NEXT Manufacturing Limited: 02570801

Section 172 Statement

This section describes how the directors have engaged with and considered the interests of our key stakeholders when exercising our duty to promote the success of the Company under section 172(1) of the Companies Act 2006.

References to Group refer to the wider NEXT plc Group structure (hereafter the "Group" or "NEXT").

The Company is a wholly-owned subsidiary of NEXT Holdings Limited. Its purpose is to manufacture furniture for sale in store and online. Therefore the Company considers that, indirectly, its key stakeholders reflect those of NEXT plc. The Company has no direct external debt funding and it therefore considers its relationships with its workforce, customers and suppliers to be of direct relevance and long term importance to its long-term success.

Relationship and engagement with stakeholders

Employees

Our current executive directors have extensive knowledge of the business as well as an acute insight into the mood, culture and views of their colleagues. All of our executive directors have a high degree of personal oversight and engagement in the business. This is complemented by active engagement between our colleagues and non-executive directors and regular workforce updates to the Group, ensuring a well rounded view of the workforce. The directors also engages in the following ways:

- Annual Business Review Meetings.
- Reviewing the output of employee engagement surveys and agreeing follow up actions.
- Overseeing organisational - wide talent review and development
- Presentations on performance and business priorities from the Chief Executive and the Chief Financial Officer to our workforce following the announcements of our key trading results.
- Visits to retail stores and warehouses, providing an opportunity to meet a wide range of our workforce.

Business Review Meetings

The Company's chosen workforce engagement mechanism, Business Review Meetings, provide an opportunity for employees to meet with the Board, helping them to stay connected to the direction of the Company and be involved in business decisions. During the year, the Chief Executive, our HR Director and workforce representatives for each division of the business attended meetings offering our employees the chance to voice their opinions on issues of importance to them. Following discussion on the key issues in different parts of the business, which included international growth, AI, cyber-security and local environment/benefits, actions were agreed and feedback was reviewed by the Board. Agreed actions from matters raised in 2025/26 included:

- Enhanced healthcare and wellbeing benefits - a new private health insurance plan has been introduced for over 5,000 of our employees.
- Developed AI guidance to improve usage across teams - this includes hints and tips to use AI in an efficient manner to avoid wastage.

Our Business Review Meetings were complemented by Your Team Voice meetings which take place regularly throughout the year. Each business function and area has a nominated Your Team Voice representative, and employees can submit questions to Business Review Meetings via Your Team Voice meetings. One purpose of Your Team Voice meetings is to agree initiatives arising from the Business Review Meetings.

Employee engagement surveys
Our Group wide employee engagement survey, 'Your Voice Counts', spans the majority of our business. The survey, conducted anonymously using a third-party tool, was sent to approximately 42,000 employees and the Company's engagement score was marginally higher than the prior year. Employees identified that our main strengths as a Group are recognition for performance and championing equality and health. Wellbeing remains an area of focus for our people and we encourage our managers to make it an every day part of their role, supported by awareness campaigns and access to wellbeing resources on our dedicated intranet site, which are available to all NEXT colleagues. The directors considered the results of the survey as well as the initiatives planned to address the themes raised.

Continuous performance management and feedback
Our online performance and development tool provides a forum for positive and constructive feedback by individuals, peers and managers. Our HR Director presented at a directors meeting during the year to provide an update on employee-related matters, including workforce engagement, culture, diversity and inclusion, talent development and succession planning.

The directors considers that, taken together, these arrangements deliver an effective means of ensuring the directors stays alert to the views of the workforce. With regard to health, safety and wellbeing, during the year the Audit Committee received an update on safety performance, safety risk management and mental health wellbeing initiatives.

Suppliers
Throughout the year the directors approved major contract renegotiations and strategy with key suppliers, notably with providers of warehouse services and certain landlords. We balanced the benefits of maintaining strong partnerships with key suppliers alongside the need to obtain value for money for our investors and excellent quality and service for our customers.

Customers
As a large retail business, our focus is on providing product choice, quality and value and excellent customer service for our customers. The sentiment of customers can be seen in the Company's underlying sales performance figures, which the directors reviews regularly. The executive directors provide updates to the Group on their perceptions and the market view of consumer sentiment. The interests of customers are considered in key decisions, e.g. relating to: store portfolio changes; selection of product lines including third-party brands; selection and monitoring of suppliers to ensure quality and safety standards are met whilst also providing value; freight and logistics arrangements to maximise efficiencies from order to delivery; the availability of customer credit products; and the development of the NEXT Online platform. With the interests of customers in mind, during the year the directors reviewed proposals in respect of capital expenditure on warehouses, major freight forwarding and customer order delivery contracts and received a number of updates on the Group's supply chain.

Regulators
NEXT manages its tax affairs responsibly and proactively to comply with tax legislation. The Company's approach is to seek to build solid and constructive working relationships with all relevant tax authorities. NEXT's UK tax policy can be found at nextplc.co.uk and was reviewed and approved by the directors during the year. This policy outlines that the Company engages with HMRC constructively, honestly and in a timely and professional manner, and seeks to resolve disputed matters through active and transparent engagement. Engagement with HMRC is led by the Company's in-house tax team of qualified tax professionals. The Chief Financial Officer provides regular updates to the directors on tax matters.

Debt capital/credit facility providers and credit reference agencies
The Chief Financial Officer and the Company's Treasury team are responsible for managing the relationships with our banks, bond investors and credit rating agencies, and the management of the Group's cash/debt and financing activities. The Chief Financial Officer provides regular reports to the directors on these activities including the Company's access to liquidity, monitoring the headroom and

maturity schedules of our primary credit facilities and future financing plans. The Group approves the Company’s Treasury Policy annually.