	(13.3)	(13.8)
Net capex	(3.3)	(3.1)
Acquisitions	(61.9)	(57.6)
Acquisition of own shares	(5.3)	-
Other cashflows**	(9.0)	(11.2)
Increase in net debt	(73.4)	(47.7)
Net debt closing	(74.8)	(21.6)

*Adjusted to reflect the employment linked earnout payments as acquisitions

** Other cashflows includes interest, dividends, repayment of lease liabilities and exchange gains/losses

ESTIMATED EARN-OUT COMMITMENTS

	31 Jul 2024 £M	31 Jan 2024 £M
FY25	0.6	58.7
FY26	48.6	46.4
FY27	42.2	43.6
FY28	28.1	28.6
Total	119.5	177.3

ADJUSTMENTS

£M	H1 FY25	H1 FY24
Adjusted profit before tax	45.7	55.6
Costs associated with the current period restructure	(4.2)	(1.4)
Deal costs	(0.2)	(0.2)
Charge for one-off employee incentive schemes	-	(5.2)
Acquisition accounting related costs	(7.9)	(24.5)
Statutory profit before tax	33.4	24.3

CAPITAL ALLOCATION PRIORITIES

CAPITAL ALLOCATION PRIORITIES UNCHANGED

Continue to prioritise investment in internal capabilities

Leverage will remain within target levels (net debt below 1x EBITDA)

Disciplined approach to bolt-on M&A to enhance key business areas

Surplus cash to be returned to shareholders via dividends & share buybacks

Share price will determine whether earn-outs are paid in cash

MACH49 SO FAR AND GOING FORWARDS

Acquired in September 2020 with initial revenues ~\$14m and 10% margin. We made an initial payment of \$4.7m on completion.

By the end of this fiscal year we anticipate the business will have generated approximately \$124m in after-tax profits for the Group and that we will have paid out \$127m in total consideration payments. The Group will have claimed \$2.8m in cash tax deductions through the amortisation of the consideration by end of FY25 and will derive an additional expected cash saving of \$55.5m in reduced tax payments over the next 11 years.

Going forward, we expect Mach49 to deliver at least \$30m in revenues at a 30% margin, excluding any further revenue from the Bridge client. The remaining earn-out obligation of an estimated \$105m will be payable over the next three years.

Assuming an average annual growth rate of 10% and taking tax amortization deductions into account, we expect payback within the next 8 years on the \$105m remaining payments.

OPERATIONAL PROGRESS

THE NEXT NEXT 15

Earlier this year, Next 15 undertook a detailed review of its operations and strategic options. This showed our market opportunity was huge but that we needed a simpler operating model to execute. It also showed that our market cap significantly undervalues the underlying businesses.

Key challenges that the review identified are:

- We need to accelerate introduction of services that lean into an AI-powered future

- Operating model is driving up HO expenses

- Our structure doesn't optimise for client synergies

- Investors find it hard to understand our model

THE NEXT NEXT 15

A new route to **growth**

Our decentralised model redefined and improved

Widespread adoption of automation and tech-led services - we're tracking 130+ AI projects and products across Next 15

AI products such as mAlstro that will act as the 'operating system' for core businesses

Combining to create scale where we see big opportunities



Synthetic Personas



mAlstro



**AI-powered campaign
planning**

IN PRACTICE

Delivering Growth

Invest in emerging client needs
eg retail media and influencer
marketing

Lean into AI product
development

Develop client synergies

Continue strategic bolt-on
acquisitions

Brand simplification

Delivering Cost control

HO simplification

Brand simplification

Focus on gross margins

Offshoring & automation

TRADING ENVIRONMENT

We are anticipating a continuation of the current environment within the technology sector. We do expect margin improvements from several businesses as the effects of changes made in H1 to their operating models are realised

	FY25 H1 % Share of Group Net Revenue	FY24 H1 % Share of Group Net Revenue	Organic Growth
Technology	29%	34%	(13%)
Healthcare	6%	5%	12%
Professional & Financial Services	29%	27%	6%
Public Sector	7%	10%	(28%)
Consumer Passions	23%	19%	16%

CLIENTS: ANALYSIS

Client wins:



Expanded briefs:



A selection of the Group's top 10 clients (excluding large M49 client) in H1 FY25¹:



Contribution of top 5 clients² to H1 revenue - 11%

Contribution of top 10 clients² to H1 revenue - 16%

Average tenure of top 20 clients² - 7 years

¹ Two clients cannot be named for confidentiality reasons. One is a technology client and one is in the healthcare sector

² Data quoted is for top 5, 10 or 20 clients of the Group excluding the large M49 client

ACQUISITION STRATEGY AND PROGRESS



(completed in August)

Continue to make bolt-on acquisitions for our businesses at attractive multiples; multiple range of 3.75 - 5.5x for acquisitions in H1

Bolt-on acquisitions in year enhance offering of the acquiring brand and bring new clients

Expect these acquisitions to add £13m net revenue in FY25; annualised impact of £21m net revenue

OUTLOOK

Looking forward we are confident of meeting the recently revised market expectations which followed the news about the large contract in Mach49 ending earlier than anticipated.

APPENDICES

NEXT15 BOARD



Tim Dyson
(CEO)



Peter Harris
(CFO)



Jonathan Peachey
(COO)



**Penny
Ladkin-Brand**
(Chair)
Pricing



Robyn Perriss
(Audit)
Governance



Helen Hunter
(Rem)
Data Insight



Dianna Jones
(ESG)
B Corp



Paul Butler
(ESG)
Business
Transformation

REGIONAL

Operation	Net revenue H1 FY25 £M	Organic Growth/ (Decline)	Operating Profit £M	Margin H1 FY25	Margin H1 FY24
US	146.9	0.4%	35.4	24.1%	30.1%
UK	125.9	(5.3%)	20.6	16.4%	17.5%
APAC	8.2	(0.1%)	1.0	11.7%	8.6%
EMEA	5.8	(3.4%)	1.2	21.1%	23.1%
HEAD OFFICE	-	-	(10.1)	-	-
Total	286.8	(2.2%)	48.1	16.8%	19.9%

BALANCE SHEET SUMMARY

£M	31 July 2024	31 July 2023
Intangible assets	275.9	261.0
Non-current assets	89.5	102.9
Current assets	224.2	193.2
Non-current liabilities	(199.5)	(189.3)
Current liabilities	(220.2)	(250.7)
Net assets	169.9	117.1
Share capital	2.5	2.5
Reserves	166.1	114.1
Minorities	1.3	0.5
Total equity	169.9	117.1
Net debt	74.8	21.6