

A woman with long, wavy brown hair is smiling broadly, showing her teeth. She is wearing a light blue, double-breasted suit jacket with large lapels and two rows of buttons. She is also wearing a matching light blue skirt or pantsuit. Her accessories include a gold necklace with a small pendant, a gold bracelet on her right wrist, and a ring on her left hand. The background is a bright, clear blue sky with some white architectural elements visible on the left side.

ANNUAL REPORT
& ACCOUNTS

JANUARY 2026

NEXT

Strategic Report

3	Chairman's Statement
4	Chief Executive's Review
66	Business Model
68	Key Performance Indicators
70	Risks and Uncertainties
79	Viability Assessment
81	Corporate Responsibility
101	Section 172 Statement
106	Non-Financial and Sustainability Information Statement

Governance

110	Directors' Biographies
112	Directors' Responsibilities Statement
113	Corporate Governance Report
126	Nomination Committee Report
129	Audit Committee Report
138	Remuneration Report
170	Directors' Report
172	Independent Auditors' Report

Financial Statements

Group Financial Statements

181	Consolidated Income Statement
182	Consolidated Statement of Comprehensive Income
183	Consolidated Balance Sheet
184	Consolidated Statement of Changes in Equity
186	Consolidated Cash Flow Statement
187	Group Accounting Policies
202	Notes to the Consolidated Financial Statements

Parent Company Financial Statements

247	Parent Company Balance Sheet
248	Parent Company Statement of Changes in Equity
249	Notes to the Parent Company Financial Statements

Shareholder Information

254	Half Year and Segment Analysis
255	Five Year History
256	Glossary
261	Notice of Meeting
268	Other Shareholder Information



FINANCIAL HIGHLIGHTS

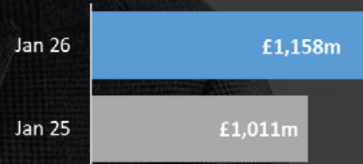
NEXT TOTAL GROUP SALES APM

£7.0bn



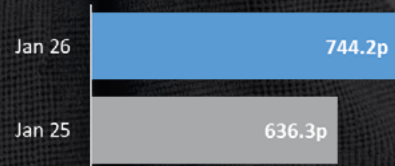
NEXT GROUP PBT APM

£1,158m



NEXT GROUP POST-TAX EPS APM

744.2p



FINANCIAL HIGHLIGHTS ON A STATUTORY BASIS

	Jan 26	Jan 25
Total Revenue (£bn)	6.9	6.1
Profit before tax (£m)	1,193	987.0
Basic Earnings Per Share (p)	760.1	615.1

APM Alternative Performance Measures as defined in the Glossary on pages 256 to 260.



STRATEGIC REPORT

3	Chairman's Statement
4	Chief Executive's Review
66	Business Model
68	Key Performance Indicators
70	Risks and Uncertainties
79	Viability Assessment
81	Corporate Responsibility
101	Section 172 Statement
106	Non-Financial and Sustainability Information Statement

CHAIRMAN'S STATEMENT

The year ending January 2026 was a very good year for NEXT. Group profit before tax of £1,158m¹ was up +14.5% and Earnings Per Share² (EPS) grew by +17.0%. Cash flow remained strong and we returned £839m to shareholders through a combination of dividends (£286.5m), share buybacks (£131.4m) and the B Share Scheme capital distribution (£421.5m).

A detailed analysis of our performance in 2025/26 and our outlook for the year ahead are covered in the following pages. In this statement, I would like to update on several changes made to our Board.

Jane Shields is retiring after 40 years of outstanding service, including 13 years on the Board. Her journey from Sales Assistant to Group Sales, Marketing and HR Director exemplifies NEXT's strong culture of investing in its people and promoting from within. I would like to express our deepest gratitude to Jane for her exceptional leadership and remarkable dedication throughout her career with NEXT.

Jonathan Bewes reached the end of his nine-year tenure during the year and will step down at our 2026 AGM. On behalf of the Board, I would like to convey our thanks to Jonathan for his diligence and expertise in leading our Audit Committee, and his wise counsel as the Board's Senior Independent Director (SID).

We have welcomed Annette Court and Jeni Mundy onto the Board as independent non-executive directors. Annette will take over Jonathan's role as SID.

I also reached my ninth anniversary on the Board in February 2026. The Nomination Committee has undertaken a thorough review of my independence and the Board has recommended an extension of my tenure of up to 18 months to facilitate a smooth transition for the aforementioned changes. You can read more about this on page 126.

Our performance, as ever, remains a direct result of the hard work and dedication of the NEXT team. I would like to express my sincere thanks to colleagues across the Group for their effort, talent and dedication.



Michael Roney

Chairman

26 March 2026

¹ NEXT Group profit before tax excludes: (1) the cost of brand amortisation, (2) the profit attributable to shares that we do not own in subsidiary companies, (3) an exceptional £16m gain from the sale of land in November 2025 and (4) profit from this year's 53rd week. Note, last year also excluded an exceptional, non-cash, loss relating to the closure of our defined benefit pension scheme. See page 59 for a bridge between NEXT Group profit and statutory profit, and Note 1 of the financial statements for details.

² All references to EPS in the Chief Executive's Review are 'Basic' EPS, based on 'NEXT Group profit', unless otherwise stated.

CHIEF EXECUTIVE'S REVIEW

TABLE OF CONTENTS

PART ONE - HEADLINES	5
PART TWO - THE BIG PICTURE	7
SALES INSIGHT – BY GEOGRAPHY AND BRAND	8
DEVELOPING GREAT PRODUCT	9
INTERNATIONAL GROWTH	14
CONTROLLING COSTS TO DELIVER GROWTH	17
NEXT'S APPROACH TO AI	18
ACCELERATING WAREHOUSE INVESTMENT	20
LONG TERM CAPITAL CONSUMPTION	22
THEN AND NOW	23
PART THREE - GROUP FINANCIAL PERFORMANCE AND GUIDANCE	24
GROUP SALES AND PROFIT SUMMARY	25
SALES AND PROFIT GUIDANCE FOR 2026/27	27
PART FOUR - RETAIL STORES, ONLINE, FINANCE, TOTAL PLATFORM & OTHER BUSINESS	30
NEXT RETAIL STORES	30
NEXT ONLINE UK	35
NEXT ONLINE INTERNATIONAL	39
NEXT ONLINE CUSTOMER ANALYSIS	41
NEXT FINANCE	42
INVESTMENTS AND TOTAL PLATFORM	45
OTHER BUSINESS ACTIVITIES	46
INTEREST, TAX AND ESG	50
PART FIVE - CASH FLOW, SHAREHOLDER RETURNS, NET DEBT & FINANCING	52
CASH FLOW	52
CAPITAL EXPENDITURE	54
DIVIDENDS AND SHAREHOLDER RETURNS	56
NET DEBT, BOND AND BANK FACILITIES	57

PART ONE HEADLINES

SUMMARY OF SALES AND PROFIT FOR 2025/26

Sales, Profit and Earnings Per Share (52 weeks vs 52 weeks)

	Jan 2026	Jan 2025	Var %
Total Group sales	£7,004m	£6,321m	+10.8%
NEXT Group profit before tax	£1,158m	£1,011m	+14.5%
NEXT Group profit after tax	£870m	£761m	+14.3%
NEXT Group post-tax Earnings Per Share	744.2p	636.3p	+17.0%

Statutory revenue and profit (53 weeks vs 52 weeks)

Statutory revenue	£6,901m	£6,118m	+12.8%
Statutory profit before tax	£1,193m	£987m	+20.8%

Sales and Profit for the Year to January 2026 (52 weeks)

- NEXT full price sales¹ up **+10.9%** and total Group sales² (including subsidiaries) up **+10.8%**.
- NEXT Group profit before tax **£1,158m**, up **+14.5%**. This is +£8m higher than our previous guidance due to better than expected full price sales in January, along with improved clearance rates in our end-of-season Sale.
- Post-tax Earnings Per Share (EPS) up **+17.0%**.
- The Company returned £421m (**£3.60** per share) to shareholders by way of a B Share Scheme, representing 3.6% of the Group's market capitalisation³.

¹ NEXT full price sales include all items sold in Retail Stores and Online plus NEXT Finance interest income, but excludes Sale events, Clearance, Total Platform commission and the sales from subsidiaries.

² Total Group sales are the sum of total sales (full price and markdown) from all of the Group's divisions plus revenue from subsidiaries and investments. See page 25 for a bridge between Group sales and statutory revenue.

³ Based on the average share price during February 2025.

GUIDANCE FOR THE YEAR TO JANUARY 2027

- Guidance for full price sales growth in the year ahead maintained at +4.5%.
- NEXT Group pre-tax profit guidance increased to **£1,210m**, up **+4.5%**. This is £8m higher than the guidance given in January due to the increase in the base profit mentioned above.
- We anticipate returning £500m of cash to shareholders through share buybacks, special dividends or capital return.

EARLY TRADE AND THE IMPACT OF CONFLICT IN THE MIDDLE EAST

Sales in the first eight weeks of the year were encouraging in the UK; they were also strong overseas up to the point the conflict began in the Middle East.

Looking forward, we have not yet reached the period of unusually strong UK trading we experienced last year and, perhaps more importantly, instability in the Middle East – which represents around 6% of our total turnover – may continue to restrain growth in that region. It is also likely to have knock-on effects on costs, selling prices and consumer demand in the rest of the business.

We have accounted for £15m of additional costs that are likely to arise from the conflict, such as fuel and air freight, on the assumption that the disruption lasts *for three months*. These costs have been offset by savings elsewhere, so do not affect our guidance. Beyond the next three months, if we see these costs persist, then we will begin to pass costs through as higher pricing – but for today that remains a contingency not a plan.

At this point, the longer term implications of the conflict are uncertain, and NEXT is not well placed to make predictions. As yet, we have no feel for the medium-term effects on supply chain resilience, freight rates, factory gate prices and consumer demand. Much will depend on how long the conflict persists, and how much permanent damage is done to the world's energy infrastructure. We will give a more detailed update with our first quarter Trading Statement on 6 May. We believe we will have a much clearer picture by then.

In summary: In the short term there is a £15m cost to the Company, offset by savings elsewhere; in the longer term, and if the conflict persists, the costs are likely to be reflected in higher prices to consumers and disruption to our supply chain, both of which are likely to suppress sales.

For detailed guidance, see page 27.

PART TWO

THE BIG PICTURE

An exceptional year... follow that

Last year was exceptional. Sales were up +10.8%, profit up +14.5%, EPS up +17.0%. A good year in a retail business is gratifying, but also daunting. Ultimately, we are measured against our own performance last year; the better the year, the tougher the 'competition'. The questions that matter now are: how did we achieve that growth, and which avenues of growth can we develop in the year ahead?

Advancing on two fronts – product and international

NEXT advances on two fronts. First, we continue to improve and broaden our **product offer** – within the NEXT brand, other wholly-owned brands, and the third-party brands we sell. Second, we continue to drive growth in our **international business**, through better functionality and more effective marketing.

That growth will need continued investment in our warehouses, development of our software and improved customer services. And all these activities must be accompanied by rigorous control of costs, net margins and return on capital.

Cost control as an engine of growth

Controlling costs is often underestimated. It sounds like the icing on the cake; it is not. Controlling costs delivers the margins required to invest in the marketing and infrastructure that drives growth – it serves the top line as much as the bottom line.

Follow the money

Sales growth must achieve one overarching financial goal: the delivery of sustainable long term growth in earnings and dividends per share. *Every* activity we undertake – from new warehouses and marketing campaigns to the launch of new brands – must be assessed in terms of profitability and return on investment. We do not indulge in projects that some might think are 'strategic', but offer little hope of high returns or healthy margins.

In short, the Company grows by following the money.

Simple, but not easy

Improve our product offer, grow overseas, develop our platforms, control costs, make margin, and follow the money. It sounds simple, and it is, but it's not easy. A good plan is only 10% of the battle, the rest is execution. And great execution cannot be willed from on high, it requires people capable of thinking and acting for themselves at every level, and that is what NEXT aims to be: an organisation that can move fast, take decisions, and get things done.

We do not always achieve that ambition, but our aim is clear: at NEXT, whatever your role or level, you should be making decisions; if you are not, the chances are you are not doing it right.

A guide to the rest of the Big Picture

The rest of this section starts by giving a detailed insight into our sales growth (page 8). It then explains how we are improving our product ranges (page 9) and driving growth overseas (page 14). We explain why controlling fixed costs will be central to driving growth (page 17), and how AI can – amongst other things – help in that task (page 18). Recent growth means we must accelerate our warehouse investment programme (page 20) but acceleration in capex is consistent with the Group's long term rate of capital consumption (page 22).

SALES INSIGHT – BY GEOGRAPHY AND BRAND

The three tables below give much insight into NEXT’s business. They show the relative size of our business segments, and where growth has been generated. The three tables show:

- (1) Sales **participation** by segment – the percentage of full price sales generated from each area.
- (2) **Percentage growth** rates of each segment.
- (3) **Cash growth** delivered by each segment.

In each table, the columns show the three categories of product we sell: NEXT, wholly-owned brands & licenses (WOBL), and third-party brands. The rows show sales (excluding finance income) by channel and territory.

One insight demonstrates how the tables can be read together: International sales were up +35% and grew much faster than sales in the UK (+7%). But in *cash* terms they contributed more evenly to growth, with international up by £297m, versus the UK up £254m.

FULL PRICE SALES PARTICIPATION %

Full price sales participation	NEXT brand	WOBL	3rd Party	TOTAL
UK Retail Stores	30%	< 1%	1%	32%
UK Online	26%	4%	16%	46%
Total UK	56%	5%	17%	78%
International NEXT websites	10%	1%	3%	15%
International 3rd Party Aggregators	6%	1%	0%	7%
Total International	16%	3%	3%	22%
GRAND TOTAL (UK & International)	73%	7%	20%	100%

FULL PRICE GROWTH RATE %

Full price sales: % growth vs last year	NEXT brand	WOBL	3rd Party	TOTAL
UK Retail Stores	+3%	+7%	+21%	+3%
UK Online	+6%	+26%	+9%	+9%
Total UK	+4%	+25%	+10%	+7%
International NEXT websites	+21%	+63%	+49%	+29%
International 3rd Party Aggregators	+30%	+364%	-	+46%
Total International	+24%	+128%	+49%	+35%
GRAND TOTAL (UK & International)	+8%	+49%	+14%	+12%

FULL PRICE CASH GROWTH £M

Full price sales: £m growth vs last year	NEXT brand	WOBL	3rd Party	TOTAL
UK Retail Stores	+45	+1	+11	+57
UK Online	+81	+47	+69	+197
Total UK	+125	+49	+80	+254
International NEXT websites	+97	+30	+49	+176
International 3rd Party Aggregators	+74	+47	-	+121
Total International	+170	+78	+49	+297
GRAND TOTAL (UK & International)	+296	+126	+129	+551

DEVELOPING GREAT PRODUCT

THE NEXT BRAND

Our aims remain clear: backing newness, improving quality and more choice.

Backing newness

Gone are the days when this season's trials were next year's best sellers. Today, if you test, then wait-and-see, you will wait too long and miss out. In almost all categories, this year's best-selling items were new to our ranges.

Delivering that newness means scouring the world for inspiration – seeking out the latest fabric developments, artwork, colours and shapes. We must then decide which trends matter and back them with conviction, and in depth. That requires great talent, hard work and, perhaps most of all, courage.

Improving quality

The table below compares price inflation in like-for-like⁴ items to the change in the average selling price (ASP) of items sold. The difference reflects a gradual but meaningful shift in customer preferences – they are choosing to buy slightly fewer, higher priced, better quality items.

NEXT Fashion only	Jan 2025	Jan 2026	Jan 2027 (e) ⁵
Price inflation on like-for-like garments	- 2.3%	+0.9%	+0.6%
Average price of garments sold	+0.6%	+3.4%	+2.2%
Shift in ASP resulting from change in customer preference	+2.9%	+2.5%	+1.6%

This trend to better quality plays to NEXT's strengths; it enables us to invest in better fabrics, yarns and prints. We have worked to improve the quality of products across the board, from entry-level prices through to the top end of our ranges. Perhaps surprisingly, some of the most successful investments in better quality have been upgrading entry-level products *without* increasing price. At the other end of the spectrum, we have successfully introduced new premium qualities, at higher selling prices than we offered before – potentially attracting new customers to the NEXT brand.

Fabric first

Over the last couple of years, we have learned an important lesson: we can significantly improve the quality of our ranges by working directly with mills, spinners and wash houses, long before designing any individual garments. Where we have done it well the results have been transformative, and we can do much more of this 'fabric-first' development going forward.

More choice

The NEXT brand serves a wide range of customers – different ages, different fashion attitudes, different budgets. *All* of them value the NEXT promise of outstanding design, excellent quality, and good value for money. Each of the initiatives above – newness, quality, fabric development – gives those different customers a little more of what they want.

⁴ Items which are virtually the same as last year.

⁵ The estimate is based on our buy.

Great people

It is talented and decisive people that make all this happen and we place great emphasis on developing and promoting from within – the majority of our Senior Product Managers started at Trainee level. Developing excellence is central to our success because in critical product roles – and across the Group – 'OK' is not good enough, a safe pair of hands will simply never deliver the innovation we need.

Speed to market and productivity

Over the last three years we have made significant improvements to our in-house Product and Data management systems. This has allowed us to introduce a new workflow system and use AI to assist with sales forecasting, sizing ratios and optimising markdown prices.

The challenge now is to make sure that we get a return on the investment in these systems – getting products faster to market and increasing our productivity. For example, we believe we can be much faster in taking ideas from selection to the point at which the manufacturer has a firm contract for production; reducing the time taken to approve prices, fits and quality approvals, from seven to four weeks.



WHOLLY-OWNED BRANDS AND LICENSED PRODUCTS

Reaching customers beyond the NEXT brand

Our wholly-owned brands and licences (WOBL) aim is to serve a different part of our existing customers' wardrobes and attract customers who might not normally shop with NEXT. WOBL brands are bought at NEXT's risk and make full margin; they fall into two categories:

- **Wholly-owned brands** – Brands we have created (like Love & Roses, and The Set) or names we have acquired (like MADE, Cath Kidston, Russell & Bromley).
- **Licences** – Where we manufacture product categories under licence from independent brands.

An exceptional year

WOBL full price sales were up +25% in the UK, and +128% overseas. Growth was driven by improvements in our existing brands, the addition of new brands, and a drive to make many more WOBL brands available overseas.

WOBL full price sales	Jan 2026	Jan 2025	Growth %
Total UK	£247m	£199m	+25%
International Direct	£78m	£48m	+63%
International Aggregators	£61m	£13m	+364%
Total International	£138m	£61m	+128%
WOBL TOTAL	£386m	£259m	+49%

Net margin

Overall WOBL net margins, after allocating all fixed overheads, were flat on the prior year at 18.3%. In the UK, leverage over fixed overheads enabled us to increase net margins by +0.8% to 16.3%. Overseas, we managed our net margins down from 27% to 22%. This planned reduction in net margin was designed to drive growth through more competitive prices.

Challenges of managing WOBL brands

In our last report we explained at some length how we manage these brands and how they compare to the NEXT brand, in terms of fashion and price. Three points are worth re-emphasising:

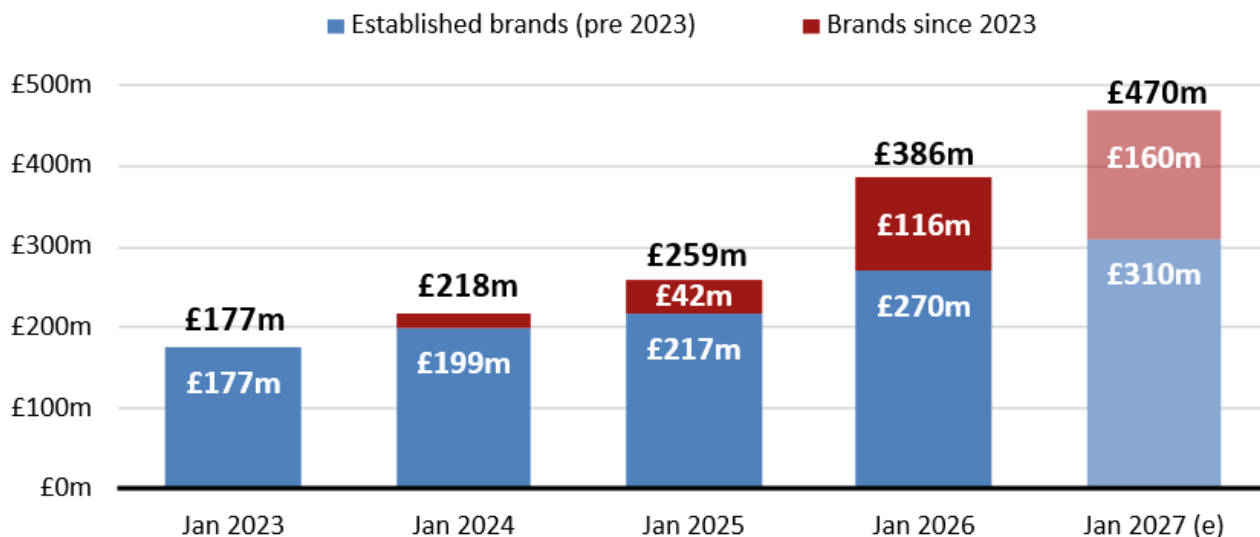
- Success is dependent on finding **talented teams** with a clear vision for a brand that genuinely offers **something different**.
- We are determined to avoid the '**Play-Doh**' effect: where brands that start life brightly distinct, then gradually descend into a mush of similarity (in Play-Doh, without care, it all ends up as crusty brown).
- To preserve this distinctiveness, we manage each brand through **independent teams** with their own measure of success (sales and profitability). Individual brands do not have access to each other's commercial information.

By the end of the current year, we will have launched three new wholly-owned brands, including the newly acquired Russell & Bromley.

Established WOBL brands still growing, new ones are adding sales on top

The ten brands we had established before 2023 have grown from £177m to £270m and continue to grow despite the addition of new brands and licences. The 29 brands launched since have added a further £116m of revenue, with recent cohorts still in their infancy and growing rapidly.

WOBL Full Price Sales History: Established and Recent Brands



Some failures along the way

Of course, we have had some failures and false starts, closing one brand altogether and exiting some smaller licences. Failures are fine *if* they are dealt with quickly; the cost of a failure is around £3 million; a success is worth tens of millions, as can be seen above.

The development of licences

The aim of our licence business is to marry our product sourcing skills with the design inspiration of independent brands. This works well in areas such as childrenswear and swimwear, which require specialist production and quality standards. The table below shows the main product categories for licences with at least two years' trading history.

Five year growth in full price sales	Jan 2021	Jan 2026	£m Var	5 Year CAGR
Childrenswear	£7.4m	£59m	+£52m	+52%
Swimwear, nightwear & lingerie	£0.2m	£19m	+£19m	+148%
Home textiles and hard goods	£0.1m	£10m	+£10m	+189%
Home furniture	£0.0m	£9m	+£9m	New
Total	£7.7m	£98m	+£90m	+66%

The rationale for developing WOBL – small company brands, big company infrastructure

Increasingly we think of the Product side of the NEXT business as a Content Creation business. A launchpad for new and developing brands, providing brilliant product people and innovative brands with an environment in which they can flourish.

Within the NEXT environment, Brand and Licence teams can focus on the development of outstanding product, branding and photography. The Group provides a trading platform that would take many years and hundreds of millions of pounds to build – websites, warehouses, technology, data, and instant access to NEXT's 16m customer base.

THIRD-PARTY BRANDS

Third-party brands also had a good year. Overall full price sales grew by +14%, with +10% in the UK and +49% overseas. This growth added £129m to revenue, just under 25% of our total growth.

Focus on the most important brands

During the year we worked with our most important brands to improve their product selection and stock availability; and it was the improved performance of these key brands that drove growth, not the addition of new brands.

Third-party brands overseas

Third-party brands now represent 19% of the turnover on our direct (nextdirect.com) sites. Growth was accelerated by two factors: (1) making more third-party brands available overseas, and (2) offering a broader range of products from the brands we were already selling.

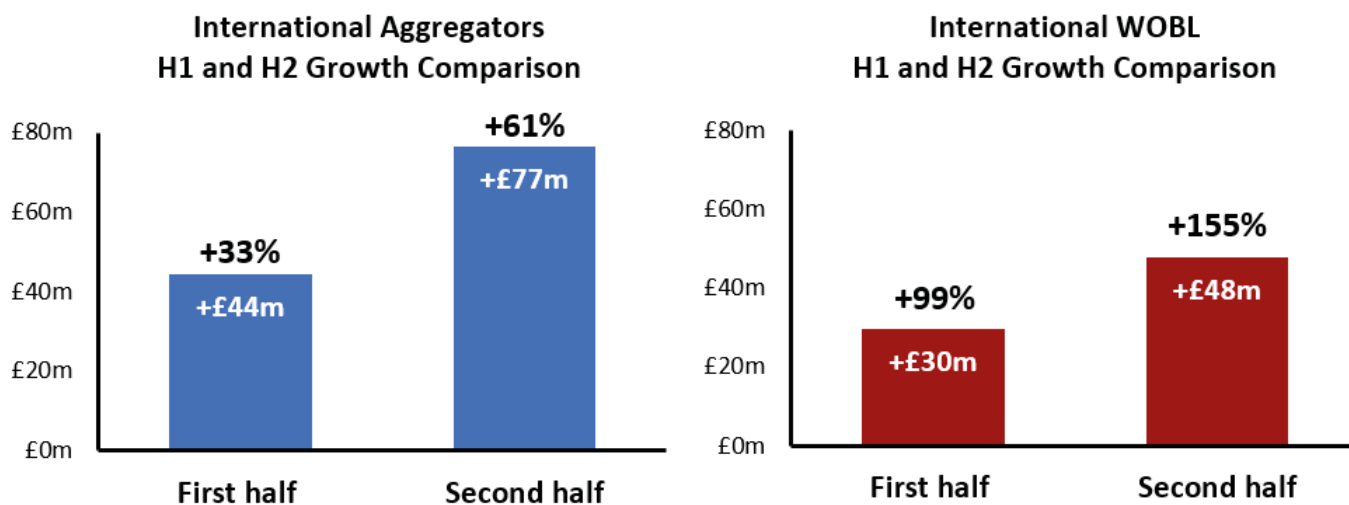
INTERNATIONAL GROWTH

The exceptionally strong growth in international sales this year has taken us by surprise. We believe this growth has been the result of five factors:

- Additional **profitable marketing** expenditure for our international websites.
- Improved **website functionality** and in-country **services**.
- Increased availability of **WOBL** and **third-party** products.
- The consolidation of our European operations into **ZEOS**⁶, which materially improved the availability of our product ranges on Zalando.
- The addition of two **new overseas aggregator** partners.

Two exceptional factors that will annualise in the year ahead

The graphs below show the sales growth for third-party aggregators and WOBL in the first and second half respectively. The transition to ZEOS took place in August, and availability of WOBL brands improved significantly in May. The result was a step change in performance for both areas in the second half. Both these one-off gains will annualise as the year progresses, and we anticipate a slowdown in international growth rates when they do.



⁶ ZEOS is the third-party warehousing and distribution business operated by Zalando. Through ZEOS, we consolidated the stockholding used to service Zalando's and NEXT's European websites.

WEBSITE FUNCTIONALITY AND OTHER SERVICES

We continue to improve the functionality of our international websites and the services they provide.

The table below shows the progress made over the last 12 months. It shows the percentage of the clothing markets⁷ in which we operate where we have relevant functionality/services. The final column shows the percentage of our business taken in the countries with the relevant function. For example, we have optimised the *product listing page* for 65% of the markets in which we operate which, between them, account for over 94% of our overseas business.

	Total Countries (Total 83)	% of markets we serve TODAY	% of markets we served 6 months ago	% of markets we served 12 months ago	% of NEXT Int. sales Jan 26
Local currency	83	100%	100%	70%	100%
Local language address & registration	67	75%	70%	50%	99%
Local returns solution	40	55%	55%	45%	96%
Optimised product listing page	75	65%	55%	20%	94%
Appropriate local sizing convention	80	75%	70%	15%	99%
Apple Pay Express	47	60%	25%	15%	85%
Parcel shop solution	16	15%	5%	5%	43%
Marketing expenditure >5% of sales	54	40%	30%	25%	82%

KEY: >30% >70%

Improved functionality enables more marketing expenditure

If our website works well, conversion rates⁸ improve, and the return on investment in marketing increases, enabling us to increase the amount we spend. The final row of the table shows the number of countries where we profitably spend more than 5% of sales on marketing.

Functionality gains becoming more marginal... but benefiting harder to reach markets

We have prioritised improvements in our biggest markets. As time moves on, improvements push into territories with lower sales, so gains become more marginal. However, these improvements, when combined with marketing, have meant that we are now gaining traction in territories that had previously seemed impenetrable. The table below gives our growth by region, with strong gains in all regions.

NEXT Direct: Full price sales £m	Jan 2026	Jan 2025	Var %
Europe	349	261	+34%
Middle East	327	260	+26%
Rest of World	100	79	+27%
Total full price sales	776	600	+29%

⁷ International online market size estimates obtained from GlobalData and Statista for 2025 (total clothing, footwear and accessories). Numbers are rounded to the nearest 5%.

⁸ Conversion rate: the percentage of people arriving at the site who place an order.

OVERSEAS MARKETING

More than any other factor, higher spending on profitable marketing has driven growth overseas. We estimate that around 22% of our 29% growth in our direct business was driven by marketing.

The table below shows expenditure rising over the last three years from £23m to £69m. The third row shows our key performance measure – the *incremental* cash profit (before marketing and fixed costs). We do not accept a cash return of less than £1.50 for every £1 spent; and, because we are not cash constrained, as long as we exceed that hurdle, we continue to increase expenditure.

International marketing history	Jan 2024	Jan 2025	Jan 2026
International digital marketing expenditure	£23m	£43m	£69m
% of NEXT Direct sales	4.4%	6.6%	8.0%
Incremental cash profit per £1 spent on advertising (ROI)	£2.08	£1.70	£1.75

Returns on investment maintained, despite rising expenditure

Normally, such a steep increase in spend would result in a material decline in ROIs. Yet, despite increasing expenditure, ROIs have remained strong. Over and above the gains from improved website functionality, there are three main enablers of higher spending and strong ROIs:

- **Better advertising** through closer collaboration with key media partners, improved product relevancy by territory, slicker handover from ads to websites, and better measurement of genuinely incremental sales.
- **Expansion into new territories**, and deeper penetration in territories where we had previously had only moderate success.
- Increased **marketing team resource** and **improved terms** with key media suppliers.

Are we setting marketing ROI hurdle rates too high?

At £1.50 return, some might ask why our marketing hurdle rate is so high? There are two reasons to treat this number with caution:

The difficulty in measuring incremental returns

It is very difficult to measure the incremental returns from digital marketing. There is an irony here – the more accurately we target customers who want to buy a particular product from NEXT, the more likely they are to buy it anyway, making the advert unnecessary. So as we improve our advertising, we need to constantly re-evaluate its incrementality. A small mistake can result in a big drop in returns; a high hurdle rate mitigates that risk.

The assumption that fixed costs remain fixed...

The £1.50 profit calculation assumes that 'fixed' costs (Product, Finance, HR, etc.) remain fixed – which, in the short term, they do. BUT, if fixed costs rose in line with sales, and if we made no improvements in productivity, then the £1.50 return on marketing would fall to nearer £1.01.

We are not panicking about this: the table below shows that we have actually increased net margins *despite* rising marketing costs. But the maths is clear – if we cannot get leverage over our fixed costs, the economics of marketing break down.

NEXT Direct: Marketing and net margin history	Jan 2024	Jan 2025	Jan 2026
Marketing as % of NEXT International Direct sales	4.4%	6.6%	8.0%
NEXT International Direct net margin %	13.4%	14.4%	15.8%

CONTROLLING COSTS TO DELIVER GROWTH

The challenge for fixed costs

The need to control fixed costs to fund growth in marketing presents a tension: we must continue to invest in the people and infrastructure needed for growth, but ensure that those costs grow more slowly than sales.

And although the net margins for the Group have improved over the last twenty years, some of our 'fixed' costs have risen considerably faster than sales (see table below). So the assumption that we can get leverage over them going forward is far from guaranteed.

Central overheads as a % of sales	2005/06 20 years ago	2015/16 10 years ago	2019/20 6 years ago	2025/26 Last year
Technology ⁹	1.1%	1.6%	2.3%	3.1%
Product	1.0%	1.2%	1.4%	1.8%
Finance, HR and Legal	0.5%	0.6%	0.7%	0.8%
TOTAL	2.6%	3.4%	4.4%	5.7%

There are good reasons for increasing investment...

The increase in investment in all these overheads has driven growth. For example, the move online has allowed us to dramatically increase the breadth of NEXT's ranges – managing all that additional choice requires additional people. We have also built new product teams to manage third-party brands, and to develop new WOBL brands.

The growth of our Online business has required a step change in our investment in technology – from the platforms that serve our websites to the systems that manage our product data. And in many instances IT reduced other costs, for example our websites eliminated £65m of catalogue costs. And the more complex our business becomes, the more finance professionals we need to ensure that growth remains profitable.

And net margins have moved forward...

Other cost savings and productivity gains have paid for the increases in the table above and over the last twenty years Group net margins have increased from **14.5%** in 2005/06 to **16.5%** last year.

Going forward we need fixed costs to remain fixed

If we are to have the best chance of success going forward, we must do more to ensure our fixed costs reduce as a percentage of sales; only then will we be able to maximise the opportunity for marketing to drive growth.

To be clear, in a growing business that does *not* necessarily mean cutting costs – it means ensuring that costs grow less than sales. It means wise investment, careful cost control and improved productivity. Our ambition is that all our 'fixed' costs reduce over time as a percentage of revenue.

Answers are at hand

This need to control our central costs comes at a time when opportunities to improve productivity abound. The work we have done over five years to modernise our major software applications and make our data more usable, positions us to harness the potential for AI to improve productivity in virtually every area of the business.

⁹ Technology cash costs (revenue costs less depreciation plus capex).

NEXT'S APPROACH TO AI

In most areas we are only scratching the surface of what AI can do for the business. This section sets out the approach we are taking to ensuring we harness as much of the power of AI as possible.

NO 'AI DEPARTMENT'

We are *not* developing a central AI function. The benefits AI can bring to software development, range development, customer service and warehouse operations are so varied, and their challenges so different, that generic advice from a central function would be little more use than a central Spreadsheet Department.

The value of AI lies in the *applications* it supports, not the *technology* itself, and those best placed to understand the applications are the people who use them every day. Without their input and leadership, AI becomes a solution looking for a problem to solve.

Our IT department ensures that the AI technologies we use across the Group are secure and cost effective. And, although we have no central AI department, NEXT's way of working is collaborative – cross fertilisation of ideas, sharing of best practices and key people is part of the way we work. In this field, as in other areas, those furthest in front help those still finding their feet.

PROGRESS AND OPPORTUNITIES

Progress

It has been down to our divisional directors to advance the use of AI in their areas. The speed at which various divisions have found practical applications for AI has been very different. The progress of three divisions illustrates what we have been doing:

TECHNOLOGY

Unsurprisingly, our Technology teams have made good tactical use of AI. In most areas, teams are using co-pilot software assistants and deploying large language models to document new specifications. We are already seeing material improvements in productivity and quality as a result, delivering new software faster and for less cost.

But there is much more to do. We are setting up the AI infrastructure with the aim of incorporating agentic AI in our end-to-end software development process. So, not just using AI to assist in the various tasks of specification, coding, testing, deployment and monitoring; but using AI agents to do some of the work and to pass work between these tasks.

CONTACT CENTRES

AI has been used in our Contact Centres for some time and has already made a huge difference to day-to-day working. It has been deployed to great effect in helping us answer queries more accurately and more efficiently; reducing costs and, more importantly, increasing our quality scores with customers. Encouragingly, there is much more to do.

PRODUCT

Product teams have used AI to improve sales forecasting, markdown price optimisation, size ratio management, product attribution¹⁰ and returns forecasting. In terms of design, AI has been useful in visualising paper designs to improve selection decisions and assist manufacturers deliver more accurate initial samples. We are, however, wary of AI-initiated graphics, prints and styling; we feel in this area there is no substitute for an emotional connection to the human eye and hand.

¹⁰ Product attribution is the process which tags each item with descriptions that can be used by search engines and filters.

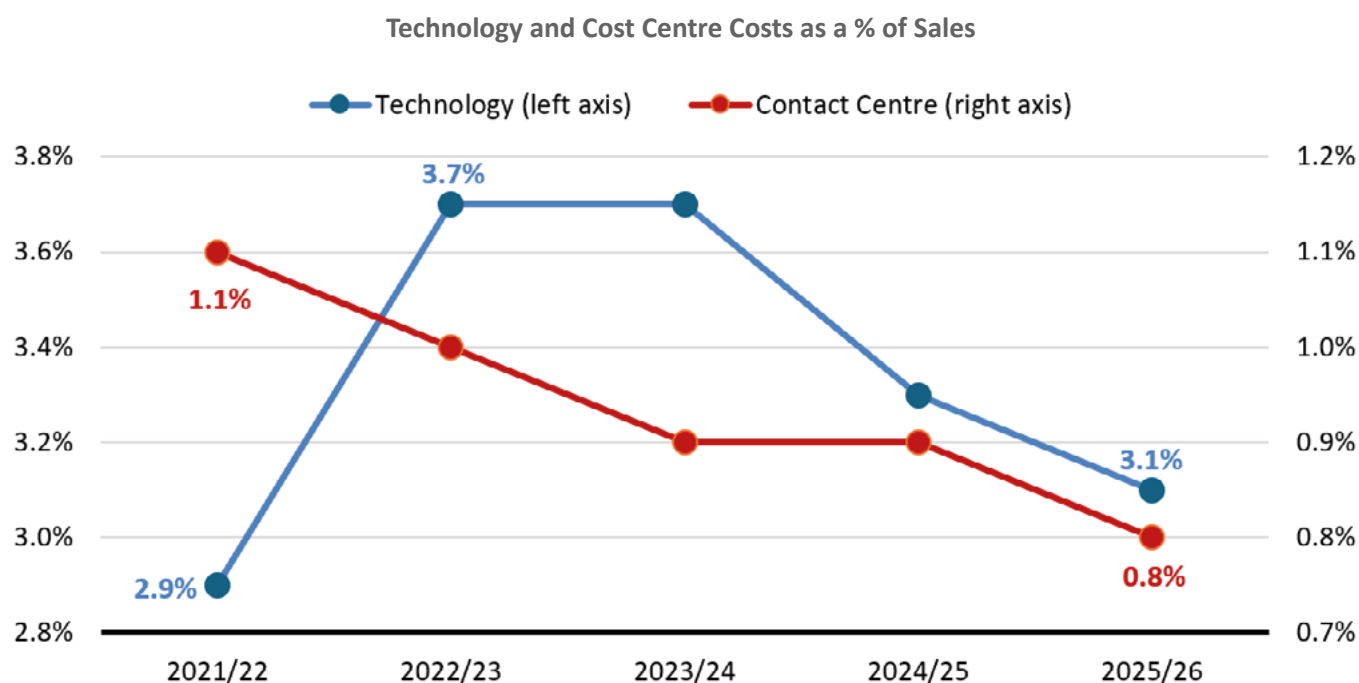
Opportunities

For good reasons, some areas are not as advanced as others. For example, our Warehouse team have been rightly focussed on commissioning their new mechanisation, so are not yet making use of AI to help run their day-to-day operations. AI, with its forecasting, scenario planning and optimisation abilities, *should* be perfectly placed to assist – we think this is a big opportunity for the year ahead.

THE COST IMPLICATIONS

The cost benefits in some areas are apparent...

The most exciting feature of AI is its ability to make us more effective, but productivity gains should also result in cost savings. It is already doing so in Technology and our Contact Centres. The graph below shows how costs in these areas have both declined as a percentage of sales¹¹.



The implications for jobs

We believe that it is unlikely that AI will displace those already working at the Company. There are two reasons for this:

- NEXT is growing, so any efficiencies are likely to result in us needing to recruit fewer additional people going forward, rather than fewer people overall.
- The jobs that may be at risk are the routine processing jobs, which tend to have high staff turnover, so can be managed down through natural attrition.

Bottom line, at NEXT it appears to us that AI will change people's jobs rather than replace them, making them much more effective, and taking away many of the tasks they enjoy least. People will need to adapt and change, but NEXT people are generally good at that.

If we are reflective of the wider economy, then those in jobs need not worry too much; the challenge will be for those looking to join the workforce.

¹¹ Costs of technology are the cash costs, i.e. revenue cash costs (excluding depreciation) and capex added together.

ACCELERATING WAREHOUSE INVESTMENT

WHY WE NEED TO ACCELERATE WAREHOUSE INVESTMENT

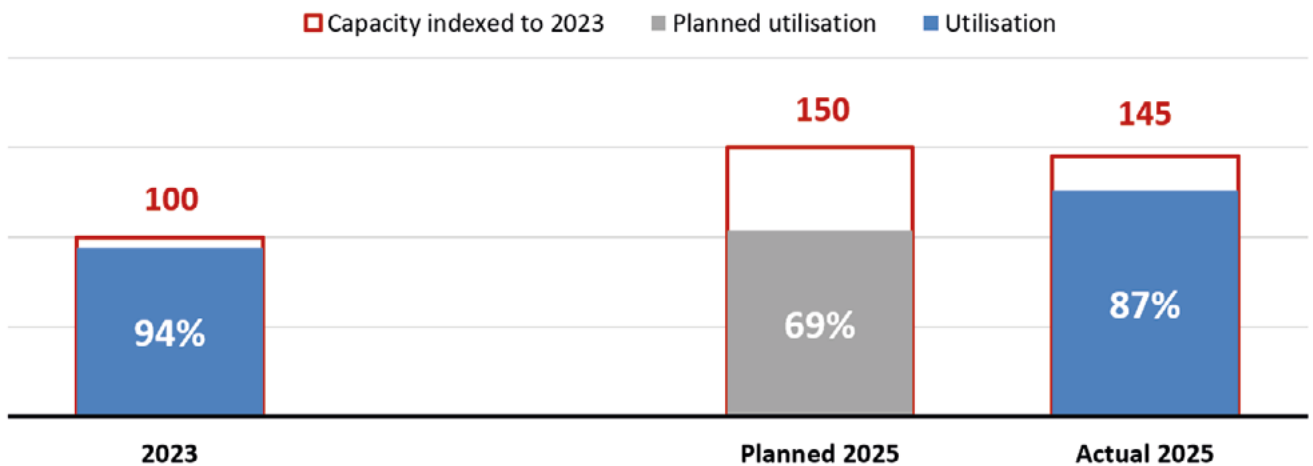
We have pulled forward the next three phases of our E3 Online boxed¹² warehouse development programme. We started placing orders for this project in Q4 last year, and it will continue over the next three years, with a total anticipated spend of **£307m** over that period. So, this year’s capital expenditure is higher than the long-term forecast we gave in 2024. This is not because we will need to spend more overall, but because we will need to spend it sooner.

The reason we are accelerating this capex is because:

- Online sales grew by **+28%** over the last two years, against our expectations of +10%.
- We have also increased our stockholding by a further **6%**, to give some protection in the event of supply chain delays.
- **3%** of our capacity has been lost as a result of the decommissioning of old capacity which was unreliable.
- **2%** of our capacity has been lost as a result of lower box fill, resulting from a change in product mix.

Combined, these factors mean that instead of being 69% full at peak, as originally planned, we were actually 87% full at peak.

Actual and Planned Peak Capacity %



What that means for this year

With Online growth forecast to be +8% this year, we would be **94%** full at peak. In reality, once utilisation rises above 90% the warehouse gets congested and performance declines, so we are alleviating that problem by using our other nearby warehouses to store reserve high-bay stock. This will give us another 7% headroom during those peak weeks.

¹² This warehouse houses the items that arrive flat-packed, in standard size cardboard boxes. This type of product accounts for around 80% of our Online sales.

What it means for 2027 and beyond

In 2027/28 we will add a further 10% capacity, at a cost of £48m. This will give us the headroom we need to service demand next year.

The complete E3 investment programme

The table below sets out the capacity we plan to deliver for each of the next three years and its associated cost. The third column shows the phasing of the capex for E3. For completeness, capital expenditure in other warehouses, and the total spend are shown in the last two columns.

In total, the additional capacity is expected to accommodate **£1.5bn** of additional Online full price sales.

Warehouse capacity and capex	Capacity delivered	Cost of E3 capacity	Phasing of E3 spend	Other warehouses	Total warehouse capex
2025/26 (actual)	-	-	£19m	£33m	£52m
2026/27 (e)	-	-	£97m	£43m	£140m
2027/28 (e)	+10%	£48m	£126m	£29m	£155m
2028/29 (e)	+17%	£134m	£65m	£65m	£130m
2029/30 (e)	+17%	£125m			
	+44%	£307m	£307m	£170m	£477m

PROFIT AND LOSS IMPLICATIONS OF ACCELERATED CAPEX

We estimate that the P&L impact of the capital expenditure will be marginal, with increased depreciation and overheads being offset by the productivity gains delivered by the new equipment.

The costs of depreciation and additional overheads are summarised in the table below, along with anticipated cost savings. In total, the net impact to profit in 2027/28 is expected to be a cost of £0.3m.

Once all E3 capacity projects are live, their fully annualised cost of depreciation and overheads, combined with anticipated cost savings will result in an annual P&L charge of £7.3m. This increase in cost is small in the context of the £1.5bn sales that it will enable. So, over time, warehouse fixed costs should fall as a percentage of sales.

P&L impact from new E3 warehouse capacity (£m)	P&L impact 2027/28 (e)	Cumulative P&L impact 2029/30 (e)
<i>E3 capital expenditure</i>	48.0	307.0
Additional depreciation	(4.2)	(24.9)
Additional overheads	(1.2)	(5.0)
Efficiencies and cost savings	5.1	22.6
Net P&L impact	(0.3)	(7.3)

ELMSALL 4

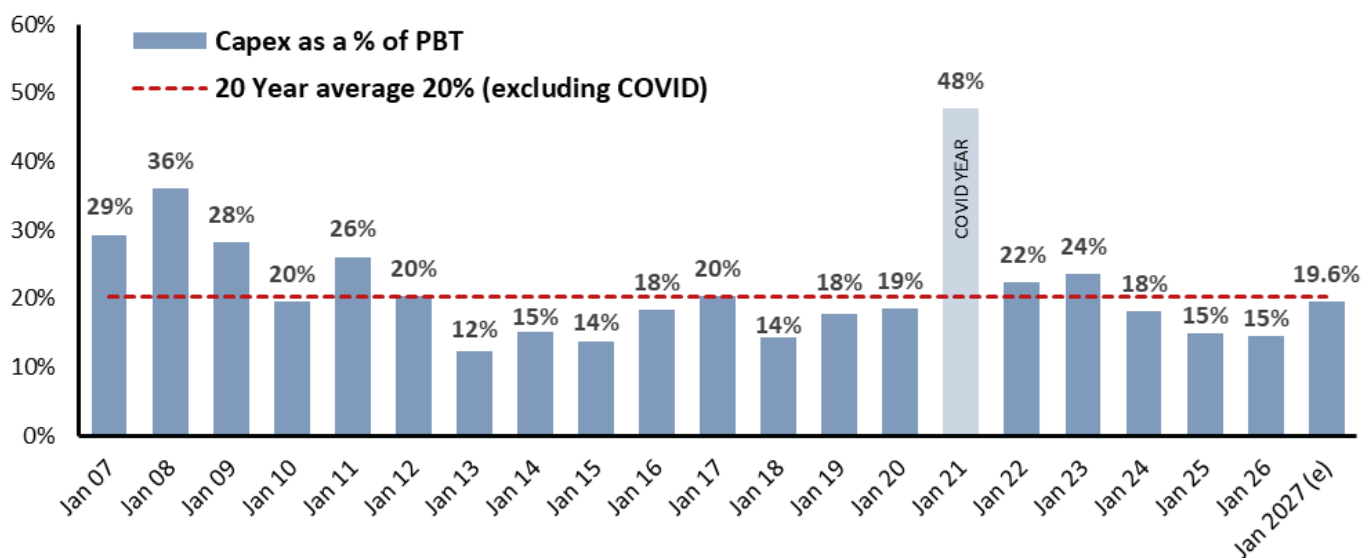
Looking ahead to the next decade, we are taking steps to ensure that we have capacity for growth. To that end, we have acquired¹³ 84 acres of land next to Elmsall 3, for which we have planning permission in place for a 1.2m square foot warehouse. We estimate that this warehouse, 'E4', would add at least 50% more capacity to the Elmsall complex. Once fully complete, E4 would accommodate around £2.5bn of additional sales¹⁴.

We believe we will be in a position to commence building work by 2028, so that floor space for manual storage could be available from 2029 if needed. New automated E4 packing and picking could be available from 2030 at the earliest.

LONG TERM CAPITAL CONSUMPTION

Shareholders might look at the accelerating capex bill and ask whether NEXT has changed to become a more capital-intensive business? The graph below shows capital expenditure as a percentage of profit before tax (PBT) for the last twenty years. Inevitably capex is lumpy, but over time the average capex/PBT ratio has been 20%. This year we plan total capex of £237m, which is 19.6% of our expected PBT (see page 54 for detailed breakdown of capex). So in the long run our capital consumption is at historically normal levels.

Capital Expenditure: 20 Year History



¹³ We have exchanged contracts for the land and completion is anticipated on 2 April.

¹⁴ Assuming that box-fill and average selling prices are in line with where they are today.

THEN AND NOW

Then and now

Twenty-five years ago, NEXT was a UK retail business selling one brand. It was growing through store openings and recruiting new catalogue customers. Today, we still have a profitable UK store network and the NEXT brand remains the heart and soul of the business: But we have become an increasingly international, online platform selling an increasing number of non-NEXT brands, some of which we have acquired or developed ourselves. Growth is now driven through marketing, website technology, warehouse mechanisation, third-party aggregators and more – almost everything about *how* we do business has changed, what has not changed is *why* we do it.

Guiding principles

At the heart of NEXT are two simple principles:

- Deliver products and services that we can honestly say create value for customers. Everything must pass the simple test: would you genuinely recommend this product or service to your friends?
- Deliver the net margins and returns on capital commensurate with the risks associated with a fast-moving industry.

In simple terms: do your best for your customers and follow the money – the rest will take care of itself.

An organisation that thinks for itself

Those principles are important because, with so many things going on in the business, it would be impossible for the Board to run the business through a 'grand plan'. The important thing is that everyone understands what success looks like. The Company can provide the foundations – great values, excellent training, the right resources, the latest technology and strong leadership at every level. But in the thick of thousands of trading decisions, it comes down to the initiative of the many, not the guidance of the few.

In a world that changes faster than any central plan can adapt, each and every one of our departments needs to be as nimble and entrepreneurial as any one of our smaller competitors. If we can combine the fleet-of-foot of a small company with the systems, infrastructure and customer base of a large one, then together we can achieve so much more than any boardroom plan could ever design.

PART THREE

GROUP FINANCIAL PERFORMANCE AND GUIDANCE

NOTES ON THE PRESENTATION OF SALES AND PROFIT

Note 1 - A 53rd week

The financial year ending January 2026 includes a 53rd week, which adds £111m to the Group's turnover and £24m to pre-tax profit. All of the sales, profit and margin analysis presented in this section **exclude** the impact of the 53rd week, in order to give direct comparisons to the prior year.

Week 53 is **included** in statutory revenue and profit, as shown on pages 25 and 26 respectively, and the cash flow analysis presented on page 52.

Note 2 - Group sales

By way of reminder, since the year ending January 2024, we have aligned the way we report *sales* in our subsidiaries with the way we report profits. For example, we own 74% of Joules so include 74% of their sales¹⁵ in our top line. For completeness, full details of our rationale for this method of reporting are repeated in Appendix 2 on page 62.

Note 3 - Brand amortisation costs

We adopt the accounting convention used by many companies, where we exclude *brand* amortisation (a non-cash accounting cost) from our headline profit. For completeness, full details of our rationale for this method of reporting are repeated in Appendix 3 on page 63.

Please note all other forms of amortisation are still included in our reported profit, e.g. amortisation of software.

Note 4 - Rounding convention and casting

Figures shown in tables throughout the Chief Executive's Review are rounded to either no decimal place or one decimal place. The accurate rounding of numbers means that sometimes tables will appear as though they do not cast down. This is not the case. Subtotals, totals and variances shown in tables are all based on the actual, unrounded figures.

¹⁵ This figure excludes their sales through next.co.uk (100% of which are included in our Online sales), Total Platform commission and revenue from cost-plus services (which are included within Total Platform sales).

GROUP SALES AND PROFIT SUMMARY

Total Group sales, which includes subsidiaries and equity investments, were up **+10.8%** versus last year. Within this, NEXT full price sales in the year were up **+10.9%**.

TOTAL GROUP SALES BY DIVISION

TOTAL GROUP SALES (VAT EX.) £m	Jan 2026	Jan 2025	Var %
Retail Stores	1,893	1,849	+2.4%
Online (UK)	2,800	2,540	+10.2%
UK Product total	4,693	4,389	+6.9%
Online (International)	1,297	930	+39.5%
Product total	5,990	5,319	+12.6%
NEXT Finance	301	300	+0.2%
Total Platform	78	67	+17.0%
Other business activities ¹⁶	104	105	-1.0%
Total NEXT sales	6,474	5,791	+11.8%
NEXT's share of sales from investments	530	529	+0.2%
Total Group sales (52 weeks vs 52 weeks)	7,004	6,321	+10.8%
Statutory revenue (53 weeks vs 52 weeks)	6,901	6,118	+12.8%

Walk forward from Group sales to statutory revenue

The differences between Group sales and statutory revenue are summarised in the table below. By way of reminder, within Group sales we report the Gross Transaction Value (GTV) of third-party goods sold on a commission basis. Under statutory reporting only the *commission earned* is reported as revenue, instead of reporting the full GTV.

£m	Jan 2026	Jan 2025
Total Group sales (52 weeks vs 52 weeks)	7,004	6,321
<i>Revenue from 53rd week</i>	<i>+111</i>	<i>n/a</i>
<i>less commission sales (full price and markdown, UK and International)</i>	<i>- 749</i>	<i>- 648</i>
<i>plus commission earned on third-party brands' sales</i>	<i>+301</i>	<i>+254</i>
<i>less sales from investments that are not consolidated in NEXT's accounts</i>	<i>- 62</i>	<i>- 64</i>
<i>plus the minority interests' share of sales in subsidiaries that are consolidated in NEXT's accounts (Joules, Reiss and FatFace)</i>	<i>+178</i>	<i>+158</i>
<i>plus other income (e.g. delivery charges)</i>	<i>+118</i>	<i>+98</i>
Group statutory revenue (53 weeks vs 52 weeks)	6,901	6,118

¹⁶ 'Other business activities' includes Franchise, NEXT Sourcing and Property.

SUMMARY OF GROUP PROFIT BY DIVISION

PROFIT £m and EPS	Jan 2026	Jan 2025	Var %	Detail
Retail Stores	226	237	- 4.4%	Page 30
Online (UK)	524	457	+14.8%	Page 35
UK Product total	751	693	+8.2%	
Online (International)	198	131	+51.2%	Page 39
Product total	949	824	+15.1%	
NEXT Finance (after funding costs)	195	182	+7.5%	Page 42
Investments and Total Platform ¹⁷	88	75	+17.0%	Page 45
Other business activities ¹⁸	(45)	(42)	+8.7%	Page 48
Recharge of interest from Finance	50	50	- 1.5%	
Operating profit	1,236	1,090	+13.4%	
Lease interest	(49)	(48)	+2.0%	Page 50
Operating profit after lease interest	1,187	1,042	+13.9%	
External interest	(29)	(31)	- 4.8%	Page 50
NEXT Group profit before tax (52 weeks vs 52 weeks)	1,158	1,011	+14.5%	
<i>PBT margin</i>	<i>16.5%</i>	<i>16.0%</i>		
Taxation	(288)	(250)	+15.3%	
Profit after tax	870	761	+14.3%	
Pre-tax Earnings Per Share	990.7p	845.2p	+17.2%	
Post-tax Earnings Per Share	744.2p	636.3p	+17.0%	
Statutory profit before tax (53 weeks vs 52 weeks)	1,193	987	+20.8%	

Walk forward from our headline NEXT Group pre-tax profit to statutory pre-tax profit

The differences between NEXT Group profit before tax (52 weeks) of £1,158m and statutory profit of £1,193m are summarised below, along with the equivalent numbers for last year.

£m	Jan 2026	Jan 2025
Headline NEXT Group profit before tax	1,158	1,011
<i>Profit from 53rd week</i>	<i>+24</i>	<i>n/a</i>
<i>Exceptional profit from land sale (see page 61)</i>	<i>+16</i>	<i>n/a</i>
<i>Prior year, exceptional non-cash cost relating to the defined benefit pension scheme</i>	<i>n/a</i>	<i>- 15</i>
<i>Cost of brand amortisation (see page 63)</i>	<i>- 18</i>	<i>- 19</i>
<i>Profit/losses from minority interests in Joules, Reiss and FatFace</i>	<i>+12</i>	<i>+9</i>
Group statutory profit before tax	1,193	987

¹⁷ Loan interest associated with investments are reported in the interest line of the P&L. Total profit for Investments and Total Platform including interest is £89.7m (Jan 2026) and £76.6m (Jan 2025). See page 45 for more detail.

¹⁸ 'Other business activities' includes NEXT Sourcing, Franchise, Property, and Central costs.

SALES AND PROFIT GUIDANCE FOR 2026/27

Guidance for the year ahead is summarised in the table below.

We expect full price sales to increase by **+4.5%**. A further breakdown of this guidance is provided on the following page, by half and by geography. Guidance for total Group sales growth of +4.2% is lower than full price sales growth of +4.5%, mainly due to markdown sales not growing as quickly.

We anticipate that pre-tax profit will be **£1,210m**, up **+4.5%**, with EPS growth of **+5.8%**, assuming we complete £500m of share buybacks.

Guidance for the full year 2026/27 (52 weeks vs 52 weeks)

	Full year (e)	% Versus 2025/26
NEXT full price sales	£5.9bn	+4.5%
Total Group sales (inc. markdown & investments)	£7.3bn	+4.2%
NEXT Group profit before tax	£1,210m	+4.5%
Post-tax EPS	787.3p	+5.8%

Note on share buybacks

In our previous guidance, issued in January, we had assumed *no share buybacks*, because the share price had consistently remained above our buyback price limit in recent months. Since February, we have been able to spend £196m on share buybacks at an average share price of £126.52. Based on our latest profit guidance, our price limit for share buybacks has increased from £128 to £131.

See page 56 for further details on share buybacks.

Full Price Sales Guidance by Division: UK and International

The table below shows our guidance for full price sales in the first half, second half and full year by business division. Our previous guidance, given in our January Trading Statement, is shown in grey. Overall we have maintained our full year sales at +4.5%, but we have increased our guidance for growth in the UK and reduced our forecast for International sales for the following reasons:

- The reduction in **International sales** growth, from +16.5% down to +14.3%, reflects the disruption we have seen since the start of the conflict in the Middle East. Our new forecast assumes our sales in the Middle East will continue to be adversely impacted for the rest of the first half.
- The increase in our guidance for the year for the **UK**, from +1.6% to **+2.2%**, reflects the encouraging sales performance in the first eight weeks of the financial year.

Full price sales growth versus last year	First half (e)	Second half (e)	Full year (e)	Previous guidance
Retail Stores	- 3.3%	+0.2%	- 1.5%	
Online UK	+4.6%	+4.7%	+4.6%	
Total UK	+1.3%	+2.9%	+2.2%	+1.6%
Online International	+14.7%	+14.0%	+14.3%	+16.5%
Total Product sales	+4.3%	+5.3%	+4.8%	+4.8%
Finance interest income	- 0.4%	- 0.7%	- 0.6%	- 0.6%
Total full price sales	+4.0%	+5.0%	+4.5%	+4.5%

In our January trading statement we set out our rationale for sales estimates in the year ahead, which, for completeness, are repeated verbatim below.

January trading statement:

We expect growth to be lower than the prior year for four reasons:

- In the **UK**, growth in the prior year was boosted by very favourable summer weather, competitor disruption and improved stock levels. So the UK will face **tough comparatives**, particularly in the first half.
- Continuing pressures on **UK employment** are likely to filter through into the consumer economy as the year progresses.
- Growth from our overseas direct websites is likely to moderate from the exceptional levels achieved in the prior year, which benefited from a +63% increase in **profitable marketing expenditure**. We think it is unlikely that we will be able to profitably increase our marketing expenditure by as much next year. Within this guidance, we have assumed that overseas marketing will increase by around +25%.
- In 2025, two one-off changes in overseas stock availability served to boost our international sales. These were:
 - A significant increase in the amount of **wholly-owned brands** and licensed products made available on overseas websites.
 - Combining our Direct and Aggregator stock holdings in Europe through ZEOS in August resulted in a step change in Aggregator sales.

PROFIT WALK FORWARD FROM 2025/26 to 2026/27 (e)

The table below walks forward our profit before tax from last year (ending January 2026) to our guidance for the year ending January 2027.

	£m
Profit before tax 2025/26	1,158
Profit from full price sales, Total Platform and subsidiaries	
Additional profit from +7.7% increase in Online full price sales	+76
Lost profit from -1.5% decline in Store full price sales	- 11
Additional profit from Total Platform Equity and Services	+5
Total profit from full price sales, Total Platform and subsidiaries	+70
Cost increases	
Wage cost inflation and National Insurance increases (2 months)	- 44
Costs arising from the Middle East conflict (3 months)	- 15
Higher interest costs (mainly from lower cash on deposit)	- 8
Marketing spend (ahead of sales growth)	- 8
Total cost increases	- 75
Cost savings	
Employee incentives (returning to normal levels)	+39
Higher bought-in margin	+10
Warehouse and Store efficiencies	+8
Total cost savings	+57
Profit before tax 2026/27 (e)	1,210
PBT versus 2025/26 (e)	+4.5%

PART FOUR

RETAIL STORES, ONLINE, FINANCE, INVESTMENTS, TOTAL PLATFORM & OTHER BUSINESS

NEXT RETAIL STORES

HEADLINES

Sales were ahead of last year but profits were down, mainly as a result of the increase in wage costs driven by higher National Minimum Wage and National Insurance. The combined effect of these changes was a 13% increase in the cost of part-time entry level wages, and a £25m hit to the Retail Stores' P&L.

- Full price sales up +3.5% versus last year, total sales (including markdown sales) up +2.4%.
- Like-for-like¹⁹ full price sales up +2.3%, with +1.2% coming from new space.
- Retail Stores' profit²⁰ £193m, down -5.0%.
- Retail Stores' margin 10.2%, down -0.8%.

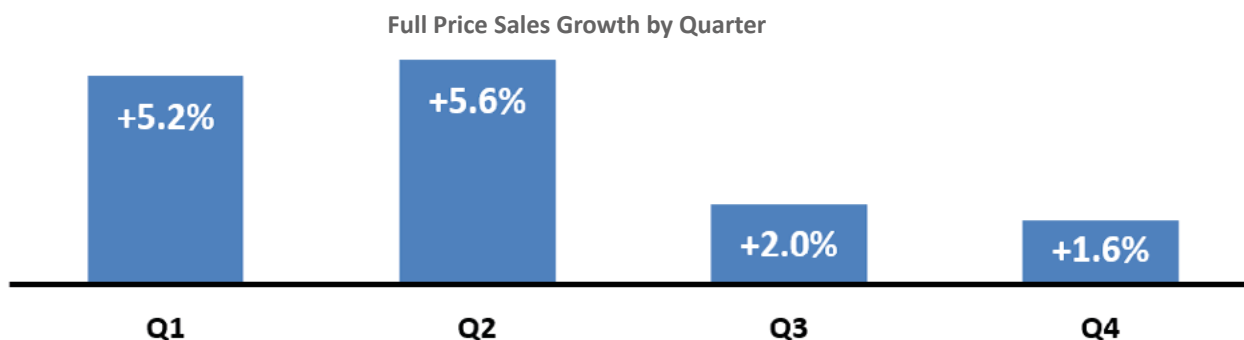
SUMMARY OF RETAIL STORES' SALES AND PROFIT

The table below summarises the sales and profit of our Stores. Please note that we include the cost of lease interest within Retail Store profitability.

£m	Jan 2026	Jan 2025	Var %
Total sales	1,893	1,849	+2.4%
Operating profit	226	237	- 4.4%
Lease interest charge	(33)	(33)	- 0.5%
Retail Stores profit	193	204	- 5.0%
Retail Stores margin %	10.2%	11.0%	

A very strong Spring Summer Season

The graph below shows full price sales growth by quarter. We believe that the overperformance of the first half was the result of unusually warm weather and competitor disruption.



¹⁹ Like-for-like sales growth excludes the impact of store closures, openings and refits.

²⁰ Profits and margins in this section are given after deducting Retail lease interest costs of £33m. This is the proportion of the Group's total lease interest (£49m) attributable to Retail Stores.

RETAIL STORES MARGIN ANALYSIS

Net margin in the year was 10.2%, down -0.8% on last year. The margin impact of major cost categories is summarised below.

Retail Stores net margin on total sales to January 2025		11.0%
Bought-in margin	Bought-in gross margin on NEXT product was +0.1% higher than last year due to product mix. This was offset by the new 'EPR' packaging tax (-0.1%).	+0.0%
Markdown	Higher clearance rates improved margin by +0.2%	+0.2%
Store Payroll	Wage inflation and the increase in Employers' National Insurance reduced margin (-1.2%). This was partly offset by operational efficiencies (+0.6%).	-0.6%
Store occupancy costs	The increase in like-for-like sales, which reduced occupancy costs in those stores as a percentage of sales (+0.3%), was offset by the cost of new space (-0.3%). Lower energy prices (+0.2%) were offset by lower business rates refunds (-0.2%).	+0.0%
Warehousing & distribution	Inflationary cost increases (-0.2%) and an increase in rent in one of our distribution centres (-0.1%) reduced margin.	-0.3%
Central costs	Investment in store technology infrastructure reduced margin.	-0.1%
Retail Stores net margin on total sales to January 2026		10.2%

Guidance for Retail Stores in the Year Ahead

In the year ahead we are budgeting for Stores' full price sales, on a *like-for-like* basis, to be down -3.0%. The addition of new space is expected to add +1.5% to Stores' sales, meaning that we expect Stores' full price sales to be down **-1.5%** versus last year.

We expect Stores' profit in the year ahead to be £181m, with a net margin of 9.7%. The profit walk forward from 2025/26 to our guidance for 2026/27 is summarised below:

	£m
2025/26 profit	193
Lost profit from reduction in like-for-like sales	- 22
Wage inflation, National Insurance and Statutory Sick Pay	- 17
Central overheads inc. staff incentives	+14
Store productivity and other savings	+8
Profit gained from new space (profit on sales less occupancy costs)	+5
2026/27 profit (e)	181

RETAIL STORE SPACE

Space in the Year to January 2026

The table below summarises the change in store numbers and square footage over the year.

In total, 16 new stores were opened, comprising eight stores in new locations, six relocations and the conversion of two Home stores to Fashion. In July 2025 we opened one of our largest stores to date, in Thurrock Lakeside shopping centre.

	Store numbers	NEXT Sq. ft. (k)	Concessions Sq. ft. (k)	Total Sq. ft. (k)
January 2025	457	7,591	488	8,078
New mainline stores (incl. 6 resites) & reconfigs	+8	+116	+15	+130
Mainline closures	- 4	- 59	+0	- 59
Change in mainline stores	+4	+57	+15	+71
Clearance stores	- 3	- 37	+0	- 37
January 2026	458	7,611	502	8,113
Change	+1	+20	+15	+34
Change %	+0.2%	+0.3%	+3.0%	+0.4%

Lease renewals in the year to January 2026

In the year to January 2026 we renewed 76 leases, with an average lease term of 4.7 years (weighted by value, to the earlier of the break clause or the lease end). These new leases reduced our annualised occupancy cash costs in these stores by £2.3m (-9%).

Outstanding lease commitments

At the end of January 2026, our average lease commitment (weighted by value) was 3.7 years, compared with 4.0 years at the same time last year.



NEXT, Newcastle Eldon Square

Performance of New Space

The table below summarises the performance of the new, relocated, and converted stores in the year (excluding Thurrock). Our new store in Thurrock, as explained last year, was much more expensive as it carried the design and prototyping costs of our new shopfit concept.

New store performance	Sales vs target	Net branch contribution	Payback period	IRR %
15 new stores	- 12%	17%	29 months	32%

Reflecting on our Mistakes

Overall, sales in new stores (excluding Thurrock) are forecast to be -12% below their appraised targets. A significant miss, particularly as 13 of the 15 missed their respective targets. With the benefit of hindsight, we think there are three reasons for our error:

- We have not opened much new space for many years, and in the intervening period like-for-like sales have fallen significantly... our collective memories are of better times for stores, and our sales forecasts were just too high.
- Where we have opened new sites out-of-town, we have not seen anything like the change in behaviour we saw during 1995-2010, with much less trade switching from in-town to out-of-town locations.
- If we are brutally honest with ourselves, we unconsciously made the mistake of stretching our sales estimates to where they needed to be to hit our appraisal hurdles.

A profitable mistake

The performance of the new portfolio given in the table above presents us with a conundrum. Despite missing our targets and failing to achieve our investment hurdle of 24 month payback, the stores are still very profitable, with a net branch contribution of 17% (on VAT inclusive sales) and an IRR of 32%. Would we rather be without these profitable stores? No. And if that is the case, we need to change our investment criteria. Moving the goal posts when you fail to score is never a good look, so this needs careful explanation.

Background: lower sales per square foot but higher shopfit costs

Over the last ten years, like-for-like sales per square foot have fallen by around 30%, rents have, over time, adjusted by almost as much. But shopfitting costs have increased by 32%. So payback is bound to be more challenging. We have a choice - to stop investing in new stores, or to change our investment criteria.

New criteria

In future store appraisals we will use the forecast IRR as our primary investment hurdle. We will aim for an IRR of at least **27%**. For a five year lease, that equates to a payback of around 30 months. The 'rule' will need to be flexible to account for risk so, for example, we could accept a lower IRR for a store with a turnover rent, where the profitability is more certain.

In a world where capital costs are the biggest constraint to development, we need to ensure that we are making the best use of whatever assets are available in the stores we acquire. Gone are the days of replacing a perfectly good floor finish because it is not 'on-brand'.

Thurrock

Thurrock has a forecast payback of 6.5 years with an IRR of 12%. The IRR is boosted by the fact that the store is on a 15 year lease. In normal circumstances the length of the lease might be a cause for concern, however the store carries very low risk because its occupancy costs are linked to turnover (i.e. if the store takes less sales our occupancy costs reduce).

Forecast Space in the Year to January 2027

In the year ahead, we plan to open eight new locations for NEXT and five standalone 'Bath & Body Works' stores. In addition, two stores are re-siting to new locations.

The forecast change in store numbers and square footage is summarised below.

	Store numbers	NEXT Sq. ft. (k)	Concessions Sq. ft. (k)	Total Sq. ft. (k)
January 2026	458	7,611	502	8,113
New mainline stores (incl. 2 resites) & reconfigs	+8	+130	+16	+146
Mainline closures	- 2	- 13	+0	- 13
Change in mainline stores	+6	+117	+16	+133
New Bath & Body Works stores	+5	+0	+6	+6
Clearance stores	+1	+1	+0	+1
January 2027 (e)	470	7,729	524	8,253
Change	+12	+118	+22	+140
Change %	+2.6%	+1.5%	+4.4%	+1.7%

Lease renewals in the year to January 2027

In the year ahead, we expect to renew 61 store leases, with a reduction of c.£1.1m (-6%) in the occupancy costs in those stores.

NEXT ONLINE UK

HEADLINES

- Full price sales up +8.7% versus last year.
- Total sales (including markdown sales) up +10.2%.
- Online UK profit (including lease interest) was £511m, up +15.0%.
- Online UK margin improved to 18.2%, up +0.7%.

SUMMARY OF ONLINE UK SALES, PROFIT AND MARGIN

The table below summarises the sales and profit of our Online UK business (which includes NEXT branded products and our LABEL business, which sells all other non-NEXT brands).

Online UK (£m)	Jan 2026	Jan 2025	Var %
Total sales	2,800	2,540	+10.2%
Operating profit	524	457	+14.8%
Lease interest charge	(13)	(13)	+5.7%
Online UK profit	511	444	+15.0%
Online UK margin	18.2%	17.5%	



FULL PRICE SALES ANALYSIS

The table below summarises the full price sales performance of the different categories of brands sold through next.co.uk. We have split the sales in our 'LABEL' business into: (1) wholly-owned brands and licences, and (2) third-party brands.

Sales grew across all categories, with the highest rate of growth in wholly-owned brands and licenses.

Full price sales £m	Jan 2026	Jan 2025	Var %
NEXT brand	1,385	1,304	+6.2%
Wholly-owned brands and licences	226	179	+26.5%
Third-party brands	852	783	+8.8%
<i>LABEL total</i>	<i>1,078</i>	<i>962</i>	<i>+12.1%</i>
Total Online UK	2,463	2,266	+8.7%

Wholly-owned brands, licences and third-party brands - definitions

The table below explains the three categories of non-NEXT products we sell online.

	Wholly-owned brands	Licences	Third-party brands
Explanation	Brands that are 100% owned by NEXT	Third-party brands provide NEXT with design and branding for specialist products – e.g. childrenswear. NEXT sources stock and takes markdown risk. NEXT sells the stock. Licensor earns a royalty on NEXT's sales.	A third-party owns the brand and sources the stock. Stock is sold on our websites through commission or wholesale arrangements.
Example	Lipsy Love & Roses Friends Like These The Set Cath Kidston MADE Seraphine Russell & Bromley	smALLSAINTS Baker by Ted Baker kidswear Laura Ashley Nina Campbell Rockett St George Superdry kidswear	Nike Adidas Skechers Reiss ²¹ Ralph Lauren On Running Asics
Net margin	16.3%		13.7%

²¹ NEXT owns a 74% stake in Reiss. It is not 'wholly-owned', and is run as an independent business so is categorised as a third-party brand.

ONLINE UK MARGIN ANALYSIS

Overall, net margin in the UK's Online business was 18.2%, up +0.7% on last year. Margins are best understood by reviewing the constituent parts of the business, which are summarised in the table below. Further margin analysis for each division is given below the table.

Online UK division	Total sales £m	Profit £m	Margin %	Change in margin vs Jan 2025
NEXT branded product	1,566	335	21.4%	+0.3%
Wholly-owned brands and licences	269	44	16.3%	+0.8%
Third-party brands	965	132	13.7%	+1.4%
LABEL total	1,234	176	14.3%	+1.4%
Total Online UK	2,800	511	18.2%	+0.7%

Note: As explained in our Half Year Results, we have restated last year's margin to account for the re-allocation of central overheads between LABEL and NEXT. There is no effect on overall Group profit or margins.

NEXT branded product (UK) - Margin analysis

NEXT branded product margin of 21.4% was up +0.3% versus last year; the main margin movements are summarised below.

NEXT branded product reported net margin for year ending January 2025 **20.0%**

Central cost reallocation from NEXT UK to LABEL UK (see note below) **+1.1%**

Restated net margin		21.1%
Bought-in gross margin	Bought-in gross margin on NEXT stock was down -0.1% due to the new 'EPR' packaging tax.	- 0.1%
Markdown	Improved clearance rates improved margin.	+0.1%
Warehousing & distribution	Margin was impacted by the following: <ul style="list-style-type: none"> ○ Leverage of fixed overheads +0.5% ○ Operational efficiencies +0.3% ○ Inflationary cost increases (wages and national insurance) - 0.8% The beneficial effect of higher selling prices was offset by slightly higher returns rates.	+0.0%
Marketing	Digital marketing investment increased by +6%, which was less than sales growth.	+0.1%
Technology	Technology costs did not increase as much as sales.	+0.2%
Margin on NEXT branded product sales to January 2026		21.4%

LABEL (UK) - Margin Analysis

Overall net margin of 14.3% was up +1.4% versus last year. The margin impact of major cost categories is summarised below.

LABEL reported net margin for year ending January 2025		14.1%
Central cost reallocation from NEXT UK to LABEL UK (as explained above)		- 1.2%
Restated net margin		12.9%
Bought-in gross margin	Increased commission rates on low margin brands (+0.3%) and product mix (+0.2%).	+0.5%
Markdown	Markdown costs grew in line with sales.	+0.0%
Warehouse & distribution	Margin moved for the following four reasons: <ul style="list-style-type: none"> ○ Leverage of fixed overheads +0.5% ○ Operational efficiencies +0.4% ○ Lower returns rates and higher average selling prices +0.4% ○ Inflationary cost increases (wages and national insurance) - 0.5% 	+0.8%
Marketing	Marketing costs grew in line with sales.	+0.0%
Technology	Technology costs did not increase as much as sales.	+0.1%
Margin on LABEL sales to January 2026		14.3%

Guidance for Online UK in the Year Ahead

In the year ahead we are forecasting for Online UK full price sales to increase by +4.6%. Based on this forecast, we expect net margin for the year to be 18.8%. Forecast net margins by division are summarised below, along with the prior year for reference.

The improvement in forecast margin is mainly the result of anticipated operational efficiencies and cost savings, which more than offset inflationary cost increases.

Online net margins by division	Jan 2027 (e)	Jan 2026	Change in margin vs Jan 2026
NEXT brand (UK)	22.1%	21.4%	+0.7%
LABEL (UK)	14.7%	14.3%	+0.4%
Online UK net margin	18.8%	18.2%	+0.6%

NEXT ONLINE INTERNATIONAL

International full price sales grew by **+35%** and total sales were up **+39%**. Net profit of **£196m** was up **+52%**, and net margin improved by **+1.2%** to **15.1%**.

SUMMARY OF FINANCIAL PERFORMANCE

£m	Jan 2026	Jan 2025	Var %
Total sales	1,297	930	+39%
Operating profit	198	131	+51%
Lease interest charge	(2)	(2)	+21%
Online International profit	196	129	+52%
Online International margin	15.1%	13.9%	

SALES ANALYSIS

Full price sales through NEXT websites were up **+29%**, driven by a 63% increase in digital marketing spend. Marketing spend as a percentage of sales²² increased from 6.6%²³ last year to 8.0%. (See page 16 of Part 2, The Big Picture, for further details.)

Full price sales through third-party aggregators were up **+46%**, and accounted for 33% of sales. New aggregators added **+10%** to growth, with existing aggregators growing by **+36%**. Growth in the second half was boosted by the transition to ZEOS, which increased the stock available to our European aggregator customers through Zalando.

Markdown and Clearance sales were up **+100%** due to more Sale stock being held in our international hubs and third-party aggregator warehouses. This meant that total sales grew by more than full price sales, and were up **+39%**.

£m	Jan 2026	Jan 2025	Var %
Full price sales: NEXT websites	776	600	+29%
Full price sales: third-party aggregators	382	261	+46%
Total full price sales	1,158	860	+35%
Markdown and Clearance sales	140	70	+100%
Total sales	1,297	930	+39%

Full price International sales by region

We had strong growth across all regions, with the highest growth, as in previous years, being in Europe (+40%).

Full price sales £m	Jan 2026	Jan 2025	Var %
Europe	713	509	+40%
Middle East	327	260	+26%
Rest of World	118	91	+29%
Total full price sales	1,158	860	+35%

²² Total sales on our own websites, including markdown sales, but excludes sales on third-party aggregator sites.

²³ In last year's report, this figure was quoted as 6.9% and included marketing overheads. Overheads are now excluded.

ONLINE INTERNATIONAL MARGIN ANALYSIS

Margin of 15.1% was up +1.2% versus last year; the main movements are summarised below.

Margin on International sales to January 2025		13.9%
Bought-in gross margin	Product mix improved margin by +0.5%, along with duty savings +0.2%.	+0.7%
Markdown	Better clearance rates improved margin.	+ 0.1%
Warehouse & distribution	Margin moved due to: <ul style="list-style-type: none"> ○ Leverage of fixed overheads +0.4% ○ Operational efficiencies +0.3% ○ Increased handling charge income +0.3% ○ Higher average selling prices +1.6% ○ Higher returns rates - 1.4% ○ Inflationary cost increases (wages and national insurance) - 0.5% 	+0.7%
Marketing	Increased digital marketing spend in profitable international markets meant that overall spend increased by more than sales growth.	- 1.1%
Technology	Technology costs did not increase as fast as sales.	+0.2%
Contact centre	Contact centre costs did not increase as fast as sales.	+0.1%
Central costs	One-off costs last year not repeating.	+0.5%
Margin on International sales to January 2026		15.1%

Margin by division and product category

Margin for our own websites (NEXT Direct) and aggregators is set out below. We accept a lower margin on our aggregator business because it involves little or no capital investment.

International margin by channel	Jan 2026	Jan 2025
NEXT Direct	15.8%	14.4%
Third-party aggregators	13.7%	12.8%
Total	15.1%	13.9%

Margin by category of brand is set out below. WOBL margin reduced by -5.7% due to: (1) planned price reductions, and (2) the increase in sales through aggregators, where we make a lower margin.

International margin by product category	Jan 2026	Jan 2025
NEXT Brand	14.9%	13.5%
Wholly-owned brands & licences	21.6%	27.3%
Third-party brands	10.2%	8.4%
Total	15.1%	13.9%

Guidance for Online International in the Year Ahead

In the year ahead we are forecasting for Online International full price sales to increase by +14.3%. Based on this forecast, we expect net margin for the year to be 15.3%.

NEXT ONLINE CUSTOMER ANALYSIS

Customer Numbers

Online customers can be split into three distinct groups:

- **UK credit customers** who pay using a NEXT credit account²⁴ ('nextpay' or 'pay in 3').
- **UK cash customers** who pay using credit cards, debit cards or other tender types.
- **International customers** who shop on our websites using credit cards, debit cards or other tender types.

The total number of customers who placed an order in the year was **16.1m**, up +16%²⁵.

The table below sets out the change in customer numbers, sales and average sales per customer. We do not have visibility of our customer numbers on aggregator sites.

Full year	No. of customers ordering		Sales £ per customer		Total £m Sales Value	
	Jan 26	vs Jan 25	Jan 26	vs Jan 25	Jan 26	vs Jan 25
UK Credit	3.3m	+6%	£547	+1%	£1,787m	+8%
UK Cash	7.1m	+10%	£142	+5%	£1,013m	+15%
UK Total	10.4m	+9%	£269	+1%	£2,800m	+10%
International (NEXT websites) ²⁷	5.7m	+31%	£151	+2%	£859m	+34%
Total ex. aggregators	16.1m	+16%	£227	-1%	£3,658m	+15%
Third-party aggregators (sales shown for completeness)					£439m	+51%
Total					£4,097m	+18%

Sales Per Customer

UK sales per customer

In the UK, average sales for credit customers were up +1%, with cash customer average sales up +5%. The number of cash customers (+10%) grew faster than credit customers (+6%). On average, cash customers spend *less* than credit customers, meaning that the overall average sales per UK customer was up +1% on last year.

International sales per customer

Sales per customer were up by +4% in local currency, which translated into a +2% increase in Pounds Sterling. This increase in average sales per customer (ASPC) was unexpected; with such strong growth in new customers you would normally expect ASPC to fall. However, as our overseas business matures, customers recruited in previous years have gradually increased their spend, more than offsetting the impact from new customers.

²⁴ Both NEXT credit offers are authorised and regulated by the FCA. Note, 'pay in 3' previously called 'next3step'.

²⁵ The number of international customers in the prior year has been restated to correct for instances where customer account numbers were reassigned to new customers within the year. Last year's reported number of 4.1m international customers has been restated to 4.3m, and average sales per international customer restated from £157 to £148.

Last year's reported total customers of 13.7m has been restated to 13.9m, and average sales per customer is restated from £233 to £229.

NEXT FINANCE

HEADLINES

- Average customers receivables up +2.0% versus last year.
- Interest income up +0.2%.
- Net profit (before provision releases) **£175m**, up +2.2% on last year.
- We have seen a further improvement in bad debt rates, with a default rate of 2.2%, down from 2.6% last year. As a result, we have:
 - Lowered our rate of provision on new debt, and
 - Released £20m of historical provisions on existing debt.
- After accounting for the release of historical bad debt provisions, total net profit was £195m, up +7.5% versus last year.

FINANCE PROFIT & LOSS SUMMARY

£m		Jan 2026	Jan 2025	Var %
<i>Credit sales</i> ²⁶		2,190	2,070	+5.8%
<i>Average customer receivables</i>	<i>note 1</i>	1,284	1,259	+2.0%
<i>Closing customer receivables</i> ²⁷		1,340	1,314	+2.0%
Interest income	<i>note 2</i>	301	300	+0.2%
Bad debt charge (underlying)	<i>note 3</i>	(22)	(28)	- 21.8%
Overheads		(54)	(51)	+7.0%
Profit before cost of funding and provision release		225	222	+1.4%
Cost of funding	<i>note 4</i>	(50)	(50)	- 1.3%
Profit before bad debt provision release		175	172	+2.2%
Bad debt provision release	<i>note 3</i>	20	10	+96%
Profit after bad debt provision release		195	182	+7.5%
<i>ROCE (before bad debt provision release)</i>		13.7%	13.6%	

The following paragraphs give further explanation of the year-on-year variances in each line of the Finance P&L.

²⁶ Credit sales include Online sales and Retail Store sales paid with a NEXT credit account, plus interest income.

²⁷ The closing customer receivable balance is shown as at the end of week 53, as per the year end balance sheet. All other figures in this table are given on a 52-week basis.

Note 1 Customer receivables

Average customer receivables were up +2.0% on last year; this was lower than the growth in credit sales because customers increased the rate at which they paid down their accounts. Debtor days decreased from 194 last year to 187.

Note 2 Interest income

Interest income was up +0.2%, which is lower than the growth in the average receivables balance. This is mainly due to the increase in balances in our 'pay in 3' accounts, which generate less interest than 'nextpay' accounts.

Note 3 Bad debt charge and default rates

A reduction in default rates (see the chart below) has led us to make two changes to the bad debt charge this year. These impact our **annual provision** for bad debt on new sales, and our **historical provisions**.

Annual bad debt charge

The annual bad debt charge of £22m was £6m lower than last year. This reflects the reduction in observed defaults.

Historic bad debt provision release

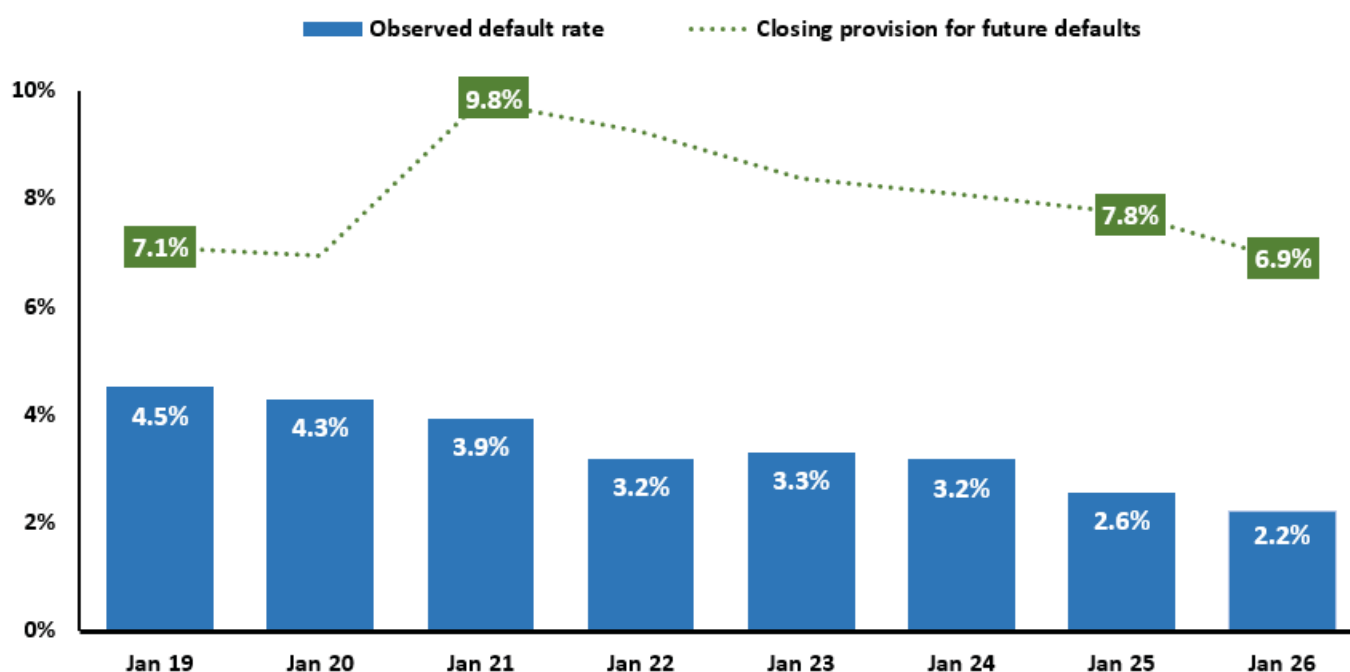
We have released **£20m** of historical provisions, because we have not seen the deterioration in bad debt rates that we anticipated following the economic disruption experienced in recent years.

Default and provision rates

After accounting for the reduction in our bad debt provisions, our total bad debt provision rate remains prudent. The chart below sets out:

- Observed annual default rates²⁸ since 2019 (blue bars).
- The closing rate of provision for future defaults (green dotted line), which remains above our current default rates and makes allowance for a material deterioration in defaults.

Annual Default and Closing Provision Rate



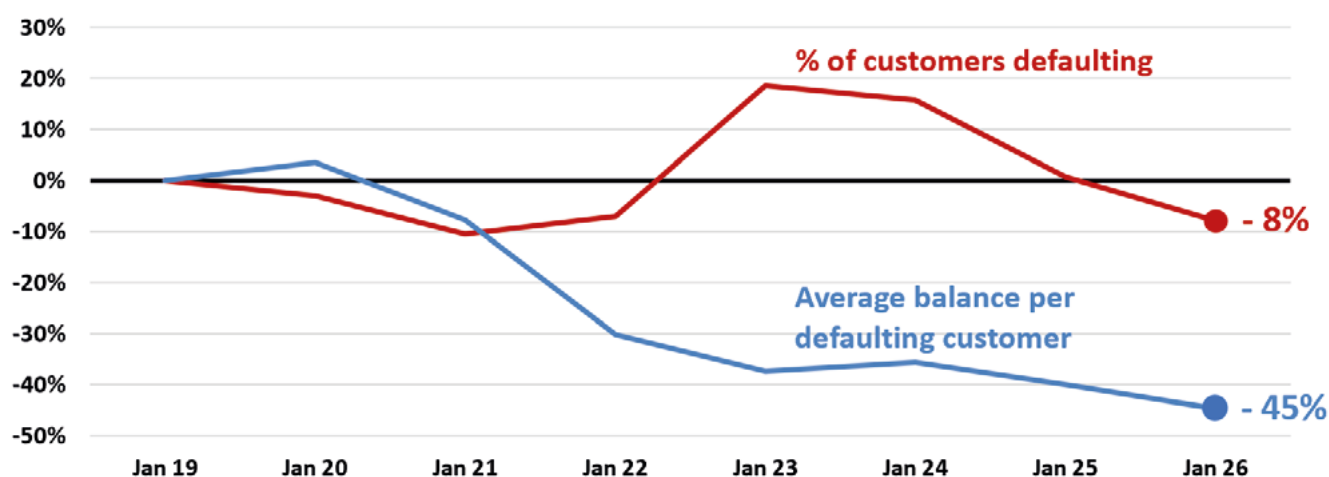
²⁸ Defaults are net of expected recoveries and presented as a percentage of the average customer receivables balance.

Default rates - the long-term change

Since 2019 the default rate on receivables has fallen by -51%, from 4.5% to 2.2%. The chart below shows how: (1) the **rate** at which accounts default and (2) the average **balance** with which they default, have changed since 2019. Figures are indexed to 2019.

While we have seen an 8% reduction in the percentage of customers defaulting, the main driver of the reduction in defaults has been a 45% reduction in the average default balance. This change can be attributed to enhancements in our lending strategies, in particular the management of credit limits.

Customer Account Defaults - Indexed to the Year Ending January 2019



Note 4 Cost of funding

The cost of funding is an internal interest charge from the Group to our Finance business. This is based on the assumption that 85% of customer receivables are funded by debt lent by the Group to the Finance business, with the balance being funded by the Finance business’s notional equity.

The cost of funding charge was down -1.3% due to lower interest rates on our floating rate debt. The table below details the cost of funding recharge calculation. The Group’s *actual* external interest cost is much lower due to the lower average borrowings across the Group compared with the Finance business. This results in a notional profit on intercompany lending.

Group lending to NEXT Finance £m	Jan 2026	Jan 2025	Variance
Average Group external borrowing (for reference)	796	806	(9)
Average NEXT Finance borrowing (@85%) (for reference)	1,091	1,070	21
Group external interest rate	4.5%	4.7%	(0.2%)
Interest charged by Group to NEXT Finance	(50)	(50)	0.7
External interest cost for Group ²⁹	(38)	(38)	(0.0)
Group profit on its lending to NEXT Finance	12	12	(0.7)

GUIDANCE FOR THE YEAR TO JANUARY 2027

In the year ahead, we anticipate that NEXT Finance will generate profits of around **£175m**. We are forecasting that the customer receivables balance at the year end will be around **£1.32bn**, down -1% on the prior year.

²⁹ This figure excludes interest earned from cash on deposit and interest costs incurred by Reiss, FatFace and Joules. The total net external interest cost for the Group in the year was £31m, see page 50.

INVESTMENTS AND TOTAL PLATFORM

FINANCIAL SUMMARY

The combined profit from investments (including interest)³⁰ and Total Platform (TP) services was **£89.7m**, up +17% versus last year. The profit for investments and services are set out in the table below. Growth in investment profit was driven mainly by the growth in Reiss and the turnaround at Joules. The 30% increase in TP services was driven by the underlying growth in client sales plus the addition of FatFace in September 2024.

Profit £m	Jan 2026	Jan 2025	Var £m	Var %
Investments	72.8	63.6	9.2	+14%
Total Platform services	16.9	13.0	3.9	+30%
Total profit	89.7	76.6	13.1	+17%

For the year ahead, we are forecasting profit of **£95m**. Further details on our **Investments** and **Total Platform services** business are set out below.

INVESTMENTS

Investment profit in the year was **£72.8m**, up from £63.6m last year. The table below summarises the performance of our largest investments.

Profit from investments £m	Jan 2026	Jan 2025	Var £m	Var %	Ownership %	
					Jan 2026	Jan 2025
Reiss	43.4	40.0	3.4	+8%	74%	73%
FatFace	14.0	13.5	0.5	+4%	97%	97%
Joules	3.7	(0.2)	3.9	-	74%	74%
Other investments	11.6	10.2	1.4	+13%		
Total investments	72.8	63.6	9.2	+14%		

Please note that the cost of impairing some of our smaller investments (£6m) is reported within non-recurring Group central items (see page 48), and is **not** included in the numbers above.

³⁰ Profit reported in this section includes the interest income earned from loans to TP investments, which is reported in the Interest line of the Group P&L (see page 50).

Profit from investments is stated *excluding* the cost of brand amortisation. Further details on the treatment of brand amortisation are given in Appendix 3 on page 63.

Return on Investments³¹

The table below summarises our capital employed, cash returns and return on capital employed (ROCE) for our investments to January 2026. The *total* ROCE (including TP) in the year was **23%**. The ROCE on *equity investments alone* was **19%**.

	Capital employed £m	Cash profit pre-tax £m	ROCE %
Equity investment	384.2	72.8	19%
Total Platform	31.2	20.9	67%
Total	415.4	93.7	23%

Explanatory notes:

Capital employed consists of:

- Capital invested in equity and debt, *plus*
- The capex required to provide Total Platform services.

Cash profit before tax consists of:

- Equity profit before tax (excluding brand amortisation) plus interest received, to January 2026.
- TP profit before tax and depreciation to January 2026.

ROCE is the cash generated by the investment, on a pre-tax basis, divided into the capital employed.

³¹ This year, we have simplified our method of calculating ROCE. Previously, we used the cumulative total of capital employed less cash recovered. We now measure the return against the total capital employed, which we believe is a better reflection of the return on investment. The capital employed now includes the payment of previously deferred consideration and investments in the last year.

TOTAL PLATFORM SERVICES BUSINESS

The table below sets out the sales, profits and margins for the year, along with last year.

Total Platform services £m	Jan 2026	Jan 2025	Var %
(A) Client online sales (GTV) ³²	233.5	194.6	+20%
(B) Commission income on clients' GTV	48.1	40.1	+20%
(C) Income from cost-plus services	21.7	18.4	+18%
(D) Recharges for services at cost	8.7	8.6	+1%
(E) Total Platform income (accounting)	78.4	67.1	+17%
(F) Total Platform profit from services	16.9	13.0	+30%
(G) Total Platform profit as a % of income = F / E	21.6%	19.4%	
(H) Total Platform profit as a % of clients' sales = F / (A + C)	6.6%	6.1%	

Total Platform services income

Total income in the year increased by +17% to **£78m**. This growth is driven by the annualisation of FatFace, which launched in September 2024 and underlying growth in other clients.

Total Platform services margins

We analyse margins in two ways:

- (1) Profit as a percentage of our income (Row G)
- (2) Profit as a percentage of our clients' sales (Row H)

Profit as a percentage of our clients' sales was **6.6%** and profit as a percentage of income was **21.6%**, in line with our target margin. Margin improved on last year, mainly due to fixed cost leverage.

³² Note to Analysts - this figure only includes the *online* sales going through our TP websites. This differs from Note 2 of the Financial Statements, which reports revenue from subsidiaries (Reiss, Joules and FatFace only) through *all* of their outlets (retail stores, websites, third-parties and wholesale).

OTHER BUSINESS ACTIVITIES

The profits and losses in the year from other business activities, including our other Group trading companies and non-trading activities, are summarised below along with our estimates for the year ahead. Non-recurring items are shown separately. Significant changes in profit are explained in the notes below the table.

£m		Jan 2027 (e)	Jan 2026	Jan 2025
NEXT Sourcing (NS)	<i>note 1</i>	35.9	36.6	31.4
Franchise and wholesale	<i>note 2</i>	5.7	8.2	7.5
Central costs	<i>note 3</i>	(67.3)	(74.5)	(61.9)
Total underlying profit/(loss)		(25.8)	(29.7)	(23.1)
Non-recurring central items				
Impairment of investments	<i>note 4</i>	-	(6.0)	(13.0)
Property management and provisions	<i>note 5</i>	(0.5)	(7.0)	(1.5)
Foreign exchange		-	(2.6)	2.3
Total Platform startup costs/write-offs		-	-	(6.2)
Total non-recurring items		(0.5)	(15.6)	(18.5)
Total profit/(loss)		(26.2)	(45.2)	(41.6)

Note 1 - NEXT Sourcing (NS)

The majority of NS income and costs are denominated in US Dollars (or linked currencies). The table below sets out NS's sales and profit in US Dollars and Pounds Sterling. The exchange rate used is the average market rate of exchange during the year.

NS sales were up +5% due to higher NEXT purchases. Overheads increased less than sales, so profit was up +17%.

	US Dollars \$m			Pounds Sterling £m		
	Jan 2026	Jan 2025		Jan 2026	Jan 2025	
Sales (mainly intercompany)	744.4	684.4	+9%	559.6	534.7	+5%
Operating profit	48.7	40.1	+21%	36.6	31.4	+17%
Net margin	6.5%	5.9%		6.5%	5.9%	
Exchange rate				1.33	1.28	

Note 2 - Franchise and wholesale

Profit in the year ahead is expected to reduce by £2.5m to £5.7m, mainly due to store closures planned by one of our franchise partners, and disruption in the Middle East.

Note 3 - Central costs

Central costs of £74.5m were £13m higher than last year, due to increased share option costs, and new business set-up costs.

In the year ahead, we expect Central costs to reduce to £67m, due to a reduction in anticipated new business set-up costs and professional fees.

Note 4 - Impairment of investments

This year we have impaired some of our smaller investments by £6m, as their performance did not support the value of the investment held in the accounts.

Note 5 - Property provisions

In the year, we have increased property provisions by £7m. £4m of this relates to a warehouse lease in a subsidiary company, which we had previously expected to sublet. We also increased NEXT's store provisions by £3m, mainly for dilapidations, to account for inflationary cost increases.

EQUAL PAY CLAIM

In March 2025 we gave a detailed account of the Equal Pay claim that the Company is currently subject to. For ease of reference, this account is repeated in Appendix 4 on page 64.

In October 2024, we submitted an appeal against all findings made against us by the Employment Tribunal. A Preliminary hearing was held in May 2025. A full Appeal hearing will take place in the Employment Appeal Tribunal in June 2026. It has been agreed with the Claimants' lawyers that no compensation will be paid in respect of any claim until the outcome of the Employment Appeal Tribunal.

Our legal team continues to be very confident of our grounds for appeal. We expect the appeals process to take some time to conclude. Even if the hearing in June 2026 goes in our favour there are two further potential levels of appeal process, so we do not expect a final resolution to be reached for at least a year, possibly much longer.

INTEREST, TAX AND ESG

INTEREST

The interest charge³³ in the P&L is made up of three categories, as set out below.

£m	Jan 2027 (e)	Jan 2026	Jan 2025
Net external interest	(39.0)	(31.1)	(32.2)
Total Platform loan interest income	2.0	1.9	1.5
Net external interest plus income	(37.0)	(29.2)	(30.6)
Lease interest	(48.2)	(48.7)	(47.8)
Total interest	(85.2)	(77.9)	(78.4)

Net external interest

The net external interest charge of £31.1m was £1.1m lower than last year. Interest earned on higher cash balances and lower interest on floating rate bonds both served to reduce interest costs.

In the year ahead, we expect interest costs to increase by £8m to £39m, due to higher average net debt. We have assumed that we will complete £500m of share buybacks in the year to January 2027. In contrast, in the prior year we completed only £131m of share buybacks and returned the remainder of our surplus cash through the B Share Scheme at the end of the year. As a result, we will have less cash on deposit, resulting in lower interest being earned, and we will utilise more of our Revolving Credit Facility.

Total Platform loan interest income

Loan agreements between NEXT and nine of our equity investments generated £1.9m of interest.

Lease interest costs

Lease interest of £48.7m was £0.9m higher than last year, due mainly to the extension of a warehouse lease.

TAX

Our effective tax rate (ETR) for 2025/26 was 24.9%. This is marginally lower than the UK headline rate of 25% as set out below. For the year ahead we expect an ETR of 25.0%.

	Jan 2027 (e)	Jan 2026	Jan 2025
Headline UK Corporation Tax rate	25.0%	25.0%	25.0%
Overseas tax	- 0.1%	- 0.2%	- 0.3%
Equity profit, which has already been taxed	- 0.2%	- 0.2%	- 0.2%
Non-deductible costs and other	+0.3%	+0.3%	+0.2%
ETR	25.0%	24.9%	24.7%

³³ Excludes net interest costs of Reiss, FatFace and Joules, which are reported in the equity investments' profit figures given on page 45.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Full details of our ESG activities are set out in our Group Corporate Responsibility Report, available at www.nextplc.co.uk. Our ongoing, large ESG projects cover:

- Carbon Reduction
- Responsible Sourcing
- Reducing Packaging and Waste
- Recycling
- Supporting our employees and communities

Some other notable ESG projects that we have progressed this year include the following:

Protecting Workers in our Supply Chain

Supply chain grievance mechanisms

During the year we continued our roll-out of grievance mechanisms and now have a mechanism present in 11 of our top sourcing countries across over 240 factories. Our work in China and Pakistan has included collaborative approaches with other retailers. Some of our TP partner factories have also been included as part of the expansion.

Decarbonisation in our Supply Chain

We have joined an ambitious new initiative in Bangladesh aiming to drive country-level grid decarbonisation led by the Apparel & Textile Transformation Initiative. We are also participating in the ETI Just Transition Roadmap project in Bangladesh, working with three factories. This initiative aims to ensure a fair, inclusive shift to renewable energy for workers by developing decarbonisation and renewable electricity roadmaps and sharing national learnings.

Circularity and Waste Reduction

We launched an online take-back scheme in partnership with Salvation Army (SATCoL) enabling NEXT customers to return textiles to a SATCoL sorting facility. Using guidance on the NEXT website, customers can generate a QR code to send their items for sortation. The ultimate ambition is to 'close the loop' by using recycled fibres collected through this scheme in new NEXT products as recycling technologies and commerciality scalability evolve.

PART FIVE

CASH FLOW, SHAREHOLDER RETURNS, NET DEBT & FINANCING

CASH FLOW

In the year to January 2026, we generated **£792m** of surplus cash, before investments and distributions to shareholders. This included an exceptional cash inflow of £54m from the sale of land at Waltham Abbey, and £24m from the 53rd week. *Excluding* these items, underlying cash generation was **£714m**. The table below sets out a summarised cash flow for the year, along with last year and our forecast for the year ahead. For further details on individual cash flow movements please see the page references given in the table.

Net Debt and Leverage

The Company remains committed to maintaining Investment Grade status for the Group, and we believe our leverage is comfortably below the level required to maintain it.

In the year to January 2026, net debt (excluding lease debt) increased by £53m to £713m. This was £26m lower than the guidance given in our Christmas Trading Statement, due to better than expected sales in January and timing of payments. Our debt:PBIT ratio at the year end was 0.60. In the year ahead, we plan to increase net debt to maintain the same debt:PBIT ratio as the *prior year* at 0.63. So we expect to increase net debt by £77m and close the year with net debt of £790m.

£m	Jan 2027 (e)	Jan 2026	Jan 2025
Profit before tax	1,210	1,158	1,011
Profit before tax from 53rd week	-	24	-
Depreciation of assets and amortisation of software	155	153	148
Capital expenditure	(page 54) (237)	(168)	(151)
Tax paid	(page 53) (265)	(233)	(243)
ESOT	(page 53) (64)	(62)	(45)
Working capital/other	(page 53) (75)	(109)	(30)
Trading cash flow	725	764	690
Customer receivables ('nextpay' and 'pay in 3')	17	(26)	(21)
Property - Waltham Abbey land sale	(page 53) -	54	-
Surplus cash before investments and distributions	741	792	669
Ordinary dividends	(page 56) (318)	(286)	(258)
Surplus cash available for investments/buybacks/distributions	423	506	411
Investments in third-party brands	(page 53) -	(6)	(11)
Share buybacks	(page 56) (500)	(131)	(360)
Capital distribution via B share scheme	(page 56) -	(421)	-
Total buybacks, distributions and investments	(500)	(559)	(371)
Change in net debt	(77)	(53)	40
Closing net debt	(790)	(713)	(660)
Net debt: PBIT ratio	0.63	0.60	0.63

TAX PAID

Tax paid in the year of £233m was £10m lower than last year due primarily to the deductible allowances relating to share option schemes.

In the year ahead tax paid is forecast to increase by £32m to £265m, mainly due to: (1) higher profit, (2) a reduction in the deductible allowances on share option schemes (as a result of the lower share price) and (3) timing on the payment of international tax.

EMPLOYEE SHARE OPTION TRUST

The net cash outflow in the year was £62m, versus £45m last year. The £17m increase is driven by:

- Wage inflation and headcount increases, which increase the level of purchases required for management share options;
- Higher uptake in our employee sharesave scheme; and
- Share price increases in the year, increasing our outflow on share purchases to hedge.

WORKING CAPITAL

Working capital this year was a £109m outflow; £79m higher than the prior year. This increase is mainly from a higher debtors balance, due to the increase in international sales online through third-party aggregators, and the timing of settlements.

Also included within this year's working capital, is an additional £29m outflow for 'cash in transit'. This is due to the early adoption of the amendments to IFRS 9, under which certain electronic cash settlements (for example from credit card companies) are categorised as a debtor until cash is physically received in the Company's bank account.

In the year ahead, we expect a net cash outflow of £75m mainly due to stock increasing in line with forecast sales and the payment of staff incentives.

PROPERTY - WALTHAM ABBEY LAND SALE

In November 2025 we sold land near Waltham Abbey, Essex, receiving an exceptional cash inflow of £54m. Full details of this were announced in the RNS statement issued on 25 November 2025.

INVESTMENTS

During the year we invested £6m in third-party brands. We acquired the brand and intellectual property of the footwear brand Russell & Bromley (£3.8m), and the maternity fashion brand Seraphine (£0.6m). We also invested a further £1.5m in Reiss, increasing our equity stake by 0.3% to 74.3%.

CAPITAL EXPENDITURE

The table below sets out our capital expenditure, by category of spend, for the year to January 2026 and our forecast for the year ahead. For comparison, last year is also shown.

Total spend of £168m in the year to January 2026, was £17m higher than the prior year due to the increase in expenditure on new space in our Retail Stores. In the year ahead, we expect capital expenditure to increase to £237m, due to further expansion of our warehouse space.

£m	Jan 2027 (e)	Jan 2026	Jan 2025
Warehouse	140	52	49
Technology	32	33	34
Total warehouse and technology	172	85	83
Retail Stores' space expansion	30	49	26
Retail Stores' cosmetic/maintenance capex	15	15	20
Total Retail Stores' expenditure	45	63	46
Head office infrastructure and other	8	8	9
Other Group subsidiaries	12	12	12
Total capital expenditure	237	168	151

Warehousing

Warehousing spend of £52m included the completion of some of the automation projects in Elmsall 3, the upgrade of our sortation mechanisation in our other online warehouses and the purchase of new vehicles.

In the year ahead we expect to increase warehouse spend to £140m as we begin to increase the capacity at Elmsall 3. For further details and commentary on our Elmsall 3 warehouse, see page 20 of Part 2, The Big Picture.

Technology

In the year we spent £33m modernising and upgrading our systems technology (£30m on software development and £3m on hardware) and expect similar expenditure in the year ahead.

Retail Stores

In the year, capital expenditure on new space increased by £23m to £49m due to the increase in new store openings (see page 32 for further details on new stores). Cosmetic and maintenance spend of £15m was £5m lower than the prior year. Last year included additional spend relating to the rollout of LED lighting which was not repeated.

In the year ahead, we expect capital expenditure on new space to reduce to £30m. This is lower than the prior year, which included the new design and prototyping costs of our new shopfit concept in our Thurrock store. Cosmetic and maintenance spend is forecast at £15m.

Head office infrastructure and other

Capital expenditure on head office infrastructure was £8m. Projects include the redevelopment of some of our head office and contact centre facilities.

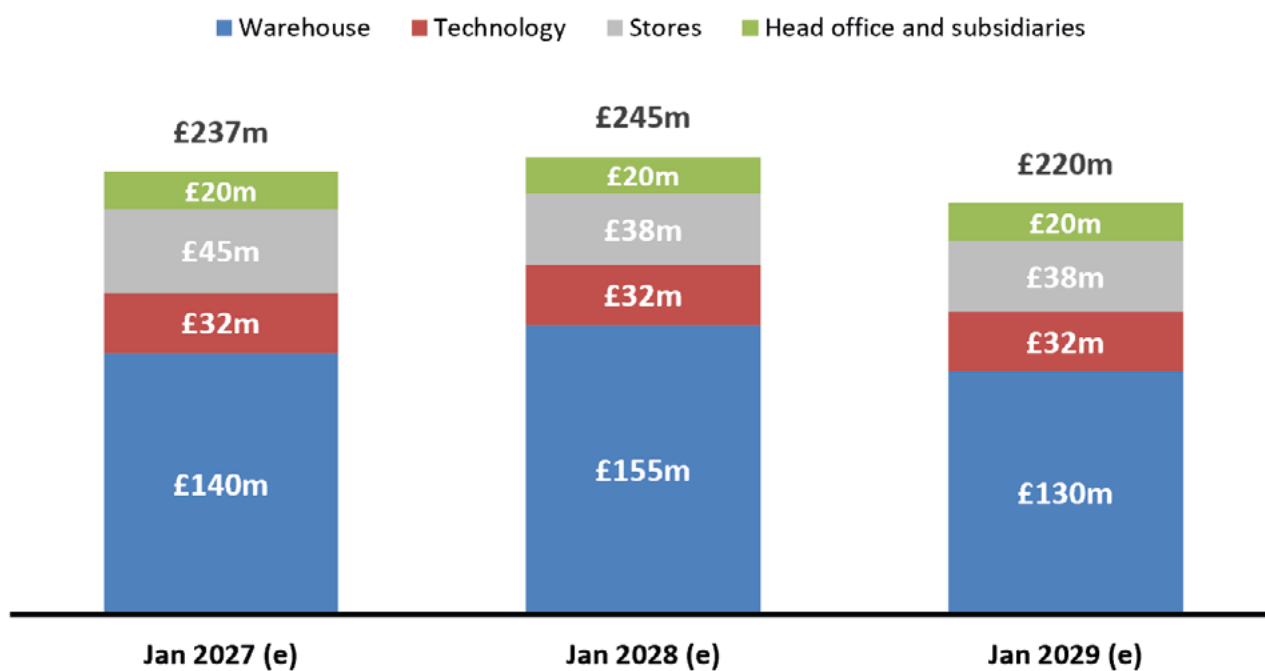
Other Group subsidiaries

Capital expenditure across our subsidiaries totalled £12m, in line with last year. This expenditure relates mainly to new store openings and refits.

Outlook For Capex

The chart below sets out our forecast for capital expenditure over the next three years, which includes the increase in warehouse expenditure described in The Big Picture (pages 20 to 21).

Outlook for Capital Expenditure



DIVIDENDS AND SHAREHOLDER RETURNS

The Company remains committed to returning surplus cash to shareholders, if it cannot be profitably invested in the business. Surplus cash is defined as cash generation, after deducting interest, tax, capital expenditure, funding customer receivables, investments or acquisitions and ordinary dividends.

Any share buybacks are subject to us achieving a minimum 8% equivalent rate of return (ERR) on the purchase. As a reminder, ERR is calculated by dividing (1) anticipated NEXT Group pre-tax profits by (2) the current market capitalisation³⁴.

Shareholder Returns in 2025/26

Ordinary dividends

An ordinary dividend of 158p per share was paid on 1 August 2025 (with a total value of £184.8m) and an interim dividend of 87p per share, in respect of the year to January 2026, was paid on 5 January 2026 (with a total value of £101.7m).

The Board has proposed a final ordinary dividend of 181p per share, to be paid on 3 August 2026. This would give a full year dividend of 268p per share. This is subject to approval by shareholders at the Annual General Meeting to be held on 21 May 2026. Shares will trade ex-dividend from 2 July 2026 and the record date will be 3 July 2026.

Share buybacks

In 2025/26 we purchased 1.2m shares at an average share price of £109, totalling £131m. This reduced the number of shares in issue by 1.0% since the start of this financial year. These buybacks represent an ERR of 9.1%; ahead of our buyback hurdle of 8%.

Capital return through B Share Scheme

In January 2026, a B Share Scheme returned a total of £421m to shareholders, equating to £3.60 per share.

Outlook for Shareholder Returns in 2026/27

Ordinary dividends

Based on achieving our profit guidance of £1,210m, we expect to return £324m to shareholders by way of ordinary dividends. This represents 36% of our forecast post-tax profit and dividend cover of 2.8 times. As is our normal practice, we intend to pay an interim dividend in January 2027 and the final dividend in August 2027.

For clarity, the £318m cash outflow for ordinary dividends shown in the 2026/27 cash flow forecast on page 52 is the sum of: (1) the final dividend from 2025/26, which is forecast to be paid in August 2026, and (2) the interim dividend for 2026/27 forecast to be paid in January 2027.

Share buybacks

We intend to return surplus cash, totalling £500m, to shareholders by way of share buybacks. We estimate that buybacks, along with those in the previous year, will boost pre-tax EPS in 2026/27 by +1.4%.

The value of buybacks could vary to this forecast, in the event of: (1) further investments, which would reduce cash available for buybacks, or (2) if the share price exceeds our current limit of £131.

Special dividends or other capital return

In the event we cannot spend all of the £500m on share buybacks, remaining cash would be returned to shareholders via either a special dividend or capital return.

³⁴ Market capitalisation is calculated based on shares in circulation, so excludes shares in the NEXT ESOT.

NET DEBT, BOND AND BANK FACILITIES

Our net debt at January 2026 (excluding lease liabilities) was £713m, an increase of £53m in the year.

As at January 2026, the Group's bond and bank facilities totalled **£1,239m** (£714m in bonds and a £525m revolving credit facility (RCF)).

In July 2025, we issued a new 6 year £300m bond. We also bought back £136m of our outstanding 2026 bond, leaving £114m to repay. The £250m bond that matured in August 2025 was repaid. The table below sets out all the changes in our bond and bank facilities in the year to January 2026.

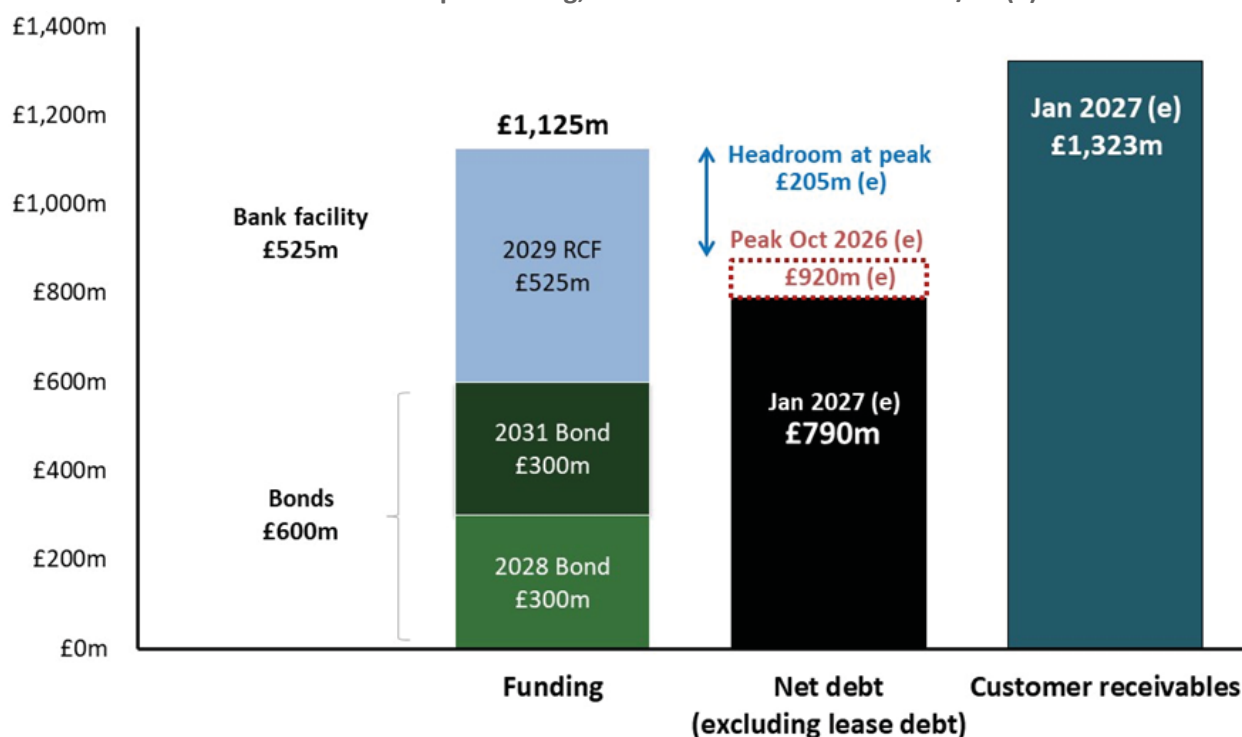
Group bond and bank facilities	£m
Facilities as at January 2025	1,257
New 6 year bond issued	+300
2026 bond partly repurchased	- 136
2025 bond repaid in full	- 250
RCF increased	+100
Subsidiaries' facilities expired	- 32
Facilities as at January 2026	1,239

Our 2026 bond of £114m will mature in October 2026. We are reviewing our financing options and, subject to market conditions, we may refinance in the year ahead. If we do not refinance, our facilities will reduce to **£1,125m**.

Based on our cash flow guidance for the year ahead, we anticipate that our net debt will peak in October 2026 at around £920m, leaving headroom of £205m within our bond and bank facilities of £1,125m. We estimate that we will end the year with net debt (excluding lease debt) of £790m.

The chart below sets out the Group's bond and bank facilities and year of maturity, excluding our 2026 bond. For context, our forecast for customer receivables at January 2027 is £1.32bn; significantly higher than the value of our net debt.

Group Financing, Net Debt and Headroom 2026/27 (e)



FIRST QUARTER TRADING UPDATE

Our first quarter Trading Statement will cover the thirteen weeks to Saturday 2 May 2026 and is scheduled for Wednesday 6 May 2026.

A handwritten signature in black ink, consisting of stylized initials 'Wf' followed by a dash and a dot.

Lord Wolfson of Aspley Guise

Chief Executive

26 March 2026

APPENDIX 1

RECONCILIATION TO STATUTORY RESULTS

OVERVIEW

The financial information presented in pages 3 to 58 is used by management in assessing business performance. It is also the financial information used to inform business decisions and investment appraisals. Some of these financial metrics and performance measures are not prepared on a full IFRS statutory accounting basis. It is common for these performance measures to be called 'Alternative Performance Measures' (APMs).

An explanation of the APMs used by the business is provided in the glossary.

Reconciliations between total Group sales and statutory revenue, and NEXT Group profit before tax and statutory profit before tax are given in this document on pages 25 and 26 respectively.

In this appendix we provide a reconciliation between our APMs and their statutory equivalents for (1) NEXT Group EPS and statutory EPS, (2) capital expenditure, and (3) cash flow. We also provide further information on the exceptional property profit from the sale of land near Waltham Abbey.

1. NEXT GROUP EPS AND STATUTORY EPS

The EPS calculation on NEXT Group profit before tax, and its statutory equivalent are summarised below.

NEXT Group profit (£m) and EPS (pence) (APM)	Jan 2026	Jan 2025
NEXT Group profit before tax	1,158.2	1,011.4
Tax	(288.2)	(249.9)
NEXT Group profit after tax	870.0	761.4
Average number of shares (millions)	116.9	119.7
NEXT Group Earnings Per Share (EPS)	744.2p	636.3p

Statutory profit (£m) and EPS (pence)	Jan 2026	Jan 2025
Statutory profit before tax	1,192.6	987.0
Remove profit before tax on non-controlling interests	(12.2)	(9.1)
Statutory tax attributable to NEXT	(291.9)	(241.8)
Statutory profit after tax attributable to NEXT	888.6	736.1
Average number of shares (millions)	116.9	119.7
Basic Earnings Per Share (EPS)	760.1p	615.1p

The statutory tax attributable to NEXT of £291.9m is calculated as being the £294.6m tax charge in the statutory income statement less the tax on the non-controlling interests of £2.7m (this is the difference between the profit before tax of £12.2m non-controlling interest and the £9.5m shown on face of the statutory income statement, which is the post-tax equivalent).

2. CAPITAL EXPENDITURE

Capital expenditure in the cash flow presented in the Chief Executive’s Review is based on the internal operational view of capital expenditure. From a statutory viewpoint, there are some differences which are reconciled below.

	£m
Capital expenditure per Chief Executive’s Review	168
Plus property stock acquired	3
Plus acquired intangibles Russell & Bromley and Seraphine	5
Less capital accruals	(4)
Capital expenditure per statutory reporting*	171

*Includes property, plant and equipment and intangible assets

3. STATUTORY CASH FLOW

The cash flow statement presented in the Chief Executive’s Review is consistent with that used by management in its decision making processes and internal reporting. It is this view of the cash flows, and in particular the ‘Trading cash flow’ line, that informs decision making on distributions. However, this approach, while used by management, is not consistent with the presentation of cash flows on a statutory basis.

In this section we provide a walk forward from Trading Cash Flow presented in the Chief Executive’s Review cash flow to ‘Net cash from operating activities’ in the statutory cash flow. The overall total cash flow in the year is the same - the difference is limited to presentation.

The statutory cash flow is split into three main sections:

- *Operating activities:* cash flows primarily derived from our revenue producing activities.
- *Investing activities:* cash flows that result in the recognition of an asset in the balance sheet (i.e. capex or investing in another company).
- *Financing activities:* cash flows that result from financing - issue of shares, share buybacks, issue of bonds, interest payments, dividends and leases.

	Note	£m
Trading cash flow (53 weeks)	1	764
Add back interest paid (exc lease interest)	2	39
Add back lease interest	2	56
Capital expenditure	3	168
ESOT cash flows	4	62
Customer receivables	5	(26)
Lease payments (net of incentives)	6	167
Other	7	5
Net cash from operating activities - per statutory cash flow	8	1,234

Note 1: As per the cash flow statement on page 52 of the Chief Executive's Review, cash from trading activities was £764m for the year to January 2026.

Note 2: Management Trading cash flow of £764m includes the cash outflow associated with our interest and lease interest payments. In contrast, interest and lease interest payments are presented within Financing activities in the statutory cash flow statement. Hence these amounts are added back in the bridge above.

Note 3: Management includes the capital expenditure (capex) which it considers to be part of its trading activity and deducts this capex when calculating Trading cash flow. In the statutory cash flow, all capex is included within investing activity and hence not part of operating cash flows. Therefore the capex of £168m in the Chief Executive's Review has been added back in the bridge above.

Note 4: Trading cash flow is recognised after the purchase and disposal of shares in the ESOT. This is because ESOT activity is attributable to staff incentives and Management consider this to be part of trading activity. In contrast, they are classified as financing activity in the statutory cash flow.

Note 5: The customer receivables cash movement relates to the 'nextpay' and 'pay in 3' receivables balance. For management purposes, movements in this balance are excluded from Trading cash flow. In contrast, this is included within operating cash flow for statutory reporting.

Note 6: The cash flows associated with our leases, which are predominantly store related, are considered by management to be an integral part of our trading cash flows and hence are included in the calculation of Trading cash flow. From a statutory perspective, lease cash flows are included in financing activity (as a lease is deemed a form of debt).

Note 7: The remaining difference relates to immaterial movements on other items such as capital accruals and the balances with JVs and Associates which do not form part of 'cash from operating activities' for statutory cash flow purposes.

Note 8: This value of £1,234m can be reconciled to the line 'Net cash from operating activities' in the statutory cash flow statement.

4. EXCEPTIONAL PROFIT FROM WALTHAM ABBEY LAND SALE

In 2021, the Company purchased land near Waltham Abbey with the intention of consolidating two of our Regional Distribution Centres. Since then, the plans for our Distribution Centre network changed and we no longer planned to use this land. As a result, the land was sold on 21 November 2025.

The sale generated net cash proceeds after fees of £54.1m and generated a profit of £16.3m based on the original purchase of the land at £37.8m.

This gain is treated as exceptional and is *excluded* from our headline profit and EPS numbers. In our statutory financial statements it is included within profit and EPS.

APPENDIX 2

REPORTING OF SUBSIDIARIES' SALES AND PROFITS

The explanation below was given in the Chief Executive's Reviews in March and September 2024 and is repeated here for clarity.

Reporting the headline PROFITS of subsidiaries in which we have a part share

As NEXT began to acquire new businesses the question arose as to how we report the sales and profits from companies in which we own a part share. Accounting standards require our statutory accounts to consolidate the sales and profits of companies in which we have a controlling interest, but in the case of part ownership that means that we would start to include in our headline numbers, profit that our shareholders do not 'own'. The answer, we believe, is to report *our share* of our subsidiaries' profits³⁵; so if we own 50% of the business we will include 50% of its profits in our headline number.

In summary: We include our share of subsidiary profits in our headline profit number for the Group.

Reporting the headline SALES of subsidiaries in which we have a part share

Prior to 2023/24 we did not include the sales of subsidiary companies in our headline sales number. Until then, that was not a problem, as they were not material. As we acquired more businesses the risk was that we overstated the headline net margins of the Group by including our share of their profits but excluded all of their sales.

To address this problem, we have adopted the same convention for sales as we have done for profits. So if we own 50% of a company we will report 50% of its profits and 50% of its sales in our headline numbers (subject to the qualification below). By maintaining the proportion of sales *and* profits in line with our ownership we give a more accurate picture of our profit and net margins.

In summary: We include our share of subsidiary sales in our headline sales number for the Group.

ISSUE: Avoiding the double counting of sales

Historically we have always included LABEL sales within our headline sales number, whether goods are sold on a wholesale or commission basis³⁶ and we continue with this convention. However, a subsidiary company's sales on LABEL will also be reported within *their* sales numbers. So if we include our share of their sales in our headline sales, including their LABEL sales, we will double count our share of their LABEL sales.

To avoid this problem, we exclude subsidiaries' LABEL sales from their sales *before* accounting for our share of their sales. So if we own 50% of a subsidiary that turns over £100m, of which £20m are LABEL sales, then we add 50% of £80m (i.e. £100m - £20m) to our headline sales number. On the same logic, we also deduct the value of Total Platform commission and revenue from cost-plus services from their sales.

In summary: We deduct subsidiary sales on LABEL and TP services before accounting for our share of their sales.

³⁵ The term subsidiaries here is used to describe businesses in which we hold equity investments, as detailed in Appendix 5 on page 65.

³⁶ The gross transaction value of LABEL items sold on commission are not *statutory* sales but are included in our headline numbers.

APPENDIX 3

NOTE FOR ANALYSTS ON THE TREATMENT OF BRAND AMORTISATION

The explanation below has been given in Chief Executive's Reviews since 2024 and is repeated here for clarity.

As NEXT acquired new businesses, the accounting effect of amortising the value of acquired brands³⁷ would increasingly understate the underlying profitability of the Group. Amortisation is a non-cash accounting adjustment similar to depreciation; accounting standards require that the value of brands is amortised over their life. In the case of FatFace and Reiss we are amortising the brand over 15 and 25 years respectively. This amortisation assumes that the value of these brands will drop to zero over the amortisation period; in reality it is more likely that they will *increase* in value than fall to zero.

By way of example: If NEXT plc was acquired, at its current market value, by a shell company that issued new shares in exchange for the company's current shares then, under statutory reporting, the acquiring company would then add the brand to the balance sheet and amortise it over the 'life' of the asset. A conservative accounting approach would result in a life of, say, 25 years, which would result in an annual amortisation charge of around £515m. So, despite having exactly the same cash flow, assets and debt as the existing company, the new company's reported profit would be around 45% lower than prior to the transaction - clearly not a true representation of the company's value.

So from the year ending January 2024 onwards, we adopted the accounting convention used by many acquisitive Groups, and reported our 'headline profits' *excluding* brand amortisation costs. Prior to the year ending January 2024, brand amortisation costs were not material to the Group.

³⁷ Acquired brands is used to describe the brand and any other related intangible assets acquired in the business.

APPENDIX 4

EQUAL PAY CLAIM

The summary below was given in our Half Year Report in September 2024 and is repeated here for reference. The only comments updated are in respect of the dates of the Appeal Hearing.

NEXT is currently subject to an equal pay claim. The claim is from a number of former and current employees in our Retail store network seeking equal pay with colleagues in our warehouses. The case revolves around the fact that a higher percentage of our sales consultants in stores are women, when compared to the warehouses where just over half (52%) the operatives are men. A decision on this matter was issued by the Employment Tribunal on 22 August 2024.

The Tribunal rejected the majority of the claims made by the Claimants, in particular all claims of direct discrimination, and all aspects of the claims made in respect of bonus pay. The Tribunal expressed serious criticisms of the Claimants' expert evidence, and overwhelmingly accepted the evidence of NEXT's expert and fact witnesses.

In respect of the 7 (out of 18) claims on which the Claimants succeeded, we have appealed and a hearing will take place in June 2026. This is the first equal pay group action in the private sector to reach a Tribunal decision of this type and raises a number of important points of legal principle.

NEXT is proud of its reputation as a fair employer. So it is important to stress that the Tribunal was clear that there was no direct discrimination by NEXT. It was established that NEXT did not deliberately set lower pay rates and premium payments because of gender, either consciously or subconsciously.

Further, the Tribunal found that market forces and the need to recruit and retain staff in the warehouses were the reason for the pay gap. Nevertheless, the Tribunal's approach to the law led it to conclude that, for some of the contractual terms, this did not justify the gap. This is the legal decision that NEXT is appealing, as an error of law.

Our legal team is very confident of our grounds for Appeal. We expect the appeals process to take some time to conclude so do not expect a final resolution to be achieved for at least a year, if not much longer.

In the possible (but unlikely) event we lose this case on appeal, there will be a financial cost to the Group and its ongoing future operating costs. However that is not our main concern; the ramifications go well beyond the profitability of the Group (which is protected by the fact that Retail stores are a relatively small percentage of our profits). The two concerns are as follows:

- Each of our stores is treated as a business in its own right, and must remain **individually profitable** if they are to open in the first place and continue trading at lease renewal. Inevitably some of our stores will no longer be viable if this ruling is upheld on appeal. Materially increasing store operating costs will result in more stores being closed when their leases expire, and will materially impede our ability to open new stores going forward.
- An additional concern is the effect the case would have on the **viability of our warehouse operation**. If, for many people, warehouse work is less attractive than work in stores (as the evidence before the Tribunal showed), how can a warehouse attract the number of employees it needs? On the Tribunal's approach, the warehouse cannot raise wages, as that must inevitably push up the pay of competing work in shops - a vicious circle. The Lead Claimant herself, giving evidence in open court, summed up the problem when she said that working in the warehouse "didn't seem particularly attractive" and she would only have considered it "if it had been a lot more money".

At its heart this case poses a fundamental question about the meaning of "equal value". In this case the work was assessed as being of "equal value", despite the fact it was being carried out in different workplaces, in different markets, and was of different value to the employer and attractiveness to the employee. We believe it should therefore be no surprise that they need to be paid differently.

APPENDIX 5

TOTAL PLATFORM CLIENTS AND EQUITY INVESTMENTS

Our Total Platform clients and investments in third-party brands are shown in the tables below.

Client	Equity interest or investment	TP launch date	Sales channels supported
Victoria's Secret (UK and Eire)	51% share in UK and Eire franchise	May 2021	Online and stores
Reiss	74.3% equity share	Feb 2022	Online, stores and wholesale
GAP	51% share in UK JV with GAP coalition	Aug 2022	Online and stores
JoJo Maman Bébé	44% share in partnership with Davidson Kempner	May 2023	Online, stores and wholesale
MADE	100% acquisition of brand name, domain name and intellectual property	Jul 2023	Online and stores
Joules	74% share in partnership with Tom Joule	Oct 2023	Online, stores and wholesale
FatFace	97% equity share	Sep 2024	Online, stores and wholesale

Other investments in brands not on Total Platform

Brand	Equity interest or investment
Swoon	25% share
Sealskinz	19.9% share
Aubin	30.3% share
Cath Kidston	100% acquisition of brand name, domain name and intellectual property
Rockett St George	16% share
Seraphine	100% acquisition of brand name, domain name and intellectual property
Russell & Bromley	100% acquisition of brand name, domain name and intellectual property

BUSINESS MODEL

The key elements of our business model are set out here, together with the guiding principles that have shaped the direction in which we have taken the business.

We focus here on the core NEXT business.

Founded in 1982, NEXT is a UK based online and store retailer. It began as a small, women's clothing business and has expanded its range to include clothing for women, men, children and homeware. In 1987, we launched a direct to customer catalogue, which has since evolved into the UK's largest fashion online aggregation business.

Evolution has been key to NEXT's growth. Over time, the cumulative changes have produced a radically different business. From shops to online, from one brand to an aggregator of over 1,000 third-party brands, and from a UK-centric brand to one with increasing global reach.

For further information about our business and priorities, see pages 7 to 23 of the Chief Executive's Review.

OUR OBJECTIVES

We offer beautifully designed, excellent quality clothing, homeware and beauty products, responsibly sourced and accessibly priced. We are a business with excellent operations and strong financial disciplines and have spent years honing these skills, creating our supporting infrastructure, and building the trust and confidence of our customers, suppliers and partners. We aim to leverage and develop these exceptional qualities, supported by our core principles of acting responsibly.

We look to:

1. Add value

- Use our product skills, distribution networks, systems, services and sourcing to create goods and provide services that consumers consider are better than competitors.
- Focus on customers' satisfaction levels by improving the customer experience in our stores and continuing to develop and enhance our website and App.

2. Play to our strengths

- Improve and develop our product ranges by using our design skills to create quality products at affordable prices.
- Increase the number of profitable Online customers and their spend, both in the UK and internationally. Our Online business is complemented by our LABEL offering of branded products and, in the UK, our credit facilities (nextpay and pay in 3). Our objective is to be our customers' first choice online retailer for clothing, beauty and home products.

3. Make a healthy margin

- Achieve healthy gross and net margins through efficient product sourcing, stock management and cost control.

4. Make good returns on capital invested

- Support the Group's access to low cost finance by maintaining a strong balance sheet and secure financing structure.
- Make a return on capital commensurate with risk, using robust investment appraisal models, targeting financial hurdles, including cash payback and return on capital invested.
- Maximise the profitability of retail selling space.

5. Generate and return surplus cash to shareholders

- Through dividends, share buybacks or other forms of capital return.

Everything we do at NEXT is underpinned by a clear financial goal – the delivery of long term, sustainable growth in Earnings Per Share.



BUSINESS PRIORITIES



Product

We continually improve our product ranges, embracing newness, improving quality and broadening appeal.

See the Chief Executive's Review on page 9 for further details.

Service

We constantly improve our customer and online services.

See Part 2 of the Chief Executive's Review from page 7 for further details.

Cost

We relentlessly manage our costs.

See the Chief Executive's Review from page 17 for further details.

New business

We lay foundations for future growth to keep developing new business opportunities.

See Part Two in the Chief Executive's Review on page 7 for further details.

OUR INFRASTRUCTURE

We draw on our assets – great people, warehouses, delivery networks, systems, websites, stores, marketing and credit facilities – to support a business selling over 1,000 third-party brands alongside our own NEXT products.

NEXT Online

- Around 10.4m UK Online customers.
- 5.7m overseas customers, excluding aggregators.

Well-Connected Store Network

- Over 800 stores in the UK and Ireland (includes Reiss, Joules and FatFace stores).
- Approximately 200 franchised stores (includes Reiss, Joules and FatFace franchised stores).
- In 37 countries.

Our UK stores play an important role in supporting our Online customers; nearly half of our UK Online orders are collected instore and the majority of UK returns are through our UK stores.

Supply Chain

NEXT has a well established supply chain that is supported by our overseas sourcing operation, NEXT Sourcing Limited (NSL). NSL provides buying, sourcing and design skills, which support our product teams in the UK.

Warehousing & Distribution

- Nine UK warehouses.
- Six UK depots.
- Two international hubs which are fully integrated with our cost-efficient distribution facilities.

Our distribution network serves our Retail stores and Online customer deliveries for both NEXT and third-party branded products. We also facilitate the intake of products held in third-party warehouses into NEXT's distribution network for onward delivery to customers.

Technology

Our technology systems support every aspect of the business, from customer-facing websites and Apps to the warehouse management and order routing software that underpins our operations. These systems also form the backbone of the services we provide to third-party partners through Total Platform.

Digital Marketing Systems

The development of digital marketing systems to target products and brands to customers. Our systems can manage significant amounts of data and incorporate sophisticated search facilities and web-based marketing tools that link with our email and social marketing systems.

Consumer Credit

NEXT Finance has built a high quality receivables book with customer credit balances of £1.5bn. The ability to sell products on credit has proven to be an attractive service to customers, which benefits Online sales and Group profitability. The customer receivables are a valuable asset, adding to the Group's financial strength.

Call Centres

NEXT operates multi-language call centres in the UK and overseas to support its worldwide customer service operations for Retail Stores, Online and NEXT Finance.

WHAT WE DO

The business has evolved at pace in recent years and continues to do so. The growth in our LABEL, wholly-owned brand and licences and Total Platform businesses have expanded the channels through which we generate sales. These can be summarised across four key streams:

NEXT Branded Products

Our in-house team develops NEXT branded products offering great design, quality and value for money, which are sold in store and online.

Third-Party Brands

Our LABEL business sells over 1,000 third-party clothing, home and beauty brands online. These are sold on a commission or wholesale basis.

Wholly-Owned Brands and Licences (WOBL)

Our WOBL business creates value by leveraging our infrastructure and supply base to create new brands and by combining NEXT's sourcing and quality expertise with the design inspiration of partner brands.

Total Platform and Investments

We leverage our infrastructure by offering a complete suite of services to third-party brands including websites, marketing, warehousing, distribution networks and contact centres. Prospective investments must be a great brand, with great management (either in place or available), they must be able to add value through taking on Total Platform and the price must be right.

HOW WE CREATE VALUE

Our Customers

We create value for customers by offering products that are worth more to them than the price they paid. That means getting the design, quality and longevity right - and pricing them fairly.

We also aim to make sure that when customers need help - before, during or after a purchase - they get it quickly and easily; to build trust and long-term loyalty.

Ultimately, value is created when our customers feel confident in their choice, satisfied with the longevity of their purchase, and positive about our customer service.

Our Shareholders

In order to achieve long term, sustainable growth in Earnings Per Share, we need to generate returns that exceed our total cost base, including product costs, operating expenses and the cost of capital.

We do that by:

- Selling products and services at margins that exceed their fully loaded cost.
- Allocating capital only where returns exceed our hurdle rates.
- Reinvesting retained earnings at attractive incremental rates of return, or by returning surplus cash to shareholders where we cannot.

Disciplined cost control and capital allocation, not simply revenue growth, is the driver of sustainable EPS growth.

Third-Party Brand LABEL

- We provide third-party LABEL brands with a scalable and capital-efficient route to market - generating incremental revenue that they would not otherwise have access to at attractive contribution margins, presented in a way that is right for their brand.

Partnerships that grow both their profit and ours, sustainably, are more likely to endure.

Total Platform Clients

For Total Platform clients, we make our infrastructure available: websites, warehousing, distribution, technology, credit and customer service.

We aim to provide services that: cost less than developing it themselves, that work better than other third party alternatives and that do not require clients to invest any capital.

Value is created when our clients grow faster and at a lower unit cost than they could do independently.

KEY PERFORMANCE INDICATORS (KPIs)

KPIs are designed to measure the development, performance and financial position of the business. The KPIs include Alternative Performance Measures (APM). The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, IFRS measurements. Definitions of our APMs and, where appropriate, a reconciliation between an APM and its closest statutory equivalent is provided in the Glossary on page 256 to 260 and Appendix 1 at page 59.

All KPIs that show a growth metric are based on a year-on-year calculation of growth. Commentary on business performance is provided in the Chief Executive's Review.

As explained in Note 1 of the Chief Executive's Review (page 24), the January 2026 Sales, profit, EPS and margin KPIs are based on a 52-week period. Cash and shareholder returns are based on the financial year which means January 2026 is on a 53-week basis.

NEXT Sales APM

NEXT full price sales¹ growth

+10.9%



Total Group sales² growth

+10.8%



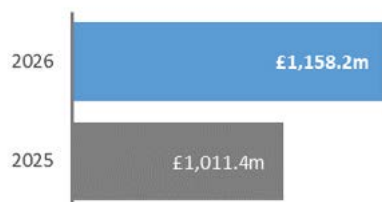
1. NEXT full price sales include all items sold in Retail Stores, Online (UK) and Online (International) plus NEXT Finance interest income, but excludes Sale events, Clearance, Total Platform commission and the sales from subsidiaries.

2. Total Group sales are the sum of total sales (full price and markdown) from all of the Group's divisions plus revenue from subsidiaries and investments. See page 25 for a bridge between Group sales and statutory revenue.

NEXT profitability and Earnings Per Share (EPS) APM

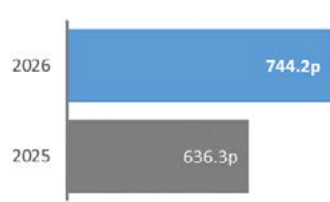
NEXT Group profit before tax³

+14.5%



NEXT Group post tax EPS⁴

+17.0%



3. For further information on NEXT Group profit before tax, refer to Appendix 1 at page 59 and Appendix 2 at 62.

4. NEXT Group post tax EPS is pre-amortisation and pre-exceptionals. For further information on EPS, refer to Appendix 1 at page 59.

Returns to Shareholders APM

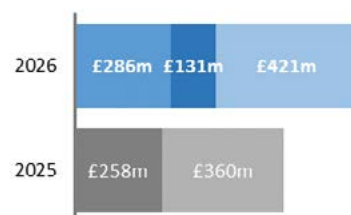
Surplus cash⁵

£792m



Return to Shareholders⁶

£839m



5. Surplus cash is defined as cash generated from operations before investments and distributions. In the current year this included the non-recurring cash inflow of £54m from the sale of land at Waltham Abbey and £24m from the 53rd week. Excluding these cash flows, underlying surplus cash was £714m.

6. The Return to Shareholders of £839m in the current year consisted of £286m ordinary dividends; £131m share buybacks and £421m B Share Scheme capital distribution.

In the prior year the Return to Shareholders of £618m consisted of £258m ordinary dividends and £360m share buybacks.

NEXT Online (UK) APM

Full price sales¹

+8.7%



NEXT Online (UK) operating margin

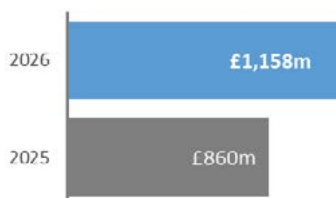
18.2%



NEXT Online (International) APM

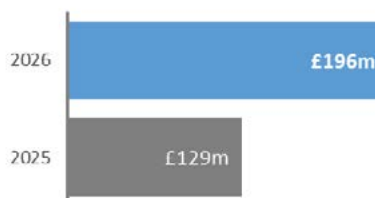
Full price sales¹

+34.6%



NEXT Online (International) operating margin

15.1%



NEXT Retail Stores APM

Full price sales¹

+3.5%



NEXT Retail Stores operating margin

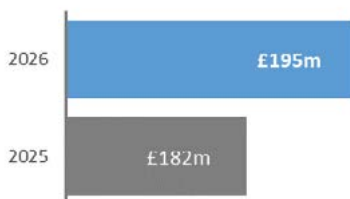
10.2%



NEXT Finance APM

NEXT Finance profit³

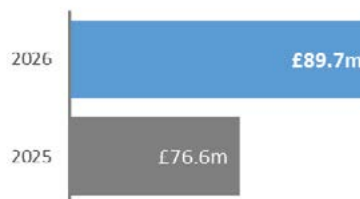
+7.5%



Total Platform APM

Total Platform profit³

+17.2%



RISKS AND UNCERTAINTIES

Risk management and internal control framework

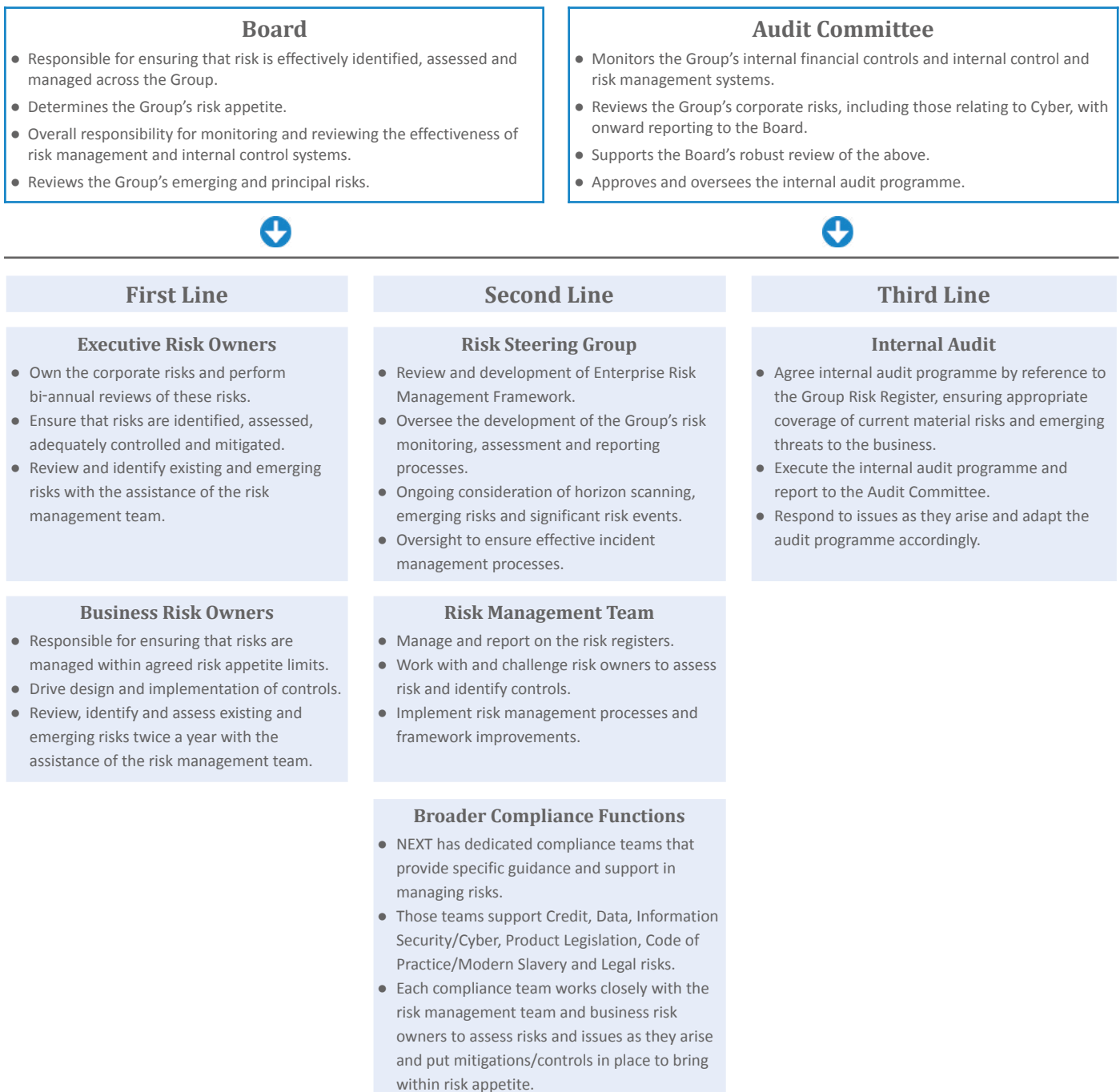
Approach

The Board has overall responsibility for risk management, the supporting system of internal controls and for reviewing their effectiveness. The Group operates a policy of continuous identification and review of business risks. This includes the monitoring of key risks, identification of emerging risks, and consideration of risk mitigations after taking into account risk appetite and the impact of those risks on the achievement of business objectives.

The risks and uncertainties that the business faces evolve over time. The Board delegates to the executive directors and senior management the task of implementing and maintaining controls to ensure that risks are managed appropriately. The risk management process is designed to identify, evaluate and mitigate the risk of failure to achieve business objectives. This means it can only provide reasonable and not absolute assurance.

Our framework for risk governance

We have a ‘three lines of defence’ model of risk management, as illustrated below.



How we identify and monitor risk

Our approach to risk identification is illustrated by the following diagram of our Enterprise Risk Management Framework (ERMF) and is described in more detail on the following pages. Adopting an ERMF enables a consistent approach to identifying, managing, reporting and overseeing risks.



* Distinct operational and functional areas of the business, where risks are assessed and managed at director level.

RISKS AND UNCERTAINTIES

The business has been divided into 25 operational areas for risk management, where local business risks are identified, assessed and managed.

Business risks are identified bottom up through discussions with operational area owners and mapped to components of our Enterprise Risk Universe for reporting purposes. Components are then mapped to executive-owned corporate risks, which in turn are mapped to the principal risks that may impact our ability to achieve our business objectives. The principal risks and key business risks are also subject to a top down review and challenge process.

Business risks are logged in an integrated risk management system and each business risk has a named owner. A 5x5 risk matrix is used to assess the potential impact of each risk measured in terms of the financial impact and the likelihood of the risk crystallising within a two year timeframe. The assessment considers both the inherent risk (before any mitigating controls) and residual risk (after mitigating controls are applied).

Each business entity risk register is assessed through a three stage management sign off process: initially with the relevant business risk assessor (a senior manager) then via the business entity owner (operational director level), and finally with the executive director who is assigned as the corporate risk owner. The assessment includes consideration of the key controls and the resulting risk reduction.

The ongoing review and development of our ERMF is the responsibility of the Risk Steering Group. The Risk Steering Group is chaired by the Legal & Compliance Director and has responsibility for providing direction and support to the management of risk across the Group. It meets quarterly and its activities include:

- Establishing clear governance and accountability for risk and any associated (remediation) activities.
- Providing a point of escalation for critical or emerging risks.
- Providing the Board and Audit Committee with sufficient information to enable them to discharge their risk reporting requirements.
- Reviewing the corporate level risks, informed by the most significant business risks assessed across all business entities.
- Ongoing consideration of horizon scanning, any gaps and assessment of significant external risk events.
- Annual benchmarking against the published principal risks of peers, particularly those operating in the retail and consumer credit sectors.
- Reviewing the correct approach to risk management for our newly acquired subsidiary companies and brands.

The key features of our risk governance, assessment and monitoring processes are:

- **Robust risk identification processes** – the bottom up identification of risks is supplemented by top down review by executive directors. The Risk Steering Group also supports the risk identification process by: (i) ensuring that the risks or control issues that give rise to any significant incidents are adequately and accurately captured in the Enterprise Risk Universe; and (ii) assisting with the assessment of emerging risks.
- **Clear risk ownership and accountability** – each business risk has an owner and each corporate risk has an executive director owner.
- **Target business risk appetite and oversight** – as corporate risk

owners, the executive directors are responsible for setting the risk appetite (subject to Board agreement) and overseeing the appropriateness of risk mitigation through designated governance groups. Each principal risk is also mapped to first, second and third line assurance activities.

- **Consistency** – our 5x5 risk scoring matrix is used to drive consistency of risk assessment and quantification. Inherent risk and residual risk are measured, with each business risk assessed both before and after mitigating controls are applied.
- **Key control activities are captured** – these are the control activities the business places reliance on to manage risk within acceptable risk appetite ranges and are subject to Internal Audit review and monitoring. Provision 29 of the 2024 UK Corporate Governance Code (Code) will apply to the Group in the next financial year. We have a programme of work underway to identify, formalise and assess the effectiveness of the Company's material internal controls. You can read more about this in the Audit Committee report on page 129.

Evaluation of the effectiveness of risk management and internal control systems

Evaluation of the effectiveness of the Group's risk management and internal control systems for all parts of the business has been carried out twice during the year. This covered all material financial, operational and compliance controls. The evaluation process involved the following:

- **Executive director review** – the most significant corporate level risks of the Group, as identified by the risk management process, and their associated controls were assessed in detail by the executive directors. The objective of this top down review was to ensure that the appropriate risks had been accurately captured within the risk management processes described above, that adequate controls were in place to mitigate these risks and that their potential impact had been robustly assessed. The executives also considered the appropriateness of the principal risks identified.
- **Audit Committee review** – at the January 2026 meeting, management presented the Committee with details of the ERMF, the risk scoring matrix methodology and the ownership and oversight of risks. The Committee also considered the nature and circumstances around significant risk events that had occurred during the year to assess whether they suggested significant failure or weakness in internal controls. An internal financial controls matrix summarising the key processes and oversight of the Group's financial controls was reviewed, with input from senior finance management. The Committee also satisfied itself that management's response to any financial reporting or internal financial control issues identified by the external auditor was appropriate. The Audit Committee also reviewed progress on the Group's preparedness for Provision 29 of the Code at its meetings during the year.
- **Board review** – at their January 2026 meeting, the Board undertook its formal review of the effectiveness of the risk management systems of the Group. Management supported this review by presenting information about the Group's risk management systems and processes, the output of the reviews undertaken by the Audit Committee and the executive directors, information about the most significant business risks and a summary of the type and regularity of key executive director-led risk governance meetings, mapped to the principal risks.

To support the Audit Committee and Board in discharging their responsibilities, they were provided with the following information:

- Relevant extracts regarding their responsibilities in relation to risk management and oversight from the Code and FRC Guidance.
- A review of the Principal Risks identified by other comparable listed companies. This helps to ensure that there are no material gaps in our risk identification or impact assessment.
- Details of the identified material controls and whether the number and types in place are comparable with other FTSE 100 companies as part of planning and considerations for Provision 29 of the Code.

Following the evaluation process described above, the Board is satisfied that, under Provision 29 of the 2018 Code (applicable for the financial year under review) the material controls have been operating effectively for the financial year ended January 2026 and up to and including the date of this Annual Report (see page 120 for further details). No significant failings of material internal control were identified during these reviews.

The business will continue to review opportunities to develop, strengthen and improve the effectiveness of our risk management and internal control systems.

Climate risk

We have identified the risks posed to NEXT by climate change and how they might impact our business. The risks include the short to medium term impacts including transitional changes (for example, legislation and financial) which we closely monitor, as well as the long term emerging risk of climate change (for example, physical changes including the increased likelihood of flooding events). Having assessed and modelled the risks, we believe that the short to medium term climate-related risks are not material for our business, although we recognise that we will need to keep abreast of future climate change legislation and consumer preferences. The risks relating to climate change are therefore part of the considerations in several of our principal risks, but are not currently deemed to be a separate principal risk of the business.

The environmental and climate change-related risks are overseen by the Environmental, Social and Governance (ESG) Steering Group, supported by the Risk Management team and are reported to the executives and ultimately the Board. Further details regarding NEXT's climate risks are provided in our Task Force on Climate-related Financial Disclosures (TCFD) disclosures on pages 85 to 90.

Cyber

This year saw an increase in the external threat landscape, demonstrated by multiple, high profile cyber attacks - highlighting the impact and importance of having robust cyber security to protect business critical systems. Technology is a key component of our infrastructure and part of the considerations in several of our principal risks in addition to the separate principal risk of cyber, information security, data protection and business continuity risk.

Each Audit Committee meeting receives an update on cyber security and ransomware risk to NEXT. Matters discussed by the Committee have included: i. security review improvements; ii. access controls; iii. training and communications; and iv. recovery plan and preparedness.

Each year, an executive level third-party desktop exercise is conducted to test our response to a major cyber security attack, with

findings reported to the Audit Committee, to support business decision making and management's review of our security posture.

Risk appetite

Our approach to risk management aims to bring controllable risks within our appetite and enable our decision making to balance uncertainty against the objective of building shareholder value through long term, sustainable returns for our shareholders and other stakeholders. On page 66 we detail our core principles of doing business and in this section we explain how those principles contribute to managing the business objectives within the Board's risk appetite. Our financial disciplines ensure that each of our business divisions make net margins that are sufficient to allow them to withstand the inevitable vagaries of any consumer facing business. We also ensure that we make healthy returns on capital employed, commensurate with the risks involved in our sector.

Emerging risks

Identification and review of emerging risks are integrated into our risk review process. Emerging risks are those risks or combinations of risks which are often rapidly evolving, for which the impact and probability of occurrence have not yet been fully understood and, consequently, the appropriate mitigations have not yet been fully identified. All risk owners and managers within the business are challenged to consider emerging risks and this is enhanced by formal horizon scans by the executive directors and the Risk Steering Group, which are reviewed by the Audit Committee and Board. Key emerging risks that we are monitoring include the uncertain UK macroeconomic outlook and its potential impact on our business and customers and the impact of global geopolitical events which bring an increased risk to our International trade and supply chains (see pages 77, 88 and 89).

Black swan events

The Audit Committee has reviewed how very large and disruptive events would be managed by the business. This review included looking at the resilience of the business, the various liquidity levers available to it (with associated estimated quantum and timescales), the business impact assessment process and continuity plans in place.

RISKS AND UNCERTAINTIES

Assessment of principal risks and uncertainties

The directors have carried out a robust assessment of the principal risks and uncertainties facing the Group, including emerging risks and those that could threaten its business model, future performance, solvency or liquidity. Further detail is set out in the Corporate Governance Report on page 120. The Board concluded that no changes were required to the principal risks and uncertainties this year, though a number of risk trend indicators have been updated, as shown on the following pages.

The principal risks are described below, together with an explanation of how they are managed or mitigated.

The Board is committed to ensuring that the key risks are managed on an ongoing basis, the business operates within its risk appetite and takes into consideration the principal risks of the business in assessing the long term viability of the business. Although these risks all have the potential to affect future performance, work is undertaken to mitigate and manage these risks such that they should not threaten the overall viability of the business over the assessment period (see the viability assessment on pages 79 to 80).

Risk trend

- ↑ Increasing
- ↗ Marginally increasing
- ↔ Unchanged
- ↘ Marginally decreasing
- ↓ Decreasing

Link to strategy

- Improving and developing our product ranges
- Maximising the profitability of store selling space
- Increasing the number of profitable NEXT Online customers
- Managing margins
- Focusing on customer experience and satisfaction
- Maintaining the Group's financial strength
- Generating and returning surplus cash to shareholders

Principal risk and description

How we manage or mitigate the risk

Business strategy development and implementation

If the Board adopts the wrong business strategy or does not implement its strategies effectively, our business may suffer. The Board, therefore, needs to understand and properly manage strategic risk, taking into account specific retail sector risk factors, to deliver long-term growth for the benefit of NEXT's stakeholders.

- The Board reviews business strategy regularly to determine how sales and profit can be maximised and business operations made more efficient.
- The Chief Executive provides regular updates at Board meetings regarding key opportunities and progress of major initiatives.
- Our International Online business, wholly-owned brands and licences, third-party LABEL business and Total Platform provide geographic and product diversification.
- Our disciplined approach to sales, budgeting, stock control, investment returns and cost control ensures the Company continues to generate strong profits and cash flows.
- The Board and senior management consider strategic risk factors, wider economic and industry specific trends that affect the Group's businesses, the competitive position of its products and the financial structure of the Group.
- We include details of how we manage the business going forward and its longer term direction of travel which is articulated to our stakeholders in our annual and half yearly reports.
- Longer term financial scenarios for our stores have been prepared and stress tested. This process provides a mechanism for ensuring that business profitability is maximised through efficient allocation of resources and management of costs.

Link to strategy	● ● ● ● ● ● ●
Risk Trend	↔

Principal risk and description

How we manage or mitigate the risk

Product design and selection

Our success depends on designing and selecting products that customers want to buy, at appropriate price points and stocked in the right quantities.

In the short term, a failure to manage this risk may result in surplus stock that cannot be sold and may have to be disposed of at a loss.

Over the longer term, a failure to meet the design, quality and value expectations of our customers will adversely affect the reputation of the NEXT Brand.

Link to strategy	
Risk Trend	↔

- Executive directors and senior management continually review the design, selection and performance of NEXT product ranges and those of other brands sold by NEXT.
- LABEL brands (along with our Beauty business) have served to increase the breadth of our Online offer far beyond NEXT's natural design, fashion and price boundaries. Just as important are the numerous ways in which our NEXT product ranges have been extended and diversified.
- Executive directors and senior management regularly review product range trends to assess and correct any key selection or product issues. Corrections to significant missed trends or poorer performing ranges are targeted for amendment, with alternative products being sourced within six months where necessary.
- Senior product management approve quality standards, with in-house quality control and testing teams in place across all product areas.
- Senior management regularly review product recalls and product safety-related issues.

Key suppliers and supply chain management

Reliance on our supplier base to deliver products on time and to our quality standards is essential. Failure by our suppliers to do so may result in an inability to service customer demand or adversely affect NEXT's reputation.

Changes in global manufacturing capacity, costs and logistics may impact profit margins. Global supply chains remain pressured; continuing global conflict has meant shipping transit times remain extended.

Significant growth in our International business also contributes to logistical supply and demand challenges.

Non-compliance by suppliers with the NEXT Code of Practice may undermine our reputation as a responsible retailer.

Link to strategy	
Risk Trend	↑

- Stock availability is reviewed on an ongoing basis and appropriate action is taken to ensure we carry the right level of stock.
- Management continually seeks ways to develop our supplier base to reduce over-reliance on individual suppliers or single territories and to maintain the quality and competitiveness of our offer. The Group's supplier risk assessment procedures establish contingency plans in the event of key supplier failure.
- Management diversifies the Group's supply chain geographically to reduce over-reliance on individual jurisdictions and territories, and provide resilience against region-specific disruptions and regulatory changes.
- Existing and new sources of product supply are developed in conjunction with NEXT Sourcing, external agents and/or direct suppliers.
- We have Code of Practice Principle Standards that set out the standards we expect from our suppliers, including production methods, employee working conditions, quality control and inspection processes.
- Our in-house global Code of Practice team carry out regular audits of our product-related suppliers' operations to ensure compliance with the standards set out in our Code. Further details are set out on page 94 to 95 and 99.
- We train relevant employees and maintain continual dialogue with suppliers regarding our expectations concerning responsible sourcing, anti-bribery, human rights and modern slavery.
- The Audit Committee receives Code of Practice updates from senior management during the year.
- The Audit Committee receives modern slavery and anti-bribery updates together with whistleblowing reports at each meeting. Significant matters are reported to the Board.

RISKS AND UNCERTAINTIES

Principal risk and description

How we manage or mitigate the risk

Warehousing and distribution

Our warehousing and distribution operations are fundamental to the running of the business. Risks include business interruption due to physical damage, access restrictions, breakdowns, capacity and resourcing shortages, IT systems failure, inefficient and slow processes and third-party failures.

Increasing choice in the products NEXT sells has been central to the development of our Online platform, but the proliferation of unique items, along with a shift from Stores to Online sales, presents potential challenges for our warehouse operations, which are being addressed through increased investment made during the year.

- Planning processes are in place to ensure there is sufficient warehouse handling capacity for expected future business volumes.
- Our current three Online Boxed warehouses are fully operational and are running during peak weeks at over 90% capacity. We have started a programme of fitting out the remaining automation in Elmsall 3. This will add 44% more Online Boxed capacity delivered in phases over the next three years.
- A decision on when to commence the build of our fourth Online Boxed warehouse (Elmsall 4) is expected to be taken during 2026/27.
- Service levels, warehouse handling, inbound logistics and delivery costs are continually monitored to ensure goods are delivered to our warehouses, Stores and Online customers in a timely and cost-efficient manner.
- Our warehouse leadership team meets regularly to assess the opportunities and risks in our warehouse and distribution network.
- Business continuity plans and insurance are in place to mitigate the impact of business interruption.
- The Board has approved and keeps under regular review an extensive warehouse investment programme to accommodate further Online and Stores growth (see page 20 for further details).

Link to strategy	
Risk Trend	↔

Business critical systems

NEXT's performance depends on the engagement, recruitment and retention of customers and on its ability to drive and service customer demand. There is a risk that the business fails to adopt and/or maintain efficient use of suitable software, hardware and mechanisation to provide both Stores and Online customers with service levels that meet or exceed their expectations. These systems, software and platforms are ever changing as technology continues to evolve. Keeping customers and users up to date and managing the implementation and changes that come with the evolution of these platforms, in addition to maintenance of existing systems, can be challenging.

As detailed in the Strategic Report, our business has increased reliance on technology and the development of business ideas within the Group (such as Total Platform) increases that reliance further.

- Continued investment in technology that supports the various parts of the NEXT Online platform, including improvements in technology recruitment and retention.
- Continual development and monitoring of the performance of NEXT's UK and overseas websites, with a particular focus on improving the Online customer experience.
- A range of key trade and operational meetings keep under review the performance, evolution, risks and opportunities of the NEXT customer facing systems. Executive directors are in attendance at each of these key meetings.
- Market research and customer feedback are used to assess customer opinions and satisfaction levels to help ensure that we remain focused on delivering excellent customer service and improve our systems to meet these needs.
- Ongoing monitoring of KPIs and feedback from website and call centre support operations.

Link to strategy	
Risk Trend	↔

Principal risk and description


How we manage or mitigate the risk

Management of long term liabilities and capital expenditure

Poor management of NEXT's longer term liabilities and capital expenditure could jeopardise the long term sustainability of the business. It is important to ensure that the business continues to be responsive and flexible to meet the challenges of a rapidly changing retail sector.

The risk associated with our long term liabilities has decreased in recent years due to:

- The buy-in and subsequent closure of the 2013 NEXT Group Defined Benefit Pension Plan last year; and
- The renegotiation of store leases resulting in shorter average lease terms.


Link to strategy	
Risk Trend	↓

- Our predominantly leased store portfolio is actively managed by senior management, with openings, refits and closures based on strict store profitability and cash payback criteria. Long-term liabilities continue to be reduced.
- We undertake regular reviews of lease expiry and break clauses to identify opportunities for exit or renegotiation of commitments. Leases will not be automatically renewed if acceptable terms are not agreed.
- The Board regularly reviews new store openings.
- We ensure that we make healthy returns on capital employed, commensurate with the risks involved in our sector.
- Appropriate amortisation accounting policies reduce the risk of an unexpected significant write-off.

Information security, data protection, business continuity and cyber risk

The continued availability and integrity of our IT systems are critical to successful trading and form part of our business critical systems. Our systems must record and process substantial volumes of data and conduct inventory management accurately and quickly. Continuous enhancement and investment are required to prevent obsolescence and maintain responsiveness.

The threat of unauthorised or malicious attack is an ongoing risk, the nature of which is constantly evolving and becoming increasingly sophisticated. Our brand reputation and profitability could be negatively impacted by cyber security breaches.

Link to strategy	
Risk Trend	↔

- We operate a Cyber Security and Data Privacy Steering Committee. Its main activities include agreeing and monitoring information security and governance, data protection projects and related key risks, activities and incidents. The Committee comprises two executive directors and relevant senior management.
- Significant investment in systems development and security programmes has continued during the year, complemented by in-house dedicated information and physical security resources.
- Systems vulnerability and penetration testing is carried out regularly by both internal and external resources to ensure that our systems, and critical supplier and customers' data, are secure and protected from corruption or unauthorised access or use.
- Critical systems backup facilities and business continuity plans are reviewed and updated regularly.
- Major incident simulations and business continuity tests are carried out periodically.
- We have strengthened the Group's security posture through a dedicated programme of work with third-party support.
- IT risks are managed through the application of internal policies and change management procedures, imposing contractual security requirements, service level agreements on third-party suppliers, and IT capacity management.
- All staff and contractors are required to read, accept and comply with the Group's data protection and information security policies, which are kept under regular review and supported by training.
- Information security and data protection risk exposures are reviewed during the year by both the Audit Committee and the Board; this informs an executive-sponsored programme of continuous improvement.

RISKS AND UNCERTAINTIES

Principal risk and description

How we manage or mitigate the risk

Financial, treasury, liquidity and credit risks

NEXT's ability to meet its financial obligations and to support the operations of the business is dependent on having sufficient liquidity over the short, medium and long term.

NEXT is reliant on the availability of adequate financing from banks and capital markets to meet its liquidity needs.

NEXT is exposed to foreign exchange risk and profits may be adversely affected by unforeseen moves in foreign exchange rates.

NEXT might suffer financial loss if a counterparty with which it has transacted fails and is unable to fulfil its contract.

NEXT is also exposed to credit risk, particularly in respect of our Online customer receivables, which represents the largest item on the Group Balance Sheet.

- NEXT operates a centralised Treasury Function which operates under a Board approved Treasury Policy. Approved counterparty and other limits are in place to mitigate NEXT's exposure to counterparty failure. Further details of the Group's treasury operations are given in Note 30 to the financial statements.
- The Group's debt position, available liquidity and cash flow projections are regularly monitored and reported to the Board. The Board will agree funding for the Group in advance of its requirement to mitigate exposure to illiquid market conditions.
- The Group manages the financing of its debt and liquidity to ensure it maintains its long-standing investment grade credit rating.
- The Board keeps under review the cash generation levers available to it, including the potential quantum and timescales of initiatives to reduce debt and realise cash.
- NEXT has a Treasury Committee which includes the Chief Financial Officer. The Treasury Committee usually meets weekly to review the Group's treasury and liquidity risks including foreign exchange exposures.
- Rigorous procedures are in place with regards to our credit account customers, including the use of external credit reference agencies and applying set risk criteria before acceptance. These procedures are regularly reviewed and updated.
- Continual monitoring of our credit customers' payment behaviours and credit take-up levels is in place.
- The Board and Audit Committee receive regular updates throughout the year regarding the customer credit business.

Link to strategy	
Risk Trend	↔

Legal, regulatory and ethical standards compliance

NEXT adapts to the broad and fast-evolving regulatory framework applicable to the operation of the Group's credit and international businesses as the FCA continues to focus on lenders.

The Group could process data in a manner deemed unethical or unlawful.

Failure to have appropriate processes in place could result in financial penalties, remediation costs, reputational damage and/or restrictions on our ability to operate. This is against a backdrop of:

- The attitude of consumers toward their data and how it is used and evolving data protection regulation.
- Technological advances enhancing the ability to gather, draw insight from and monetise data.

Climate risk, stakeholder expectations and regulatory attention continue to increase our ESG-related obligations and could impact the rate at which the business may need to cut carbon emissions.

- Relevant policies and training are in place for employees, contractors and third parties. Suppliers are contractually required to deliver equivalent training.
- A financial regulatory compliance team monitors any changing requirements.
- NEXT has identified a set of conduct and compliance risks, documented in a business risk register, with owners and associated controls.
- Key risk and control performance indicators are managed through a series of operational meetings and reported quarterly to the Retail Credit Board.
- We operate a Cyber Security and Data Privacy Steering Committee. Its main activities include agreement and monitoring of related key risks, activities and incidents. The Committee comprises two executive directors and relevant senior management.
- Climate risk, ESG regulatory changes and stakeholder expectations are considered on an ongoing basis by our ESG Steering Group and Audit Committee.

Link to strategy	
Risk Trend	↔

VIABILITY ASSESSMENT

Statement of viability

The directors have assessed the prospects of the Group by reference to its current financial position, its recent and historical financial performance and forecasts, its business model and strategy (pages 66 to 67) and the principal risks and mitigating factors described on pages 74 to 78. In addition, the directors regularly review the financing position of the Group and its projected funding position and requirements.

The Group is operationally and financially strong and has a long track record of consistently generating profits and cash, which is expected to continue both in the short and medium term. In each of the last three financial years, despite the impact of macroeconomic pressures, the business continued to generate high levels of cash before distributions.

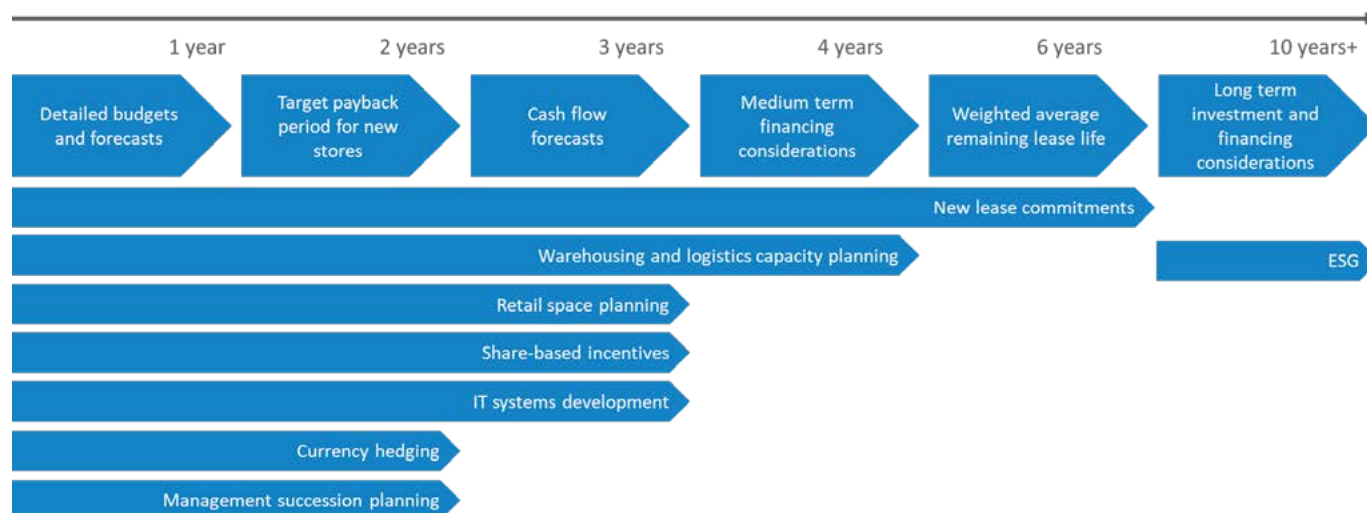
The Group has maintained its net debt (excluding leases) comfortably within its available facilities with headroom of £0.5bn at the year end. During the year the Group increased its revolving credit facility by £100m to £525m. The facility expires in June 2029, outside the period of the viability assessment. During the period of assessment both the 2026 bond (£114m) and 2028 bond (£300m) fall due for repayment. The Board expects that, given NEXT's current investment grade credit rating and strong performance, it would be able to renew or replace these bonds well ahead of maturity. However, the assessment of the viability of the Group is not dependent on securing this financing. The Board considers that this headroom, coupled with the highly cash generative nature of the business and the available cash levers (described overleaf), provide a strong degree of financial resilience and flexibility.

Assessment period

The retail sector is inherently fast paced, competitive and dynamic, particularly in respect of the fashion product cycle. However, as illustrated in the diagram below, a wide variety of other time horizons are also relevant in the management of the business.

The directors have assessed the viability of the Group over a three year period, as they believe this strikes an appropriate balance between the different time horizons which are used in the business and is a reasonable period for a shareholder to expect a fashion retail business like NEXT to be assessed over.

While the period of assessment was based on a three year horizon, the Board recognises that a portion of the Group's external bond debt matures in 2026 (year one of the assessment period) with a further bond maturing in 2028 (year three of the assessment period). Therefore the viability assessment gave specific consideration to the Group's ability to repay and/or refinance these debts as they fall due. Based on a forecast which is consistent with the actual levels of profit and cash realised in the year to January 2026, it concluded that the Group would have sufficient funds to repay if the Board decided not to secure refinancing of the bonds as they mature.



VIABILITY ASSESSMENT

Assessment of viability

Viability has been assessed by:

- Preparation of a three year viability model, with year one based on our profit guidance (NEXT Group Profit Before Tax) for the year ending January 2027 (see page 27) of £1,210m and a cash generation, before investments and distributions of £741m. Thereafter, it assumes that the Group sales and profit remain flat, with a decline in Retail sales being offset by growth in the Online UK and International, Finance and Total Platform divisions. This is considered a base case model for viability testing purposes.
- ‘Top-down’ sensitivity, stress and reverse-stress testing is then applied to this model. This included a review of the three year cash projections which were then stress tested to determine the extent to which sales, and hence trading cash flows, would need to deteriorate before breaching the Group’s facilities or financial covenants. This was both before and after anticipated shareholder distributions, and assuming that any bank facilities (i.e. the bonds) which expire during the period are not replaced. The current facilities of the Group include a revolving credit facility of £525m (maturity date: 2029) and it has financial covenants across its debt relating to interest cover, gearing and an EBIT to debt ratio.
- This testing indicated that the business could withstand a sustained decline in sales, against its base case, across the entire business, of 18% over a 12 month period and still remain within its existing financing facilities and covenants before any mitigating actions other than the suspension of distributions. This assessment did not require the business to seek any additional or new external financing.
- Specific consideration was also given to the impact caused by a ‘black swan’ event which results in a significant and sustained disruption to the business. This scenario modelled the impact of the total closure of the business for five weeks followed by a gradual recovery in sales over the subsequent three month period. In this scenario, the business was able to remain within its finance facilities and covenants through the use of certain of the available mitigating actions the Group could take, namely the reduction in marketing and future stock purchase. There are a selection of additional mitigating actions that would be further available to the Group as described below.
- Consideration of the likelihood and impact of severe but plausible scenarios in relation to each of the principal risks as described on pages 74 to 78. These principal risks were assessed, both individually and collectively, taking into consideration a broad range of mitigating actions and cash levers that might be utilised in particular situations. These mitigating actions include a mix of cost saving measures (such as a deferral of marketing, stock or capital expenditure and cancellation of stock purchases) and the ability to realise additional cash inflows from financing or other initiatives (such as the sale of ESOT shares or assets). Whilst all the principal risks have the potential to affect future performance, none of them are considered likely either individually or collectively to give rise to a trading deterioration of the magnitude indicated by the stress testing and to threaten the viability of the business over the three year assessment period.

Viability statement

Based on this review, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and to meet its liabilities as they fall due over the three year period to 27 January 2029.

CORPORATE RESPONSIBILITY

Contents

Environment	page 82	Our Customers and Product	page 97
Our People	page 92	Community	page 98
Our Suppliers	page 94	Human Rights and Modern Slavery	page 99

What being a responsible business means to us

As an international fashion, homeware and beauty business, what we do and how we do it has an impact on the people and the world around us. Our stakeholder relationships are key to our success and inform our decision making on Environmental, Social and Governance (ESG) matters, now a widely recognised term for what we have always valued – doing the right thing.

Following the double materiality assessment completed in 2024 and an update to our Human Rights Salient issues during 2025, we have shared an update on our priority areas within our Group Corporate Responsibility Report. This helps us reinforce our focus on the most material impacts, risks and opportunities for the business.

Global issues such as responsible sourcing, human rights and climate-related matters remain key areas of focus. We recognise that sourcing raw materials carries environmental and social risks, such as deforestation, water stress and greenhouse gas emissions.

In 2018, we identified and set targets for key raw materials including Cotton, Polyester, MMCFs, Wool, Timber, Leather and Feathers; aiming to move to sources that help manage these risks and have defined this as our 'Responsible Sourcing Approach'. Within this report you can read about:

- Our carbon footprint and disclosures under the Task Force on Climate-related Financial Disclosures (TCFD).
- Our progress towards a number of our environmental goals, such as our material sourcing targets.
- The progress we have made towards our Science Based Target Initiative (SBTi) approved carbon emission reductions for Scopes 1, 2 and 3.
- The range of initiatives we continue to work on to help support the physical and mental wellbeing of our people.
- Our progress on waste, packaging and recycling.
- The activities of our internal Code of Practice (COP) team, who continue to work with our suppliers worldwide to meet appropriate labour standards.

We define responsible sourcing as aiming to offer products from raw materials and supply chains that deliver improvement across environmental and social risks and increase traceability and verification.

More information can be found in the Group's Corporate Responsibility Report which is published on our corporate website at nextplc.co.uk.

Our principles

The principles underpinning our aim to do business responsibly are unchanged; we seek always to:

- Deliver value to our customers.
- Act in an ethical manner.
- Recognise, respect and protect human rights.
- Develop positive relationships with our suppliers and business partners.
- Recruit and retain high integrity employees.
- Take responsibility for our impact on the environment.
- Provide support through donations to charities and community organisations.

Our business activities impact a wide range of stakeholders and we strive to make this impact a positive one. Our purpose is to provide our customers with beautifully designed, excellent quality products. These products need to be well made, functional, safe and responsibly sourced in a way which respects the environment and the people and animals within our supply chain.

We continue to implement the United Nations Guiding Principles on Business and Human Rights and align our work with the United Nations Sustainable Development Goals (SDGs) that are most relevant to our business operations and products.



The following pages describe how we uphold our principles in relation to our stakeholders and the work we are doing to reach our chosen SDGs.

Jonathan Blanchard

Jonathan Blanchard
Chief Financial Officer

26 March 2026

We are a member of several leading forums, where we collaborate with others to adopt more sustainable ways of working. These include:



CORPORATE RESPONSIBILITY

ENVIRONMENT



Our environmental reporting comprises a number of sections:

Our Commitment	page 82
Greenhouse gas emissions – SECR	page 82
Carbon Footprint - including Scope 3	page 84
TCFD	page 85
Packaging and Recycling	page 91

Our commitment

We are committed to minimising our environmental impact by reducing the carbon intensity of our activities and the natural resources we use.

Rankings

Our efforts around ESG are reflected in the following external benchmarks:

- Constituent of the FTSE4Good Index.
- MSCI: ESG rating AA (Leader).
- CDP: Climate change: B, Forests: C, Water security: B-

Greenhouse gas emissions – Streamlined Energy and Carbon Reporting (SECR)

In accordance with the disclosure requirements for listed companies under the Companies Act 2006, the table below shows the Group’s SECR disclosure across Scope 1 and 2 together with an appropriate intensity metric and our total energy use of gas, electricity and other fuels during the financial year. The reported emissions data for 2026 includes NEXT plc and those of its subsidiaries in which it has a controlling interest. Emissions from Reiss, FatFace and Joules are consolidated in our reporting and appear in the figures for 2025 and 2026 in the table below. Please see our Group Corporate Responsibility Report at nextplc.co.uk for details of assurance on this data.

	Unit	2026		2025	
		UK	Global	UK	Global
Greenhouse Gas (GHG) Emissions¹	tonnes CO ₂ e				
Scope 1 ²		43,069	43,541	41,891 (42,604)	42,619 (43,332)
Scope 2 – Location Based ³		30,913	35,068	36,125	42,152
Scope 2 – Market Based ⁴		0	2,429	0	3,756
Total Scope 1 & 2 Location Based		73,982	78,608	78,016 (78,729)	84,771 (85,484)
Total Scope 1 & 2 Market Based		43,069	45,970	41,891 (42,604)	46,375 (47,088)
Outside of Scopes		2	2	0	0
Energy consumption⁵	kWh				
Electricity Purchased		174,643,964	188,023,255	174,475,742	191,774,438
Renewable Electricity Generated		8,205,497	8,205,497	6,198,261	6,198,261
Natural Gas		37,988,072	38,076,249	39,115,657	39,435,841
Fuel Oil		0	0	0	28,745
Gas Oil		810,720	810,720	382,609	382,609
Diesel		137,194,582	137,776,562	134,551,684	135,066,499
Petrol (including plug-in hybrid)		6,252,871	6,700,420	6,079,379	6,612,397
LPG		2,349,077	2,497,080	173,887	478,637
Biogas		9,848	9,848		
Total Energy Consumption		367,454,630	382,099,631	360,977,218	379,977,427
Intensity metric⁶					
Location Based tonnes of CO ₂ e/total sales (£m)		10	11	12	13
Market Based tonnes of CO ₂ e/total sales (£m)		6	6	7	7

1. The methodology used to calculate our emissions aligns with our global direct carbon footprint and is measured in alignment with the GHG Protocol Corporate Accounting and Reporting Standard and RE100 reporting parameters. We adopt the conventional approach in calculating our carbon emissions through the collection of primary, secondary, or tertiary data in their source units (e.g. kilowatt-hours (kWh), litres (L), kilograms (kg), kilometres (km) etc.). The consumption figures relating to each energy source are converted into carbon emissions by applying the relevant carbon conversion factor. Factors are updated annually using the most recent factors published by the UK Department for Energy Security and Net Zero and the UK Department for Environment, Food and Rural Affairs (Defra); 2025 is the most recent accessible update.

2. Scope 1 being emissions from combustion of fuel and refrigerant gas losses.

3. Scope 2 being electricity (from location based calculations), heat, steam and cooling purchased for the Group’s own use.

4. The calculation of market based emissions is based on our energy suppliers fulfilling their contractual obligations under the terms of renewable tariffs to back all energy supplied to all of their customers on such tariffs. As members of RE100, our approach is informed by the RE100 quality criteria and GHG protocol guidance. RE100 requires claims to use of renewable electricity to be based on generation occurring in the same market for renewable electricity that use is claimed in, this includes the single market in Europe. The revised RE100 guidance published in December 2022 provided an updated list of countries that make up the single market. Although the UK has been

excluded from the list, the RE100 guidance provided grandfathering provisions for contracts with operational commencement dates before 1 January 2024, allowing for the UK to continue to be recognised within the single market in Europe. The operational commencement dates of our contracts occurred prior to 1 January 2024, therefore we have applied the grandfathering provisions when calculating our market based emissions.

5. Energy from electricity, natural gas, gas oil, transport fuel and LPG have been included. We have used the 2025 Defra GHG conversion factors for company reporting to convert from passenger miles in company-owned vehicles to kWh.
6. We use tonnes of CO₂e/Total Sales (£m) as our intensity metric. Sales used in the calculation of our intensity metric are based on the Total NEXT Trading sales and the gross transaction value of sales from our Total Platform, Franchise, Sourcing and other divisions. Total NEXT Trading sales is defined in the Glossary on page 260.

Ⓜ Restated from prior year. During the year an issue with Reiss' third-party air conditioning contractor was identified whereby incorrect data had been submitted. This error accounted for 714 tCO₂e, a -2% variance of total Group Scope 1 which is below our materiality threshold for materiality, but included here for casting. We have since worked with our third-party contractors to ensure this issue does not reoccur.

Changes in our SECR

This year, there has been a 2% increase in our Scope 1 emissions on the prior year. This has been driven largely through increases in fuel consumption by our retail distribution fleet and our new LPG fuelled steam tunnel in our rework operation at E3. The distribution increases have been driven by a higher number of sites being covered as a consequence of adding FatFace retail distribution to the Group's fleet operations. This year has seen reduced natural gas consumption, following the closure of the Toftshaw site last year and a significant reduction in our refrigerant gas loss, largely driven by the closure of a site in Sri Lanka, which have lessened the impact of the increased fuel consumption. Our Scope 2 emissions have benefited significantly from a 14% decrease in the carbon intensity of the UK grid, alongside the closure of some sites which has offset the small increase in our electricity consumption.

Energy consumption data is captured through monthly bills showing actual or estimated consumption. We continue to look for ways to improve energy efficiency as this reduces both carbon emissions and costs for our business, whilst noting that Scope 1 and 2 emissions only equate to 3% of our total carbon emissions. We actively track and review energy performance via a central data collection facility to ensure our properties are operating efficiently. The following initiatives were undertaken during the year:

- Trialed an optiburner retrofit in our Doncaster warehouse to drive efficiencies in gas heating, resulting in a 17% energy saving.
- Expanded our successful energy optimisation programme, achieving an average 6% energy saving. We continue to install high efficiency LED lighting and replace Generation I LEDs at end of life across our retail store estate including NEXT and Victoria's Secret UK stores.
- Rolled out our Active Energy Management programme across all of NEXT stores with Building Management Systems (BMS) to ensure that heating, ventilation and cooling equipment is working correctly, such as switching on during trading hours and off during non-trading hours. We also upgraded our BMS controllers at NEXT Head Office.

Renewable energy

NEXT is a signatory to the RE100 initiative and has committed to using 100% renewable energy by 2030. Our UK and Ireland operations have been using 100% renewable energy since April 2017 and we continue to work towards achieving this target in our direct operations overseas.

CORPORATE RESPONSIBILITY

Carbon footprint – including Scope 3

Due to the nature of our business, most of our carbon footprint falls outside of our direct control and is reported under our Scope 3 emissions. Our Scope 3 total emissions disclosure (CO₂e) covers the complete lifecycle of all the products we sell, including branded items sold through LABEL and Total Platform¹.

Our Scope 3 disclosure extends from the production of raw materials through to the manufacture, transport, how our customers use and care for them and the eventual end of life treatment of the products we sell. The emissions have been estimated in line with the GHG Protocol Corporate Accounting and Reporting Standard and are based on a combination of internal data coupled with the best available public sources on CO₂e emissions factors using conservative assumptions.

Our total Scope 3 emissions are reported in the table below, together with our Scope 1 and 2 (location based) emissions. Our carbon reduction targets are set out on page 89.

Greenhouse Gas (GHG) Emissions ¹	Tonnes of CO ₂ e		Var %
	2026	2025	
Scope 1	43,541	42,619 ^{RS} (43,332)	2%
Scope 2 – Location Based	35,068	42,152	-17%
Scope 3	2,548,670	2,420,519 ^{RS} (2,428,999)	5%
Total Carbon	2,627,279	2,505,290^{RS} (2,514,483)	5%
Scope 1	43,541	42,619^{RS} (43,332)	2%
Gas Heating (stores, offices, warehouses)	6,968	7,231	-4%
NEXT Owned Distribution Vehicles	33,406	32,007	4%
NEXT Owned Cars	1,685	1,686	0%
Building (diesel, oil, refrigerant gases)	948	1,594 ^{RS} (2,307)	-41%
Machinery (LPG)	533	101	426%
Scope 2 - Location Based	35,068	42,152	-17%
NEXT Group Purchased Consumption	35,068	42,152	-17%
Scope 3²	2,548,670	2,420,519^{RS} (2,428,999)	5%
Scope 3 - Subtotal subject to assurance	107,417	98,033 ^{RS} (106,513)	10%
Downstream Transportation and Distribution	91,902	76,203 ^{RS} (84,683)	21%
Business Travel	14,851	21,150	-30%
Waste Generated in Operations	664	680	-2%
Scope 3 - Subtotal not subject to assurance	2,441,253	2,322,486	5%
Purchased Goods and Services	1,641,113	1,512,724	8%
Use of Sold Products	538,657	521,318	3%
Upstream Transportation and Distribution	145,372	170,634	-15%
Employee Commuting	38,941	42,905	-9%
Fuel and Energy Related Activities	22,871	23,149	-1%
End of Life Treatment of Sold Products	30,441	30,286	1%
Capital Goods	23,858	21,470	11%

1. The methodology used to calculate our emissions for 2026 is set out in our Reporting Principles & Criteria which can be found on our corporate website at nextplc.co.uk. Reiss, Joules and FatFace are included in the Scope 1, Scope 2 and Scope 3 data.

2. We have excluded franchises from our reporting at present due to challenges in obtaining accurate and reliable data.

3. PricewaterhouseCoopers LLP (PwC) carried out a limited assurance engagement on selected GHG emissions metrics for the 53 weeks ending 31 January 2026. The results of that assurance and a copy of PwC's report are within our Group Corporate Responsibility Report which is published on our corporate website at nextplc.co.uk.

^{RS} Restated from prior year.

Restatements

Scope 1: During the year an issue with Reiss' third-party air conditioning contractor was identified whereby incorrect data had been submitted. This error accounted for 714 tCO₂e, a -2% variance of total Group Scope 1 which is below our materiality threshold for materiality, but included here for casting. This accounts for -31% of the Group's buildings emissions category.

Scope 3: An error in data received from our third-party haulier last year caused the weight of products being sent to our Middle Eastern hub to be overstated. This error has been corrected resulting in a restatement of -10% of Downstream Transportation and Distribution, -8% of the assured Scope 3 subtotal. It is not material to our total Scope 3 (-0.35%) but this has been restated for consistency.

Task Force on Climate-related Financial Disclosures (TCFD)

Index of TCFD recommended disclosures	
1. Governance	page 85
a) Board oversight of climate-related risks and opportunities	page 86
b) Management's role in assessing and managing climate-related risks and opportunities	
2. Strategy	
a) Climate-related risks and opportunities the organisation has identified over the short, medium, and long term	page 86
b) Impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	page 87
c) Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	page 87
3. Risk Management	page 89
a) The organisation's processes for identifying and assessing climate-related risks	
b) The organisation's processes for managing climate-related risks	
c) How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	
4. Metrics and Targets	page 89
a) Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	
b) Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and the related risks	
c) Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	

Climate change poses challenges for our business and supply chain. We look to support the Paris Agreement on climate to limit the rise in global temperatures to well below 2°C. Accurate and relevant disclosures are essential to demonstrate progress and ensure stakeholder accountability and this reporting helps us set a baseline from which appropriate and meaningful actions can be measured.

Statement of consistency

NEXT's climate-related disclosures are consistent with the 'Section C – All Sector Guidance' within the Supplementary Guidance Report 'Implementing the Recommendations of the TCFD', and in compliance with the requirements of UK Listing Rule 6.6.6(8)(a).

1. Governance– The organisation's governance around climate-related risks and opportunities

Our simple governance structure around ESG-allows emerging issues and matters for decisions to be escalated quickly.



a) Board oversight of climate-related risks and opportunities

The Board has delegated primary oversight of ESG activities to the Audit Committee. This was considered appropriate given the increasing focus on the potential risks and financial impacts associated with climate change. ESG is a standing agenda item at each Audit Committee meeting and the Committee's remit includes:

- Monitoring progress against climate-related goals and targets.
- Overseeing the Company's ESG risks and opportunities.
- Keeping under review the materiality of climate-related risk and its impact on the financial statements.
- Monitoring adherence to externally applicable sustainability codes and principles.

CORPORATE RESPONSIBILITY

The Board receives an update on matters considered following each Committee meeting.

Wider governance arrangements

There are wider governance arrangements in place to support the Audit Committee and the Board in discharging their responsibilities.

These include:

- The Nomination Committee is responsible for ensuring the Board has appropriate knowledge and expertise to assess the climate-related issues NEXT faces in the short, medium and longer term.

- The Remuneration Committee considers whether the inclusion of ESG-related targets should be included in pay arrangements. While a specific ESG metric is not included in targets for performance-related pay for executive directors, the Remuneration Committee retains discretion to adjust performance-related pay in certain circumstances, which could be invoked if a material ESG failure were identified.

- An ESG Steering Group meets quarterly to oversee our ESG workstreams, targets and emerging ESG risks. Climate-related issues are central to the ESG matters the Steering Group considers.



The Chief Financial Officer, Jonathan Blanchard, is the executive sponsor of ESG activities and directs the activities of the Steering Group. He routinely meets with the key members of the Steering Group, receives regular updates throughout the year and is present at Audit Committee and Board meetings to discuss ESG matters that arise. The Committee updates the Board following each of its meetings and makes recommendations as appropriate.

b) Management's role in assessing and managing climate-related risks and opportunities.

Senior management are responsible for the day-to-day management of the climate-related risks and opportunities facing the business. We updated our climate opportunity and risk assessment last year and assessed the financial impacts of those risks and opportunities, and revisited our scenario analysis of business resilience under a

range of climate scenarios. We explain more about the risks and opportunities on page 88 and our findings of the scenario analysis on pages 87 to 88.

Climate-related risks are assessed as part of our overarching risk management framework; for further information please see page 73.

Senior management hold quarterly calls with the Company's broker to obtain market updates and consider institutional shareholder views on ESG matters. They also engage directly and regularly with shareholders, banks, credit rating agencies and proxy advisors. During the year, we engaged directly with many of our shareholders specifically to discuss ESG matters, such as carbon emissions, responsible sourcing and modern slavery.

2. Strategy – actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning – where such information is material

a) Climate-related risks and opportunities the organisation has identified over the short, medium and long term.

During our initial review, we considered the transitional and physical risks and opportunities presented by rising temperatures, climate-related policy and emerging technologies and agreed on the methodology for assessing and quantifying financial impacts.

Physical risks arise out of the physical aspects of climate change. For example, extreme weather events or global temperature increase. Market risks refer to changes in demand of certain products and commodities due to climate change. Transition risks are those which arise from the transition to a lower-carbon economy, such as policy changes. For the purposes of our assessment, the time horizons applied are as follows:

- Short term: present day to 2030.
- Medium term: from 2031 to 2040.
- Long term: from 2041 to 2050.

The risks identified during our analysis are more likely to present themselves in the medium or long term. Having assessed and

modelled the risks, we believe that there is still no material financial risk or threat to our business model. In this context, materiality, in terms of potential impact, is the threshold at which we believe a risk becomes sufficiently important to our investors and other stakeholders that it should be publicly reported. We will continue to review this as we develop our Transition Plan Towards Net Zero

The risk management recommendations arising from our climate change scenario analysis (further details on page 88 to 89) were:

Policy/Regulation: It is likely that increased policy and regulation will have the most significant financial impact on NEXT over the longer term. Incoming regulation and requirements such as digital product passports, corporate net zero and transition plans, and Taskforce on Nature-related Financial Disclosures are expected to come into force in the next two to five years. We are already considering the investment required to meet our future obligations.

The majority of NEXT's exposure to the impact of increased policy and regulation and the area where greater understanding is being developed is in our supply chain, so continuing our supply chain

mapping and engagement through the Higg Index is key to identifying and reducing our exposure. We are members of Worldly and this membership gives us access to a range of tools to support the standardised measurement of sustainability from our supply chain. The most significant thing the business can do to reduce exposure to this risk is to reduce the carbon intensity of its supply chain and operations.

Market: Climate change is expected to impact the supply and demand for certain commodities, products and services. NEXT mitigates this risk by continuing to maintain balanced and diverse sourcing routes and product suppliers.

During the year we continued to participate in industry-wide initiatives, such as the British Retail Consortium's Climate Action Roadmap. This forum has enabled us to share learnings as well as contribute to the development of metrics and measurement of improvement actions across the supply chain. In addition, we are continuing to collect supplier data through the Worldly platform. We are working closely with Worldly to gather insights from the data to support our risk and impact management across the supply chain.

Physical: It is through playing our part in reducing the carbon intensity of our operations, that we will in turn reduce the physical climate-related risks that impact our business. Our diverse sourcing routes and product suppliers is also a mitigating factor against physical climate-related risks.

b) Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Risks

We have considered the potential for the financial statements to be impacted by climate change, with a particular focus on long term assets. Of the assets on our balance sheet which might be considered to be at risk from climate change, the majority of our

c) Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Our climate change scenario analysis

To further understand and explore how potential climate risks and opportunities could evolve and impact our business over the medium to longer term, the TCFD recommends undertaking climate scenario analysis, which we updated last year.

Climate scenarios are hypothetical plausible future states under different levels of global warming and states of transition to a low-carbon world. They provide a forward looking view of how different types of climate-related risks and opportunities may impact an organisation. There are a number of scenarios that have been developed by scientific organisations which are publicly available and widely used within TCFD scenario analysis.

Scenarios and timeframes assessed

The TCFD specifically recommends that organisations consider a set of scenarios, including a '2°C or lower scenario' in line with the 2015 Paris Agreement. This low-carbon scenario is centred on 'transition' risks and looks at the rapid changes, such as policy, technology and market risks, that will be needed to cut emissions in line with the Paris Agreement. The scenario analysis should also consider 'physical' risks, such as temperature rise, sea level rise, and changes to the frequency and severity of extreme weather events, including droughts and storms. This is most relevant to our supply chain, the majority of which is based in Asia.

We examined three climate scenarios against two timeframes; 2030 and 2050, for the purposes of our analysis.

The three scenarios we considered were as follows:

Scenario	Description	Reference data ¹ used in analysis
Early transition	Gradual and deliberate shift towards a low-carbon economy with the outcome of successfully limiting global average temperature increase within 2°C by 2100.	Scenario based: UNFCCC's SSP1 Physical risk scenario: RCP 2.6
Late transition	Sudden shift towards low-carbon economy with governments making dramatic policy interventions to make up for a late start. Global average temperature increase to be kept within 2°C by 2100.	Scenario based: UNFCCC's SSP1/UNFCCC's SSP2 Physical risk scenario: RCP 2.6

plant, property and equipment are warehouses, retail stores, plant and machinery and shop fittings in the UK. These assets have a useful remaining life of less than ten years other than the leases on our Head Office and warehouses. These assets are not considered to be at material risk of any physical impacts or transitional risks arising from climate change. No climate-related matters have been identified which would materially impact intangible assets.

Even though there is uncertainty around the time horizon over which climate risks will materialise, stakeholder expectations and regulatory attention could develop quickly, impacting the rate at which the business may need to cut carbon emissions. We recognise that we will need to keep abreast of future climate change legislation as well as consumer preferences. The retail sector is faster paced than many and there are likely to be changes in the way retailers do business in the next few years. However, we have a strong track record of evolving at pace and we are confident that we can react accordingly.

Opportunities

We are considering the following opportunities in the medium to long term:

- Reduced energy spend through energy-saving measures which incorporate renewable energy.
- We have launched a trial clothing donation scheme and we are investigating repair and resale.

You can read more details on these in our Group Corporate Responsibility Report which can be found at nextplc.co.uk/corporate-responsibility.

CORPORATE RESPONSIBILITY

Hothouse world	Continuation of current projection of carbon emissions without any significant abatement or mitigation. Likely to result in average global temperature increase of >4°C.	Scenario based: UNFCCC's SSPs 2-5 w Physical risk scenario: RCP8.5
----------------	--	---

1. The reference data refers to existing published scenarios in relation to socioeconomic data and climate projections that we have used to base our forward looking scenarios on.

As NEXT grows and changes, and the reference data evolves, we intend to periodically review the scenarios and timeframes we adopt for our analysis and refine them as needed.

Overview of our findings

The headline implications for the resilience of our business, as summarised by reference to our scenarios, are:

Scenario	Description
Early transition	Most impactful scenario, driven by the potential for the introduction of the most severe forms of carbon taxation in a short timeframe before adequate mitigation would be in place.
Late transition	In this scenario, the impact from the introduction of carbon taxation is still significant but carbon prices are predicted to stay at lower levels. Therefore, this is the middle impact scenario.
Hothouse world	This is the least impactful analysis, with low level of carbon prices and 'business as usual' regulatory and operational risk.

In updating the scenario analysis and timeframe last year, the scenario data moved the peak impact assessment from late transition to early transition.

The analysis suggests that NEXT is most exposed to transition risk up to 2050, as a consequence of:

- The potential for significant exposure to Scope 3 emissions costs.
- The ability to manage physical risks to the supply chain via a diverse supplier base and agile procurement practices. NEXT already has this ability, therefore it does not require any investment or changes in approach.

Management remain confident that in any of the considered scenarios above, the business is resilient to the impact of climate change.

The scenario analysis has confirmed that our mitigation actions to 2050 should focus on transitional risks, and critically, on the reduction of carbon and environmental impacts on which NEXT may be taxed or regulated. The impacts of the physical risks under all scenarios are relatively modest under both time horizons and there is little distinction between climate impact scenarios until the second half of the century. Having considered the different types of risks in the table below, we anticipate the time horizons for when they are most likely to impact will be medium to long term.

Risk type	Risk	Potential impact	Mitigation/Business response
Transition	Increased regulation on product composition or mix	Increase in core raw material costs.	We already closely monitor the implementation of any policies related to products to ensure we comply with appropriate safety regulations. We will continue to monitor product legislation policies with a view to identifying potential direct operating costs of the business that relate to climate change.
Transition and Market	Introduction of climate sanctions	Tax levied on imports from countries with a less environmentally friendly regime.	Balanced sourcing of product suppliers should reduce exposure to this risk.
Transition	Increased pricing of greenhouse gas emissions	Failure to comply with regulations to reduce our environmental footprint.	Monitor emerging policy developments that may give rise to additional operating costs, including the potential introduction of carbon taxes. Progress against our climate targets is expected to mitigate such cost exposure over time.
Physical	Increasingly extreme weather events affecting suppliers' operations	Factories located in low-lying areas could be at risk of flooding. A severe weather event could lead to supply disruption and loss of materials in the short term and increased insurance costs over the long term.	NEXT Sourcing, our overseas sourcing operation, undertook an environmental impact assessment for supplier factories in China, Bangladesh and India to model the potential impact of flooding. It is considered that there would be little production risk but likely delays in getting product to ports for onward transportation. The key mitigation would be to send critical stock by air freight where necessary, which would incur additional cost. The potential increase in costs to insure buildings in those areas or move them altogether is a long term risk. We did experience some flooding near our factory sites in Sri Lanka in 2024. This had minimal business impact. Some workers were unable to reach the sites for a short period. Worker wellbeing was supported in collaboration with local partners. The Group sources from a diverse supplier base spanning multiple geographies, reducing concentration risk and limiting exposure to disruption in any single region.

Physical	Severe crop failure in cotton supply chain	A severe adverse weather event could cause widespread crop failure. This could lead to supply disruption, increased raw material prices, and a decrease in the quality of products in the short term.	In order to have a significant impact on the business, there would need to be a significant systemic global failure of crops. Mitigations would include passing on the increased cost to the consumer or blending materials together.
----------	--	---	---

3. Risk Management – How the organisation identifies, assesses and manages climate-related risks

a) The organisation's processes for identifying and assessing climate-related risks.

We include climate-related risks within our overall integrated risk management framework and any risks identified are subject to the same process and managed in line with all other risks. For further detail on our risk management framework and processes please see pages 70 to 73.

b) The organisation's processes for managing climate-related risks.

Senior management conduct formal assessments of the key risks relevant to their areas of responsibility twice a year. Climate is discussed as part of that process but is not currently a material matter in respect of any risk identified.

c) How processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

The Audit Committee has delegated authority from the Board to oversee the effectiveness of the Group's risk management process, including identification of the principal and emerging risks. Our ESG Steering Group identifies, monitors and assesses current and emerging climate risks and reports these to the Audit Committee. Valuable input is received from the Head of Sustainability who is a member of the ESG Steering Group. The output of all climate-related risk assessments is considered by the Board when they assess the principal risks of the business and is also used to direct focus to our ESG work.

4. Metrics and Targets – Metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

a) Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

b) Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

c) Targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

NEXT's metrics and targets are used to help us understand our progress and to identify opportunities and risks. These span a number of topics set out in more detail below and are collectively used to assist in the determination of our priorities. Our primary current targets are set out in the table below and on pages 82 to 84 for our SECR and GHG disclosures.

Metrics and targets

Strategic goal	Deadline	Progress achieved at January 2026	Measures
Responsible Sourcing Approach ¹	2030	In progress – 82% (2025: 65%)	To source 100% of our key raw materials in line with our responsible sourcing approach by 2030.
Reduce Scope 1 and 2 carbon emissions ²	2030	In progress – 52% reduction (2025: 47%)	Reduce Scope 1 and 2 absolute carbon emissions by 55% against an absolute baseline of 2016/17 (SBTi).
Reduce Scope 3 carbon emissions ³	2030	In progress – -33% (2025: 29%)	Reduce Scope 3 emissions by 40% per £1m of sales against a relative baseline of 2019/20 (SBTi).
Divert operational waste from landfill	Ongoing ⁴	Achieved – 98% (2025: 97%)	Divert at least 95% of operational waste from landfill through recycling.
EV100 Pledge ⁵	2030 ⁶	We have 1102 (2025: 967) Company Cars in our UK fleet, of which 516 (2025: 336) are fully electric (47%) (2025: 35%). We have 445 (2025: 363) charging points across our network with 73 at Head Office (2025: 69).	100% of vehicles up to 3.5 tonnes to be electric. Charging points across all staff sites.
RE100 Pledge	2030	In progress – 98% (2025: 96%)	100% of electricity purchased to be certified renewable globally.

1. To source 100% of our key raw materials in line with our Responsible Sourcing Approach by 2030. We do not source raw materials directly, so our main focus is on supporting our commercial buying teams and working closely with them to influence positive sourcing and manufacturing decisions. We have an internal 'Responsible Sourcing Manual' which gives our commercial teams guidance on materials that meet our Responsible Sourcing Approach. This means for each key raw material we have identified options which are independently verified as having improved environmental and/or social benefits vs the conventional alternative and we prioritise third-party certified materials. The calculation method is the % of the total tonnage of key materials including cotton, polyester, MMCs and wool for NEXT brand textiles, footwear and accessories that met our Responsible Sourcing criteria. See the Group's Corporate Responsibility report for more information on calculation methods. We are also improving our visibility of the different tiers of our supply chain to ensure the materials used in our

CORPORATE RESPONSIBILITY

products are sourced and manufactured in a way that meets our criteria. We have internal roadmaps as well as training, tools and guidance for suppliers and product teams to support progress towards these goals.

2. Reduce Scope 1 and 2 absolute carbon emissions by 55%. See Changes in our SECR on page 83 for details.

3. Reduce our Scope 3 emissions by encouraging our supply chain to improve energy efficiency and reduce carbon emissions. See Carbon footprint - including, Scope 3 on page 84. This year we have seen sales growth, increasing our absolute Scope 3 emissions however, we have been successful in further reducing the intensity of our sales. Across other categories we have benefited from decreases in emissions factors across upstream and downstream distribution and business travel. For distribution optimising efficiency is a core principle to help us decrease the intensity of sales growth.

4. Waste management. As our business operations continue to grow and we continue to make acquisitions, the Group’s waste is also increasing. Although we have achieved our target, we still measure the amount of waste that goes to landfill and consider it important to keep revisiting the target going forward.

5. Reduce emissions caused by transport. One of the main elements within our control is our Scope 1 transport emissions. We have continued to review and test EVs with a view to replacing our existing fleet as soon as viable technology capable of meeting operational requirements is more widely available. We are trialling an EHG in our fleet, to better understand the opportunities. We will continue to review the position with the intention to move to EV or alternatives as soon as vehicles are available that are viable and commercially reasonable.

6. EV100 Pledge: Subject to the availability of viable technology capable of meeting operational requirements.

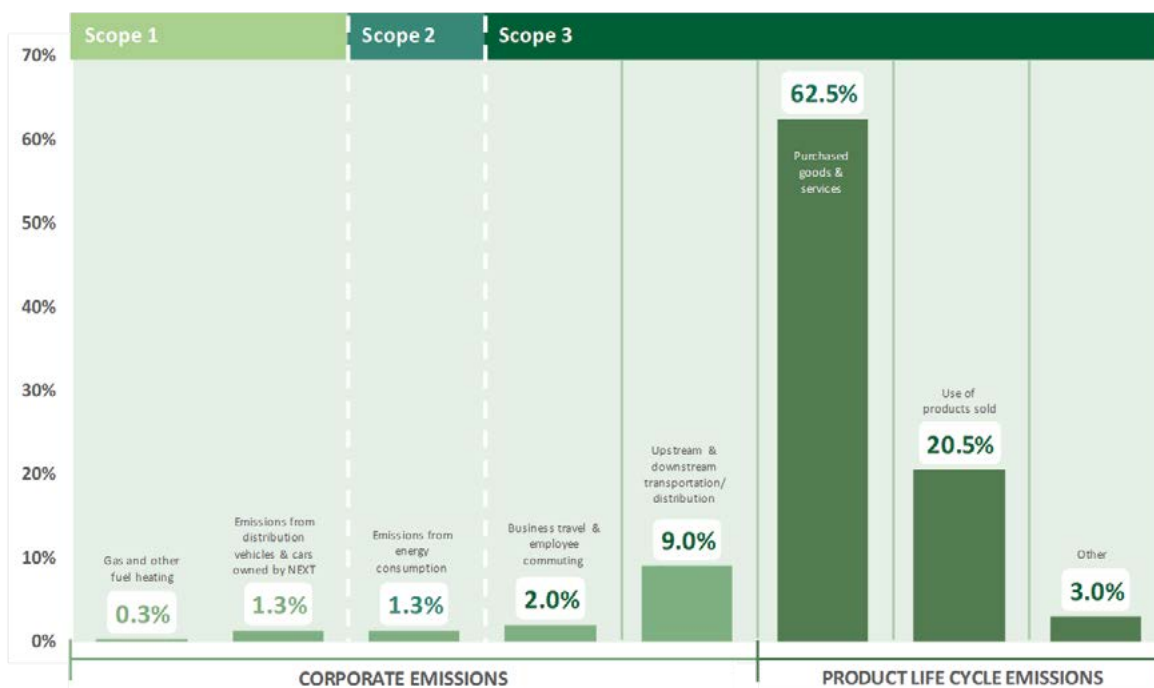
Strategy

We continue to develop our strategy towards achieving a lower carbon business model and play our part in building a climate-resilient economy. Our environmental ambition is informed and driven by:

- The direct and potential impact of climate change on our operations, identified through assessing our risks and opportunities in the short, medium and long term and also climate change scenario analysis.
- Our commitment to reducing our Scope 1, 2 and 3 emissions, which have been set to align with the GHG Protocol. Our Scope 1 and 2 targets are consistent with achieving a 1.5°C reduction in line with the SBTi pathway. We also commit to reduce Scope 3 emissions by 40% per £1m of sales and Scope 3 emissions from indirect use of sold products by 40% per £1m of sales by 2030 from a 2020 base year. We gained SBTi approval for our targets in July 2021. During 2026 we will be revalidating our targets as required by the SBTi every five years.
- Industry trends with a potential environmental impact.
- Regulation, guidance and stakeholder expectations.

Breakdown of our 2025/26 emissions

Our Scope 1, 2, 3 and GHG emissions are disclosed on pages 82 to 84. A further breakdown of our 2025/26 emissions is set out in the chart below.



Packaging and recycling

Collection points for consumers to return their plastic packaging for recycling are now in all our stores, our warehouses and our Head Office. This has contributed to the 2,015 tonnes of plastic we have collected this year. We continue to work on methods to improve the efficiency of this method of packaging take-back. We are working with our UK packaging suppliers to reuse the collected materials which are appropriate for use in new packaging.

Our e-commerce mailing sacks, garment bags and in-store carrier bags are recyclable and produced using recycled materials. We welcome all customers to return them by using our dedicated in-store recycling points.

We are trialling a new scheme to use recycled flexible plastic collected from customers to make the linings of our NEXT courier sacks which all contain at least 30% recycled content.

In addition, we reuse or recycle all clothes hangers used in our retail stores. The recycled clothes hangers are either reprocessed for reuse or made into new clothes hangers. In 2025, we collected 600 tonnes of clothes hangers for reprocessing for reuse within the supply chain or to be remade into new clothes hangers.

We have completed our submissions against the Extended Producer Responsibility regulations, and continue to review opportunities to reduce and improve packaging materials. It is anticipated to have an immaterial impact on cash flow.

Illustrated are some of the many carbon reduction initiatives we are working on.



CORPORATE RESPONSIBILITY



OUR PEOPLE



Our commitment

Our colleagues are integral to NEXT's success, their safety and wellbeing is always our top priority. We want to ensure we provide a workplace in which everyone is:

- Supported.
- Treated fairly and with respect.
- Listened to.
- Motivated to achieve their full potential.

Our approach

We want NEXT to be a safe place for everyone, with a culture that enables all employees to maintain positive physical and mental wellbeing. Our safety objectives focus on three pillars:

- Health, safety and wellbeing engagement.
- Developing our Health and Wellbeing offer for our employees.
- Ensuring a safe workplace, with a focus on key risks.

Health, safety and wellbeing

Good health and wellbeing is one of our most relevant SDGs. We want to ensure NEXT is an exciting and rewarding place to work and allow everyone to work in an environment where they are able to maximise their creativity, productivity and engagement. It is important therefore to have a culture that enables all our colleagues to maintain positive physical wellbeing and mental health.

Actions during the year

Health and Safety: We review our Company safety statement and objectives every three years, including programmes for each division of the business. We have compiled a new set of these to 2029, including closer integration with Joules and other Total Platform partner brands.

Wellbeing: Our Mental Wellbeing Charter, available on our wellbeing site, fosters an environment where this important topic can be discussed openly to eliminate stigma, fear and discrimination.

- Our Mental Health First Aider (MHFA) network now has 200 trained colleagues in all divisions who help provide a supportive workplace environment.
- Ongoing health benefits including the online Digicare+ Workplace, providing access to a Digital GP, annual health checks, a suite of lifestyle and health information and our Employee Assistance Programme offering independent counselling. We continue to provide five lifestyle checkpoint machines which move across our different sites.
- An extensive series of online and in-person wellbeing events and activities continues to be offered year-round to engage and inform our employees at Head Office, Retail Stores, Online and Warehouse locations, including events to engage and showcase the services available to colleagues at team events, meetings and conferences. We extended our successful Head Office onsite GP service to our teams at Elmsall 3, our largest warehouse location. We also offered a free flu vaccination programme to all our employees.

- We launched Westfield Health's Surgery Choices, a new private health insurance plan covering 60 surgical procedures, to over 5,000 employees across NEXT, providing access to quicker private medical treatment and support their return to work.
- We have provided our employees with financial education sessions, focusing on early careers, retirement planning and share schemes to improve understanding and support them in making well-informed decisions.

Equal opportunities and diversity

We believe that a diverse and inclusive working environment is vital to the success of our business and to support the health and wellbeing of our employees. We continue to run mandatory equality, diversity and inclusion training for new starters and all our managers to explore unconscious bias, inappropriate behaviour, discrimination and harassment, and provide guidance on how to positively influence the behaviour of others.

Actions during the year

- Enhanced Family Leave Policy offering increased financial support, including enhanced maternity and adoption pay, plus a flexible return to work package for those returning early.
- Launched a new 'Connected' programme to build generational intelligence and foster stronger collaboration across generations.
- Introduced Inclusive 100: a pilot leadership programme for 100 managers, designed to build inclusivity and collaboration across multigenerational teams, generating tailored recommendations to develop more inclusive behaviours.
- Launched e-learning courses 'Working Together Respectfully' and 'Leading with Inclusion', and in-person leadership training workshop for store managers for inclusion in retail.
- Established an internal Duke of Edinburgh programme for early-career employees to develop valuable life skills beyond the workplace, with the opportunity to achieve a Gold Award.
- Through listening circles run in partnership with 'Business in the Community' and our 'Together We Are NEXT' teams, we engaged with new employees to understand the value of our employee-led networks and gather feedback to help shape these communities.
- Continued partnerships with GenM, around menopause support and Wellbeing of Women, who offer support on a range of subjects including menstrual health. We launched Period Symptom Checker and provide free sanitary products for employees across all areas of the business.
- Retained Level 2: Disability Confident Employer status. The Disability Confident Scheme supports employers to make the most of the talents that disabled people can bring to the workplace. Our employee network 'Able at NEXT' gives a voice to disabled people, people who care for someone with a disability and to those who support our aims within the organisation.
- Continued to partner with Carers UK. We have signed up to the Employers for Carers digital platform to provide employees with access to dedicated resources for carers.
- Held our Annual Business Review meetings, which you can read more about on page 102.

NEXT is an equal opportunities employer and we offer career opportunities without discrimination. Job vacancies are filled by the candidates who have the most relevant skills and competencies to succeed. Our policy is to treat all employees fairly and equally regardless of gender, sexual orientation, marital status, race, colour, nationality, religion, ethnic or national origin, age, disability or union membership status. Further details of our diversity policy are included in our Nomination Committee Report on page 127.

Full consideration is given to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. We continue the employment wherever possible of anyone who becomes disabled during their employment, providing assistance and modifications to their working environment with us where possible. Opportunities for training, career development and promotion do not operate to the detriment of disabled employees.

The gender mix of the Group's employees at the end of the financial year is set out in the table below.

	2026		2025	
	Male	Female	Male	Female
Directors of NEXT plc	8	4	8	4
Operational directors and other senior managers ¹	34	18	40	15
Total employees	15,098	34,083	15,442	35,503

1. Other directors of the Company's subsidiary undertakings comprise 20 male and 5 female employees.

Reward, fair pay and employee share ownership

We aim to reward all employees with fair and competitive salaries and provide the opportunity to earn additional pay in the form of a bonus. Our annual Gender Pay Report can be found at nextplc.co.uk.

To encourage employee ownership, we operate a Sharesave scheme open to all NEXT UK employees, enabling them to save over three or five years to purchase NEXT plc shares at a discount of 20% to market price. We also operate a company share option incentive scheme which extends to over 2,000 participants.

During the financial year around 6,500 employees who participated in our Sharesave and Company Share Option Schemes shared in total gains on their options exercises of £137m.

Around 13,000 employees (circa 31% of our total UK and Irish employees) held options or awards at the end of January 2026. These options or awards were held in respect of 6m shares in NEXT, being 4.9% of the total shares then in issue. NEXT's Employee Share Ownership Trust (ESOT) purchases shares for issue to employees when their options are exercised or awards vest. At the year end the ESOT held 5.5m shares. The ESOT Trustee does not vote on any resolutions at General Meetings.

Pension provision

Details of the pension benefits we provide to participating employees are set out in the Remuneration Report and in Note 21 to the financial statements. As at January 2026, there were over 24,000 UK active members of the Group's various defined contribution schemes (2025: over 25,000).

We continue to look at ways to improve gender diversity. Women are well represented throughout the Group, and NEXT was ranked second in the FTSE 100 Rankings 2025 Women on Boards and in Leadership which was published in February 2026.

Recognising that women can be disproportionately affected by childcare commitments, our Head Office (approximately 5,000 of our colleagues are based) has a purpose-built nursery onsite. This is part of our ongoing commitment to support our employees with their pre-school childcare arrangements.

Gender equality is a fundamental human right and is another SDG that we focus on. Gender equality continues to be particularly challenging in less developed countries and we are looking at ways to support improvements in the areas we source from. See page 128 for more details on our Board gender representation.

Training and development

We have a strong track record of promoting from within; all our executive directors were promoted to the Board having previously served as employees in the Group. We aim to realise our employees' potential by supporting their career progression wherever possible. The Group invests significantly in the training and development of staff and in education programmes which contribute to the promotion prospects of employees. We believe these opportunities help employees feel supported and equipped to carry out their role to the best of their ability.

Our employees can access a range of development tools and appropriate job-specific training through the integrated training teams within each area of the business. This includes:

- Jobrole-specific training covering professional, technical, operational and skills training.
- Individually tailored training to address an employee's individual needs and specific business requirements.
- We have a Learning Hub for our Head Office population that offers additional training and development support on management and recruitment topics.
- Training in areas such as health and safety, first aid and manual handling to help ensure our employees work in a safe environment.

CORPORATE RESPONSIBILITY

OUR SUPPLIERS



Our commitment

We focus on ethical trading, traceability and responsible sourcing to ensure our products are made by workers who are treated fairly and whose safety, human rights and wellbeing are respected.

Our approach

In common with other retailers, NEXT's product supply chain is both diverse and dynamic. During the year, NEXT products were manufactured in 33 countries through over 700 suppliers. Diversity of supply provides us with a cost-effective supply chain and an extensive range of products for our customers. It also increases the risk of sourcing from unethical suppliers, particularly in the lower tiers of the supply chain where visibility is more limited.

Payment practices

NEXT compiles and submits relevant supplier payment data to the UK Government portal in accordance with the 'Duty to Report on Payment Practices and Performance' under Section 3 of the Small Business, Enterprise and Employment Act 2015.

The illustration below shows a breakdown of audits by category rating. Ongoing work with new and existing suppliers means the percentages have not moved materially from last year.

Ethical trading

Infringement of workers' rights like safety, human rights, employment and working conditions is a key risk. We onboard, train and support our suppliers to ensure they understand what is expected of them and to support them in further raising standards. Where we find issues of non-compliance, we find that working with suppliers to improve their standards rather than immediately terminating the relationship delivers a better outcome for workers and the supply chain as a whole. Our aim is to support factories in resolving issues, but we will not continue to work with them if there is no willingness to improve.

Our drive to support ethical trading in our supply chain includes:

- Working with our suppliers to ensure they understand our requirements and COP Principle Standards.
- Holding regular meetings with individual suppliers to share information and develop relationships.
- Our in-house global COP team which comprises over 50 employees that administer our COP programme based on the Ethical Trading Initiative Base Code (ETI) and International Labour Organisation Conventions.

Our COP team works directly with new and existing suppliers and their factories. They are based in key sourcing locations around the world which enables the team to respond quickly if issues occur. It also allows us to develop trust and strong relationships with suppliers by offering meetings, training and support, even before orders are placed by our product teams.



Compliance with our COP Principle Standards is monitored through audits by our COP team which generally take place unannounced. Our auditing standards provide detailed information to help our suppliers fulfil their obligations. Our audit plan prioritises the human rights of workers in our supply chain and is risk-based, taking into account geographic location, ethical reputation, the type of manufacturing process and the factory's most recent audit rating. Where we find areas for improvement during an audit, we create a Corrective Action Plan which is agreed with the supplier and factory management. Follow up reviews are undertaken to monitor progress against the Corrective Action Plan.

Actions during the year

During the year, the COP team:

- Carried out over 2,700 audits. Of the sites audited, 88% were related to Tier 1 and 12% were related to Tier 2.
- Supported nine factories to successfully remediate modern slavery issues found. A further 12 sites are participating in an active remediation process.
- Disengaged with 21 factories that failed to satisfactorily rectify their critical non-compliance with our COP Principle Standards.
- Carried out 48 audits for JoJo Maman Bébé, 109 for Reiss, 78 for Joules and 81 for FatFace as part of the roll out of the NEXT COP approach with our Total Platform partners. We expanded the global COP team to reflect these broader responsibilities.

Traceability

Traceability and transparency of our suppliers' factories are an important part of NEXT's overall approach. Suppliers are categorised into five tiers:

- **Tier 1** are factories where production of NEXT branded products takes place.
- **Tier 2** are factory sites declared and used by a Tier 1 factory which include manufacture or process materials, components or parts of a finished product.
- **Tier 3** suppliers are fabric and yarn suppliers who spin, knit, weave, dye and print to produce finished fabric.
- **Tier 4** suppliers process the raw materials into a fibre.
- **Tier 5** is where the raw materials are sourced.

Suppliers are contractually bound by our COP Principle Standards that apply to all their declared factories at Tier 1 and Tier 2 from which they operate and source. These standards cover human rights,

workers' safety, employment and working conditions. Our contracts reserve the right to visit a factory (on an unannounced basis) to undertake an audit to ensure it is, and remains, compliant.

Actions during the year

We have updated our lists of our Tier 1 and Tier 2 factories which produce NEXT branded products and Tier 3 suppliers and published these on our corporate website, nextplc.co.uk. We have held sessions with our suppliers globally to highlight the importance of traceability.

We are continuing our work to extend the visibility of our supply chain to include Tier 4 and 5 as well as Total Platform Brands.

Responsible sourcing

Each stage of our supply chain has an environmental and social impact, from sourcing the materials through to post consumer use and disposal. The majority of the environmental impact lies in the fibre and fabric production stage. While we do not source raw materials directly, we work with our suppliers to ensure traceability where possible. This enables us to source products in ways which support their replenishment, respect human rights and protect natural habitats.

The main raw material fibres used in our products include cotton, polyester, man-made cellulosic fibres (MMCFs, such as viscose), and wool. Timber and leather are also significant raw materials for us. These materials can have wide-ranging environmental and social risks associated with their production and extraction, if not managed correctly.

Actions during the year

- Maintained Brand Certification with Textile Exchange, to ensure traceable chain of custody of our certified products.
- Began rollout of Physical BCI Cotton Programme to further enhance traceability of our cotton supply chain.
- Continued to support teams with internal data tracking with live benchmarking and visibility by division showing progress against our fibre targets and priorities. Using this interactive Responsible Sourcing Progress dashboard, our Product teams have the ability to see their progress against targets. This enables teams to understand the impact of their sourcing decisions without waiting for a formal report.
- Increased focus on progress towards our targets for cotton, wool, Polyester and man-made cellulosic fibres.



CORPORATE RESPONSIBILITY

Environmental collaborative initiatives

Solutions to reduce negative environmental and social impacts can really only be achieved with collaborative global actions. NEXT, along with other retailers, is involved in a number of initiatives to minimise these adverse impacts. These include:

Zero Discharge of Hazardous Chemicals (ZDHC) Roadmap to Zero	NEXT is a signatory to the ZDHC Roadmap to Zero programme which promotes industry-wide change in responsible chemical management in textile, leather and man-made cellulosic fibres (MMCFs) production processes (dyeing, printing and laundering of textiles, and tanning and dyeing of leather and viscose production - 'wet processors') to protect workers, customers and the environment. In the most recent year NEXT was ranked as 'Champion', the highest score available. NEXT has its own Restricted Substances Standards which ban or state the limits for harmful chemicals used in or during the manufacture of our products and also adopts the ZDHC Manufacturers Restricted Substance Standards for chemicals formulation. We work closely with our key fabric mills and wet processors to help them adopt the ZDHC tools and requirements in order to reduce and eliminate the discharge of hazardous chemicals from production processes into the environment.
Better Cotton Initiative (BCI)	NEXT joined the BCI in 2017. BCI is a global not-for-profit organisation dedicated to improving farming practices, reducing environmental impact and enhancing livelihoods within cotton-producing communities. Building on this partnership, we have begun sourcing products containing Physical BCI Cotton — by doing so, NEXT directly supports BCI's work in providing farming communities with the tools, training and support needed to continuously improve their practices. NEXT bans the use of cotton from Uzbekistan, Turkmenistan and the Xinjiang region of China in our textile products due to concerns over the mistreatment of the Uyghur people, child labour and working conditions in these territories. For further information see our Group Corporate Responsibility Report.
Changing Markets Foundation's Roadmap Towards Responsible Viscose and Modal Fibre Manufacturing	This roadmap focuses on engaging with viscose production facilities and encouraging them to adopt best practices in order to minimise the effects of harmful chemicals used in the viscose manufacturing process. NEXT works with its viscose and modal manufacturers to help them adopt closed-loop production systems to ensure emissions controls and chemical recovery rates are in line with the EU Best Available Technique standards and the ZDHC man-made cellulosic fibre (MMCF) Guidelines.
Canopy	Canopy is a global non-profit dedicated to protecting ancient and endangered forests by transforming unsustainable supply chains in fashion, textiles and paper packaging. Its annual Hot Button Report rates MMCF producers against audit findings and key performance criteria, with Green Shirts awarded to those demonstrating leadership on responsible sourcing, investment in Next Generation fibres and support for forest conservation. NEXT works with Canopy through its CanopyStyle initiative to ensure wood-based fabrics are responsibly sourced. It is our policy to use man-made cellulosic fibres exclusively from Canopy Green Shirt-rated producers.
Cascale	Cascale is a global, non-profit alliance of leading consumer goods brands, retailers, manufacturers, NGOs, and academic institutions. Cascale owns the Higg Index tools, which are exclusively available on the Worldly platform, to create a global standardised approach for effectively measuring and evaluating the social and environmental impacts of value chains and products. Worldly was launched in 2019 as the public benefit technology company that hosts the Higg Index Tools. NEXT has been a member since 2021. We have been using the Higg Index Tools since 2019 for our supply chain sites to help us understand our supply chain's impact.
Timber sourcing	We are preparing for the new EU Deforestation Regulation (EUDR) to be implemented from the end of 2026. Our internal EUDR Working Group is developing and deploying EUDR compliance policies and processes, including building a robust online system to enable us to track data in a compliant way. We will be reviewing our Timber Policy alongside the implementation of EUDR.
The Microfibre Consortium (TMC)	In 2018, NEXT joined TMC to collaborate on solutions to minimise microfibre release into the environment. We provide resources from our in-house laboratory to test fabrics and report fibre shedding results which are helping TMC to conduct in-depth analysis of industry data and work towards robust solutions in design, development, and manufacture. NEXT is also represented on the TMC Advisory Group.
WRAP (Waste and Resources Action Plan) – The UK Plastics Pact	The UK Plastics Pact is a collaborative initiative uniting businesses and government to reduce plastic waste and build a circular economy. By setting clear industry targets, the Plastics Pact aims to keep plastic value within the economy, protect the natural environment, and promote sustainable packaging. We align to WRAP UK Plastics Pact targets which continue to support our work to reduce waste.
WRAP – UK Textiles Pact	WRAP's Textiles Pact is the UK's leading voluntary initiative supporting businesses and organisations within the fashion and textiles industry to transition to more sustainable and circular practices by the end of the decade. As a founding signatory partner, NEXT commits to the UN trajectory to reduce climate change by aiming for a 50% reduction in combined greenhouse gas emissions by 2030, limiting global warming to 1.5°C. We also aim to reduce the water footprint of new products sold by 30% and improve the sustainability of textiles across their lifecycle. NEXT is a member of the Textiles Pact Advisory Board and we have committed to be part of the Textiles Collection Project, which begins in 2026.

OUR CUSTOMERS AND PRODUCT



Our commitment

Our commitment is to offer beautifully designed, excellent quality clothing, homeware and beauty products that are well made, functional and safe, sourced responsibly and provide outstanding value to meet or exceed our customers' expectations.

Our approach

Understanding what our customers want is essential in the design and manufacture of our products. 'NEXT Loves to Listen' is our online survey and is available to every customer who collects an order or shops in our stores. We also conduct customer interviews and online surveys, accompanied store visits and run customer discussion groups. We have processes in place to monitor, evaluate and respond to customer feedback.

Continuing our journey to a circular economy

The circular economy is an economic system aimed at designing out waste and pollution and maximising the reuse and recycling of resources along the whole supply chain.

As part of our Responsible Sourcing Approach, we have defined three foundational pillars to support the transition to a more circular economy which will support the ambition of designing, producing and selling products which limit pollution and waste and help to keep materials in use for longer. These are: Product development and design; Circular Business Models; and Waste. Examples of our activities include:

- Setting up an internal 'Waste' Working Group to collaborate across different business functions; the purpose is to streamline policies, processes and identify commercial opportunities.
- Implemented an online 'Take-back' trial with SATCOL (Trading arm of the Salvation Army).
- We have a number of long-standing initiatives which keep products in use: we repair products in one of our UK Distribution Centres; we have staff shops to sell products not able to be sold in stores; we have take-back boxes for flexible plastics in our Head Office, and warehouses; and a mattress recycling programme and help for customers to donate unwanted furniture for reuse. We recognise there is much more to do and that collaboration across the industry is vital.

We are one of the founding signatories of WRAP's UK Textiles Pact initiative. We also sit on the Advisory Board, supporting development of appropriate workstreams. Signatories have committed to a collaborative approach to accelerate progress towards a circular economy for textiles as well as working to reduce the climate impact of the industry.

We will consider the impact our designs and product development can have on the environment and what positive choices we can make when developing our products, such as:

- Product durability and longevity.
- Source third-party verified materials that reduce environmental and social risks.
- Safe processing to protect workers and the environment.

We will continue to provide practical tools and guidelines to support our Product teams and help set future product category specific circular economy plans.

Product safety and legislation compliance

Our product safety standards are based on a range of legislation and compliance requirements. Technologists in our Product teams work closely with our suppliers to provide expert guidance to ensure the right materials are chosen to manufacture high quality, durable products in factories with robust product safety processes. Suppliers to NEXT have direct access via our online Supplier Portal to our full range of technical manuals and quality, safety, ethical and responsible sourcing standards. Products are inspected on receipt into our UK warehouses by our quality assurance team to ensure they meet our required standards.

NEXT also works with our LABEL third-party brands to ensure all products offered for sale are safe for their intended use. Third-party brands need to demonstrate compliance with legislation as well as being able to show the product has been sourced from factories which are compliant with the ETI Base Code, NEXT's own COP Principle Standards and Responsible Sourcing Guidelines.

Chemical management

Many products contain chemicals in one form or another, most of them harmless. To make sure our products do not contain chemicals which could be harmful to our customers, the workers who make them, or the environment, we require our suppliers to adhere to our Restricted Substance Standards (RSS) which are part of our Chemical policy. The RSS bans or limits harmful chemicals used in the manufacture of our products. We also have a robust due diligence programme in place to support compliance with the RSS. If products fail our requirements, they are removed from sale and may be recalled from customers.

Actions during the year

- Supported research into methods of monitoring and benchmarking materials' durability across the industry through our participation in the UK Textiles Pact Durability group.
- Achieved 'Champion Level' in the ZDHC Brands to Zero Leader Programme and achieved key milestones of the Roadmap to Zero Programme and fulfilled selected KPIs determined by ZDHC.
- Launched our three pillars of circularity by beginning our Waste workstream.

CORPORATE RESPONSIBILITY

COMMUNITY



Community Support through Gifts in Kind

Our commitment

We support charities and organisations that positively impact the countries in which we operate and source our products. This can be in the form of financial support, education and product donations, or sharing our expertise, knowledge and time.

Our approach

We support a wide range of charities and organisations, working with them to provide donations that are of most benefit. In particular, we support organisations that have a positive impact on the following areas:

- **Environment:** environmental protection or improvement.
- **Reducing inequality:** supporting the promotion of diversity, inclusion and human rights and preventing or relieving poverty.
- **Health:** advancement and promotion of health and supporting emergency care services.
- **Education, skills and youth amateur sport:** advancement of education, life and work skills and the development of youth amateur sports.

Where possible, we support charities over a number of years with a specified annual donation as this commitment helps them to plan their work with confidence.

As part of our target to divert waste from landfill we identify products that otherwise may have been disposed of and offer them to local charities and social enterprises for reuse and to create value for their missions. During the year we donated around 600 coats, hundreds of pairs of socks and shoes, swimwear and accessories like hats, gloves and scarves to schools and organisations that support families and children in low income areas around our Head Office in Leicestershire. We also donated clothing and toiletries to women’s refugees and homeless charities.

Actions during the year

- Established seven new ‘Together with NEXT’ collaborations selling unique clothing and homeware items to raise funds for key charity partners aligned to our business diversity and inclusion agenda.
- Supported a diverse range of over 350 organisations through 2025, including registered charities and non-profit organisations, as well as grassroots sports teams and community initiatives.
- Made total NEXT charitable contributions of over £3m.

During the year, we provided financial support to registered charities and other organisations totalling £1.3m (2025: £1.29m). This support was supplemented by the following additional activities:

	2026 £000	2025 £000
Gifts in kind – product donations	1,550	1,288
Charity-linked sales	164	207
Employee fundraising	24	29

The proceeds from the sale of our reusable carrier bags go to our nominated charities across England, Scotland and Wales. We support both environmental charities and health charities that focus on care for life-limited children, young people and their families. In Northern Ireland, the monies raised are paid to the Government who use the proceeds to fund environmental projects.

You can read more about our charitable work in our Group Corporate Responsibility Report on our corporate website at nextplc.co.uk.



HUMAN RIGHTS AND MODERN SLAVERY



Our commitment

We will not tolerate any instance of modern slavery in our business or in our supply chain.

Our approach

Respect for human rights is a cornerstone of any responsible business. The violation of human rights in our operations is

unacceptable and we deal firmly with any infringements identified in our supply chain.

Human rights abuse and modern slavery are complex issues which can take many forms. To help us prioritise our efforts, we focus on our salient human rights – those human rights that stand out because they are at risk of the most severe negative impact through our activities or business relationships.

We identify our salient human rights taking into account the severity and scale of the risk and how difficult it would be for us to put right any harm, as set out in the UN Guiding Principles Reporting Framework. These are set out in the table below

Salient issue	Location of risk and Mitigations
Freedom of Association (FoA) and Collective Bargaining	In a small number of countries that we source from, the freedom to join an independent trade union is restricted. This prevents workers from having a voice and being able to collectively bargain for higher wages and improved working conditions. If FoA is restricted then we would look for evidence of alternative provision as part of our audits, for example functioning worker committees.
Child Labour	Use of child labour is a risk in some areas of our supply chain. As part of new supplier inductions for Tier 1 and 2 manufacturing sites, we carry out training on child labour risks and explain: our approach to managing any cases; our Child Labour Policy; and supplier guidelines, to ensure we help to minimise the risk of child labour within our extended supply chain.
Modern Slavery	Some of our sourcing countries hire migrant workers and such workers can be vulnerable to the risks of exploitation, such as forced labour or retention of wages by employers. We also recognise the risk in our extended supply chain for raw materials such as cotton, and have policies and processes in place to support teams sourcing these materials as well as supplier training. There is also risk associated with working with third parties across our business in areas such as distribution and goods not for resale; we work closely with these teams to ensure visibility of policies and expectations.
Wages	All workers in our supply chain and colleagues across NEXT should be entitled to fair wages for the work they do.
Discrimination and Harassment	Women represent the majority of workers in our supply chain. In many countries, the risk of discrimination against women is significant in relation to equal opportunities, age or marital status.
Health and Safety	Health and Safety is a risk which is managed across our business and supply chain. Fire and industrial accidents are a risk within our extended supply chain. These risks are impacted by the quality and management of building design and structure, fire prevention, machinery, chemicals and abrasives.
Water and Sanitation	Water, sanitation and health are key issues across the NEXT business. Within our supply chain this includes increased community water scarcity risk where we source and the potential risk of water contamination from untreated effluent in the extended supply chain. Ensuring these issues are managed adequately is part of the supplier engagement and audit process for our Tier 1 manufacturing sites, as well as our policies and training that extends to Tiers 2 and 3.
A Clean, Healthy and Sustainable Environment	Risks in our extended supply chain include increased community water scarcity risk where we source and water contamination from untreated effluent and air emissions from operations like laundries, mills, dye houses, and tanneries. Additionally, consumer washing and packaging contribute to microplastic pollution. Our policies and programmes such as ZDHC through the supply chain support the mitigation of these risks.
Working Hours	We recognise that in many of our sourcing countries, workers may work additional hours in order to meet the factory's critical path and earn additional income. Excessive working hours are in breach of the International Labour Organisation standards and our own COP Auditing Standards.
Indigenous and Community Land rights	We recognise that raw material sourcing in our extended supply chain carries risks for local communities and rights-holders, including indigenous and forest-dependent communities, particularly in relation to timber. Through supplier engagement and our approach to EUDR compliance, we are reviewing our policies to ensure these risks are mitigated.

CORPORATE RESPONSIBILITY

In our work on human rights, we:

- Implement the Protect, Respect and Remedy framework of the United Nations Guiding Principles on Business and Human Rights.
- Apply the United Nations Guiding Principles Reporting Framework to help us identify and manage the risk of harm associated with unsatisfactory working conditions, discrimination, modern slavery, human trafficking and forced or bonded labour, particularly to the most vulnerable and exploited, such as women and children.
- Uphold internationally-recognised human rights principles, including those encompassed in the Universal Declaration of Human Rights and the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work.

More information on our salient risks is available at nextplc.co.uk/corporate-responsibility.

Code of Practice

The standards expected of our suppliers which are integral to our ethical trading are clearly set out in our COP Principle Standards and Auditing Standards, further details of which can be found on pages 94 to 95 and our corporate website at nextplc.co.uk/corporate-responsibility/code-of-practice.

Our COP programme is based on the Ethical Trading Initiative (ETI) Base Code and International Labour Organisation Conventions.

Actions during the year

Our global teams were able to monitor supply chain issues and work with suppliers and factories to ensure that our standards were met.

Collaboration and partnering is key to achieving change. Our in-country COP teams engage directly with locally based representatives of NGOs and trade unions. This helps to broaden our understanding of root causes and solutions. Activities during the year included:

- We have now rolled out grievance mechanisms in 11 of our top sourcing countries: Pakistan, India, Myanmar, UAE, Morocco, Turkey, Vietnam, Cambodia, Sri Lanka, China and the UK.
- We have carried out in-person supplier sessions globally during 2025 including in Italy and the UK and will continue this approach with our suppliers in-country throughout 2026.
- We initiated a social dialogue programme in Vietnam and Cambodia, with the aim of: increasing stakeholder awareness of social dialogue as a concept and the benefits of enhancing it within a factory setting; improving social dialogue in nominated factories by working collaboratively with stakeholders to identify challenge areas and implement appropriate improvement actions; and actively supporting factory management and workers to identify their needs and improve their working relationships and communication.
- Following success in Morocco, during the year we established the Gender Empowerment Programme (GEP) in Bangladesh, developed in partnership with Phulki. Aims of the programme include:
 - A comprehensive and integrated training framework designed to strengthen gender equality, health, and leadership within the supply chain workforce;
 - Promoting inclusive, safe, and developmentally supportive environments for all workers, particularly women and caregivers; and

- Increased awareness of health and wellbeing, gender-based violence prevention, early childhood development, and leadership skills, contributing to the creation of equitable and resilient workplace communities.

Through structured capacity-building modules, measurable key performance indicators, and targeted outcomes, GEP Bangladesh aims to enhance institutional accountability and empower female workers to thrive personally and professionally.

The programme will include six factories from three of NEXT’s suppliers in Bangladesh.

- As part of our enhanced due diligence engagement with UK labour providers, the COP team supported business teams in embedding ethical practice questionnaires into labour tenders and setting clear expectations on due diligence. In January 2025, we held our first modern slavery workshop with four key labour providers across warehousing and distribution. Through six further meetings during the year, we encouraged collaboration, insight-sharing and continuous learning.

Freedom of Association (FoA)

We have continued to work closely with trade unions and their affiliates on the ground in Turkey, to ensure that human rights are upheld. In one factory we worked with the union Ozliplik-Is to agree on corrective actions, for example, training was carried out for workers on their FoA rights.

Social Dialogue Programme

We have recently rolled out a Social Dialogue programme in Cambodia and Vietnam which is focused on improving worker management relationships. This is in collaboration with factory management, our suppliers, worker representatives and local partners.

Gender Empowerment Programme

We are continuing with our programme in Morocco in three key factories. Highlights for the year include:

- 54 training sessions across the three factories on topics including literacy, health & wellbeing and stress management.
- School kits distributed to 37 children.

We have now expanded this activity to Bangladesh working with a select number of factories with whom we share a long-standing relationship. The programme aims to foster inclusive workplaces, enhance gender equity, and support the personal and professional development of women in our supply chain.

SECTION 172 STATEMENT

This section describes how we 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. The principles underpinning section 172 are not only considered at Board level, they are embedded throughout NEXT. Sometimes decisions must be made based on competing priorities of stakeholders. In this section, we describe how the Board seeks to understand what matters to stakeholders and carefully considers all the relevant factors when selecting the appropriate course of action.

Our stakeholders

Our key stakeholder groups are set out below, with an explanation of why we have identified each as key to NEXT's business. Our many and varied engagement processes help lead us to a better understanding of what matters to our stakeholders. Their views and needs, as well as the consequences of any decision in the long term, are then considered in the business decisions made by the Board and across the entire Company, at all levels. We do this through various methods, including: direct engagement by Board members; receiving reports and updates from members of management who engage with various stakeholders; and coverage in our Board papers of relevant stakeholder interests concerning proposed plans.

Our workforce - see page 101 to 102

The strength of our business is built on the hard work and dedication of all of NEXT's people. We also consider the interests of former employees who are members of a Group pension scheme.

Our colleagues rely on us to provide stable employment and opportunities to realise their potential in a working environment where they can be at their best.

Communities - see page 103

Communities and the wider public expect us to act as a responsible company and neighbour, and to minimise any adverse impact we might have on local communities and the environment.

Investors - see page 104 to 105

We rely on our shareholders and providers of debt funding as essential sources of capital to further our business objectives.

They rely on us to protect and manage their investments in a responsible and sustainable way that generates value for them.

Customers - see page 103

Our customers are the reason we exist. It is essential to our future that we can consistently and continuously design and offer attractive, stylish products of high quality to new and existing customers at an accessible price. In doing so, we build our brand value and customer loyalty.

Suppliers - see page 103

We rely on our suppliers to make and distribute our products, provide the infrastructure through which we store, sell and display our products, and provide essential services we need to operate our business.

Our suppliers rely on us to generate revenue and employment for them.

Regulators - see page 103

We seek to enjoy a constructive and cooperative relationship with the bodies that authorise and regulate our business activities. They expect us to comply with applicable laws, regulations and licence conditions. This helps us maintain a reputation for high standards of business conduct.

Our workforce

Our current executive directors have a combined service of close to 130 years in the NEXT Group. This gives them extensive knowledge of the business as well as an acute insight into the sentiment, 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 Board, ensuring a well rounded view of the workforce. The Board also engages in the following ways:

- Annual Business Review Meetings, described further on page 102.
- 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. The Board held a dedicated session at our new Thurrock store in November 2025, and spent time with employees at this store.

SECTION 172 STATEMENT

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, Dame Tristia Harrison attended meetings along with the Chief Executive, our HR Director and workforce representatives for each division of the business. These meetings offer 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 Board 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 Board meeting during the year to provide an update on employee-related matters, including workforce engagement, culture, diversity and inclusion, talent development and succession planning. This enabled the Board to consider the views and interests of employees in its discussion and decision making, consistent with the UK Corporate Governance Code requirements.

The Board considers that, taken together, these arrangements deliver an effective means of ensuring the Board 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.

Case study: Acceleration of Warehousing Investment

Context

The Board considered and approved the acceleration of warehouse capital spend and approved investments to add additional storage and picking retrieval aisles to expand capacity at our E3 warehouse. The Board also approved a large item storage and picking system.

Stakeholder groups considered

Investors: The Board considers carefully how to allocate funds and invest in the Company to generate maximum long term value for investors. The additional investment will increase the Company's warehouse capacity, improve the service provided to customers at efficient cost and, in doing so, support the profitable growth of the business.

Workforce: We have a strong history of investing in our workforce across our warehouse estate. The investment in new technology and additional capacity will support our colleagues in their daily roles, such as enhanced picking and retrieval and improved efficiency. Alongside capital projects such as these, we continue to create new local roles, demonstrating our commitment to both our existing and future workforce.

Customers and communities: This investment will directly enhance our customers' experience. The increased capacity and efficiency of the new storage and picking system will contribute to improved order processing times and product availability, ensuring our customers receive their orders faster and more reliably.

Read more about our capital expenditure on page 54.

Outcome

The Board's decision making carefully balances our capital spend to ensure investment is brought forward, which in turn increases storage and picking capacity across the whole Elmsall complex.

Our relationships with suppliers, customers and others

Suppliers

Throughout the year the Board 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. Further details on how we engage with our suppliers can be found on pages 94 to 95.

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 Board reviews regularly. The executive directors provide updates to the Board 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 Board 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

The business is subject to a wide range of regulations. Of particular note is our Finance business which is authorised and regulated by the Financial Conduct Authority (FCA) in respect of the provision of consumer credit. As a responsible authorised company, we co-operate and engage constructively with the FCA and meet its standards. The Audit Committee exercises independent oversight over the regulated Finance business that includes updates on matters under discussion with the FCA.

During the year we engaged with the FCA, supporting their exploratory project looking at fees and charges in the consumer finance market, reviewing how firms are ensuring they provide fair value to their customers. We also responded to the FCA's request to provide feedback on one of their key reporting implementations this year, the launch of product sales data information.

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 Board 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 Board 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 Board 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 Board approves the Company's Treasury Policy annually.

Our impact on the community and the environment

We have a number of targets and initiatives aimed at reducing any adverse impact of our business on the environment and the communities in which we operate. How we engage with these communities is set out in more detail on page 98 of our Group Corporate Responsibility Report.

Doing the right thing — maintaining high standards of business conduct

Corporate governance

We have a robust corporate governance framework in place, details of which are set out in our Corporate Governance Report on pages 113 to 120. The Board receives regular updates on changes to the external corporate governance landscape.

Ethical trading and responsible sourcing

The Audit Committee exercises strong oversight over the Group's activities in these areas including reviewing the work of the Code of Practice team and receiving regular updates on Environmental, Social and Governance issues. It reports to the Board on these topics as appropriate. For further details on our approach to ethical trading and responsible sourcing, please see pages 94 to 95 as well as our Group Corporate Responsibility Report which is available on our corporate website.

SECTION 172 STATEMENT

Case study: Remuneration policy

Context

Our Remuneration Policy is designed to align executive pay with performance that delivers long term value for our shareholders and wider stakeholders. In developing the new Directors' Remuneration Policy (the 'Policy'), we engaged with shareholders and proxy advisors to understand their perspectives. The Board and Remuneration Committee considered this feedback alongside our workforce remuneration structure, market practice, corporate governance requirements and institutional guidelines.

Stakeholder groups considered

Investors: Our 2023 Remuneration Policy received c.84% approval at the 2023 AGM. We continue to receive strong shareholder support for our Directors' Remuneration Report, most recently achieving c.91% approval at the 2025 AGM.

During the year, the Remuneration Committee conducted a comprehensive review of the Policy. The Committee Chair then consulted extensively with our largest shareholders, representing over 50% of issued share capital, and their representative bodies on the proposed changes. Shareholder feedback was invited and central to the Committee's development of the new Policy. We listened carefully to investor views on aligning executive pay with long term shareholder value creation whilst ensuring the Policy attracts and retains the talent necessary to deliver our strategy. As part of the consultation, we originally proposed to change the LTIP performance condition to be measured on an Absolute TSR basis and whilst feedback was supportive, the binary nature of potential outcomes with this measure was observed by numerous shareholders. In view of this feedback, we continued the consultation and proposed a change to the LTIP performance condition to an earnings per share-led measure that recognises cash distributions to shareholders over the three year performance period. Read more about our shareholder consultation on page 142.

Workforce: The Board is committed to ensuring our people share in our success. Our clear, transparent and well-understood remuneration structures at NEXT are carefully designed to reward colleagues for achieving key objectives. Value creation is shared across the organisation in a number of ways, such as productivity bonuses in distribution and service/efficiency incentives in stores. NEXT also has a number of share incentives available to employees, including an all-employee Sharesave scheme which saw an average gain of £12k for this year's maturity. Management share options and an annual bonus scheme are also available to many of our employees. This extensive range of incentives support the growth of our business, deliver improved outcomes for customers, and ultimately deliver value for our shareholders. The proposed executive pay changes are being made in the context of maintaining a competitive and fair reward structure at all levels.

Customers and communities: The Board is committed to delivering wide product choice, quality and value, and an outstanding customer experience. Our new Remuneration Policy ensures our leadership team remains focused on delivering excellent service, value for money, and the quality products our customers expect from us.

Outcome

We listened carefully to feedback received and updated our proposals during the consultation process to ensure we are creating a Policy that reflects the views of our stakeholders. The proposed changes to our Remuneration Policy demonstrate our commitment to setting and implementing a Policy that reflects the Company's strategy and delivers value for shareholders and wider stakeholders.

The Remuneration Committee recommended the new Policy, which can be read on pages 143 to 153, to the Board for approval. It will be subject to a binding shareholder vote at the 2026 AGM, and we look forward to continued dialogue with our shareholders on this important topic.

Investors

All of our shareholders benefit from the same class rights, being shareholders of ordinary shares. During the year our shareholders voted in favour of a B Share Scheme, which you can read more about in the Directors' Report on page 170. The Board does not take any decisions or actions, such as selectively disclosing confidential or inside information, that would provide any shareholder or group of shareholders with any unfair advantage or position compared to shareholders as a whole.

How the Board engages:

- Information provided on its corporate website, such as the B Share Scheme Circular and Notice of Meeting.
- Regular calls and meetings between shareholders and the Chief Executive and Chief Financial Officer.
- Roadshows and conferences with institutional investors.
- Major shareholders are invited to the full and half year results presentations.
- Meetings and calls between major shareholders and the Chairman and Remuneration Committee Chairman on governance and remuneration matters.
- Regular communication with institutional investors by the Company Secretary and senior management, particularly on Environmental, Social and Governance matters.
- AGM.

Shareholder engagement

During the year we engaged with investors on a range of topics including:

- Governance, including Board succession and composition.
- Human rights and ethical trading.
- The environment, sustainability and responsible sourcing.
- Company performance against its business objectives.
- The Company's approach to pay-setting, progression and development.
- Proposed Remuneration Policy - see page 142 for further details.

The Board receives regular information on investor views through a number of different channels:

- The Group's corporate broker provides written feedback on market reaction and investor views after full and half year results announcements and investor roadshows.
- Reports from the Chairman, executive directors and non-executive directors who have direct dialogue with shareholders.
- Analyst/broker reports and views.
- Shareholder feedback reports and statements made by representative associations.

All shareholders have an opportunity to ask questions or represent their views formally to the Board at the AGM, or with directors after the meeting.

The interests of investors were considered as part of the Board's decisions throughout the year.

Long term decisions

Within the fast-moving and seasonality of the fashion retail sector, the operational cycle is short and has become even shorter within recent years. Despite this, we are mindful that our strategic decisions can have long term implications for the business and its stakeholders and these implications are carefully assessed.

The most prevalent example of this is in the Board's decisions with regard to capital allocation. The Board balances:

- The expectations of long term investors on dividends and the return of capital to shareholders via share buybacks and/or special dividends or by way of capital redemption; with
- The increased need for capital expenditure on warehouses, systems, stores, and our Total Platform investments to support the growth of the business.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

In accordance with sections 414CA and 414CB of the Companies Act 2006, the following tables summarise where you can find further non-financial and sustainability information in our reporting.

Our policies	Our impact and related Principal Risks	Page reference
Environmental matters		
<p>Environment Policy: we recognise that we have a responsibility and an obligation to work to reduce the direct impact of our business operations on the natural environment, both now and in the future.</p>	<ul style="list-style-type: none"> • More information can be found in ‘Our Principles’ and ‘Environment’ sections. • Our ‘Principal Risks’ section sets out our approach to environmental and climate change risks. 	<ul style="list-style-type: none"> • 81 and 82 • 73 and 78
<p>Timber Sourcing and Protecting Forests Through Fabric Choices Policies*: we aim to reduce our impact and to increase social and environmental benefits by using only responsibly sourced timber and paper. This includes ensuring Man-Made Cellulosic Fabrics used in the products we sell which come from timber are responsibly sourced.</p>		
<p>Cotton Sourcing Policy*: we aim to reduce the social and environmental impacts of the main raw materials used in our products by, among other things, sourcing cotton fibre cultivated in a more sustainable way than conventional cotton.</p>		
<p>Chemical Policy*: we ensure that all products manufactured for NEXT meet the strictest legal requirements or eliminate specific chemicals of concern.</p>		
<p>Animal Welfare Policy*: we are committed to sourcing products responsibly and to working towards improving animal welfare in relation to the animal derived components used in our products.</p>		
Employees		
<p>Our colleagues are integral to our success. Their safety and wellbeing is always our top priority.</p>	<ul style="list-style-type: none"> • Our commitment and approach to our people is detailed further in ‘Corporate Responsibility’ section. 	<ul style="list-style-type: none"> • 92 and 93 on Equal Opportunities
<p>Staff Handbook: our handbook sets out expectations of our people to create an environment where people have the skills and confidence to positively influence the business and contribute to their full potential. It includes our HR policies for consistency and ease of reference.</p>		
<p>Diversity and Inclusion Policy: we are committed to supporting diversity and encouraging an inclusive culture. Our business is about people and being an employer for everyone in an environment where people feel respected, valued, able to fulfil their potential and be their very best.</p>		
<p>Health and Safety Policy Statement*: we are committed to minimising the risk of injury or ill-health to our employees and anyone who may be affected by our actions.</p>		
Social matters		
<p>It is a key priority for us to ensure we trade ethically, source responsibly and work to assure the safety and human rights of the workers within our product and services suppliers’ global operation.</p>	<ul style="list-style-type: none"> • More information can be found in ‘Our Principles’ and ‘Environment’ sections. • Our ‘Principal Risks’ section sets out how we consider ‘Key suppliers and supply chain management’ and ‘Legal, regulatory and ethical standards compliance’ risks. 	<ul style="list-style-type: none"> • 81 and 82 • 75 and 78
<p>Code of Practice Principle Standards*: this is our ethical trading programme and forms an integral part of our business. It was first developed and implemented in 1998. We became a member of the Ethical Trading Initiative in 2022 and our Principle Standards are aligned to the ETI Base Code.</p>		
Human rights		
<p>Respect for human rights is a cornerstone of a responsible business. The violation of human rights in our operations is unacceptable and we deal firmly with any infringement identified in our supply chain.</p>	<ul style="list-style-type: none"> • Our approach to human rights is detailed further in ‘Corporate Responsibility’ section. • Our Audit Committee oversees and receives updates on modern slavery, including training and awareness activity. • Our ‘Key suppliers and supply chain management’ Principal Risk considers the training of employees and communications with suppliers regarding our expectations in relation to human rights and modern slavery. 	<ul style="list-style-type: none"> • 99 to 100 • 75
<p>Human Rights and Modern Slavery Policy*: we ensure we trade ethically, source responsibly and work to prevent modern slavery and human trafficking throughout our organisation and in our supply chain.</p>		

Our policies	Our impact and related Principal Risks	Page reference
Anti-bribery and anti-corruption		
<p>Anti-Bribery and Anti-Corruption Policy*: sets out our zero tolerance approach to bribery and corruption, whether by our own employees, agents or third parties acting on our behalf. Our employees receive training on their obligations under this policy.</p> <p>Whistleblowing Policy: The Company's whistleblowing policy and procedures ensure that employees, suppliers and other third parties are able to raise concerns about possible improprieties on a confidential basis.</p>	<ul style="list-style-type: none"> Our Audit Committee oversees our whistleblowing procedures and receives updates on anti-bribery and awareness. Our 'Key suppliers and supply chain management' Principal Risk considers the training of employees and communications with suppliers regarding our expectations in relation to anti-bribery and anti-corruption. 	<ul style="list-style-type: none"> 134 75
Business model		
Our Business Model includes non-financial inputs and outputs and creates value for our stakeholders in a responsible way.	<ul style="list-style-type: none"> More information can be found in our 'Business Model' section. 	<ul style="list-style-type: none"> 66 to 67
Non-financial KPIs		
We continue to evolve a lower-carbon business model, have updated our Responsible Sourcing Approach and are continuing the groundwork to setting our Transition Plan to Net Zero.	<ul style="list-style-type: none"> Our Section 172 statement sets out how we have regard to our impact on the community and environment. Our approach to 'Environment', 'Our People' and 'Community' is explained further in our Corporate Responsibility section. 	<ul style="list-style-type: none"> 103 81 to 93 and 98
* The policies highlighted are available to view on our corporate website.		
Further information regarding our employees, social, community, human rights and environmental matters is provided in our Group Corporate Responsibility Report available on our corporate website at nextplc.co.uk .		
Details of our climate-related financial disclosures can be found on the pages of this report as signposted below.		
(a) Governance arrangements		
Climate Risk		<ul style="list-style-type: none"> 73
Legal, regulatory and ethical standards compliance		<ul style="list-style-type: none"> 78
Governance – describes the organisation's governance around climate-related risks and opportunities		<ul style="list-style-type: none"> 85 to 86
(b) & (c) Risks and opportunities and risk management process		
Risk Management – describes how the organisation identifies, assesses and manages climate-related risks		<ul style="list-style-type: none"> 89
(d) Principal climate-related risks and opportunities and time periods		
Climate Risk		<ul style="list-style-type: none"> 73
Legal, regulatory and ethical standards compliance		<ul style="list-style-type: none"> 78
Assessment of principal risks and uncertainties		<ul style="list-style-type: none"> 74 and 89
Describes the climate-related risks and opportunities the organisation has identified over the short, medium and long term		<ul style="list-style-type: none"> 86
(e) & (f) Impacts on business model and strategy and resilience		
Climate Risk		<ul style="list-style-type: none"> 73
Describes the climate-related risks and opportunities the organisation has identified over the short, medium and long term		<ul style="list-style-type: none"> 86
Strategy – impacts of climate-related risks and opportunities		<ul style="list-style-type: none"> 86 to 89
(g) & (h) Targets and key performance indicators		
Greenhouse gas emissions – SECR and Carbon footprint – including Scope 3		<ul style="list-style-type: none"> 82 to 84
Metrics and Targets – metrics and targets used to assess and manage climate-related risks and opportunities		<ul style="list-style-type: none"> 89 to 90
Strategy towards achieving a lower carbon business model		<ul style="list-style-type: none"> 90
Transition Plan to Net Zero and Packaging and recycling		<ul style="list-style-type: none"> 91

On behalf of the Board



Jonathan Blanchard

Chief Financial Officer

26 March 2026





GOVERNANCE

- 110 Directors' Biographies
- 112 Directors' Responsibilities Statement
- 113 Corporate Governance Report
- 126 Nomination Committee Report
- 129 Audit Committee Report
- 138 Remuneration Report
- 170 Directors' Report
- 172 Independent Auditors' Report

DIRECTORS' BIOGRAPHIES

Directors and Officers

Committee key:

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Chair

Key Experience

Michael Roney R
N
CHAIRMAN

Michael joined the Board as Deputy Chairman in February 2017 and became Chairman in August 2017. Michael brings significant international leadership experience to the Board; he was previously the Chief Executive of Bunzl plc from 2005 until his retirement in April 2016, Chief Executive of Goodyear Dunlop Tires Europe BV and non-executive director of Johnson Matthey plc.

Principal External Appointments

- Non-Executive Director of Brown-Forman Corporation (US firm)

Appointed to the Board

February 2017

Lord Simon Wolfson of Aspley Guise
CHIEF EXECUTIVE
Executive Director

Simon has deep knowledge of all areas of the NEXT business, together with strong leadership and strategic expertise, having led as Chief Executive since 2001. He joined the Group in 1991 and was appointed Retail Sales Director in 1993. He became responsible for NEXT Directory in 1995 and was appointed to the Board in 1997 with additional responsibilities for Systems. Simon was appointed Managing Director of the NEXT Brand in 1999 before his appointment as Chief Executive.

None

February 1997

Jonathan Blanchard
CHIEF FINANCIAL OFFICER
Executive Director

Jonathan qualified as a Chartered Certified Accountant in 1994 and has over 25 years of experience at Board level in private equity backed businesses, all of which were in the retail/consumer sectors. Jonathan has a wealth of experience implementing rigorous financial and capital controls; he has also managed several successful private equity transactions. His previous role was Chief Financial Officer and Chief Operating Officer of the Reiss Group, where he played a critical role, not least in negotiating and implementing the transition to Total Platform.

None

July 2024

Richard Papp
GROUP MERCHANDISE AND OPERATIONS DIRECTOR
Executive Director

Richard has a wealth of operational and merchandising experience. He joined NEXT in 1991 as a merchandiser and worked his way through management, becoming Menswear Product Director in 2001. In 2005 he gained valuable experience in a similar role at another retailer. Richard returned to NEXT in 2006 as Group Merchandise Director, responsible for NEXT's Merchandising function, Product Systems, International Franchise, and Clearance operations. On appointment to the Board, Richard took on additional responsibility for Warehousing, Logistics and Technology within the Group.

Principal External Appointments

None

Appointed to the Board

May 2018

Jeremy Stakol
GROUP INVESTMENTS, ACQUISITIONS AND THIRD PARTY BRANDS DIRECTOR
Executive Director

Jeremy holds a Masters in Professional Accounting and spent his early career in the finance department of a large media company. Jeremy joined as Managing Director of Lipsy which was acquired by NEXT in 2006. In more recent years Jeremy has successfully led many of the new investment deals and related Total Platform opportunities (such as Joules, Victoria's Secret, GAP and others).

None

April 2023

Venetia Butterfield A
N
R
Independent
Non-Executive Director

Venetia is Managing Director of Cornerstone, the largest adult division of Penguin Random House. She brings experience as an accomplished business leader and experienced marketing professional. She was previously responsible for running Viking at Penguin and led the marketing operations for both HarperCollins and Collins Educational. Venetia served on the Board of Governors of the Southbank Centre.

- Managing Director of Cornerstone, part of the Penguin Group

April 2024

Annette Court ^(A)
Independent ^(N)
Non-Executive Director ^(R)

Annette is an experienced FTSE 100 and FTSE 250 chair and non-executive director. She has been Senior Independent Director of Sage Group plc since 2024, having joined the board in 2019. Annette was chair of WH Smith until February 2026 and of Admiral Group plc until 2023. In her executive career, Annette was previously the CEO of Europe General Insurance for Zurich Financial Services from 2007 to 2010 and the CEO of Direct Line Group (formerly RBS Insurance) from 2001 to 2006.

- Senior Independent Director of Sage Group Plc
- Non-Executive Director of Admiral Europe

March 2026

Jeni Mundy ^(A)
Independent ^(N)
Non-Executive Director ^(R)

Jeni is a highly experienced technology executive who brings strong expertise in digital, innovation, IT and commercial acumen to the NEXT Board. She was non-executive director and chair of the corporate responsibility committee at Auto Trader plc from 2016 to 2025. In her executive career, Jeni held senior corporate roles at Visa Inc. from 2018 to 2025 and Vodafone plc from 1994 to 2017.

None

To be appointed to the Board in April 2026

Soumen Das ^(A)
Independent ^(N)
Non-Executive Director ^(R)

Soumen has over 15 years' board level experience with listed companies, most recently as Chief Financial Officer of SEGRO plc from 2017 to 2025. He was previously Managing Director and Chief Financial Officer of Capital & Counties Properties plc and an executive director of UBS within the investment bank. Soumen is also Co-Chair of the Parker Review.

None

September 2021

Amy Stirling ^(A)
Independent ^(N)
Non-Executive Director ^(R)

Amy served as Chief Financial Officer of Hargreaves Lansdown, the UK's largest savings and investment platform and the UK's biggest retail stockbroker, from 2022 to 2025. Amy has significant strategic and financial experience in client facing businesses across the telecommunications and financial services sectors. She has considerable transformation and M&A experience at both executive and non-executive level and is a qualified chartered accountant.

None

April 2024

Tom Hall ^(A)
Independent ^(N)
Non-Executive Director ^(R)

Tom spent over 25 years at Apax, the global private equity firm, where he led a number of investments, principally in online marketplaces and retailer businesses, and served on the Boards of those companies and others. He has extensive experience working with management teams on capital allocation and broader business issues. Prior to Apax, Tom worked at S.G. Warburg and Deutsche Bank.

- Non-Executive Director of Baltic Classifieds Group PLC

- Supervisory Board Director of Wehkamp

July 2020

Hannah Woodall-Pagan
Company Secretary

Retiring Directors

Jonathan Bewes ^(A) ^(N) ^(R)
Senior Independent
Non-Executive Director

APPOINTED TO THE BOARD
October 2016

RETIRING FROM THE BOARD
May 2026

Dame Tristia Harrison ^(A)
Independent ^(N)
Non-Executive Director ^(R)

Tristia was most recently Chief Executive Officer of TalkTalk Telecom Group Limited and as such has experience of running a large-scale consumer and B2B facing company and knowledge of digital and cyber security. Tristia was Managing Director of TalkTalk's consumer business when it demerged from Carphone Warehouse, which she joined in 2000 and held a number of senior management and executive positions. Tristia is also Chair of the national homelessness charity Crisis.

- Trustee at Crisis
- Trustee at Ambitious about Autism

September 2018

Jane Shields
Executive Director

APPOINTED TO THE BOARD
July 2013

RETIRING FROM THE BOARD
May 2026

DIRECTORS' RESPONSIBILITIES STATEMENT

Directors' responsibilities

The directors are responsible for preparing the Annual Report & Accounts in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted International Accounting Standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are also responsible for the maintenance and integrity of the NEXT plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's position and performance, business model and strategy.

Each of the current directors, whose names and functions are listed on pages 110 to 111, confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- The Parent Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board



Lord Wolfson of Aspley Guise

Chief Executive

26 March 2026



Jonathan Blanchard

Chief Financial Officer

CORPORATE GOVERNANCE REPORT

Chairman's introduction

On behalf of the Board, I am pleased to introduce our Corporate Governance Report for the year ended 31 January 2026. This report sets out our approach to effective corporate governance and explains the key features of the Group's governance structure.

Effective corporate governance forms the bedrock of a well-managed organisation, and the external governance environment, encompassing guidelines and regulations, is subject to continuous evolution. NEXT remains committed to prioritising actions that promote the Company's success, consistently seeking to achieve this through its governance framework in an appropriate manner.

Stakeholder engagement

The Board used its collective expertise to exercise its judgement on numerous occasions during the year to ensure equitable treatment for the Group's stakeholders.

Key engagement activities this year have included engagement with shareholders in relation to our established approach to wage-setting principles and practices, which you can read about further on pages 121 to 125. Engagement has also focused on the Company's proposed Remuneration Policy and Environmental, Social and Governance (ESG) matters.

Further details on how we have engaged with our stakeholders can be found on pages 101 to 105.

Board effectiveness

Our annual Board performance review provides the Board, its Committees and individual directors, with an opportunity to consider and reflect on the quality and effectiveness of its decision making and performance. This year's internal performance review, conducted by the Chairman with support from the Company Secretary, concluded that the Board continues to operate effectively. Further details are available on pages 119 to 120.

Board appointments and diversity

The collective experience of the directors and the diverse skills and experience they possess enable the Board to reach decisions in a focused and balanced way, supported by independent thought and constructive debate, to ensure the continued long-term success of the Company. Effective succession and contingency planning has enabled the smooth transition of Board appointments during the year.

Jane Shields will step down from the Board with effect from 21 May 2026, leaving the Company later in the year to ensure an orderly transition of her responsibilities. She is retiring from the Company after 40 years of outstanding service, joining NEXT as a Sales Assistant in 1985, progressing through the business to be appointed to the Board in 2013.

During the year, the Board also commenced the process to recruit additional independent non-executive directors, ahead of Jonathan Bewes' planned retirement from the Board, having served just over nine years. On behalf of the Board, I would like to thank Jonathan for his significant contribution to the Company during his tenure.

In January, we announced that Annette Court and Jeni Mundy would join the Board as independent non-executive directors with effect from 1 March and 1 April 2026 respectively. In addition, Annette Court will take on the role of Senior Independent Director and Soumen Das will take on the role of Audit Committee Chairman with

effect from 21 May 2026. This considered succession planning process has enabled a thorough and detailed handover between Jonathan, Annette and Soumen and you can read more about the process that was followed on page 126.

In view of these changes, the Board has recommended an extension to my tenure for a period of up to 18 months to facilitate a smooth transition for the Senior Independent Director role and ensure that departures from key Board positions are appropriately staggered. This extension will also avoid multiple Board departures occurring simultaneously and maintain continuity and stability throughout the Senior Independent Director transition.

The Company has once again taken part in the Parker Review and the FTSE Women Leaders Review in relation to its gender and ethnic diversity. You can read more about Board diversity in the Nomination Committee Report on page 128.

Continuing governance commitment

Our governance framework, described on page 117, is designed to be straightforward, without bureaucracy, to support the delivery of our business objectives. We believe that good governance provides the framework for stronger long-term value creation for all our stakeholders. We apply corporate governance in a way that is relevant and meaningful to our business and consistent with our culture and values.

This is our first Annual Report reporting against the UK Corporate Governance Code 2024 (Code). Provision 29 of the Code will apply to the Group in the next financial year and the Audit Committee and Board has spent time overseeing the programme of work underway to identify, formalise and assess the effectiveness of the Company's material internal controls. You can read more about this in the Audit Committee report on page 133.

ESG remains a key area of focus for stakeholders who want to work for, shop with or invest in companies who do business responsibly. We are committed to reducing our environmental impact, improving lives across our value chain and growing our business in a way that is sustainable over the long term. Our ESG metrics and targets have been reviewed and updated during the year to reflect that commitment. You can read more in our Group Corporate Responsibility Report at nextplc.co.uk/corporate-responsibility; in this report on pages 81 to 100; our Corporate Governance Code statement of compliance and supporting disclosures on pages 114 to 120.



Michael Roney
Chairman

26 March 2026

CORPORATE GOVERNANCE REPORT

Corporate Governance Statement

The statement below, together with the rest of the Corporate Governance Report, provides information on how NEXT has applied the principles in the UK Corporate Governance Code 2024, which is the version of the Code that applies to the 2025/26 financial year.

For the year ended 31 January 2026, the Board considers that it has complied in full with the Provisions of the Code (available at www.frc.org.uk).

Given the external interest in pension alignment as recommended by Provision 38 of the Code, the Board notes that the majority of executive directors at NEXT have very long service at the Company. Whilst the pension provision offered to new joiners has changed over time (which is consistent with wider market practice), the Board considers it more relevant to consider the alignment of the pension contribution rates of the executives in the context of members of the workforce recruited at the same time. Each executive director is provided with pension contributions no more generous than those provided to colleagues recruited at the same time. Full details of the pension arrangements of the executive directors are given on page 159 of the Directors' Remuneration Report.

Disclosures required by the Disclosure Guidance and Transparency Rules (DTR) 7.2.6 with regard to share capital are presented in the Directors' Report on page 170. Disclosures required by DTR 7.2.8A relating to diversity policy are presented in the Nomination Committee Report on page 127.

Directors' biographies and membership of Board Committees are set out on pages 110 to 111.

Board leadership and company purpose

The Board's role is to promote the long-term sustainable success of the Company. It does this through:

- Discussions with the senior management team on industry trends.
- Evaluating business development proposals and considering how these will support and strengthen components of the business model.
- A policy of continuous identification and review of principal business risks, including identifying key and emerging risks, changes in the external risk environment, determining control strategies and considering how risks may affect the achievement of business objectives, taking into account risk appetite, as detailed on pages 70 to 78.
- Our annual viability assessment which is undertaken by reference to the business model, strategy and the principal risks and mitigating factors as well as the current financial position and historical financial performance and forecasts – see pages 79 to 80.

In particular, during 2025/26 the Board:

- Provided oversight to the share buyback programme and approved the terms of the irrevocable, non-discretionary programme to purchase shares for cancellation. This activity aligns with our rigorous financial discipline which includes the return of surplus cash to shareholders.
- Approved the Circular recommending to shareholders the proposed return of capital of £421m by way of a B Share Scheme.

- Assessed potential acquisitions and investment opportunities, having regard to strict financial criteria.
- Oversaw and monitored the ongoing implementation of the Group's finance system modernisation project, in conjunction with the Audit Committee.
- Agreed the assessment period for the Statement of Viability at the recommendation of the Audit Committee – see page 132.
- Received regular updates on the Group's resilience to cyber security threats and the effectiveness of the Group's cyber security controls and incident response capabilities.
- Approved the terms of the £3bn European Medium Term Note Programme and the issue of a bond by NEXT Group plc, irrevocably guaranteed by NEXT plc, as part of the Company's refinancing.
- Reviewed Board succession plans and approved appointments to the Board following recommendation by the Nomination Committee, including the appointment of Annette Court and Jeni Mundy. The Board has also recommended an extension to Chairman's tenure for a period of up to 18 months to facilitate an effective transition for the Senior Independent Director role and ensure that departures from key Board positions are appropriately staggered. More about these changes can be read on page 116 and pages 126 to 127.
- Approved key operational matters, including an extension to the service contract with Evri and capital expenditure to provide additional capacity at our Elmsall warehouse.

At its heart, the purpose of the Company is to source and trade excellent quality clothing, homeware and beauty products in order to make a profit for its shareholders. We aim to do this in a responsible way and to do the right thing by our employees, our customers, our suppliers and our wider stakeholders. Our Corporate Responsibility Report on pages 81 to 100 sets out the way in which we fulfilled our responsibilities this year.

Culture

The directors are responsible for ensuring a healthy and supportive culture within the Group. We monitor this through direct employee engagement activities (see pages 101 to 102) and discussions with the executive directors, the HR Director and other members of management. A summary of engagement activity undertaken during the year, to ensure that the Company's culture aligns with its purpose, value and strategy, is set out below:

- Engaging directly with employees during site visits. During the year, the Board held a meeting at our new Thurrock store, providing directors and colleagues an opportunity to engage directly with staff and customers and listen to their views.
- Dedicated time at Board meetings, supported by our HR Director, to hold discussions on culture and employee/workforce matters.
- Reviewing the results and actions of the Group's employee engagement surveys.
- Monitoring the levels and nature of whistleblowing reports and grievance and disciplinary hearings.
- Monitoring absenteeism and employee retention.
- Reporting by Internal Audit on fraud and compliance monitoring to the Audit Committee.
- Overseeing management's plans to respond to matters raised by the workforce.
- Reviewing the Group's key policies and HR initiatives.

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. You can read more on page 102.

Our values are set out in the Corporate Responsibility Report on page 81 and the Non-Financial Information and Sustainability Statement summarises the Company's supporting policies on pages 106 to 107. Our Whistleblowing Policy encourages workers to report concerns or suspicions about any wrongdoing or malpractice, and provides a number of ways to do this, including via the confidential NEXT Integrity line (managed by Crimestoppers). Read more about the Company's whistleblowing procedures and the Audit Committee's oversight on page 134.

The Group's culture is reinforced by our Board setting the right tone from the top and conducting themselves appropriately and in line with the Group's values.

We have spoken previously in our annual reports about the NEXT culture, and what behaviours we expect from everyone that works for us - including, 'Taking decisions and making things happen'. Our colleagues do not need permission to take decisions; taking sensible decisions is a requirement of their job and this principle forms a key part of our culture.

Our aim is to delegate responsibilities as far down the organisation as possible, within clearly defined guardrails and frameworks that are set centrally. For example, decisions are taken by operational directors who know their area of the business, their people and the multiple factors that need to be considered to ensure we can attract and retain the calibre of people we need to run the business effectively.

This approach to decision-making and accountability directly shapes how we think about pay and progression. Read more on page 121.

Information on the Company's approach to investing in and rewarding its workforce is set out in the Strategic Report on pages 92 to 93.

Resources, policies and practices

The Board plays a crucial role in ensuring the Company's objectives are met by allocating necessary resources and monitoring performance. This includes setting and approving the Company's budget and capital allocation, as well as overseeing debt capital facilities and credit ratings. Furthermore, the Board reviews management reports on key personnel development gaps and proposed solutions - which was a key area of focus during the year in light of Jane Shields' planned retirement from the Board. A summary of the key policies in place relating to non-financial and sustainability information can be found on pages 106 to 107.

Risk management and internal controls

The Board maintains a balanced approach to risk within a framework of effective controls and takes into account the interests of a diverse range of stakeholders. It is responsible for keeping the effectiveness of the systems of risk management and internal controls under review - see page 120.

The Board retains primary accountability for the strategic risks and opportunities associated with technology and artificial intelligence, including our major technology and automation investments. This is distinct from the Audit Committee's specific assurance over cyber

security controls, which are overseen by that Committee and reported to the Board.

Engagement with shareholders

Significant time and effort are invested in providing detailed and transparent information to shareholders and maintaining regular and effective dialogue. Rather than delegation to an investor relations team, Lord Wolfson and Jonathan Blanchard, as Chief Executive and Chief Financial Officer respectively, engage directly with investors regularly throughout the year. Full year and other public announcements are presented in a consistent format and are made as meaningful, understandable, transparent and comparable as possible. This information is also made publicly available on the Company's corporate website nextplc.co.uk.

Our Section 172 Statement on page 101 details how the views of shareholders, and broader stakeholders, have been taken into account during the year.

Since our last Annual Report and AGM, we have maintained our dialogue with shareholders and other stakeholders on our approach to pay setting to understand their views. Following those discussions, we concluded that NEXT could usefully enhance its disclosure of wage setting principles and practices. We have included a new section in this year's Annual Report on pages 121 to 125 and we hope the additional information is useful.

Remuneration Policy

In November 2025, we wrote to our largest shareholders, at the time representing around 50% of our issued share capital, and proxy agencies, in relation to proposed changes to our Remuneration Policy. We have engaged extensively with our stakeholders on the Policy and have incorporated their feedback into the final proposed Policy, which will be tabled for shareholder approval at our May 2026 AGM. Further detail can be found on page 142.

Engagement with other stakeholders

With regard to engagement with the workforce, the Board uses various methods including attendance by non-executive directors at our workforce Business Review Meetings and spending time with employees at site visits throughout the year. The Board considers that taken together, these arrangements deliver an effective means of ensuring the Board stays alert to the views of the workforce. The views of other providers of capital and key stakeholders are also considered. Our Section 172 Statement on pages 101 to 105 provides more details on how the Board considers the views of these various stakeholders in its decision making.

CORPORATE GOVERNANCE REPORT

Division of responsibilities

Chairman and Chief Executive

There is a clear division of responsibilities between the Chairman and Chief Executive which is set out in writing and agreed by the Board. The Chairman manages the Board to ensure that:

- The Group has appropriate objectives and an effective strategy.
- There is a high calibre Chief Executive with a team of executive directors able to implement the strategy.
- There are procedures in place to inform the Board of performance against objectives.
- The Group is operating in accordance with a high standard of corporate governance.

The Chief Executive reports all material matters affecting the Group and its performance at each Board meeting.

The Chairman sets the Board's agenda and is also responsible for promoting a culture of openness, challenge and scrutiny, and ensuring constructive relations between executive and non-executive directors.

Independence of non-executive directors

Over half of the directors at our financial year end, excluding the Chairman, are independent non-executive directors. The Board considers that all of its non-executive directors are independent when assessed against the requirements of the Code. Additionally, their knowledge, diversity of experience and other business interests continue to enable them to contribute significantly to the work of the Board. Michael Roney, the Chairman, met the independence requirements set out in the Code on his appointment in 2017.

Whilst we see long service on the Board as a positive characteristic, the Board is mindful that the Code indicates that non-executive directors should not serve for more than nine years.

Michael Roney reached his ninth anniversary on the Board in February 2026. As outlined on page 113, the Board has recommended an extension to the Chairman's tenure for a period of up to 18 months to facilitate a smooth transition for the Senior Independent Director role and ensure that departures from key Board positions are appropriately staggered. In line with the requirements of the Code, the Nomination Committee and Board have undertaken a review in relation to the independence and commitment of Michael and the Board is satisfied that he continues to act with the utmost independence and considers that his appointment remains in the long-term best interests of stakeholders, particularly shareholders, customers and employees. Michael's length of service, independence and potential for conflicts of interest were also considered as part of the internally facilitated Board effectiveness review conducted this year, further details of which are set out on pages 119 to 120.

The Board is satisfied that the Chairman continues to demonstrate independent character, judgement and objectivity and continual monitoring of his independence and performance will be undertaken over his remaining tenure. The Board, taking into account the provisions set out in the Code, considered that Michael Roney remained independent notwithstanding the fact he would be serving for a period of more than nine years and concluded that there were no relationships or circumstances likely to impair his judgement. This was based on a number of factors, including:

- Michael's strong record in making objective decisions and holding management to account, and remaining willing and able to do so;

- His deep knowledge of the Group, which will support the smooth and orderly transition of the Senior Independent Director appointment made during the year;
- His clear independence demonstrated in terms of how he conducts himself at meetings with management and his interactions with stakeholders;
- His arm's-length approach to dealing with executive directors and continued challenge of management where appropriate;
- The fact that none of Michael's external directorship appointments conflict or potentially conflict with those of the Company; and
- The broader composition of the Board, including the fact that no other non-executive Director will have a tenure in excess of nine years after the conclusion of the Company's 2026 AGM.

Directors' conflicts of interest

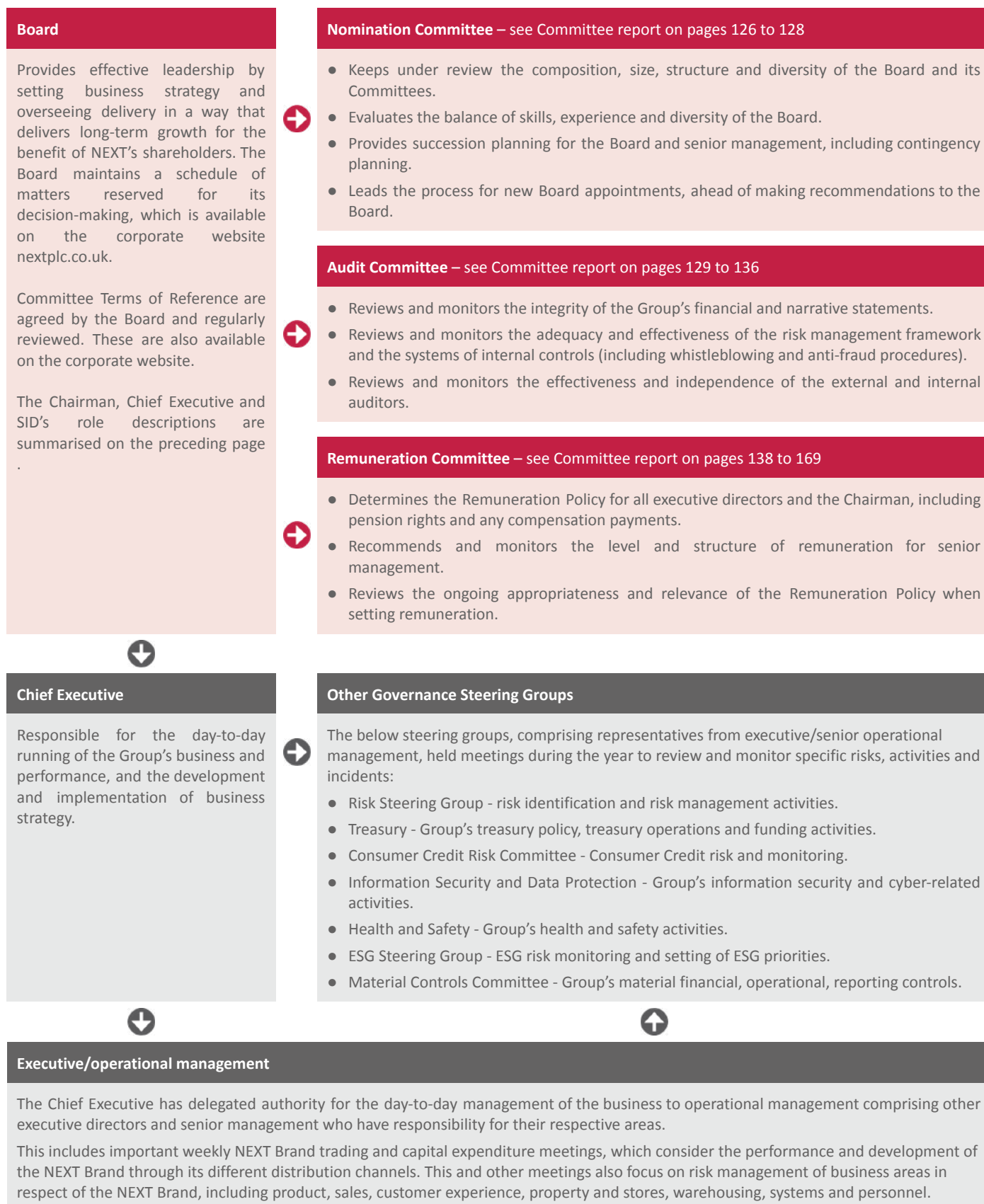
In accordance with the Company's Articles of Association, the Board has a formal process in place for situational conflicts to be authorised by non-conflicted directors. In deciding whether to authorise a situational conflict, the non-conflicted directors take into account their general duties under the Companies Act 2006. Limits or conditions can be imposed when giving an authorisation or subsequently if considered appropriate. Any situational conflicts considered by the Board, and any authorisations given, are recorded in the Board minutes and in a register of conflicts which is reviewed annually by the Board.

Senior Independent Director (SID)

As announced on 9 January 2026, Annette Court will take over the role of Senior Independent Director from Jonathan Bewes with effect from our 2026 AGM, on 21 May 2026. In this role, Annette is available to provide a sounding board for the Chairman and to serve as an intermediary for the other directors and shareholders. She will also meet with each of the directors to appraise the Chairman's performance.

Governance framework

The structure of the Board and its governance framework is set out below. The Board believes that it facilitates the operation of an open and straightforward culture without complex hierarchies and over-delegation of responsibilities, allowing the Company to deliver its objectives effectively.



CORPORATE GOVERNANCE REPORT

Review of directors' performance

As Senior Independent Director, Jonathan Bewes led the appraisal of Michael Roney's performance as Chairman in the year through individual discussions with the other directors. Michael Roney appraised the performance of Lord Wolfson as Chief Executive.

The performance of the executive directors is monitored throughout the year by the Chief Executive and the Chairman. The Chairman also monitors the performance of the non-executive directors. Appropriate feedback is provided where necessary. For more information on the Board performance review, please see pages 119 to 120.

At each Board meeting the Board receives reports from the Chief Executive on the performance of the business. This includes scrutiny of performance against clear financial objectives.

Matters reserved for the Board

There is a formal schedule of matters reserved for the Board. These include investments, significant items of capital expenditure, share buybacks, dividend and treasury policies.

The Board is also responsible for:

- The long-term success of the Company, setting and executing the business strategy and overseeing its delivery.
- Providing effective leadership.
- Setting and monitoring the Group's risk appetite and the system of risk management and internal control.

- Monitoring implementation of its policies by the Chief Executive.
- Approving the Group budget and regular review of performance against budget. Forecasts for each half year are revised and reviewed monthly.

Certain other matters are reported weekly or monthly including sales, treasury operations and capital expenditure programmes.

Board and Committee attendance

The table below shows the attendance at scheduled Board and Committee meetings during the year to 31 January 2026. All independent non-executive directors are members of the Nomination, Audit and Remuneration Committees. This allows the non-executive directors to deepen their understanding of the NEXT business, control and risk environment and enhance their contribution to the Board and its Committees. The appointments of Annette Court and Jeni Mundy to the Board are effective from 1 March and 1 April 2026 respectively and therefore they did not attend any of the meetings during the year.

The Board is satisfied that each of the directors is able to allocate sufficient time to the Company to discharge their responsibilities effectively. Letters of appointment for each director are made available at the AGM, and are available for inspection at the Company's registered office during normal business hours or on request.

Directors	Role	Board	Nomination	Audit	Remuneration
Number of meetings held in the year		8	3	6	8
Lord Wolfson	Chief Executive	8/8	-	-	-
Jonathan Blanchard ¹	Chief Financial Officer	8/8	-	-	-
Richard Papp	Group Operations & Merchandising Director	8/8	-	-	-
Jane Shields	Group Sales, Marketing & HR Director	8/8	-	-	-
Jeremy Stakol ²	Group Investments & Acquisitions Director	7/8	-	-	-
Michael Roney ¹	Chairman	8/8	3/3	-	8/8
Jonathan Bewes	Senior Independent Director	8/8	3/3	6/6	8/8
Venetia Butterfield	Independent non-executive director	8/8	3/3	6/6	8/8
Soumen Das	Independent non-executive director	8/8	3/3	6/6	8/8
Tom Hall	Independent non-executive director	8/8	3/3	6/6	8/8
Dame Tristia Harrison	Independent non-executive director	8/8	3/3	6/6	8/8
Amy Stirling	Independent non-executive director	8/8	3/3	6/6	8/8

1. Michael Roney and Jonathan Blanchard are not members of the Audit Committee, however they attend Audit Committee meetings during the year by invitation.

2. Jeremy Stakol did not attend the March 2025 Board meeting due to a family bereavement.

Board Committees

As detailed in the diagram on page 117, the Board has appointed Committees to carry out certain aspects of its duties. Each is chaired by a different independent non-executive director, and in the case of the Nomination Committee, by the Group Chairman, who was independent on appointment. Each Committee Chairman reports regularly to the Board on how that Committee has discharged its responsibilities.

External appointments during the year

There were no new external appointments during the year.

However, due consideration was given to any potential conflicts of interest and directors' ability to devote sufficient time to the Company. The Conflicts of Interest Policy continues to be applied practically throughout the year, including consideration of potential conflicts presented by directors having roles on the boards of other companies. In each case, the Board determined that there was no impact on the time commitment required for each director, nor on the independence and objectivity required to discharge the agreed responsibilities of each role.

Information and support

There is a regular flow of information between all directors. The Company Secretary attended all Board meetings; advising the Board on corporate governance matters and facilitating the flow of information within the Board.

The Company has an open culture; its non-executive directors meet on a formal and informal basis with a broad range of NEXT management and have unrestricted access to the business and its employees.

If directors decide it is necessary to seek independent advice about the performance of their duties with the Company, they are entitled to do so at the Company's expense. Details of professional assistance in relation to Remuneration Policy matters are shown on page 169.

Composition, succession and evaluation

Board composition

At the financial year end the Board comprised six independent non-executive directors (including the Senior Independent Director), the Chairman and five executive directors who all bring considerable knowledge, skills and experience to the Group. Following the planned changes set out on page 113, the Board will comprise seven independent non-executive directors, the Chairman and four executive directors at the end of 2026 AGM. The Board is continually assessed and periodically refreshed to ensure it maintains an appropriate balance of skills and experience.

Director appointments and the Nomination Committee

We have seen a number of planned changes to the Board this year, which are explained in further detail in the Chairman's introduction on page 113.

The Nomination Committee Report on pages 126 to 127 contains information on the procedure for the appointment of new directors to the Board, succession planning for Board and senior management positions and information on the Company's diversity position and approach.

Re-election and election of directors

Under the Company's Articles of Association, directors are required to stand for re-election at least once every three years. However, in accordance with the Code, all the directors will retire at this year's AGM and, with the exception of Jonathan Bewes and Jane Shields, all directors will submit themselves for reappointment or, in the case of Annette Court and Jeni Mundy, for appointment by shareholders. Each of the non-executive directors seeking appointment or reappointment are considered to be independent in judgement and character.

The specific reasons why the Board considers that each director's contribution is, and continues to be, important to the Company's long-term sustainable success are set out in the directors' biographies on pages 110 to 111.

Board induction and development

On joining the Board, new members receive a personalised induction, tailored to their experience, background and understanding of the Group's operations and environment. The induction programme includes:

- Visits to warehouses and stores.

- Attendance at key operational meetings.
- Meetings with operational directors and senior managers, giving an overview of all aspects of the business.
- Meetings with the Chairman, Committee Chairmen and the external audit partner.
- A briefing from the Company Secretary, the Group's corporate broker and external lawyers on the duties of a public company director.
- Access to past Board, Committee and other key governance papers.

Personalised inductions for Annette Court and Jeni Mundy, incorporating the above have been developed and commenced during the year.

Individual training and development needs are reviewed as part of the annual Board performance review process and training is provided where appropriate, requested or a need is identified. All directors receive frequent updates on a variety of issues relevant to the Group's business, including legal, regulatory and governance developments, with visits to stores and warehouse operations organised periodically to support directors' understanding of the operational aspects of the business.

Board performance review

Every year there is a review of the performance, composition and effectiveness of the Board, its Committees, the Chairman and individual directors. As outlined in last year's report, the 2024/25 external Board review identified opportunities to develop the Board's effectiveness further. Opportunities included the need to focus on conducting regular reviews of M&A activities, succession planning and in-depth review of the global risk landscape. These themes were reviewed by the Board throughout the year and used to inform the 2025/26 performance review. The Board's continued focus on succession planning, following last year's performance review, underpinned the effective execution of the various Board changes announced during the year.

This year's performance review was internal and facilitated by the Chairman with support from the Company Secretary. Following a briefing provided by the Chairman and Company Secretary, each of the directors completed a questionnaire designed to elicit their views on all aspects of the effectiveness of the Board, its members and its Committees. The questions covered the following five main areas:

- Leadership, composition and culture;
- Meeting dynamics and information flows;
- Succession planning;
- Company purpose and resources; and
- The Board skills matrix.

The review concluded that the Board has continued to operate effectively, offering a good balance of support and constructive challenge. Areas identified as possible opportunities to develop the Board's effectiveness included further enhancing the detailed risk discussions considered by the Audit Committee, with subsequent consideration at main Board level, and building on the effective workforce discussions that take place at the Board, complemented by in-person sessions, such as the Board visit to the new Thurrock store during the year.

In addition, the Chairman's performance was considered by the SID with input from the non-executive directors and discussed following

CORPORATE GOVERNANCE REPORT

the November 2025 and January 2026 Board meetings without the Chairman present. The discussion concluded that the Chairman continued to devote sufficient time to his role and continued to lead the Board constructively, demonstrating objective judgement and fostering a culture of openness and debate.

Audit, risk and internal control

Audit Committee and independent auditor

For further information on the Company's compliance with the Code provisions relating to the Audit Committee and auditors, please refer to the Audit Committee Report on pages 129 to 136. The independent auditors' responsibilities are set out on pages 177 to 178 and the Board's statement as to the Annual Report and Accounts being fair, balanced and understandable can be found on page 112. During the year, following the conclusion of the tender process led by the Audit Committee, we announced the appointment of KPMG as the Company's external auditor from the 2027/28 financial year. Further details on the tender process and decision are provided on pages 135 to 136.

Going concern and viability assessment

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, which also describes the Group's financial position, cash flows and borrowing facilities. Further information on these areas is detailed in the financial statements. Information on the Group's financial management objectives and how derivative instruments are used to hedge its capital, credit and liquidity risks is provided in Note 30 of the financial statements.

The directors report that, having reviewed current performance and forecasts, they have a reasonable expectation that the Group has adequate resources to continue its operations for a period of at least 12 months from the approval of the financial statements. For this reason, they have continued to adopt the going concern basis in preparing the financial statements. The directors have also assessed the prospects of the Company over a three year period. Further details of the viability assessment are provided on pages 79 to 80.

Risk management and internal control

The Board is responsible for the Group's risk management process and delegates responsibility for its implementation to the Chief Executive and senior management best qualified in each area of the business. The Board sets guidance on the general level of risk which is acceptable and has a considered approach to evaluating risk and reward and promoting a risk aware culture throughout the business.

Risk management and internal control is a continuous process and has been considered by the Board on a regular basis throughout the year (see the description of the Group's risk management and internal control framework on page 70 for more information). This includes identifying and evaluating principal and emerging risks, determining control strategies and considering how they may impact on the achievement of business objectives.

The Board has carried out a robust assessment of the principal and emerging risks facing the Company and has also conducted an annual review of the effectiveness of the systems of internal control during the year – see page 72 in the Strategic Report for further information.

The Board promotes the development of a strong control culture within the business. The Audit Committee regularly reviews strategic and operational risks and the Audit Committee and Board have

reviewed the principal risks (described on pages 74 to 78) and the associated financial, operational and compliance controls and mitigating factors. The Audit Committee discusses these risks with the relevant directors and senior management.

The Board considers that the Group's management structure and continuous monitoring of key performance indicators can promptly identify any material areas of concern. Business continuity plans and procedure manuals are maintained in respect of specific risk areas and business processes. The management of business risk is an integral part of Group policy and the Board will continue to develop risk management and internal controls where necessary.

The use of prescribed accounting and reporting procedures for finance teams throughout the Group ensures that the Group's accounting policies are clearly established and consistently applied. Information is appropriately reviewed and reconciled as part of the reporting process and the use of a standard reporting software package by all entities in the Group ensures that information is presented consistently to facilitate the production of the consolidated financial statements.

During the year, the Audit Committee has monitored progress of the work to formalise and document the Company's material controls as part of the preparation for assessment of the effectiveness of material controls in line with Provision 29 of the Code. The Audit Committee provided regular updates to the Board on its monitoring, ahead of the Board's assessment in the next financial year. Further detail can be found on page 133.

Remuneration

The Company's remuneration policies and practices are designed to support strategy and promote long-term sustainable success. They are aligned to the Company's purpose and values and linked to the successful delivery of the Company's long-term strategy. You can read about the work of the Remuneration Committee and proposed changes to our Remuneration Policy, which will be tabled for shareholder approval at our May 2026 AGM, in the Remuneration Report on pages 138 to 169.

The Remuneration Report also contains information on the Company's compliance with the Code provisions relating to remuneration.

Pay, progression and promotion

Following discussions with shareholders at our 2025 AGM, we have decided to set out in more detail how NEXT approaches pay decisions across the Group. We believe this is a useful addition to our regular disclosures.

This section focuses on three aspects of pay:

- **Pay levels** - the level at which individual jobs are advertised externally and what you would expect a competent and experienced employee to be paid.
- **Pay Progression** - how pay rises are determined for individuals as their competence and experience develops within a given role.
- **Promotion** - how we decide who should be promoted to internal vacancies and new roles.

Context

NEXT relies on the development and retention of its own talent; the vast majority of promotions, at every level, come from within. So getting pay, progression and promotion right is central to our ongoing success. For example: between our 28 Operational and Main Board directors, the Company has just almost 600 years of experience in the Group.

Guiding principles

We set pay using the same principles that guide our decisions more generally. As we have explained on page 115, at the heart of NEXT's culture is the expectation that colleagues take decisions and make things happen. People do not need permission to make decisions; taking sensible decisions is a requirement of their job.

And for decisions to be made effectively they must be delegated as far down the organisation as possible - to those with the best information and closest to the consequences of their decisions. These decisions are taken within clearly defined guardrails and frameworks that are set centrally. The key financial guardrail is that decisions must be aligned to our core financial objective of maximising the sustainable growth of earnings per share.

For example, decisions about pay rates are generally initiated by our operational directors, who know their area of the business, their people and the multiple factors that need to be considered to ensure we can attract and retain the calibre of people we need to run the business effectively.

Pay levels

A process of price discovery

The central question is: what do we need to pay to ensure that we attract, retain and motivate the calibre of people we need to run the business effectively. And, of course, it is not just about pay - the working environment, benefits and facilities, opportunities for fulfilment, prospects for promotion and culture all play their part. So pay levels are determined through a process of price discovery.

Different roles within our organisation vary in terms of both their attractiveness to potential employees, the availability of the right people and the value they bring to the business. Our operational directors and their senior teams are best placed to read the relevant labour markets and to determine the value of individual roles to the organisation. So for most jobs within the Group, pay levels are set on the advice of the relevant operational director who develop their area's pay "grids" (see below) in conjunction with our HR team to ensure legal compliance and consistency across the Group.

So, NEXT does not determine pay rates through top-down Committee decisions nor a central HR function. The Remuneration Committee, with support from the HR department, maintains oversight of the overall wage determination by reviewing and approving Company-wide pay rate changes for our main employee categories, including our annual cost of living awards.

An inherent tension

There is a natural tension in determining wages. Increasing pay levels enhances our attractiveness as an employer but if wages are set too high they undermine our competitiveness - forcing us to raise prices or reduce profitability. Increased prices will make us less attractive to consumers. The alternative to price increases, lowering profitability, would jeopardise the viability of individual stores, diminish our ability to invest in the business, and undermine our central mission to deliver sustainable growth in EPS.

The test as to whether we have got the balance right will be twofold: on the one hand, the performance, retention and engagement of our teams, and on the other hand, the competitiveness of our products and the profitability of the Group. Looking at the information we have about the performance of the business alongside our internal measures of retention and engagement, we believe that we have got the balance broadly right.

Entry level wages

Entry level wages in our stores, and some other parts of the business, are currently at the National Living Wage and National Minimum Wage. We believe that the statutory wage level is now materially higher than would be required by market forces, with applications per vacancy in stores at an all time high and high retention rates.

Decisions about minimum wage levels based on needs rather than market forces are properly made by the Government not individual businesses, because only the Government can ensure a level playing field across all employers.

CORPORATE GOVERNANCE REPORT

Benefits beyond base pay

All NEXT employees also benefit from access to a generous staff discount, a Sharesave scheme and wellbeing support. In addition, depending on individual role and location, employees can benefit from bonus schemes, car schemes, health insurance, on-site nursery, on-site GP, and management share options.

Competitive pay, pay progression within the role, development opportunities and the chance to progress through the organisation are at the heart of what NEXT aims to offer its employees.

Equity incentives and participation

NEXT has two ways in which it promotes share ownership amongst employees. We have a Sharesave¹ scheme which is open to all NEXT UK based employees and share options which are available to over 2,000 more senior colleagues.

Our Sharesave scheme allows employees to commit to saving a fixed amount each month for three or five years. At the end of the scheme, participants can choose to convert their savings into shares at a price which is up to 20% lower than the price of the shares at the beginning of the scheme. So, if over a period of five years the share price rises by 60%, employees will receive shares worth twice the amount they have saved. If shares go down in price, participants can elect to withdraw their savings as cash with accrued interest if they have been saving for more than 12 months.

The table below sets out the level of participation in our Sharesave scheme across the business divisions.

Business Area	Number of participants	Sharesave Participation (%)
Retail Stores	4,271	17%
Warehousing	3,820	41%
Call Centres	607	58%
Head Office	4,101	73%
TOTAL	12,799	32%

Details of broader financial support available for employees, can be found on page 92.

Pay progression and the use of pay grids

Each career path of the business – buying, merchandise, software development, store management etc. – has well established pay grids. The aim of the grids is to provide a fair and consistent system within which to discuss and manage pay progression within a given role. An example of such a grid is given below.

In this example grid we have indexed all the numbers to 100 at the Competent & Experienced level of Principal. A Principal would be at the level of Buyer, Merchandiser and Designer. The table gives a sense of the salary stretch from new starter to exemplary performance within a role, and the salary gradient as people move up the hierarchy.

	New & Developing	Competent	Competent & Experienced	Senior	Exemplary
Senior Manager	150	165	180	200	225
Principal	75	86	100	120	140
Assistant	50	55	60	66	71
Trainee	46	n/a	n/a	n/a	n/a

The percentage increases between levels of competency, and different job roles within a given hierarchy, vary for each area of the business. As a general rule the faster an employee is likely to move along or up the grid (i.e. through improving competency or promotion to a higher level) the lower the percentage increase is likely to be. This means that the percentage increases higher up the grid are greater, because they happen less frequently.

Pay increases with a given job role² must be justified by a change in competency. Competency is assessed against carefully defined criteria, so conversations about pay increases are about competency not money. The aim is to create a direct connection between performance and reward, ensuring competitive pay for genuine expertise. This is well understood throughout NEXT, and is reflected in our excellent levels of retention and tenure (see data on page 125).

¹ Sharesave is only available to employees of NEXT plc and its wholly-owned UK companies.

² Over and above the Company's annual cost of living award.

Promotion

Management level³ vacancies are, more often than not, filled from within, this effect becoming more pronounced the more senior the vacancy becomes. For example 19 of our 23 operational directors were promoted internally and, in Retail Stores, 94% of Store Managers have previously worked for NEXT.

As a general rule vacancies are advertised internally, and externally where it is considered desirable. However, where there is an outstanding candidate or the field of potential candidates is well known, we may appoint directly rather than run a process that would disappoint otherwise strong internal candidates. Good sense is the watchword here, and ultimately it is the manager responsible for filling the vacancy, and their immediate superior, who will take the decision as to whether to advertise or not. Our HR team monitors vacancies and constructively challenges these decisions where appropriate.

Workforce data

The following tables give further insight into the composition of our workforce.

Part-time working

The table below sets out the number of part-time workers by business area. As can be seen the vast majority of our part-time workforce is employed in our Retail Stores.

Business Area	FTE ¹	Full-time Heads	Full-time %	Part-time Heads	Part-time %	Average Weekly Contract Hours
Retail Stores	10,754	2,550	9%	25,439	91%	14.6
Warehousing	8,833	7,314	78%	2,010	22%	36
Call Centres	854	760	74%	270	26%	31.5
Head Office	4,845	4,851	93%	365	7%	35.3
Total NEXT		15,475	36%	28,084	64%	

1. FTE is calculated using a blended Group full-time contract value of 38 hours.

Retail part-time working

The nature of retail trading patterns, with their natural peaks and troughs, means that it is most effective to staff our stores with part-time workers. At present, there is considerably more demand for our part-time hours than we have available and we have significantly more applications for jobs than vacancies. Unique applications per Retail team member vacancy average above 18 and currently two times higher than two years ago.

We believe the popularity of part-time work is because it offers earnings to people for whom full-time employment is not practical. Such people include those with caring commitments for children and others, those in full-time education, those seeking to get back into the workplace and those winding down work commitments as they transition to retirement.

Agency workers

NEXT does not make significant use of third-party contracted (agency) workers. Last year agency work accounted for around 4.6% of our total hours worked in NEXT. Warehouse agency workers are paid the same base hourly rate as NEXT warehouse operatives (we pay an agency fee on top of that to the provider).

Most of the agency hours we use are in our warehouses, where agency hours are used to cover holidays, seasonal peaks and shifts where it is particularly difficult to recruit permanent staff. We offer permanent roles to high-performing warehouse agency staff, if they have worked with us for 13 weeks or longer. Last year, over 800 such agency staff accepted permanent roles with NEXT. We estimate that 60% of the agency workers who are offered a permanent contract accept the offer⁴. In the year ahead we plan to reduce our usage of agency hours by at least 60%.

³ Management roles include anyone with responsibility for managing two or more other people.

⁴ Note this is an estimated figure for 2025/26 and data will be collated moving forwards.

CORPORATE GOVERNANCE REPORT

Workforce age profile

Age Band	Percentage of Workforce ¹				
	Retail Stores	Warehousing	Call Centres	Head Office	Total NEXT
Under 21	29%	4%	2%	1%	20%
21 - 30	24%	20%	27%	27%	23%
31 - 40	14%	30%	30%	35%	20%
41 - 50	13%	23%	21%	21%	16%
51+	20%	23%	21%	16%	20%

1. **Rounding convention and casting:** Figures shown in table are rounded to no decimal place. The accurate rounding of numbers means that the table appears as though it does not cast down to 100%. The percentages shown in the table are all based on the actual, unrounded figures, and no figures are adjusted for casting purposes.

Minimum pay

Our starting minimum hourly wage for all Retail staff is the National Minimum Wage (NMW) for those between 18 and 21 and the National Living Wage (NLW) for those who are 21 and above. For those under 18, the starting rate is just above the NMW. This applies across all locations.

In Central London, an additional £1.25 per hour is added to all rates of pay. In selected Outer London areas, the additional rate is 25p per hour.

Retail staff on the legal minimum split by age: 21 and over (National Living Wage) under-21 and under-18 (National Minimum Wage) are set out below, with a further breakdown by full-time and part-time status.

Retail Staff	Average Weekly Contract Hours	Total Number Of Staff	Number (%) Paid at NMW	Part-Time	Full-time
Under 18 ¹	7.7	2,449	0 (0%)	100%	0%
Under-21 ¹	9.6	5,785	1,950 (34%)	99.7%	0.03%
21 and over	13.9	16,588	15,482 (93%)	97.5%	2.5%

1. Staff who are under 21 and gain a ‘four star’ rating are paid the National Living Wage (over 21 rate). The first star rating review will be no more than six months from the start of employment. Currently 59% of staff aged 18 to 20 have a four star rating and are paid the NLW.

Over 98% of retail staff on the NLW or NMW are on part-time contracts, with average contracted hours of 12.3 hours per week.

Apprenticeships

NEXT offers apprenticeship programmes to existing employees following accredited training schemes. Participation is voluntary and all employees are paid the full rate for the role they perform whilst completing the qualification. In addition, NEXT recruits directly into a very small number of high level apprenticeship roles in warehouse management and engineering.

Employee engagement

We have consistently strong levels of engagement in all four key areas of our business as set out in the table below.

Business Area	2025/26		
	NEXT	UK Benchmark	Global Benchmark
Retail Stores	Over 75%	66%	67%
Warehousing	Over 70%	65%	65%
Call Centres	Over 75%	63%	68%
Head Office	Over 75%	64%	68%

Progression and internal promotion

NEXT has a long-established practice of developing talent and promoting internally (for more on this see page 19 of our 2024 Annual Report). Over the last 35 years the Company has appointed ten main Board Executive Directors, of these all were already employees within the NEXT Group. The table below gives an indication of how the Company has been able to develop talent within the Group.

Employee Grade	Promoted from within the NEXT Group
Main Board Executive Directors	100% (5 out of 5)
NEXT Operating Directors	83% (19 out of 23)
Store Managers	94% (444 out of 472)

Employee retention in retail stores

The numbers given below are for all retail staff, excluding supervisory and management roles. Tenure and the number of staff with more than one year's service are increasing and are significantly higher than they were in 2019 and earlier (pre-COVID).

Retention / Tenure	2025/26	2024/25	2023/24
Retail Stores entry level employees with > 1 year's service (excluding managers)	Over 80%	Over 80%	Over 80%
Average tenure in Retail Stores (including those promoted to management)	6.3 years	5.8 years	5.7 years
Average tenure in Retail Stores (excluding those promoted to management)	5.5 years	5.0 years	4.9 years

NOMINATION COMMITTEE REPORT

Membership and meetings

Members

Michael Roney (Committee Chairman)
Jonathan Bewes
Venetia Butterfield
Soumen Das
Tom Hall
Dame Tristia Harrison
Amy Stirling

The Committee member attendance table is shown on page 118. Lord Wolfson also attends the Nomination Committee meetings by invitation. In addition to formal meetings during the year, there were regular informal discussions on succession plans and appointments at the senior leadership team level.

The Committee's roles and responsibilities are covered in its terms of reference which are available on our corporate website nextplc.co.uk.

Our annual evaluation of the Nomination Committee's performance was undertaken as part of the internal Board performance review. Further details are set out on pages 119 to 120.

Committee activities in 2025/26

Board succession and appointments

The Committee adopts a formal and transparent procedure for the appointment of directors to the Board.

External consultants are used to assist in identifying suitable candidates for non-executive roles, as well as for executive roles where no suitable internal candidate has been identified. A written specification is produced for each appointment. The Chairman is responsible for providing a shortlist of candidates for consideration by the Nomination Committee which then makes its recommendation to the Board for final approval. The Nomination Committee is led by the Senior Independent Director (SID) when dealing with the appointment of a successor to the Board chairmanship.

Executive succession

As outlined on page 113, the Committee spent a significant amount of time considering Board succession planning during the year. In preparation for Jane Shields' retirement from the Board after our 2026 AGM, the Committee oversaw the succession plans in place and recruitment of Jane's successor. The Committee appointed an independent search firm, Lygon Group, which is a signatory to the Voluntary Code of Conduct for Executive Search Firms, to support with the process. Lygon Group has no other connection with the Company.

Following a rigorous internal and external evaluation process, Matt Barnes was appointed to the role of Group Sales and Marketing Director. Matt will not be joining the Board at this stage.

SID succession

Jonathan Bewes is SID and Audit Committee Chair and completed nine years' tenure in October 2025. He will stand down from the Board at the conclusion of the AGM on 21 May 2026 and, in preparation, the Committee was tasked with reviewing the succession plans in place and recruiting additional independent non-executive directors, to ensure the optimum balance of skills and

experience on the Board. During 2025, the Committee appointed Lygon Group to support the process.

The Committee developed tailored candidate and role specifications, which outlined the desired skills and experience required and Lygon Group helped identify suitable external candidates for the non-executive director roles.

Interviews were conducted by the Chair, Chair of the Remuneration Committee and an additional independent non-executive director, followed by sessions with the Chief Executive and remaining members of the Board - ahead of a formal recommendation being made to the Board.

In January 2026, we announced that Annette Court and Jeni Mundy would join the Board as Independent Non-Executive Directors with effect from 1 March and 1 April 2026 respectively. In addition, Annette Court will take on the role of Senior Independent Director and Soumen Das will assume the role of Audit Committee Chair, both from 21 May 2026. This considered succession planning process has enabled a thorough and detailed handover between Jonathan, Annette and Soumen.

Tenure

Whilst we see long service on the Board as a positive characteristic, the Board is mindful that the Code indicates that non-executive directors should not serve for more than nine years. Succession arrangements for Jonathan Bewes were announced in January 2026 and, acknowledging that he reached his nine-year tenure in October 2025, the Board is satisfied that he continues to demonstrate independence of character and judgement.

Michael Roney reached his ninth anniversary on the Board in February 2026. In line with the requirements of the Code, the Nomination Committee and Board have undertaken a review in relation to the independence and commitment of Michael and the Board is satisfied that he continues to act with the utmost independence and considers that his appointment remains in the long-term best interests of stakeholders, particularly shareholders, customers and employees. Michael's length of service, independence and potential for conflicts of interest were also considered as part of the annual Board performance review which was conducted internally this year.

The Board is satisfied that the Chairman continues to demonstrate independent character, judgement and objectivity and continual monitoring of his independence and performance will be undertaken over his remaining tenure. The Board, taking into account the provisions set out in the Code, considered that Michael Roney remained independent notwithstanding the fact he would be serving for a period of more than nine years and concluded that there were no relationships or circumstances likely to impair his judgement. This was based on a number of factors, including:

- Michael's strong record in making objective decisions and holding management to account, and remaining willing and able to do so;
- His deep knowledge of the Group, which will support the smooth and orderly transition of the SID appointment made during the year;
- His clear independence demonstrated in terms of his participation at meetings with management and his interactions with stakeholders;
- His arm's-length approach to dealing with executive directors and continued challenge of management where appropriate;

- The fact that none of Michael’s external directorship appointments conflict or potentially conflict with those of the Company; and
- The broader composition of the Board, including the fact that no other non-executive director will have a tenure in excess of nine years after the conclusion of the Company’s 2026 AGM.

In view of the number of changes made to the Board’s composition during the year, the Board has recommended an extension to the Chairman’s tenure for a period of up to 18 months to facilitate a smooth transition for the SID role and ensure that departures from key Board positions are appropriately staggered. It is therefore proposed that Michael stands for re-appointment at the Company’s AGM in May 2026.

Broader succession planning

In addition to Board succession, the Committee considered the succession arrangements for the Board and the operational directors below Board level.

Crisis situation succession

During the year, the Committee also considered crisis situation succession arrangements in the event of sudden changes in the availability of executives and key operational director personnel. The business has a strong history of successful internal promotions to both operational director and executive director positions, and was able to clearly identify potential candidates to immediately cover for key personnel should the need arise.

Board composition and skills

The Committee reviewed a skills matrix which captured the core skills, knowledge, experience and diversity represented by the Board members. Our skills matrix explicitly identifies technology, AI, cyber and digital skillsets to support succession planning and ongoing oversight of the Group.

This skills matrix provided a framework for considering the skills to focus on when preparing role specifications and evaluating potential new Board candidates. Our current Board members each bring a broad range of individual skills, knowledge and experience. A summary of the skills of our directors is shown below.

Diversity and inclusion

Appointments to the Board and its Committees, as with other positions within the Group, are made on merit according to the balance of skills and experience offered by prospective candidates. As a company, we acknowledge the benefits of diversity in terms of business experience and individual appointments are made irrespective of personal characteristics such as race, religion or gender. The Committee will always seek to appoint the candidate with the most appropriate skills and experience.

NEXT’s Diversity & Inclusion Policy sets out our support for diversity and encourages an inclusive culture. We actively support a culture of inclusion, to ensure that all our employees are valued, and are treated with dignity and respect. We recognise that for the business to continue to be successful we must ensure that we can recruit from as wide a pool of talent as possible. This policy is to treat all employees fairly and equally, regardless of gender, sexual orientation, marital status, race, colour, nationality, religion, ethnic or national origin, age, disability or union membership status and we do not have a separate formal policy for the Board and its Committees as the all employee policy is applicable.

Skills	Number of Directors									
Private equity, M&A	●	●	●	●	●	●	●	●	●	●
Finance & Accounting	●	●	●	●	●	●	●	●	●	
Retail, Commercial & Operational	●	●	●	●	●	●	●	●		
Governance & Regulatory	●	●	●	●	●	●	●	●		
Brand & Marketing	●	●	●	●	●	●				
Cyber, Digital, AI & Technology	●	●	●	●	●					
Product & Supply Chain	●	●	●	●						
Investment Banking & Broking	●	●	●	●						
Property	●	●	●							
Sustainability & Environment	●	●								

NOMINATION COMMITTEE REPORT

We are pleased to have been recognised in the FTSE Women Leaders Review: Achieving Gender Balance (February 2026) again this year. We were placed second in the FTSE 100 Rankings 2025 Women on Boards and in Leadership, having remained in the top three since 2017. As at the date of this report (being 26 March 2026), women represent 38% of our Board, below the Board gender diversity target of 40% set out in the UK Listing Rules. Jeni Mundy will be appointed as a non-executive director with effect from 1 April 2026, which will increase female representation on the Board to 43%. Further analysis of employees by gender is provided in the Strategic Report on page 93. We satisfy the Parker Review recommendation to have at least one Board director from an ethnic minority background.

We announced a number of changes to our Board during the year, so have therefore also provided an update on the position as at the date of our AGM, when all of the changes will have come into effect. At the end of our 2026 AGM on 21 May, Jane Shields and Jonathan Bewes will step down and Annette Court will take over the role of SID. Following these changes, the Company will meet all three targets on board diversity set out in UK Listing Rule 6.6.6(9) being:

- I. At least 40% of the individuals on its board of directors are women (42%);
- II. At least one one of the senior positions on its board of directors is held by a woman (Annette Court will hold the role of SID); and
- III. At least one individual on its board of directors is from a minority ethnic background.

At the year end of 31 January 2026, the Company met one of the three targets on board diversity set out in UK Listing Rule 6.6.6(9), being at least one individual on the Board is from a minority ethnic background. It did not meet the targets for at least 40% of the Board to be women nor at least one of the senior positions being held by a woman.

In line with UK Listing Rule 6.6.6(10) requirements, the table below sets out numerical data on the ethnic background and gender identity of the Company's Board and executive management as at the year end.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Gender identity					
Men	8	67%	4	18	60%
Women	4	33%	0	12	40%
Not specified/prefer not to say	0	0%	0	0	0%
Ethnic Background					
White British or other White	11	92%	4	28	93%
Mixed/Multiple ethnic groups	0	0	0	0	0
Asian/Asian British	1	8%	0	2	7%
Black/African/Caribbean/Black British	0	0	0	0	0
Other ethnic group	0	0	0	0	0
Not specified/prefer not to say	0	0	0	0	0

Approach to collating diversity data: data is from our employee database containing all permanent colleague details as at 31 January 2026. Diversity information for ethnicity is based on voluntary self-declaration.



Michael Roney

Chairman of the Nomination Committee

26 March 2026

AUDIT COMMITTEE REPORT

Chairman's Introduction

On behalf of the Audit Committee, I am pleased to present the Audit Committee's report for the year ended 31 January 2026. This report explains the Committee's responsibilities and how it has discharged them over the year.

On the following page is a summary of the activities undertaken by the Committee during the year, which broadly fall into six categories: (i) financial reporting; (ii) external audit; (iii) internal control; (iv) internal audit; (v) risk management and (vi) whistleblowing. The Committee assists the Board by providing oversight and robust challenge of the Company's frameworks and disclosures in these areas.

This year, the Committee led a competitive tender process for the Company's external auditor. The tender process resulted in the Board's recommendation that KPMG be appointed as external auditor from the 2027/28 financial year. Read more on pages 135 to 136.

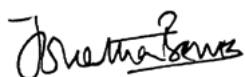
The Committee has overseen the strengthening of the Group's anti-fraud framework. The Committee has also spent time overseeing the programme of work underway to identify, formalise and assess the effectiveness of the Company's material internal controls. This also focused on preparations for Provision 29 of the 2024 UK Corporate Governance Code, which will apply to the Company from the 2026/27 financial year. Read more on page 133.

The Committee has also overseen and monitored the ongoing implementation of the Group's new financial system, which will further enhance the Company's control environment and support the growth of the business.

I am pleased to confirm that the Committee complied fully with the FRC's 'Audit Committees and the External Audit: Minimum Standard' (the 'Standard') during the financial year, including in relation to reviewing the efficiency and effectiveness of the External Audit process. I also spent time with the PwC lead partner outside of formal Committee meetings in order to encourage open and transparent dialogue.

This is my final report to shareholders as Audit Committee Chairman, as I will retire from the Board immediately after the 2026 AGM on 21 May, having served nine years on the Board. Soumen Das will assume the Audit Committee Chairship. Soumen has been chief financial officer of a premium listed company, and therefore possesses recent and relevant financial experience. Soumen's significant financial experience means he is well placed to effectively chair the Committee.

All that remains is for me to thank the management team at NEXT and all Committee members for their valuable contributions which support the work of the Committee.



Jonathan Bewes

Chairman of the Audit Committee

26 March 2026

Role of the Committee

The Committee's roles and responsibilities are covered in its terms of reference which are available on our corporate website at nextplc.co.uk. These terms of reference were most recently reviewed by the Board in November 2025.

The Committee focuses on ensuring the integrity of the financial reporting and audit processes and the maintenance of sound internal control and risk management systems to safeguard shareholder interests. In particular, it focuses on monitoring and/or reviewing:

- The integrity of financial and narrative reporting, and reviewing significant financial judgements.
- The going concern and viability statements.
- NEXT's systems of risk management and material controls.
- The activities and effectiveness of the Internal Audit function.
- The effectiveness of whistleblowing and anti-fraud arrangements.
- The effectiveness of the external audit process and the appropriateness of the relationship with the external auditor.

Membership and meetings

During the year the Committee comprised the following independent non-executive directors:

Member

Jonathan Bewes (Committee Chairman)
Venetia Butterfield
Soumen Das
Tom Hall
Dame Tristia Harrison
Amy Stirling

Details of Committee meetings held during the year and meeting attendance is set out on page 118. In advance of each meeting, the Committee Chairman meets with a combination of the Chief Financial Officer, the Central Finance Director, the Company Secretary, and separately with the external audit partner to discuss their reports and any other relevant issues. The Committee Chairman also had regular meetings with the Head of Internal Audit where the Group's internal controls, governance framework and the progress of the internal audit work programme were reviewed. Following each meeting, the Committee Chairman reports to the Board on the Committee's activities and matters of particular relevance. The Board Chairman and Chief Financial Officer attend meetings by invitation. Operational directors and senior managers are also invited to attend and present at Committee meetings regularly to reinforce a strong culture of risk management and to keep the Committee up to date with events in the business. The Committee meets without management present regularly and meets privately with the Head of Internal Audit and the external auditor as necessary and at least annually.

The Committee's wide range of financial and commercial skills and experience serves to provide the necessary knowledge and ability to work as an effective committee and to robustly challenge the Board and senior management as and when appropriate. The Committee Chairman, Soumen Das and Amy Stirling all possess recent and relevant financial experience, and the Committee as a whole continues to have competence relevant to the sector. None of the Committee's members has a connection to PwC, the external auditor.

AUDIT COMMITTEE REPORT

Committee effectiveness

During the year, the Committee’s performance was assessed as part of the annual Board performance review. Following an externally facilitated assessment in 2024/25, this year’s review was conducted internally. The review concluded that the Committee continues to operate effectively. Further details of this year’s review can be found on pages 119 to 120.

Summary of key Committee activities during the year

<p>Financial reporting</p> <ul style="list-style-type: none"> • Reviewed the Annual Report and interim financial statements. • Reviewed the going concern and viability statements and management’s process and assumptions for assessing viability. • Agreed the application of the key accounting judgements and estimates and considered whether the Annual Report and Accounts are fair, balanced and understandable. • Reviewed the appropriateness and implementation of the accounting policies. • Reviewed the appropriateness, application and disclosure of Alternative Performance Measures (APMs). • Reported and made recommendations to the Board on financial reporting matters. • Oversaw and monitored the ongoing implementation of the Group’s new financial system, which will further enhance the Company’s control environment and support the growth of the business. 	<p>Internal control, risk management and internal audit</p> <ul style="list-style-type: none"> • Provided oversight of the risk management systems and reviewed the ongoing appropriateness of the principal risks. • Considered risk reviews from various business areas including information security, tax, data protection, FCA compliance and treasury. • Received regular updates from management on the Group’s cyber security resilience to threats and the effectiveness of cyber security controls and incident response capabilities. • Approved the Internal Audit plan, including amendments to the plan during the year and reviewed the results of Internal Audit’s work and proposed remediation plans. • Met with Internal Audit without management being present. • Assessed the effectiveness of the Internal Audit function. • Reviewed fraud risk and mitigation, including the implementation of a new anti-fraud framework. • Reviewed the Group’s assurance map, which documents the levels of assurance undertaken for various reports and submissions. • Monitored progress towards compliance with Provision 29 of the Code. Read more on page 133.
<p>External audit</p> <ul style="list-style-type: none"> • Reviewed audit approach, scope and planning. • Reviewed audit findings and challenged management on its views and actions to address the findings. • Assessed external auditor effectiveness and independence. • Approved the audit and non-audit fee policy and fees. • Received auditor views on management and controls. • Reported to the Board on the audit process, the effectiveness of the external auditor, the results of the external audit, and made a recommendation to the Board on the re-appointment of the external auditor. • Oversaw the tender process for the Company’s external auditor, and made a recommendation to the Board on the appointment of KPMG with effect from the 2027/28 financial year. 	<p>Whistleblowing, governance and other matters</p> <ul style="list-style-type: none"> • Reviewed the adequacy and security of whistleblowing processes and received regular reports on matters reported. • Assessed NEXT’s compliance with the 2024 UK Corporate Governance Code. • Received reports and presentations from senior management in other significant business areas such as health and safety, pensions, payroll, legal, and taxation. • Considered regular updates on ESG matters, including Task Force on Climate-related Financial Disclosures (TCFD) requirements, the Corporate Sustainability Reporting Directive, climate-related risks and Code of Practice.

Financial reporting

Review of financial statements

The Committee reviews the financial statements of the Group, assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. To assist with this review the Committee requested that management present detailed papers explaining and substantiating the basis for the Group's accounting policies, APMs and key areas of judgement and estimation. These papers included a sensitivity analysis of key estimates so that the potential impact of these could be viewed in the context of the financial statements as a whole.

The Committee recognises the importance of the views of the external auditor and consequently made enquiries to ensure that suitably robust challenges and audit procedures had been performed on these judgements during the audit. There were ultimately no significant differences in views between management and the external auditor.

Having reviewed management's papers and considered the procedures and findings of the external auditor, the Committee is satisfied that the judgements are reasonable, and that suitable accounting policies have been adopted and disclosed in the Annual Report and Accounts.

Significant matters and judgements for the year ended 31 January 2026

The following areas of significance were all subject to review and challenge by the Committee and were discussed and addressed with our external auditor throughout the external audit process.

Area of focus	Details of Committee review	Reference to financial statements
1. Online customer receivables and related allowance for expected credit losses (ECL)	<p>This represents the largest asset class on the Group's Balance Sheet (2026: Gross value £1.6bn and allowance for expected credit losses of £165m).</p> <p>Based on detailed reports and thorough discussions with management and the external auditor, including the appropriate ECL model specialists, the Committee reviewed the basis and level of provisions under IFRS 9 'Financial instruments' and the sensitivity of key judgements.</p> <p>The Audit Committee reviewed the key risk indicators included within the model, including the disclosure within the financial statements which explain the impact of forecast UK unemployment rates, real wage growth and the continued pressure caused by UK inflation rates. Sensitivity analysis on the key assumptions, including management overlays to the base ECL model, has also been reviewed and, where significant, has been disclosed in the Annual Report and Accounts.</p> <p>The Committee is satisfied that the judgements made, and the sensitivities disclosed in the Annual Report and Accounts, are reasonable and appropriate.</p>	Page 200 and Note 14
2. Equal pay claim	<p>In August 2024 the first tier Employment Tribunal issued its decision on an Equal Pay case brought against NEXT by both current and former employees. NEXT has carefully reviewed the findings of the Tribunal and, following advice from Legal Counsel, has appealed the decision. The legal advice we have received suggests that we have good prospects of success with the appeal. As such, it remains the view of the Board that the likelihood of any payment remains possible, but not probable. Therefore, at this time, no provision has been made in the accounts pending the appeal process.</p> <p>In addition, there remains significant uncertainty in the total number of claims that may be received and the outcome from the appeals process (and timing) is unknown.</p> <p>Finally, the Committee agreed that any estimate of the potential liability is not disclosed as doing so could be prejudicial to NEXT's position.</p>	Note 35

Going concern and viability statement

The Committee reviewed the appropriateness of preparing the Annual Report and Accounts on a going concern basis and the viability assessment for the business. To inform its assessment of these, the Committee:

- Received a presentation from management which set out the Group's financial position and performance, its three year cash projections and the Group's available borrowing facilities and covenants, including the repayment profile of its existing debt structure.
- Reviewed the process behind the preparation of the cash projections, assessing the completeness of the inputs and appropriateness of key assumptions made by management.
- Reviewed the stress testing and reverse stress test prepared by management. The stress tests included the possible cash impact of a 'black swan' event such as the temporary closure of all the warehouses and retail stores.
- Took into consideration recent updates received on the Group's principal and emerging risks.

AUDIT COMMITTEE REPORT

- Noted that the Group had generated significant cash in the year, which had enabled it to return capital to shareholders via dividends, share buybacks and a B Share Scheme, while maintaining its debt leverage at 0.6 times of profit before interest and tax. Furthermore, the Group continued to have access to significant cash levers which it could utilise if required to support the viability of the business.
- Received an update from management setting out how it was managing its cash and net debt.

Further details of the scenario testing, including the cash levers available to the business, are provided in the Viability Statement on page 80.

Based on these procedures, the Committee approved the disclosures in relation to both the going concern and viability assessment and recommended to the Board the preparation of the financial statements on a going concern basis.

Fair, balanced and understandable

In March 2026, the Committee reviewed the Annual Report and Accounts. The Committee concluded that the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess NEXT’s position, performance, business model and strategy. It also considered the TCFD reporting (pages 85 to 90) and the potential impact on forward-looking assumptions supporting going concern and viability assessments. In reaching its conclusion, the Committee considers the Annual Report and Accounts in line with the steps set out in the diagram below.

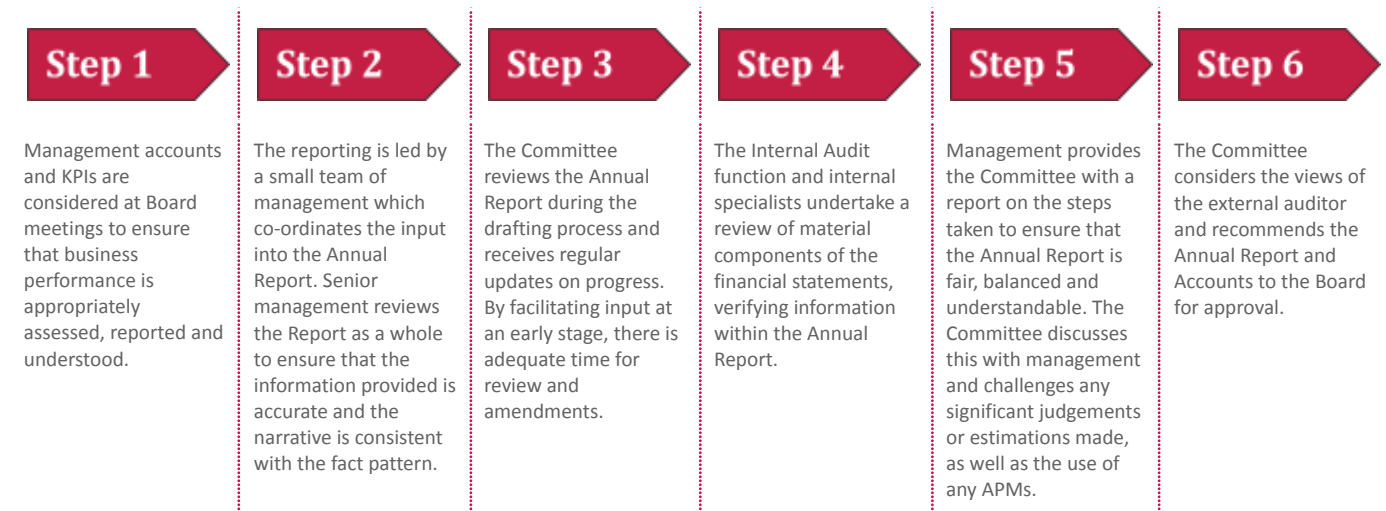
Detailed consideration was given to the following items by the Committee:

- The Reporting of Total Group sales within the Chief Executive’s Review which is an APM. This APM records sales on the basis of

the percentage held in the businesses acquired by NEXT. The rationale for this approach and reconciliation to the statutory revenue has been considered and disclosed within the Annual Report and Accounts.

- The use of an APM for profit before tax in the Chief Executive’s Review. This APM removes the impact of non-controlling interests, amortisation relating to brand acquisitions, the profit of disposal on the sale of land at Waltham Abbey and the exceptional item on the pension curtailment in the comparative period. The rationale for this approach and reconciliation to the statutory profit before tax has been considered and disclosed within the Annual Report and Accounts.
- Other APMs and segmental analysis (Note 1) were also considered and the Committee was satisfied these had also been disclosed and explained appropriately in the Annual Report and Accounts.
- The accounting treatment of the B Share Scheme. While the accounting was not judgemental in nature, this was a material, non-recurring transaction and therefore the Audit Committee reviewed the accounting papers by management which supported the accounting applied in the financial statements.
- Disclosure of the gain on the disposal of land at Waltham Abbey as an “exceptional gain” of £16m in the Chief Executive’s Review. This gain was an irregular, non-recurring gain, and did not relate to the core trade and activity of the business. Hence for the purposes of the Chief Executive’s Review, it was treated as an exceptional item, and has not been included in NEXT Group profit before tax. For statutory reporting purposes the gain was not presented as an Exceptional item and it has been included in the statutory profit before tax and related statutory metrics such as Earnings Per Share.

Fair, balanced and understandable assessment



Risk management

While the Board retains ultimate responsibility for risk management, the Committee reviews the overall effectiveness of risk management within the business regularly and at least annually. At each meeting during the year, the Committee received presentations from management detailing risks and risk management in various business areas. More information about the Committee's risk oversight during the year can be found below.

Further details regarding NEXT's risk framework and approach to risk management, together with details of the principal risks and risk assessment, can be found on pages 70 to 78.

The Committee's risk management activities during the year

IT systems, cyber security and data privacy

- The Committee received progress reports on IT control observations made by the external auditor during the 2025/26 audit.
- At every meeting, the Committee received updates from the Head of Information Security on cyber security, including the Group's resilience to cyber security threats, the effectiveness of the Group's cyber security controls and incident response capabilities.
- Management presented to the Committee on work being done to enhance information security processes and procedures.
- The Committee reviewed information security and data privacy (GDPR) key risk indicators, key controls dashboards and enhancement plans.

Consumer credit

- During the year the Committee received regular briefings on the Finance business, including reporting on the financial outlook, work on new customer management scorecards and affordability assessments and updates on credit account fraud.
- The Committee received updates on payment and default rates, bad debt, and arrears.
- The Committee oversees the credit business' FCA conduct risk dashboard and has the opportunity to challenge management as appropriate.

Other risk activities

The Committee also:

- Reviewed the key current and emerging risks (including ESG, cyber, technology and AI risks), together with the associated controls and mitigating factors.
- Considered management's scoring of inherent and residual risks, and challenged assumptions and methodology to ensure these are appropriate and robust.
- Reported to the Board on its evaluation of the effectiveness of the Group's systems of internal control and risk management, informed by reports from Internal Audit and PwC.
- Received regular updates on fraud prevention and detection activity and reviewed the oversight and governance framework in place.
- Received updates on material legal matters.
- Received updates on key projects such as the ongoing implementation of the Finance Transformation project, including consideration of the associated risks.

Internal control

An internal control system provides reasonable, but not absolute, assurance against material misstatement or loss, being designed to manage rather than eliminate the risk of failure to achieve NEXT's business objectives. The Committee reviews specific elements of NEXT's internal control systems at every meeting, receiving updates on Internal Audit findings and reporting any significant matters to the Board, which retains overall responsibility for the effectiveness of internal controls across the Group.

During the year, the Committee undertook a detailed review of NEXT's systems, processes and procedures to provide assurance to the Board that internal controls, including those over financial reporting, continue to operate effectively. The Committee also oversaw NEXT's preparations for compliance with the 2024 UK Corporate Governance Code, particularly in relation to the new Provision 29, and remains fully committed to ensuring that NEXT's governance arrangements reflect best practice and meet any new requirements within the expected timeframes.

Based on its review and monitoring activities, the Committee is satisfied that it has complied with its obligations under the 2018 Code in relation to risk assessment and the monitoring and review of internal controls and risk management. The Committee is pleased to confirm that no material control weaknesses have been identified in NEXT's internal control systems or risk management framework.

Provision 29 - material controls

During the year the Committee monitored progress towards compliance with Provision 29 of the Code, which is effective from the next financial year, and requires the Board to review the effectiveness of material controls at least annually.

Management has implemented a programme of work to identify, formalise and assess the effectiveness of the Company's material internal controls. The scoping and initial design testing phase of the programme is now complete; programme materiality has been defined and material controls have been identified that mitigate the principal risks and material reporting risks. Executive control reviews which included focus on materiality have refined the number of material controls.

Further assessments of control design and assessments of operational effectiveness are progressing. The Committee has reviewed management's plans for assessing and evidencing the effectiveness of these controls, with regular updates at meetings.

The Committee is now overseeing activity to formalise control evidence and further develop control design, to ensure that controls are effective at mitigating material risk. The Committee will continue to monitor the progress and findings of the programme as it remains a key focus area to ensure the approach is effective.

Reviews have been undertaken with executive directors as part of the programme of work and each of our non-executive directors are members of the Committee, therefore, the Board as a whole is well positioned to perform the formal review and declaration of effectiveness in the next financial year.

AUDIT COMMITTEE REPORT

Internal audit

Internal Audit provides independent assurance to the Board, Audit Committee and management, forming a key part of NEXT's corporate governance framework. An annual Group-wide risk assessment and periodic in-year risk reviews underpin the internal audit plan, which is reviewed and approved by the Committee to ensure appropriate coverage of key risks. The work undertaken by the team provides invaluable insight into the practices, processes, systems and controls of the business.

Audit findings and management actions are reported regularly to the Committee, with no material weaknesses identified during the year. Action closure is actively monitored to ensure timely resolution. The Head of Internal Audit provides a detailed update to the Committee at each meeting.

The Committee has oversight of the Internal Audit function's resources, experience and expertise. The Committee as a whole and the Committee Chairman each meet with the Head of Internal Audit without management present at least annually to allow for open discussion.

During the year, a new Head of Internal Audit was appointed, further strengthening the function's leadership and effectiveness. The Internal Audit function liaises closely with the External Auditor to support broader assurance provided to the Committee and Board. An annual effectiveness review is conducted, with the next external quality assessment planned for later this year. The Committee is satisfied that Internal Audit remains an effective provider of assurance over the Group's risks and controls.

Whistleblowing

The Company's whistleblowing procedures ensure that employees, suppliers and other third parties can raise concerns about possible improprieties on a confidential basis. Concerns can be raised via telephone or online directly to NEXT or an independently provided third-party service. The policy also provides for concerns to be reported directly to the Committee Chairman.

During the year, the Committee received updates at every meeting of reported issues, investigation details and follow up actions. The Committee also received updates in relation to anti-bribery and modern slavery training and awareness programmes.

Our Whistleblowing Policy includes the procedure for raising concerns in strict confidence. Concerns can be raised through a manager, senior management or HR team, or through our confidential and independent whistleblowing helpline and online channel. All investigations are carried out independently, with findings reported directly to the Committee.

Our whistleblowing processes are subject to regular evaluation by Internal Audit, with findings frequently highlighting good practice within NEXT's approach.

The Committee monitors and reviews the effectiveness of NEXT's whistleblowing arrangements annually, ensuring it maintains sufficient oversight to support its work. The Committee is satisfied that the arrangements are effective, facilitate proportionate and independent investigation of reported matters, and allow appropriate follow-up action to be taken.

External audit

The Committee is responsible for recommending to the Board the appointment, re-appointment, remuneration and removal of the external auditor. A resolution to propose the re-appointment of PwC was approved by shareholders at the 2025 AGM.

As outlined in our 2025 Annual Report, a competitive tender process was undertaken during the year. The tender process resulted in the Committee recommending to the Board that KPMG be appointed as the Group's External Auditor with effect from the 2027/28 financial year. The Board accepted the Committee's recommendation, which is subject to shareholder approval at the 2027 AGM. Further information about the process can be found on pages 135 to 136.

Independence and objectivity

PwC has reported to the Committee that, in its professional judgement, it is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff is not impaired. Mark Skedgel was first appointed as the Lead Audit Partner for the 2022/23 audit and has now completed his fourth year of the maximum term of five annual audit cycles.

The Audit Committee has assessed the independence of the auditor by considering, amongst other things, the length of tenure of the audit firm and the audit partner, the value of non-audit fees provided by the external auditor, the relationship with the auditor as a whole, and management responses to the independence questions in the questionnaire conducted at the end of the audit process. It also considers the external auditors' own assessment of its independence. The Committee is satisfied that PwC meets the required standard of independence to safeguard the objectivity and integrity of the audit.

The Company has complied with the provisions of the Competition and Markets Authority's Order for the financial year under review in respect to audit tendering and the provision of non-audit services.

Non-audit work carried out by the external auditor

In accordance with the FRC's Ethical Standard and in order to maintain the continued independence and objectivity of the Group's external auditor, NEXT has a policy governing the provision of non-audit services by the external auditor.

- The Committee's approval is required in advance of any non-audit services to be provided by the external auditor.
- In any one year the aggregate non-audit fees will not exceed £400,000.
- Over a rolling three-year period, non-audit fees are limited to 50% of the average audit fee paid in the previous three years.
- Only permitted non-audit services may be provided by the auditor.

The policy was most recently reviewed in March 2026 and deemed to remain appropriate. The Committee reviews PwC's audit and non-audit fees twice a year. These procedures also ensure that the regulatory cap on permitted non-audit services of 70% of the average Group audit fee paid on a rolling three-year basis is not exceeded.

Proposed assignments of non-audit services with anticipated fees over £175,000 are generally subject to competitive tender and decisions on the award of work are made based on competence and

cost-effectiveness. A tender process may not be undertaken where existing knowledge of the Group enables the auditor to provide the relevant services more cost-effectively than other parties. The external auditor is prohibited from providing any services that would conflict with their statutory responsibilities or which would otherwise compromise their objectivity or independence.

During the year, PwC's audit fee amounted to £2.4m (2025: £2.9m). PwC non-audit fees were £0.3m (2025: £0.2m). In line with the above policy, appropriate advance approval was obtained from the Committee. Non-audit fees included services to provide limited assurance over parts of our corporate responsibility reporting from PwC as it has existing knowledge of the Company and was able to provide the services in a cost-effective manner. Further details are provided in Note 3 to the financial statements.

Effectiveness

The Committee Chairman attended the audit close meeting between the external auditor and management to ensure that he was fully aware of:

- The issues that arose during the audit and their resolution.
- The level of errors identified during the audit.
- The interaction between management and the auditor.
- The views of the external auditor's technical specialists and NEXT's subject area experts.

The external auditor attended all of this year's Committee meetings.

Based on these reviews, the Committee concluded that PwC had applied appropriately robust challenge and professional scepticism throughout the audit, that it possessed the skills and experience required to fulfil its duties effectively and efficiently, and that the audit was effective.

The Committee reviewed PwC's independence, objectivity, audit quality, and performance and was satisfied, recommending its reappointment for the year ending 30 January 2027 which will be PwC's final year as the Company's external auditor. Resolutions proposing PwC's reappointment and authorising the Committee to set its remuneration will be put to shareholders at the 2026 Annual General Meeting. Further detail about how the Committee assessed PwC's effectiveness may be found on pages 135 and 136.

Audit tender

PwC conducted its first audit of NEXT's financial statements in 2018, following a competitive tender process. The Committee conducts an audit services tender at least every ten years as required by law, to ensure that the independence of the external auditor is safeguarded.

When considering the appropriate time to conduct an audit tender, the Committee takes into account a range of matters, including the benefit of an incumbent firm with deep knowledge of the Group's operations enabling an efficient and high quality audit, the independence and objectivity of the appointed auditor and audit partner and the results of the assessment of audit effectiveness.

The Committee determined that an audit tender should be conducted during 2025, with the successful audit firm to lead the audit for the 2027/28 financial year.

The Audit Committee led the tender process, which took place from February to July 2025.

Planning

The Committee undertook the following as part of its planning of the tender process:

- Considered guidelines on best practice for audit tenders;
- Agreed the process and timetable;
- Discussed and agreed the selection criteria; and
- Agreed the proposed long list of participating firms.

Criteria

The Committee agreed selection criteria to ensure fair evaluation of each firm, with audit quality being the overarching and primary consideration.

Other selection criteria included:

- Strength of proposed audit team, including a mix of generalists and specialists, a strong lead partner, and a local presence;
- Understanding of the NEXT business;
- Effective use of data and IT tools to drive an effective audit; and
- Efficiency of the proposed audit, to ensure that the most high risk areas would be identified and prioritised, whilst minimising inefficiencies.

Long list and short list

The long list consisted of three of the Big 4 audit firms, and two challenger firms. A detailed quality assessment was undertaken, which included a review of the FRC's Audit Quality Assessments for any specific areas of weakness or noted for improvement for each firm. The findings were then assessed against areas of relevance for NEXT which were most important and/or carried the most risk for the Company's audit. Two firms were removed from the process at this stage.

The short list therefore comprised three firms, including the incumbent, PwC.

Process

- Confirmation of independence was provided by the shortlisted firms.
- Initial meetings were held with the three bidding firms and a selection of proposed Lead Audit Partners.
- A request for proposal was issued to the three firms, which set out the timetable, an overview of the business, and outlined the selection criteria.
- A data room was opened, giving access to the same relevant data to all firms.
- All firms were invited to, and attended, a warehouse tour. We held a management presentation day, in which the three firms attended the Company's head office. They met with senior managers across Finance, IT and Sustainability, who presented to them individually and offered the opportunity to ask questions.
- Time was spent with each firm reviewing their data and AI tools and skills.
- The firms then presented their proposals to a sub-set of the Committee, with senior management also in attendance. Firms were asked to address how they met our selection criteria within their proposals.
- A scorecard approach was used to assist with assessing each firm.

AUDIT COMMITTEE REPORT

Decision and due diligence

Following the audit firms' presentations, further due diligence was undertaken on the two highest scoring firms. This included reviewing the FRC's July 2025 Annual Review of Audit Quality, obtaining references from other clients of the firms regarding both the firms and the proposed Lead Audit Partners, and issuing a number of final follow-up queries.

The Audit Committee then met to discuss the merits of each audit firm in detail. The selection criteria and scorecards were reviewed, and members of the Committee and senior management presented their views. The quality of the audit which each firm could offer was central to these discussions.

Recommendation to the Board

At the July 2025 Board meeting, the Committee recommended two of the shortlisted firms, noting its preferred candidate. Following detailed consideration, the Board agreed to appoint KPMG LLP as the Company's external auditor for the 2027/28 financial year. KPMG will lead its first audit in the 2027/28 financial year, subject to shareholder approval at the Company's 2027 AGM.

Other matters

ESG

ESG is a standing item on the Audit Committee's agenda and during the year the Committee:

- Reviewed the proposed TCFD reporting.
- Considered updates on new regulatory developments and significant environmental initiatives within the business as part of the standing update from the Head of Sustainability at every Committee meeting.
- Received presentations from the Code of Practice team, which works with NEXT's suppliers worldwide to uphold and improve labour standards in our supply chain.

Effectiveness

It is the Committee's responsibility to assess the effectiveness of the external audit.

The Committee kept the effectiveness of the external audit under continuous review throughout the year. It did this through:





REMUNERATION REPORT

Contents

Part 1: Annual Statement from the Remuneration Committee Chairman	page 138
Part 2: Proposed Directors' Remuneration Policy for the Period 2026 to 2029	page 143
Part 3: Annual Remuneration Report	page 154

Remuneration compliance

This report complies with Schedule 8 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations, the UK Corporate Governance Code (Code) and the Listing Rules.

Part 1: Annual Statement

As Chairman of the Remuneration Committee and on behalf of the Board, I am pleased to present our report on directors' remuneration for 2025/26.

Pay and performance outcome for 2025/26

Total remuneration

Pay arrangements at NEXT are simple, long-established, and well understood by shareholders, the executive team and the wider workforce. Although the Remuneration Policy is explicitly for executive directors, the principles which underpin it are applied more widely in the business, at the operational director level and below.

The arrangements are also objective: variable pay is determined by clear financial performance measures, without any subjective or personal component. Consequently, there is a long track record of variable elements paying out when performance is good and not paying out when performance is weaker.

As outlined in our Strategic Report, NEXT performed very strongly during the year, materially outperforming initial expectations and in consequence upgrading guidance four times. The executive directors delivered record NEXT Group profit before tax of £1,158m (+14.5% versus 2024/25) and NEXT Group pre-tax earnings per share (EPS) of 990.7p (+17.2% versus 2024/25). This strong performance has been reflected in the growth of our share price by 45.8% during the period, and 105.2% over a three-year period. This year, £839m has also been returned to shareholders in line with our commitment of returning surplus cash to shareholders.

Annual bonus

The 2025/26 annual bonus was calculated with reference to NEXT Group pre-tax EPS, as described on page 155. Under the bonus formula, a bonus of 150% of salary was earned by the executive directors. This compares to the bonuses in 2024/25 of 108%. Any element of bonus above 100% for an executive director is payable in shares deferred for two years, and those shares are subject to forfeiture in the event of voluntary resignation before the end of that period.

Long Term Incentive Plan (LTIP)

Under the current Remuneration Policy, LTIP awards are granted twice a year, each grant at 112.5% of base salary for executive directors; vesting is a function of NEXT's total shareholder return (TSR) relative to a total comparator group of 19 or 20 quoted UK retailers, as described on page 164.

Two LTIP awards, made in September 2022 and March 2023, reached the end of their three-year performance period during the year. Of these, each vested at 100% as NEXT's TSR ranked 2nd out of 20 companies in the comparator group.

Key remuneration decisions

The Committee considered the following key matters during the year:

Committee assessment of performance-related remuneration

The Committee is mindful of the need to ensure that executive pay is clearly linked to performance. While formulaic outcomes can give a strong indication of the appropriate remuneration, it is the Committee's role to assess this in the context of the wider environment in which the Company operates. The Committee determined that executives' performance-related pay should vest without adjustment, and in doing so the Committee took into account the following:

- Our executive directors are high performing, with an excellent track record of delivering strong and resilient Company performance and growth, as evidenced by the results this year and a TSR of 167.4% over ten years.
- The strong performance of the business is driven by the continued success of our executive directors in enhancing NEXT's product ranges, fostering the growth of third-party brands, and advancing our technology. As a result, NEXT has successfully navigated the long-term challenges and opportunities brought by the structural shift of consumer spending from physical stores to online. Additionally, the

executives have been instrumental in the development of our International business - the growth of which has continued to accelerate, with sales growth of 39.5% during the year and 77.4% compared to two years ago.

- That it was consistent with the approach to performance-related remuneration across the wider workforce.

The Committee believes in consequence that the executive directors' remuneration earned this year is proportionate and aligned to business performance and, therefore, approved the formulaic outcomes without the exercise of any discretion.

Remuneration Policy renewal

Our current Directors' Remuneration Policy will reach the end of its normal three-year life at the 2026 AGM and accordingly a new policy is being submitted for shareholder approval at that meeting. The Remuneration Committee has long sought pay arrangements that are simple, transparent and well aligned with shareholder outcomes. Those principles continue to guide the Committee. This Remuneration Policy proposes, for the reasons set out below, a revised LTIP performance measure, introducing a mechanism that strengthens the relationship between management performance and pay and provides a more effective incentive framework. The Policy also proposes adjustments to pay levels to ensure that overall remuneration remains appropriately competitive. The objective of the revised Policy is to align executive reward with the long-term drivers of per-share value creation. Together, these proposals maintain NEXT's long-established principles of transparency, simplicity and objectivity in pay, strengthen the link between management performance and reward and more fully reflect NEXT's disciplined approach to capital allocation.

Rationale for proposed changes to the existing Remuneration Policy

We propose three principal changes to pay arrangements at NEXT. These proposals have been refined to reflect the feedback received through the consultation process, which you can read more about on page 142. Shareholders expressed strong support for our objectives and provided helpful insight into the more detailed design. The three principal changes are:

- An increase in the Chief Executive's maximum annual bonus opportunity from 150% to 200% of salary;
- An increase in LTIP maximum grant levels from 225% to 400% for the Chief Executive and to 300% for other executive directors; and
- A change to the LTIP performance condition from Relative TSR to an EPS-led measure.

In relation to the first two of these three changes, whilst benchmarking has never been used to set pay at NEXT, the difference between pay levels at NEXT - which have always been moderate - and those in the wider market has, in the view of the Remuneration Committee, become inappropriately great. The Chief Executive's total remuneration is now approximately 30% below FTSE 100 median.

In reaching this view, the Remuneration Committee considered the following:

- Over the past 20 years, the FTSE All-Share index (FTAS) has delivered an annualised TSR of approximately 7% per annum; NEXT's TSR over that same period has been 15% per annum. £1 invested in the FTAS and NEXT at the start of that period would be, respectively, approximately £4 and £16 today. Given this sustained outperformance, the Committee does not consider the current levels of remuneration to be appropriately aligned with performance.
- NEXT has, in recent years, acquired other retailers (e.g. Reiss, FatFace and Joules). It has also made executive appointments to the main Board, most recently Jonathan Blanchard, who joined the Group in 2023 and was appointed to the Board in 2024. These activities have necessarily shone a greater light on pay arrangements at NEXT relative to those at other companies.
- The need to retain and motivate its high-quality management team, to support orderly succession planning, and where necessary, external recruitment.

These proposed changes will move pay levels to approximately median levels.

In terms of how we measure LTIP performance, we have previously calculated vesting as a function of NEXT's TSR relative to that of a comparator group of approximately 20 LSE-quoted retailers. Many retailers have failed over the past two decades, such that it has become increasingly difficult to compose a basket of appropriately comparable businesses to NEXT. In developing this Policy it was clear to us, and widely appreciated by shareholders, that a move away from the current approach was both sensible and, in practice, necessary. In exploring replacements for Relative TSR we also considered Absolute TSR; however this also presented limitations, as highlighted in feedback from shareholders, and the Committee concluded that an EPS-led measure that also recognises cash distributions would better meet our objectives (for the reasons set out below).

We are therefore proposing to replace Relative TSR with an EPS-led measure that also recognises cash distributions to shareholders over the three-year performance period as the LTIP's single quantified performance measure.

We propose that the new measure will comprise:

- The compound annual growth rate in NEXT Group pre-tax EPS over the three years; plus
- A dividend component based on the total dividends per share (including special dividends and comparable distributions) paid over the three-year performance period. This amount is expressed as an annual-equivalent percentage of the starting share price, calculated using the same three-month average share price applied for LTIP grant purposes. This places the dividend component on a comparable annual scale to the EPS CAGR. It reflects the total dividends paid over the performance period, does not assume reinvestment and therefore does not replicate TSR.

For example, if EPS grew at 7% CAGR and dividends over the three years equated to c.9.3% of the opening share price, or c.3% on an annualised basis, the metric would record 10%, without any assumption of reinvestment of dividends (in contrast to TSR which embeds such an assumption), and would vest at c.80% of maximum. This reflects the two principal components of shareholder value creation – growth

REMUNERATION REPORT

and cash returns. It aligns more closely with the performance drivers of shareholder value while the value of any shares received remains subject to market movements.

The metric is designed to:

- Align management pay more closely with performance that is under its control;
- Reward management for both profit growth and cash returns to shareholders;
- Ensure neutrality as between different methods of returning capital; and
- Preserve alignment with shareholders through delivery of awards in shares and post-vesting holding requirements.

We consider this to be a clearer, more transparent measure of the performance drivers that support per-share wealth creation, aligned to the Company's core financial objective of growing sustainable per-share value through profitable growth alongside the disciplined return of excess cash to shareholders. The dividend component offsets the mechanical benefits to EPS from share buybacks, ensuring neutrality between different methods of capital return. Vesting will be assessed on a sliding scale, with 20% vesting at a combined outcome of 6%, rising on a straight-line basis to 100% at 11%.

In developing this proposal, we are mindful of the reasons that shareholders choose to invest in NEXT, which came across strongly throughout the consultation. A consistent theme in our engagement was shareholders' support for NEXT's disciplined approach to capital investment and return of surplus capital. This proposal - an EPS-led measure together with recognition for dividends paid during the period - is more tailored to NEXT's long-established approach to value creation than a simple EPS metric since:

- EPS growth alone would align less well with our strong and well-established track record of returning surplus cash to shareholders.
- As buybacks boost EPS by reducing the number of shares, an EPS-only metric would reward capital returns by way of buybacks but not by way of dividends. This is inconsistent with NEXT's long-standing capital allocation framework and would risk inadvertently favouring buybacks over dividends and potentially distorting incentives.
- As any vesting awards are delivered in shares, management outcomes are well aligned to share price performance and "shareholder alignment" is inherent in the proposed new LTIP performance metric. Current Executive Directors also have significant shareholdings, meaning they are already closely aligned with shareholders.

Under these proposals, NEXT Group pre-tax EPS would be a performance metric for both the Annual Bonus and LTIP. There are however some important differences - the Annual Bonus is linked to annually approved budgets and the LTIP is linked to a three-year CAGR range. These different timeframes and measurement approaches ensure the metrics serve distinct but complementary purposes. Secondly, the long-term measure also recognises dividends, and, therefore, reinforces our dividend policy. Thirdly, the payout for Executive Directors for the Annual Bonus is (at full payout) still 2/3 in cash - whereas LTIPs are entirely in shares (which in turn must be held net of tax for two years post-vesting). The Committee therefore regards the annual bonus as an accountability mechanism against the year's budget, and the LTIP as a compounding measure of long-term value creation.

The grants will still be subject to a general underpin permitting the Committee to reduce vesting if the formulaic outcome is not considered appropriate.

Annual base salary review for 2026/27

The Committee reviewed and set the remuneration for the Chairman, executive directors and senior management. Whilst the wider workforce's base salary increase was on average 4.3%, the executive directors will receive a pay increase of 3.0%.

As previously outlined to shareholders, we articulated that we will on occasion make above-inflation changes to the salaries of individuals. Consistent with our longstanding approach and good governance generally of setting salaries for new directors below their natural level with the expectation of increases as their experience and capabilities grow, we propose:

- To increase the salary of Jonathan Blanchard to £719,600 from £616,800. Jonathan, who came to NEXT from the role of COO at Reiss, replaced long-serving NEXT Finance Director Amanda James in 2024. He continues to do an outstanding job and we expect Jonathan's operational remit to broaden in the years ahead.
- To increase the salary of Jeremy Stokol to £669,900 from £616,800. Jeremy joined the Board in 2023 and salary progression for those executive directors who are appointed to the Board from an internal senior managerial position are phased over a number of years and timed to reflect performance and contribution at Board level, rather than automatically applied in full immediately on promotion.

The proposed salaries will increase in line with the annual base salary review for 2026/27 in April 2026 to ensure continued alignment for Executive Directors.

EPS and performance measurement

Each year the Committee reviews the performance measures used for the annual bonus and LTIP. The performance measure for the annual bonus continues to be based on underlying NEXT Group pre-tax EPS before exceptionals. The principal reasons for using EPS are:

- It is consistent and transparent to participants and shareholders.
- The primary financial objective of the Group is to deliver long-term, sustainable returns to shareholders through a combination of growth in EPS and the distribution to shareholders of excess capital.

As set out in previous years, we consider it right that the impact of share buybacks on EPS (or adjustments for special dividends and comparable distributions) should be included in performance measurement, as share buybacks (and special dividends) have been one of NEXT's primary strategies in delivering value to shareholders. Share buybacks or special dividends are regularly considered by the Board.

Shares are only bought when the Board is satisfied that the ability to invest in the business and to grow the ordinary dividend will not be impaired.

ESG metrics in performance measurement

The Committee is acutely aware of the significant attention ESG (Environmental, Social, and Governance) issues receive from the investment community and the broader importance they hold in society. The Company itself places substantial focus on ESG, particularly in areas such as the working conditions of factories where NEXT's garments are produced. Pages 81 to 100 provide detailed information on the extensive initiatives NEXT undertakes in this space.

In the Committee's view, these initiatives are comprehensive, well-integrated, and deeply embedded in the Company's day-to-day operations. Therefore, the Committee feels it unnecessary to introduce an ESG metric into the bonus structure to incentivise behaviours that are already advanced and widespread. Additionally, selecting one or two specific ESG metrics for evaluating and rewarding management seems arbitrary, given the broad and multifaceted nature of ESG considerations.

The Committee values pay arrangements based on clear and objective financial performance measures and does not see the introduction of specific ESG metrics as a sensible step. As such, while ESG metrics are not explicitly included in the pay structure, the behaviours they seek to encourage are already implicit in how the Company operates. The Committee also retains the discretion to reduce bonus and LTIP payments in the event of significant ESG failures.

It is worth noting that in other companies, ESG metrics and personal objectives often lead to higher payouts than financial measures. By choosing not to include these metrics, the Committee acknowledges that executive pay levels at NEXT may be lower than they might be if ESG measures were incorporated.

Discretion

In developing this policy, and discussing with shareholders throughout the consultation, the Committee reserves its usual discretion to adjust outcomes if it considers them to be inappropriate. In practice, we have followed formulaic outcomes to date since they have - in our judgement - reflected well enough management performance. However, consistent with the Corporate Governance Code and good practice generally, the Committee will reserve discretion to adjust the outcome if the indicative outcome is not felt appropriate. While we envisage using any discretion exceptionally, we would see this as operating both ways and as much to avoid overpayments. Any such exercise would be clearly explained, with appropriate supporting rationale.

Malus and clawback

The triggers for malus and clawback have sufficient scope to capture circumstances in which the Committee may wish to exercise these rights, including discretion to reduce variable pay at the point of determination which is in the executive directors' service agreements (as set out on page 155). The circumstances in which malus and clawback provisions could be used are explained on page 149. The Committee considered these provisions at the year end as part of its normal review and concluded that it was not appropriate to exercise such provisions.

Pension entitlements

The Committee is aware of market expectations that executive director pension arrangements should not be more generous than those of the wider workforce - a reaction to, and against, the practice in many companies of pension arrangements for senior executives which used to be enhanced on promotion to the Board. As such, any newly appointed executive directors are now invited to join the NEXT Defined Contribution pension arrangement at the prevailing rate for staff across NEXT.

However, different executive directors do have different contribution levels both to one another and to the current workforce - but at NEXT this is a function of the interplay of (a) some of our executive directors being very long serving with differences in director tenure and (b) NEXT pension arrangements changing over time.

Since the closure of the defined benefit scheme, which we explained in our report last year, the executive directors' pensions have remained consistent.

Wider employee considerations and employee engagement

The Committee reviews remuneration arrangements across the Group and considers pay and employment conditions to ensure that differences for executive directors are justified. Our remuneration framework is designed to attract, motivate and retain high quality employees as well as ensure that all employees have the potential to benefit from the success of NEXT.

The Committee reviews workforce remuneration and related policies and the alignment of incentives and rewards with the NEXT culture, taking these into account when setting the policy for executive director remuneration. The Committee is responsible for approving the remuneration framework beyond executives, including the Group's senior management, including determining the targets for performance-related pay schemes, approving awards of the Company's shares under employee share option or incentive schemes, and overseeing any major changes in employee benefit structures.

Rewarding our workforce

There are bonus structures throughout NEXT and employee share ownership is strongly encouraged. Market value options over NEXT shares are granted each year to approximately 2,500 middle management in our Head Office, call centres and warehouses, as well as senior store staff. We offer a maximum discount of 20% on our Sharesave scheme, which is open to all our NEXT UK employees, and gives employees an opportunity to save over three or five years, with the option to buy NEXT plc shares at a discounted rate at the end of the period.

REMUNERATION REPORT

Around 13,000 employees (circa 31% of our total UK and Ireland employees) held options or awards in respect of 6 million shares in NEXT at the financial year end.

Knowing our workforce

Our annual employee forum meetings for our Head Office, Warehousing & Distribution, Retail Stores and Online divisions were held in 2025. Lord Wolfson (CEO), Dame Tristia Harrison (non-executive director), our HR Director and a cross-section of workforce representatives from the relevant business divisions with operational director sponsors, attended the meetings.

For further details regarding the feedback to the Board on employee views, please see pages 101 and 102.

Along with the employee forum feedback, each year the Committee reviews and discusses wide ranging information on important employee matters such as pay and reward, bonuses, employee benefits, company policies, diversity and inclusion, equality of pay, progression and development (including internal promotions), culture (including the results of the employee engagement survey), workforce analysis (including data on staff retention by business division, absences, redundancies, disciplinarys and grievances), and learning and development. The remuneration framework works best when decisions are made in the context of the workforce as a whole rather than in isolation, and so the Committee considered the output of the workforce policies and practices review to ensure the executive directors' pay policy is aligned with the Company's strategy and, where relevant, to performance-related pay for managers below Board level. I have made a letter available to all our employees setting out our approach to executive pay and inviting them to email me with any queries or comments they have.

Shareholder engagement

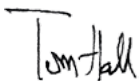
In November 2025, I wrote on behalf of the Committee to our 50 largest shareholders, who collectively at that time held around 50% of our issued shares, along with their representative bodies, to invite them to engage about the changes to the proposed Remuneration Policy. We held follow-up meetings with shareholders and proxy advisors. The questions raised during these discussions focused on the rationale for the Committee's proposed Remuneration Policy and the change from the Relative TSR performance metric for the LTIP, originally to Absolute TSR. We were pleased by the level of engagement and overall feedback was positive, with shareholders and proxy advisors being widely supportive of the proposal to increase quantum; and there was likewise a clear understanding of the issues presented by a Relative TSR performance condition within the 2023 Policy, given the diminishing nature of the comparator group and volatility of TSR to factors beyond management control. So, there was a good understanding of the rationale for a move away from Relative TSR. In exploring replacements for Relative TSR we also initially considered Absolute TSR; however shareholder feedback highlighted limitations of an Absolute TSR metric, and the Committee concluded that an EPS-led measure that also recognises cash distributions would better meet our objectives.

In consideration of this feedback, we therefore wrote to shareholders and their representative bodies again in January 2026 - proposing an EPS-led performance measure that also recognises cash distributions to shareholders over the three-year performance period. This alternative proposal received more positive feedback than Absolute TSR.

For further details regarding the feedback to the Board on shareholder views, please see pages 104 to 105.

2026 AGM

The Committee has continued to be mindful of the requirements of the Code when determining the Remuneration Policy and practices. It considers that the simplicity and transparency of our remuneration arrangements and their consistent application have contributed positively to NEXT's management team delivering positive and resilient performance over many years. The Remuneration Policy structure continues to provide a strong and transparent link between pay and performance and has operated as intended. We hope that this report provides clear insight into the Committee's decisions and look forward to receiving your support at the 2026 AGM for our proposed Remuneration Policy and the 2025/26 Directors' Annual Remuneration Report, together with my Annual Statement.



Tom Hall

Chairman of the Remuneration Committee

26 March 2026

Part 2: Proposed Directors' Remuneration Policy for the Period 2026 to 2029

The proposed Remuneration Policy is set out in this section. As explained on pages 139 to 140, three main changes are proposed to the Policy from the current Remuneration Policy which expires at the 2026 AGM. At the AGM to be held on 21 May 2026, a resolution to adopt the proposed Remuneration Policy will be put to shareholders for approval. The Policy is set to apply, subject to shareholders' approval, for three years from the 2026 AGM.

The table below summarises the Company's policies with regard to each of the elements of remuneration for existing directors and the approach to payments on external recruitment and termination.

Base salary	
<p>Purpose and link to strategy</p> <p>To attract, motivate and retain high calibre individuals, while not overpaying. To provide a satisfactory base salary within a total package comprising salary and performance-related pay.</p> <p>Performance-related components and certain benefits are calculated by reference to base salary. The level of salary broadly reflects the value of the individual, their role, skills and experience.</p>	<p>Maximum opportunity</p> <p>There is no guaranteed annual increase. The Committee considers it important that base salary increases are kept under tight control given the multiplier effect of such increases on future costs. In the normal course of events, increases in executive directors' salaries would be in line with the wider Company cost of living awards.</p> <p>The Committee reserves flexibility to grant larger increases where considered appropriate. For instance, where a new executive director, being an internal promotion, has been appointed to the Board with an initial salary which is considered below the normal market rate, then the Committee may make staged increases to bring the salary into line as the executive gains experience in the role. Also if there have been significant changes in the size and scope of the executive's role then the Committee would review salary levels accordingly.</p> <p>Under the reporting regulations, the Company is required to specify a maximum potential value for each component of pay. Consistent with the approach set out in the Company's previous three remuneration policies, no base salary paid to an executive director should exceed £850,000 uplifted by RPI since this cap policy was introduced in 2017. This is currently equivalent to £1.271m.</p>
<p>Operation</p> <p>Normally reviewed annually, generally effective 1 April. The Committee focuses particularly on ensuring that an appropriate base salary is paid to directors and senior managers. The Committee considers salaries in the context of overall packages with reference to individual experience and performance, the level and structure of remuneration for other employees, the external environment and market data. External benchmarking analysis is occasionally undertaken and the Committee has not adopted a prescribed objective of setting salaries by reference to a particular percentile or benchmark.</p>	<p>Performance measures and targets</p> <p>Not applicable.</p> <p>Key changes to last approved policy</p> <p>No change.</p>

REMUNERATION REPORT

Annual bonus

Purpose and link to strategy

To incentivise delivery of stretching annual goals.

To provide focus on the Company's key financial objectives.

To provide a retention element as any annual bonus in excess of 100% of base salary is payable in shares, deferred for a period of two years and subject to forfeiture if a director voluntarily resigns prior to the end of that period.

Operation

Performance measures and related performance targets are set at the commencement of each financial year by the Committee. Company policy is to set such measures by reference to financial measures (such as NEXT Group pre-tax EPS) but the Committee retains flexibility to use different performance measures during the period of this Policy if it considers it appropriate to do so, although at least 75% of any bonus will continue to be subject to financial measures.

At the threshold level of performance, no more than 20% of the maximum bonus may be earned (the Committee will determine the appropriate percentage each year and recent awards have been set at a lower level). Typically, a straight sliding scale of payments operates for performance between the minimum and maximum levels. There is no in-line target level although, for the purposes of the scenario charts on page 152, 50% of maximum bonus has been assumed.

Dividend accruals (both in respect of special and ordinary dividends) and comparable distributions may be payable on any deferred bonus awards which vest.

The Company has the flexibility within the rules of the Deferred Share Bonus Plan to grant nil cost options as an alternative to conditional share awards or exceptionally to settle in cash.

Maximum opportunity

The Company's policy is to provide a maximum bonus opportunity of 150% of salary for the executive directors and 200% of salary for the Chief Executive. Although the Committee has no current plan to make any changes for the other executive directors, for the period of this Policy the Committee reserves flexibility to:

- Increase maximum bonus levels for executive directors in any financial year to 200% of salary. This flexibility would be used only in exceptional circumstances and where the Committee considered any such increase to be in the best interests of shareholders and after appropriate consultation with key shareholders.
- Lessen the current differentials in bonus maximums which exist between the Chief Executive and other executive directors.
- Introduce or extend an element of compulsory deferral of bonus outcomes if considered appropriate by the Committee.

Performance measures and targets

Currently performance is assessed against NEXT Group pre-tax EPS targets set annually, which take account of factors including the Company's budgets and the wider background of the UK economy. NEXT Group pre-tax EPS has been chosen as the basic metric to avoid executives benefiting from external factors such as reductions in the rate of corporation tax. The Committee reserves flexibility to apply discretion in the interests of fairness to shareholders and executives by making adjustments it considers appropriate.

The Committee reserves flexibility to apply different performance measures and targets in respect of the annual bonus for the period of this Policy but a financial measure will continue to be used for at least 75% of the award. The Committee will consult with major shareholders before any significant changes are made to the use of performance measures.

The basis of performance measurement incorporates an appropriate adjustment to EPS growth to reflect the benefit to shareholders from special dividends and/or B share schemes paid in any period in lieu of share buybacks.

Key changes to last approved policy

The Committee proposes to increase the Chief Executive's maximum annual bonus opportunity from 150% to 200% of salary.

Long Term Incentive Plan (LTIP)

Purpose and link to strategy

To incentivise management to maximise the sustainable growth of per-share value, measured primarily through EPS growth over three-year performance periods measured against stretching targets.

Retention of key, high-calibre employees over three-year performance periods and encouraging long-term shareholding, through post-vesting holding requirement, and commitment to the Company.

Operation

A variable percentage of a pre-determined maximum number of shares can vest, depending on the achievement of performance conditions.

The maximum number of shares that may be awarded to each director is a percentage of each director's base salary at the date of each grant, divided by NEXT's average share price over the three months normally prior to the start of the performance period.

LTIP awards are made twice a year to reduce the volatility inherent in share-based awards and to enhance the portfolio effect for participants of more frequent, but smaller, grants.

The Company has the flexibility within the rules of the LTIP to grant nil cost options as an alternative to conditional share awards and to settle vested LTIP awards in cash.

Dividend accruals (both in respect of special and ordinary dividends) may be payable on any vested LTIP awards.

Maximum opportunity

The maximum possible aggregate value of awards granted to the CEO will be 400% of salary and all other executive directors will be 300% of annual salary (i.e. typically 200% and 150% respectively every six months).

The Committee reserves the right to vary these levels within an overall 400% annual limit. In addition, awards granted to executive directors which vest must be taken in shares and the net shares (after payment of tax and NIC) held for a minimum period of two further years post vesting, except where the holding period would otherwise extend beyond the post-cessation period. The Committee reserves the right to lengthen (but not reduce) the performance period and to further increase the holding period or to introduce a retention requirement.

Performance measures and targets

Performance is measured over a period of three years. On approval of the new policy, LTIP vesting will be determined by reference to the sum of two components:

- **EPS growth:** The compound annual growth rate in NEXT Group pre-tax EPS over three years; and
- **Dividend component:** Total dividends per share (including special dividends or other capital distributions) paid during the three-year performance period. This amount is expressed as an annual-equivalent percentage of the starting share price, calculated using the same three-month average share price applied for LTIP grant purposes. This places the dividend component on a comparable annual scale to EPS CAGR. It reflects the total dividends paid over the performance period, does not assume reinvestment of those dividends and therefore does not replicate TSR.

Vesting will be assessed on a sliding scale, initially proposed to be 6% - 11%, with 20% vesting at 6%, rising on a straight-line basis to 100% at 11%. The scale will be reviewed by the Committee prior to each grant to ensure targets remain sufficiently stretching.

Key changes to last approved policy

The Committee proposes to increase award levels and change the performance conditions.

REMUNERATION REPORT

Pension

Purpose and link to strategy

To provide for retirement through Company sponsored schemes or a cash alternative for personal pension planning and therefore assist attraction and retention.

Operation

The defined benefit (DB) section of the 2013 NEXT Group Pension Plan (the Plan) was closed for accruals of pension benefits in April 2024. No members, including executive directors, are accruing benefits under DB section of the Plan, although they may increase in line with statutory deferred revaluation only (i.e. in line with CPI).

Lord Wolfson (and Jane Shields until her retirement) receive salary supplements of 15% of salary plus, in the case of Lord Wolfson, 5% of his pensionable earnings as at October 2012 in lieu of past changes to their pension arrangements. This arrangement was in line with other senior employee members of the DB section of the Plan.

Richard Papp is a deferred member of the same defined contribution pension scheme and receives a 5% cash equivalent supplement. The arrangements for Richard Papp are consistent with the pension provision and alternatives available to employees who joined the DC scheme at a similar time. The 5% cash equivalent supplement is only available to members who have exceeded the Annual or Lifetime Allowance limits.

Bonuses are not taken into account in assessing pensionable earnings in the Plan.

New employees of the Group can join the auto enrolment pension plan or receive cash in lieu.

Maximum opportunity

The lump sum payable on death in service is four times base salary under the SPA, three times base salary under the DB and DC sections and one times base salary under the auto enrolment plan.

No DC contributions, or equivalent cash supplement payments, will be made to an executive director in any year that will exceed the level offered to the wider colleague population recruited at or about the same time as them.

Any newly appointed executive directors, whether internal or external appointments, will be invited to join a NEXT Defined Contribution pension arrangement at the prevailing rate for staff across NEXT at the time. This is currently an employer pension contribution of 3% of pensionable salary.

Performance measures and targets

Not applicable.

Key changes to last approved policy

No change.

Other benefits

Purpose and link to strategy

To provide market competitive non-cash benefits to attract and retain high-calibre individuals.

Operation

Executive directors receive benefits which may include the provision of a company car or cash alternative, private medical insurance, subscriptions to professional bodies and staff discount on Group merchandise. A driver is also made available to the executive directors.

The Committee reserves discretion to introduce new benefits where it concludes that it is in the interests of NEXT to do so, having regard to the particular circumstances and to market practice, and reserves flexibility to make relocation related payments.

Whilst not considered necessarily to be benefits, the Committee reserves the discretion to authorise attendance by directors and their family members (at the Company's cost if required) at corporate events and to receive reasonable levels of hospitality in accordance with Company policies.

Reasonable business-related expenses will be reimbursed (including any tax thereon).

Maximum opportunity

During the Policy period, the value of benefits (other than relocation costs) paid to an executive director in any year will not exceed £150,000. In addition, the Committee reserves the right to pay up to £250,000 relocation costs in any year to an executive director if considered appropriate to secure the better performance by an executive director of their duties. Relocation benefits would normally only be available for up to 12 months and the Committee would make appropriate disclosures of any provided.

During the Policy period, the actual level of taxable benefits provided will be included in the single total figure of remuneration.

Performance measures and targets

Not applicable.

Key changes to last approved policy

No change.

Save As You Earn Scheme (Sharesave)

Purpose and link to strategy

To encourage all employees to make a long term investment in the Company's shares.

Operation

Executive directors can participate in the Company's Sharesave scheme which is HMRC approved and open to all NEXT UK employees. Option grants are generally made annually, with the exercise price discounted by a maximum of 20% of the share price at the date an invitation is issued. Options are exercisable three or five years from the date of grant. Alternatively, participants may ask for their contributions to be returned.

Maximum opportunity

Investment is currently limited to a maximum amount of £250 per month. The Committee reserves the right to increase the maximum amount in line with limits set by HMRC (currently £500 per month).

Performance measures and targets

Not applicable.

Key changes to last approved policy

No change.

REMUNERATION REPORT

Termination payments

Purpose and link to strategy

Consistent with market practice, to ensure NEXT can recruit and retain key executives, whilst protecting the Company from making payments for failure.

Operation

The Committee will consider the need for and quantum of any termination payments having regard to all the relevant facts and circumstances at that time.

Future service contracts will take into account relevant published guidance.

Maximum opportunity

Each of the executive directors has a rolling service contract. Dates of appointment and notice periods are disclosed on page 151. The contract is terminable by the Company on giving one year's notice and by the individual on giving six months' notice. For directors appointed prior to the 2017 Remuneration Policy, the Company has reserved the right to make a payment in lieu of notice on termination of an executive director's contract equal to their base salary and contractual benefits (excluding performance-related pay). For directors appointed after that time, any payment in lieu of notice is limited to their base salary only.

For directors appointed prior to the date of approval of the 2017 Remuneration Policy, if notice of termination is given immediately following a change of control of the Company, the executive director may request immediate termination of his/her contract and payment of liquidated damages equal to the value of his/her base salary and contractual benefits. Liquidated damages provisions will not be present in any service contract for executive directors appointed after that date and any service contract since that time will include provision for any termination payments to be made on a phased basis.

In normal circumstances executive directors have no entitlement to compensation in respect of loss of performance bonuses and all share awards would lapse following resignation. However, under certain circumstances (e.g. "good leaver" or change in control) and solely at the Committee's discretion, annual bonus payments may be made and would ordinarily be calculated up to the date of termination only, based on performance. In addition, awards made under the LTIP would in those circumstances generally be time pro-rated and remain subject to the application of the performance conditions at the normal measurement date (unless the Committee chooses to assess earlier). The Committee also has a standard discretion to vary the application of time pro-rating in such cases. "Good leaver" treatments are not automatic. Similarly, the Committee may relax holding periods, including to ensure they do not extend beyond the post-cessation ownership period (including in respect of previously granted awards).

In the event of any termination payment being made to a director (including any performance-related pay elements), the Committee will take full account of that director's duty to mitigate any loss and, where appropriate, may seek independent professional advice and consider the views of shareholders as expressed in published guidance prior to authorising such payment.

Consistent with market practice, in the event of removal from office of an executive director, the Company may pay a contribution towards the individual's legal fees and fees for outplacement services as part of a negotiated settlement and such other amounts as the Committee considers to be necessary, having taken legal advice, in settlement of potential claims. Any such fees would be disclosed with all other termination arrangements. The Committee reserves the right, if necessary, to authorise additional payments in respect of such professional fees if not ascertained at the time of reporting such termination arrangements up to a maximum of £10,000.

A departing gift may be provided up to a value of £10,000 (plus related taxes) per director.

Performance measures and targets

Not applicable.

Key changes to last approved policy

No change.

Recovery and withholding provisions

Purpose and link to strategy

To ensure the Company can recover any payments made or potentially due to executive directors under performance-related remuneration structures.

Operation

Recovery and withholding provisions are in the service contracts of all executive directors and will be enforced where appropriate to recover (within the earlier of a change of control and two years of the date on which an award vests) or withhold performance-related remuneration which has been overpaid due to: a material misstatement of the Company's accounts; errors made in the calculation of an award; a director's misconduct; insolvency of any Group company; or circumstances that would lead to a sufficiently significant negative impact on the reputation and likely financial strength of the Company. These provisions allow for the recovery of sums paid and/or withholding of sums to be paid.

Maximum opportunity

Not applicable.

Performance measures and targets

Not applicable.

Key changes to last approved policy

No change.

Chairman and non-executive director fees

Purpose and link to strategy

To ensure fees paid to the Chairman and non-executive directors are competitive and comparable with other companies of equivalent size and complexity so that the Company attracts non-executive directors who have a broad range of experience and skills to oversee the implementation of our strategy.

Operation

Remuneration of the non-executive directors is normally reviewed annually and determined by the Chairman and the executive directors. The Chairman's fee is determined by the Committee (excluding the Chairman).

Additional fees are paid to non-executive directors who chair the Remuneration and Audit Committees, and act as the Senior Independent Director. The structure of fees may be amended within the overall limits.

External benchmarking is undertaken only occasionally and there is no prescribed policy regarding the benchmarks used or any objective of achieving a prescribed percentile level.

If the Chairman or non-executive directors are required to spend time on exceptional Company business significantly in excess of the normal time commitment, the Chairman will be paid £1,500 and the non-executive directors £1,000 for each day spent. These are subject to an annual review by the Board. Reasonable business related expenses will be reimbursed (including any tax thereon).

Maximum opportunity

The total of fees paid to the Chairman and the non-executive directors in any year will not exceed the maximum level for such fees from time to time prescribed by the Company's Articles of Association (currently £2,000,000 per annum).

Performance measures and targets

Non-executive directors receive the normal staff discount on Group merchandise but do not participate in any of the Group's bonus, pension, share option or other incentive schemes.

Key changes to last approved policy

No change.

The policies as set out above would apply to the promotion of an existing Group employee to the Board.

REMUNERATION REPORT

The following principles will be applied on an internal appointment or the recruitment of an external candidate to the Board

For internal appointments, and unless agreed otherwise with the new director, the Company will honour the contractual entitlements and other incentives (e.g. options granted under the NEXT Share Matching Plan) awarded prior to the Board appointment.

For external recruits, the Committee will also aim to structure and agree a package which is in line with the same policies for existing executive directors as set out above. However, the Committee reserves the right not to apply the caps contained within the Policy for fixed pay (i.e. base salary, pension and other benefits), either on joining or for any subsequent review within the life of this Policy, although the Committee would not envisage exceeding these caps in practice.

In terms of variable pay, the Committee may offer cash or share-based incentives when considered to be necessary to secure a candidate and in the best interests of the Company and its shareholders. It may be necessary to make such awards on more bespoke terms which differ from NEXT's existing annual and share-based pay structures. Depending on the timing of an appointment it may be necessary to use different performance criteria to other executive directors for any initial incentive awards. However, the Committee will not authorise the payment of more than it considers necessary and will abide by the caps for such elements within the general policy.

Additional awards may be made to compensate for forfeiture of incentive awards in the previous employer, and may not be subject to the caps applied to NEXT's annual bonus plan or the LTIP. All such awards for external appointments, whether made under the annual bonus plan, LTIP or otherwise, will be limited to the commercial value of the amounts forfeited and will take account of the nature, time periods and performance requirements of those awards. In particular, the Committee's starting point will be that any forfeited awards which are subject to continued service or performance requirements are replaced by NEXT awards with broadly equivalent terms. However, the Committee may relax these requirements in exceptional circumstances and where the Committee considers it to be less expensive for shareholders, for example where service periods are materially complete and/or the replacement awards are materially discounted to reflect the conditions on forfeited awards. The Committee will only authorise guaranteed or non pro-rated awards under the annual bonus plan where the Committee considers it is necessary to secure recruitment and these would be limited to no more than the first year of appointment.

For external and internal appointments, the Committee may agree that the Company will meet such reasonable relocation expenses it considers appropriate and/or make a contribution towards legal fees in agreeing employer terms.

This Policy, which remains materially unchanged from the last approved Policy, has not been used since its implementation. All such appointments during this time have been through internal promotions, so it is challenging to set out principles for an event that has not occurred in recent practice. Therefore, the above broad policy, particularly for external appointments, represent guidelines considered to be reasonable by the Committee, but which will be considered on the merits of each potential appointment on a case by case basis and taking account of evolving best practice.

Exercise of discretion

In line with market practice, the Committee retains discretion in relation to the operation and administration of the annual bonus, Deferred Share Bonus Plan and LTIP. The discretion includes, but is not limited to:

- The timing of awards and payments.
- The size of awards, within the overall limits disclosed in the Policy table.
- The determination of vesting.
- The treatment of awards in the case of change of control or restructuring.
- The treatment of leavers within the rules of the plan and the termination policy summary shown on page 148.
- Adjustments needed in certain circumstances (for example, rights issue, corporate restructuring or special interim dividend).

While performance conditions will generally remain unchanged once set, the Committee has the usual discretion to amend the measures, weightings and targets in exceptional circumstances (such as a major transaction) where the unamended conditions would cease to operate as intended. Any such changes would be explained in the subsequent Annual Remuneration Report and, if appropriate, be the subject of consultation with the Company's major shareholders. Consistent with best practice, the LTIP rules also provide that any such amendment must not make the amended condition materially less difficult to satisfy than the original condition was intended to be prior to the occurrence of such event.

Adjustment to number of shares under deferred bonus and LTIP

The number of shares subject to deferred bonus and LTIP awards may be increased to reflect the value of dividends that would have been paid in respect of any dates falling between the grant of awards and the date of vesting.

The terms of incentive plan awards may be adjusted in the event of a variation of the Company's share capital, demerger or a similar event that materially affects the price of the shares or otherwise in accordance with the plan rules.

Share ownership guidelines

The minimum shareholding is currently 225% of salary for all executive directors. In light of the proposed changes to the LTIP quantum, the minimum shareholding proposed is 400% for the CEO and 300% for all other executive directors. An executive director has up to five years

from the date of appointment to acquire the minimum shareholding. Shares in which the executive director, their spouse/civil partner or minor children have a beneficial interest count towards the shareholding.

Post-cessation shareholding guidelines apply to all executive directors. The CEO must hold a minimum of 400% and all other executive directors must hold a minimum of 300% of salary for one year post-cessation. The Committee will have the normal discretion to disapply this in exceptional circumstances. The post-cessation guidelines apply and will be enforced through the retention of any (after-tax) shares vesting in respect of LTIP grants into an escrow account until an amount equal to 300% (CEO: 400%) of salary is held.

Legacy commitments

The Committee reserves the right to honour all historical contractual entitlements and other incentives provided they were consistent with the shareholder approved Policy in place at the time they were agreed. Any such payments would be disclosed in the relevant Annual Remuneration Report as necessary.

Stating maximum amounts for each element of remuneration

Where the Policy refers to the maximum amounts that may be paid in respect of any element of the Policy (as required under the Regulations) these will operate simply as caps and will not be indicative of any aspiration.

Consideration of shareholder views

During the year, the Committee consulted extensively with our largest shareholders and their representative bodies on the proposed changes to our Remuneration Policy (as detailed on page 142). Specific shareholder views about remuneration are also communicated to the Committee on an ongoing basis through inclusion in Board reports of shareholder feedback and statements made by representative associations. The Committee remains committed to ongoing dialogue and shareholders and representative bodies are able to contact the Committee Chairman directly if they wish to do so.

Service contracts

Executive directors

The Company's policy on notice periods and in relation to termination payments is set out in the Policy table on page 148. Apart from their service contracts, no director has had any material interest in any contract with the Company or its subsidiaries.

The executive directors' service contracts, which are available for inspection at the Company's registered office, do not contain fixed-term periods.

Non-executive directors

Letters of appointment for the Chairman and non-executive directors do not contain fixed term periods; however, they are appointed with the expectation that they will serve for a minimum of six years, subject to satisfactory performance and re-election at Annual General Meetings.

Dates of appointment and notice periods for directors are set out below:

	Date of appointment to Board	Notice period where given by the Company	Notice period where given by the director
Chairman			
Michael Roney	14 February 2017*	12 months	6 months
Executive directors			
Lord Wolfson	3 February 1997	12 months	6 months
Jonathan Blanchard	26 July 2024	12 months	6 months
Richard Papp	14 May 2018	12 months	6 months
Jane Shields	1 July 2013	12 months	6 months
Jeremy Stakol	3 April 2023	12 months	6 months
Non-executive directors			
Jonathan Bewes	3 October 2016	1 month	1 month
Venetia Butterfield	2 April 2024	1 month	1 month
Soumen Das	1 September 2021	1 month	1 month
Tom Hall	13 July 2020	1 month	1 month
Dame Tristia Harrison	25 September 2018	1 month	1 month
Amy Stirling	2 April 2024	1 month	1 month

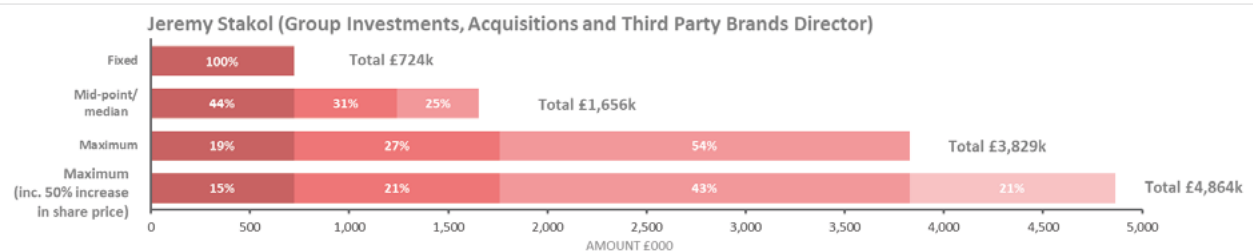
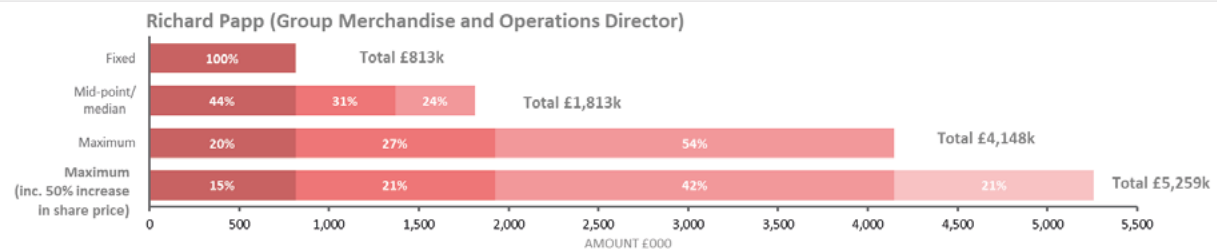
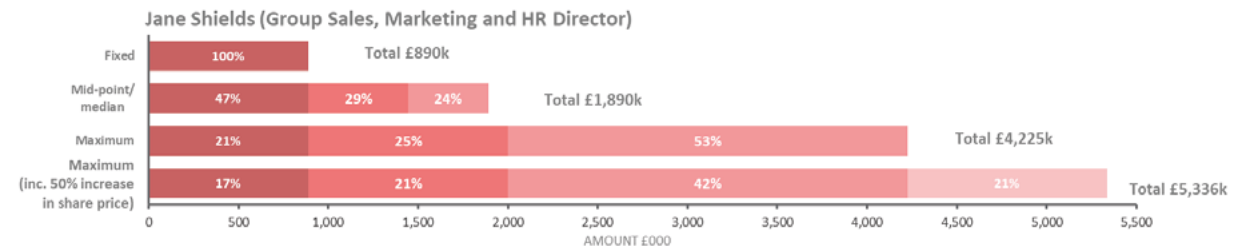
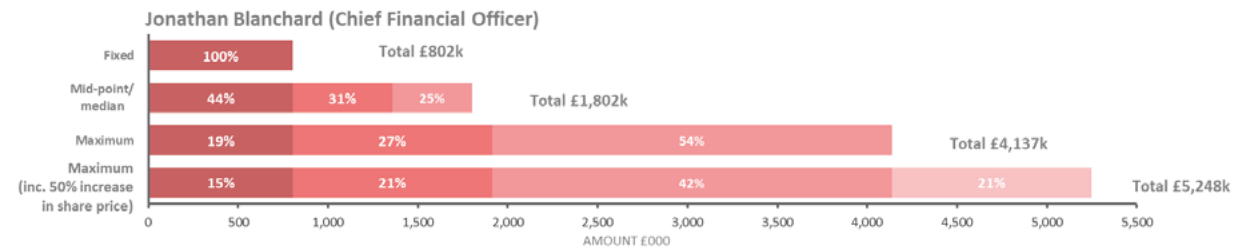
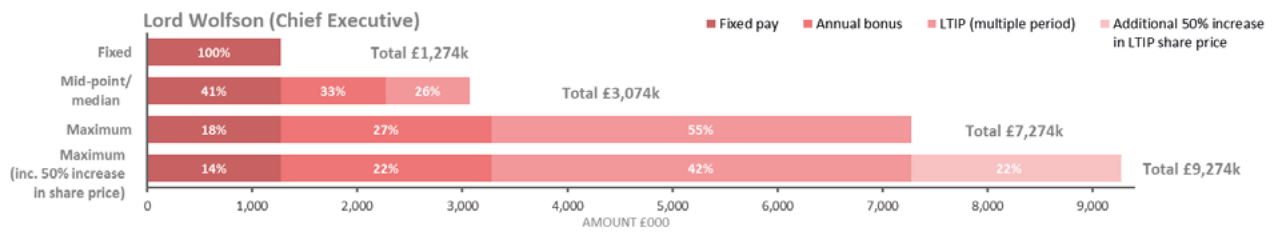
* Appointed Chairman on 2 August 2017

REMUNERATION REPORT

Total remuneration opportunity

The Committee’s objective is to ensure that the remuneration paid to senior executives is appropriate in both amount and structure, is directly linked to the Company’s annual and longer term performance and is aligned with the interests of shareholders. Careful consideration is given to ensuring there is an appropriate balance in the remuneration structure between annual and long term rewards, as well as between cash and share-based payments.

The following charts indicate the level of remuneration that could be received by each executive director in accordance with the proposed Directors’ Remuneration Policy at different levels of performance. The overall level of executive director pay remains at median levels compared with that available at other equivalently sized FTSE 100 companies and the maximum remuneration indicated in the charts below reflects the Committee’s conservative approach to executive pay.



In the charts on page 152, the following assumptions have been made:

Fixed/minimum	Base salaries and salary supplement values as at 2026/27, and benefits values as shown in 2025/26 single figure of remuneration. The pension value for Lord Wolfson has been assumed at 19% of his salary (see pages 146 and 159).
Mid-point/median	Includes the performance-related pay a director would receive in the scenario where: <ul style="list-style-type: none"> • 50% of the maximum annual bonus is earned. • LTIP performance results in a threshold performance level and therefore 20% of the maximum award would vest.
Maximum	Includes the performance-related pay a director would receive in the scenario where performance equalled or exceeded maximum targets: <ul style="list-style-type: none"> • Maximum bonus at 200% of salary for the Chief Executive and 150% for other executive directors. • LTIP performance results in a stretch performance level and therefore 100% of the maximum award would vest.
Maximum inc. 50% growth in share price across relevant performance period	As for the maximum scenario above, plus an increase in the value of the LTIP of 50% across the relevant performance period to reflect possible share price appreciation. Consistent with the reporting regulations, this does not separately include the impact of dividend accrual.

NEXT employment conditions generally

Pay structures and employment conditions for other Group employees are driven by market and role comparatives and are also considered by the Committee to ensure that any differences for directors are justified. Salary increases for the wider employee group are taken into consideration when determining increases for executive directors and senior management.

In common with executive directors, all other employees are eligible to participate in annual bonus arrangements. The targets for these are linked to performance of the Group, their operating function or personal performance.

These other employees are provided with a competitive package of benefits that includes the opportunity to participate in the Group's pension arrangements, participate in the Group's Sharesave scheme and receive staff discount on Group merchandise. In addition, the NEXT Management Share Option Plan provides for options over shares, exercisable between three and ten years following their grant, to be allocated to certain Group employees. This plan is primarily aimed at middle management and senior store staff. Options are set at the prevailing market price at the time of grant and are generally granted annually.

The Company also operates a Share Matching Plan for certain senior managers below Board level to encourage them to invest in shares in the Company and receive a related matching award of shares based on certain underlying fully diluted NEXT Group pre-tax EPS targets being achieved which are set by the Remuneration Committee.

To help align employees' interests with the Company's performance and enable them to share in the Company's success, we operate an all-employee Save As You Earn scheme in the UK, in which all permanent NEXT UK employees (including executive directors) are eligible to participate.

The Company did not consult with employees when drawing up the Directors' Remuneration Policy but has communicated its recommended approach to all employees. The Committee does not generally use any formal internal comparison metrics when setting directors' remuneration, other than the consideration of employee pay as described above, but has sought advice from FIT Remuneration Consultants LLP from time to time on the appropriateness and competitiveness of remuneration structures in place within the Company.

REMUNERATION REPORT

Part 3: Annual Remuneration Report

This Annual Remuneration Report comprises a number of sections:

Implementation of Remuneration Policy	page 154	Performance and CEO remuneration comparison	page 166
Single total figure of remuneration	page 156	Analysis of Chief Executive's pay over ten years	page 166
Total remuneration	page 158	Annual change in remuneration of each director compared to employees	page 167
Executive directors' external appointments	page 159	Pay ratios	page 167
Pension entitlements	page 159	Relative importance of spend on pay	page 168
Directors' shareholding and share interests	page 160	Dilution of share capital by employee share plans	page 168
Scheme interests awarded during the financial year	page 164	Consideration of matters relating to directors' remuneration	page 168
Deferred bonus	page 164	Voting outcomes at General Meetings	page 169
Performance targets for outstanding LTIP awards	page 165		
Payments to retired director	page 165		
Payments for loss of office and to past directors	page 165		

Annual Remuneration Report

This Annual Remuneration Report, together with the Annual Statement on pages 138 to 142 and 154 to 169, will be put to shareholders for an advisory (non-binding) vote at the AGM to be held on 21 May 2026. Sections which have been subject to audit are noted accordingly.

Implementation of Remuneration Policy

The Committee has implemented the Remuneration Policy approved by shareholders at the AGM in May 2023. The table below sets out the way that the Policy was implemented in 2025/26 and any significant changes in the way it will be implemented in 2026/27.

Element of remuneration	Policy implemented during 2025/26 and changes in 2026/27	
Base salary	As outlined on page 140, we increased the base salaries for Jonathan Blanchard and Jeremy Stakol by 16.7% and 8.6% respectively during the year. Base salaries for all executives in the year ahead will increase by 3.0% compared with base salary increases on average of 4.3% for the wider Company award.	
	The base annual salaries for the executive directors for 2026/27, effective from 1 April 2026, are as follows. The 2025/26 salaries reflect the base salary changes effective 1 April 2025 for a proportion of the year:	
£000	2026/27	2025/26
Lord Wolfson	1,000	971
Jonathan Blanchard	741	617
Richard Papp	741	720
Jane Shields	741	720
Jeremy Stakol	690	617

Element of remuneration	Policy implemented during 2025/26 and changes in 2026/27
Annual bonus	<p>For the year to January 2026, performance targets were set based on requiring NEXT Group pre-tax EPS of at least 917.1p (+8.5% on 2024/25), adjusted for special dividends and excluding exceptionals. At this threshold, 30% of salary was payable. A maximum bonus of 150% of salary was payable if NEXT Group pre-tax EPS growth was +16.5% (984.7p). These targets apply to all executive directors.</p> <p>NEXT Group pre-tax EPS growth achieved in the year was +17.2% versus 2024/25, being 990.7p. In accordance with the bonus formula, a bonus of 150% of salary was earned which the Committee considered appropriate and approved without adjustment.</p> <p>For the year to January 2027, the bonus structure will remain unchanged. Bonus performance targets for the year ahead (which remain based on NEXT Group pre-tax EPS) have been set but are not disclosed in advance for reasons of commercial sensitivity. The targets and performance will be disclosed in next year's Remuneration Report and the Committee ensures that a mechanism exists so that executive directors are not incentivised to recommend share buybacks to the Board in preference to special dividends, or vice versa. This is achieved by making a notional adjustment to EPS growth for special dividends (and similar events as appropriate), on the basis that the cash distributed had instead been used to purchase shares at the prevailing share price on the day of the special dividend payment.</p>
LTIP	<p>No change in 2025/26. See Note 4 to the single total figure of remuneration table for details of LTIP vestings in the year.</p> <p>As detailed on page 139, the new Remuneration Policy proposal is to change the performance condition to an EPS-led measure. The first half LTIP will not be granted until after the 2026 AGM subject to shareholder approval of the proposed new Remuneration Policy, and a second half LTIP will be granted on the basis set out on page 145.</p> <p>Consistent with market practice, the LTIP awards increase to reflect dividends (and similar events as appropriate), paid over the period to vesting (assuming reinvestment at the prevailing share price). See page 145 for details of the performance conditions applied to LTIPs.</p>
Recovery and withholding provisions	<p>No change. The Committee previously introduced recovery and withholding provisions in the service contracts of all executive directors to cover the bonus and LTIP, with the latter covered for five years from the date of the initial grant (comprising the three year vesting period and a two year holding period for any shares that vest, net of tax, under the relevant grant), except where the holding period would otherwise extend beyond a post-cessation period (see below). See page 149 for details of the malus and clawback provisions in the service contracts of the executive directors.</p>
Chairman and non-executive director fees	<p>The fees of the Chairman and non-executive directors will be increased by 3.0% from 1 April 2026. The Chairman, Michael Roney, will be paid an annual fee of £420,266 (2025/26: £408,025). The basic non-executive director fee for 2026/27 will increase to £80,938 (2025/26: £78,580), with a further £23,125 (2025/26: £22,452) paid to the Chairman of each of the Audit and Remuneration Committees respectively, and £13,875 (2025/26: £13,471) paid to the Senior Independent Director.</p>
Pension	<p>No change. The total of Lord Wolfson's Company contribution and salary supplement was 19% of his 2025/26 salary, five percentage points lower than the previous capped DB pension accrual plus salary supplement of 24% he received before 2024/25.</p> <p>The value of overall pension provision is consistent with the wider workforce for each director compared with colleagues with an equivalent length of service.</p>
Shareholding requirement	<p>No change. Under the new Policy, it is proposed that the shareholder requirement increases from 225% to 400% for the Chief Executive and 300% for executive directors.</p>
Post-cessation shareholding requirement	<p>No change. One year post-cessation.</p> <p>Under the new Policy, LTIP awards granted to executive directors which vest must be taken in shares and the net shares (after payment of tax and NIC) must be held for a minimum period of two further years, except where the holding period would otherwise extend beyond this post-cessation period.</p>
Other benefits	<p>No change.</p>
Save As You Earn scheme (Sharesave)	<p>No change.</p>

Single total figure of remuneration (audited information)

Directors' remuneration

E000	Fixed Remuneration				Variable Remuneration				Total remuneration	
	Salary/fees ^a	Benefits ¹	Pension ²	Total fixed	Annual bonus ³	LTIIP ⁴	Sharesave ⁵	Total variable	2025/26	2024/25
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
Chairman										
Michael Roney	406	397	5	414	-	-	-	-	414	402
Executive directors										
Lord Wolfson	967	944	46	1,236	1,451	2,728	-	6,190	7,426	4,909
Jonathan Blanchard ^b	614	310	269	671	921	-	3	921	1,592	926
Richard Papp	716	700	32	787	1,074	1,611	-	3,870	4,657	3,134
Jane Shields	716	700	11	861	1,074	1,611	-	3,870	4,731	3,183
Jeremy Stakol ^c	614	600	29	648	921	618	3	2,800	3,448	1,896
Non-executive directors										
Jonathan Bewes	114	111	1	116	-	-	-	-	116	112
Venetia Butterfield ^d	78	64	4	82	-	-	-	-	82	68
Soumen Das	78	76	2	80	-	-	-	-	80	77
Tom Hall	101	98	2	103	-	-	-	-	103	99
Dame Tristia Harrison	78	76	2	80	-	-	-	-	80	77
Amy Stirling ^d	78	64	3	81	-	-	-	-	81	67
	4,560	4,140	403	5,159	5,441	12,207	3	17,651	22,810	14,950

a. The salaries shown in the single figure table above reflect that the annual pay award, effective 1 April 2025, was not in effect for the first two months of this financial year.

b. Jonathan Blanchard became CFO in July 2024, also joining the Board of NEXT plc at that time. Save for the relocation allowance he received, the table above shows his 2024/25 remuneration only for the period he was on the Board.

c. Jeremy Stakol was granted phantom LTIIP awards before joining the Board, see page 163 for further information. These mirror the conditional LTIIP awards in all respects, save for being cash settled.

d. Venetia Butterfield and Amy Stirling joined the Board on 2 April 2024.

e. The Sharesave values in the single figure table above reflect the number of options granted during the year, multiplied by the difference between the average NEXT share price over the final three months of the financial year and the Sharesave option price.

Total emoluments paid to directors (salary/fees, benefits, salary supplements and annual bonus) for the year to January 2026 were £10,555,000 (2025: £9,134,000, which included payments made to former directors).

Note 1: Benefits

Jonathan had reached the annual pension allowance limit (i.e. the total amount of contributions that can be paid to defined contribution pension schemes and the total amount of benefits that can build up in DB pension schemes each year, for UK income tax relief purposes), he opted to receive an equivalent cash supplement in lieu of this Company contribution. This is consistent with the Remuneration Policy and with the pension provision and alternatives available to other members of the same defined contribution schemes who have exceeded the annual limits.

Supplements of 15% of base salary are paid to Lord Wolfson and Jane Shields in lieu of past changes to their pension arrangements. Jane Shields has received this supplement from 2011 and Lord Wolfson from 2012. As noted on page 159, with effect from April 2024, Lord Wolfson also receives an additional salary supplement of 5% of his pensionable earnings as of October 2012. Richard Papp is a deferred member of both the defined benefit scheme and a NEXT defined contribution pension scheme and receives a supplement of 5% of base salary.

Note 3: Annual bonus

For the year to January 2026, performance targets were set based on requiring NEXT Group pre-tax EPS of at least 900.2p (+6.5% on 2024/25), adjusted for special dividends. At this threshold, a bonus of 18% of salary was payable. A maximum bonus of 150% of salary was payable if NEXT Group pre-tax EPS growth was +16.5% (984.7p). NEXT Group pre-tax EPS growth achieved in the year was +17.2% versus 2024/25, being 990.7p.

In accordance with the bonus formula, 150% bonus was earned which the Committee considered to be appropriate and approved without adjustment, for the reasons set out on pages 138 to 139. Annual bonus over 100% of base salary is payable in shares, deferred for two years and subject to forfeiture if the director voluntarily resigns.

Note 4: LTIP

Two awards reached the end of their performance periods during the financial year and the vesting results are shown in the tables overleaf. The Committee concluded that the indicative formulaic levels of vesting were appropriate and allowed such vesting without adjustment. The executives are required to retain LTIP shares that vest, net of any tax, for two years.

Note 4 continued overleaf.

£000	Car/chauffeur charges/cash allowance		Fuel		Medical insurance and NEXT clothing allowance		Relocation allowance		Total	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
Michael Roney	-	-	-	-	2	1	-	-	2	1
Lord Wolfson	41	41	1	1	6	4	-	-	48	46
Jonathan Blanchard	33	17	1	-	5	2	-	250	39	269
Richard Papp	29	27	1	1	5	4	-	-	35	32
Jane Shields	25	6	9	2	4	3	-	-	38	11
Jeremy Stakol	27	26	1	1	5	2	-	-	33	29

The one-off relocation allowance paid to Jonathan Blanchard in 2024/25 was in respect of him relocating to our Leicester Head Office to take up his role as CFO.

The benefit amounts relating to non-executive directors not shown in the Benefits table above represent travel and subsistence costs incurred in attending NEXT plc Board and associated meetings. These costs were borne by the Company.

Note 2: Pension

See page 159 for details of changes to Lord Wolfson's pension arrangements.

The DB pension entitlement of Lord Wolfson on retirement at age 65 is based on the pensionable service up to April 2024 as follows, and thereafter grows based on an inflation linked index:

Age at January 2026	Years of pensionable service		Accrued annual pension £000	Change in accrued annual pension £000	Change in accrued annual pension net of inflation £000
	2025/26	2024/25			
Lord Wolfson	58	30	516	11	2

Directors' DB pension arrangements are subject to the same actuarial reduction as other employees on termination or early retirement.

Jonathan Blanchard and Jeremy Stakol were members of NEXT defined contribution schemes during the year. For Jeremy, the Company contributes 3% of his salary into an auto-enrolment scheme, subject to an upper earnings threshold. Jonathan made a contribution equal to 3% of his salary into his pension plan for just over two months of this year, which was matched by the Company (2024/25: two months of that year). At the point

REMUNERATION REPORT

LTIP vesting outcome

TSR compared with the comparator group for performance period ended	Threshold (20%)	Maximum (100%)	Actual position in comparator group	Vesting percentage	Share price at vest
July 2025	Median	Upper quintile	2/20	100%	£123.75
January 2026	Median	Upper quintile	2/20	100%	£138.77 ¹

1. This is the average NEXT share price over the final three months of the financial year and has been used in the single figure table to estimate the value of this award as it has not yet vested.

LTIP vesting outcome - value of awards

	Total number of awards granted	Value of award at grant (£000)	End of performance period	Vesting percentage	Number of awards vesting	Vesting date	Value attributable to share price movement (£000)	Value of LTIP shares vesting (£000)	Value of dividend equivalents (£000)	Value of LTIP award (single figure) (£000)
Simon Wolfson	15,581	973	July 2025	100%	15,581	Sept 2025	955	1,928	153	2,081
	17,387	1,022	January 2026	100%	17,387	March 2026	1,391	2,413	245	2,658
Richard Papp	9,197	574	July 2025	100%	9,197	Sept 2025	564	1,138	90	1,228
	10,263	603	January 2026	100%	10,263	March 2026	821	1,424	144	1,568
Jane Shields	9,197	574	July 2025	100%	9,197	Sept 2025	564	1,138	90	1,228
	10,263	603	January 2026	100%	10,263	March 2026	821	1,424	144	1,568
Jeremy Stokol	3,531	221	July 2025	100%	3,531	Sept 2025	216	437	35	472
	9,190	540	January 2026	100%	9,190	March 2026	735	1,275	129	1,404

LTIP values included in the single figure table for the 2024/25 comparative figures have been updated to reflect the actual market values of the LTIP awards that vested on 31 March 2025 of £110.85 per share.

Total remuneration

The Committee's objective is to ensure that the remuneration paid to senior executives is appropriate in both amount and structure, is directly linked to the Company's annual and longer term performance, and is aligned with the interests of shareholders.

Executive directors' external appointments

No current executive director holds any non-executive directorships outside the Group.

Pension entitlements (audited information)

Pension entitlements for the Executive Directors are set out below:

- Lord Wolfson, Jane Shields and Richard Papp are deferred members of the defined benefit 2013 Plan, which has been approved by HMRC.
- Richard Papp is also a deferred member of a defined contribution scheme.
- Jeremy Stakol and Jonathan Blanchard are active members of defined contribution schemes.
- Until 1 April 2024, Lord Wolfson was accruing service in an unfunded, unapproved supplementary pension arrangement (SPA) (see below).

Shortly after joining NEXT in 1991, Lord Wolfson became a member of the DB pension scheme, as was normal practice at NEXT and across the market more widely at the time. In 2012, the value of Lord Wolfson's DB pension benefits was reduced when his salary was frozen for DB pension purposes and he began to receive a 15% salary supplement as part of a renegotiation of terms by the Company. From February 2020, in addition, Lord Wolfson volunteered to cap the service accrual under his DB pension annually so that the single figure value attributed to the DB portion of his pension was no more than 9% of salary (giving a single figure of DB pension and salary supplement in aggregate of up to 24% of salary).

Effective from 1 April 2024, Lord Wolfson became a deferred member of the DB pension scheme and received a salary supplement at 5% of his pensionable earnings as at October 2012 (being a contribution of £36k), which is consistent with the treatment of other colleagues who ceased to accrue DB benefits. This is in addition to the 15% salary supplement paid to Lord Wolfson since 2012 which is in lieu of past changes to his pension. The total of Lord Wolfson's Company contribution and salary supplement was 19% of his 2025/26 salary, five percentage points lower than the previous capped DB pension accrual plus salary supplement of 24% he received before 2024/25.

Under the terms of the DB scheme, Lord Wolfson was entitled, on retirement at age 65, to receive a pension equal to two thirds of his pensionable earnings as at October 2012. The pension accrued uniformly throughout his pensionable service, subject to completion of at least 20 years' pensionable service by age 65. Following the change to being a deferred member, Lord Wolfson's pension entitlement on retirement at age 65 is based on the pensionable service up to April 2024, and thereafter grows based on an inflation linked index. This is consistent with the terms agreed with all other active members of the 2013 defined benefit plan which was closed to future service accrual in April 2024.

The deferred defined benefit pensions for Jane Shields and Richard Papp are based on their pensionable earnings at the time they became deferred pensioners and accrued uniformly throughout their pensionable service.

All the executive directors are on pension arrangements no more generous than those offered to the wider colleague population recruited at the same time as them so that the pension proposals align with the relevant all-employee populations. Our executive directors receive pension contributions and/or salary supplements which are consistent with the levels available to staff at the time they joined and, therefore, consistent with the benefits enjoyed by other staff with an equivalent length of service. For many years, employees promoted to the Board have not received any enhancement to their pension provision upon joining the Board.

Currently, the DB Plan provides a lump sum death in service benefit and dependants' pensions on death in service or following retirement. In the case of ill-health retirement, only the accrued pension is payable. All benefits are subject to 2013 Plan limits. Increases to pensions in payment are at the discretion of the Trustee although pensionable service post 1997 is subject to limited price indexation. From 2006, sales and profit related bonuses were excluded from pensionable earnings and the normal retirement age was increased from 60 to 65. There are no additional benefits payable to directors in the event of early retirement.

Further information on the Group's DB and defined contribution pension arrangements is provided in Note 21 to the financial statements.

REMUNERATION REPORT

Directors' shareholding and share interests (audited information)

Directors' interests

Directors' interests in shares (including those of their connected persons) at the beginning and end of the financial year were as follows:

	Ordinary shares		Deferred Bonus Shares ¹		LTIP ²		Sharesave ³	
	2026	2025	2026	2025	2026	2025	2026	2025
Lord Wolfson ⁴	985,282	1,119,313	5,606	4,978	77,564	85,379	270	270
Jonathan Bewes	1,750	1,750	-	-	-	-	-	-
Jonathan Blanchard	54,037	54,037	399	-	28,225	15,513	194	194
Venetia Butterfield	22	22	-	-	-	-	-	-
Soumen Das	1,289	1,289	-	-	-	-	-	-
Tom Hall	10,000	10,000	-	-	-	-	-	-
Dame Tristia Harrison	1,000	1,000	-	-	-	-	-	-
Richard Papp	17,461	18,141	465	-	50,562	52,156	-	-
Michael Roney	54,821	54,821	-	-	-	-	-	-
Jane Shields	26,954	67,528	465	-	50,562	52,156	262	262
Jeremy Stakol ⁵	110,256	106,317	399	-	44,376	35,195	98	208
Amy Stirling	472	nil	-	-	-	-	-	-

1. Full details of the basis of allocation and terms of the deferred bonus are set out on page 144.
2. The LTIP amounts above are the maximum potential conditional share awards that may vest, subject to performance conditions described on page 164.
3. Executive directors can participate in the Company's Sharesave scheme (see details on page 147) and the amounts above are the options which will become exercisable at maturity.
4. The connected persons of Lord Wolfson include The Charles Wolfson Charitable Trust which held 164,058 shares as at 31 January 2026 (2025: 164,058). These shares are not beneficially held by Lord Wolfson.
5. Includes shares jointly held with spouse.

There have been no changes to the directors' interests in the shares of the Company from the end of the financial year to 26 March 2026.

Share ownership guidelines

Under the current Policy, the minimum shareholding is 225% of salary for all executive directors. An executive director has up to five years from the date of appointment to acquire the minimum shareholding. Shares in which the executive director, their spouse/civil partner or minor children have a beneficial interest count towards the shareholding.

As at the 2025/26 financial year end, the shareholdings of the executives, based on the average share price over the preceding three months, were as follows:

	Date of appointment to Board	Shareholding % of base salary as at year end	Shareholding guidelines achieved
Lord Wolfson ¹	February 1997	11,737%	Yes
Jonathan Blanchard	July 2024	1,216%	Yes
Richard Papp	May 2018	337%	Yes
Jane Shields	July 2013	520%	Yes
Jeremy Stakol	April 2023	2,481%	Yes

1. The shares held by The Charles Wolfson Charitable Trust, detailed in the Directors' interests table above, are not included in Lord Wolfson's shareholding as he does not hold a beneficial interest in these.

Post-cessation shareholding guidelines apply to all executive directors. Directors must hold a minimum of 225% of their salary for one year post-cessation. The Committee will have the normal discretion to disapply this in exceptional circumstances. The post-cessation guidelines apply and are enforced through the retention of any (after-tax) shares vesting in respect of LTIP grants into an escrow account until an amount equal to 225% of salary is held.

The table below shows share awards held by directors and movements during the year. LTIPs and Deferred Bonus are conditional share awards, and Sharesaves are options. All awards are subject to performance conditions except for Sharesave options and Deferred Bonus. LTIP awards granted to executive directors which vest must be taken in shares and the net shares (after payment of tax and NIC) must be held for a minimum period of two further years.

	Date of award	Maximum receivable at start of financial year	Awarded during the year	Dividend accrual shares awarded in the year	Shares vested/ exercised in the year	Lapsed	Maximum receivable at end of financial year	Calculated price at award date ¹ £	Option/ award price £	Market price on date of vesting/ exercise £	Vesting date/ exercisable dates ²
Lord Wolfson											
LTIP	Mar 2022	12,245	-	1,071	(13,316)	-	-	79.46	nil	110.85	Jan 2025
	Sept 2022	15,581	-	1,235	(16,816)	-	-	62.45	nil	123.75	Jul 2025 ³
	Mar 2023	17,387	-	-	-	-	17,387	58.76	nil	-	Jan 2026 ³
	Sept 2023	15,194	-	-	-	-	15,194	67.24	nil	-	Jul 2026
	Mar 2024	13,315	-	-	-	-	13,315	79.80	nil	-	Jan 2027
	Sept 2024	11,657	-	-	-	-	11,657	91.15	nil	-	Jul 2027
	Mar 2025	-	11,235	-	-	-	11,235	97.22	nil	-	Jan 2028
	Oct 2025	-	8,776	-	-	-	8,776	124.46	nil	-	Jul 2028
		85,379					77,564				
Deferred bonus	Apr 2024	4,978	-	-	-	-	4,978	91.20	nil	-	Apr 2026
	Apr 2025	-	628 ⁴	-	-	-	628	120.40	nil	-	Apr 2027
		4,978					5,606				
Sharesave	Oct 2023	270	-	-	-	-	270	-	58.50	-	Dec 2028 - Jun 2029
Jonathan Blanchard											
LTIP	Mar 2024	8,108	-	-	-	-	8,108	79.80	nil	-	Jan 2027
	Sept 2024	7,405	-	-	-	-	7,405	91.15	nil	-	Jul 2027
	Mar 2025	-	7,137	-	-	-	7,137	97.22	nil	-	Jan 2028
	Sept 2025	-	5,575	-	-	-	5,575	124.46	nil	-	Jul 2028
		15,513					28,225				
Deferred bonus	Apr 2025	-	399 ⁴	-	-	-	399	120.40	nil	-	Apr 2027 Dec 2029
Sharesave	Oct 2024	194	-	-	-	-	194	-	80.80	-	Jun 2030

REMUNERATION REPORT

	Date of award	Maximum receivable at start of financial year	Awarded during the year	Dividend accrual shares awarded in the year	Shares vested/ exercised in the year	Lapsed	Maximum receivable at end of financial year	Calculated price at award date ¹ £	Option/award price £	Market price on date of vesting/ exercise £	Vesting date/ exercisable dates ²
Richard Papp											
LTIP	Mar 2022	7,228	-	633	(7,861)	-	-	79.46	nil	110.85	Jan 2025
	Sept 2022	9,197	-	728	(9,925)	-	-	62.45	nil	123.75	Jul 2025 ³
	Mar 2023	10,263	-	-	-	-	10,263	58.76	nil	-	Jan 2026 ³
	Sept 2023	8,969	-	-	-	-	8,969	67.24	nil	-	Jul 2026
	Mar 2024	7,859	-	-	-	-	7,859	79.80	nil	-	Jan 2027
	Sept 2024	8,640	-	-	-	-	8,640	91.15	nil	-	Jul 2027
	Mar 2025	-	8,327	-	-	-	8,327	97.22	nil	-	Jan 2028
	Oct 2025	-	6,504	-	-	-	6,504	124.46	nil	-	Jul 2028
		52,156					50,562				
Deferred bonus	Apr 2025	-	465 ⁴	-	-	-	465	120.40	nil	-	Apr 2026
Jane Shields											
LTIP	Mar 2022	7,228	-	633	(7,861)	-	-	79.46	nil	110.85	Jan 2025
	Sept 2022	9,197	-	728	(9,925)	-	-	62.45	nil	123.75	Jul 2025 ³
	Mar 2023	10,263	-	-	-	-	10,263	58.76	nil	-	Jan 2026 ³
	Sept 2023	8,969	-	-	-	-	8,969	67.24	nil	-	Jul 2026
	Mar 2024	7,859	-	-	-	-	7,859	79.80	nil	-	Jan 2027
	Sept 2024	8,640	-	-	-	-	8,640	91.15	nil	-	Jul 2027
	Mar 2025	-	8,327	-	-	-	8,327	97.22	nil	-	Jan 2028
	Oct 2025	-	6,504	-	-	-	6,504	124.46	nil	-	Jul 2028
		52,156					50,562				
Deferred bonus	Apr 2025	-	465 ⁴	-	-	-	465	120.40	nil	-	Apr 2026
										-	Dec 2026
Sharesave	Oct 2021	41	-	-	-	-	41	-	64.53	-	- Jun 2027
	Oct 2023	221	-	-	-	-	221	-	58.50	-	- Jun 2029
		262					262				

Date of award	Maximum receivable at start of financial year	Awarded during the year	Dividend accrual shares awarded in the year	Shares vested/ exercised in the year	Lapsed	Maximum receivable at end of financial year	Calculated price at award date ¹ £	Option/award price £	Market price on date of vesting/ exercise £	Vesting date/ exercisable dates ²	
Jeremy Stakol											
LTIP	Mar 2022 ⁵	2,775	-	243	(3,018)	-	-	79.46	nil	110.85	Jan 2025
	Sept 2022	3,531	-	279	(3,810)	-	-	62.45	nil	123.75	Jul 2025 ³
	Mar 2023	9,190	-	-	-	-	9,190	58.76	nil	-	Jan 2026 ³
	Sept 2023	8,031	-	-	-	-	8,031	67.24	nil	-	Jul 2026
	Mar 2024	7,038	-	-	-	-	7,038	79.80	nil	-	Jan 2027
	Sept 2024	7,405	-	-	-	-	7,405	91.15	nil	-	Jul 2027
	Mar 2025	-	7,137	-	-	-	7,137	97.22	nil	-	Jan 2028
	Oct 2025	-	5,575	-	-	-	5,575	124.46	nil	-	Jul 2028
		37,970					44,376				
Deferred bonus	Apr 2025	-	399 ⁴	-	-	-	399	120.40	nil	-	Apr 2026
										-	Dec 2025
Sharesave	Oct 2022	186	-	-	(186)	-	-	-	38.69	141.00	- Jun 2026
										-	Dec 2027
	Oct 2024	22	-	-	-	-	22	-	80.80	-	- Jun 2028
										-	Dec 2028
	Oct 2025	-	76 ⁶	-	-	-	76	-	95.28	-	- Jun 2029
		208					98				

- The calculated LTIP price at the award date is NEXT's average share price over the three months before the start of the performance period.
- For LTIP awards, the date in this column is the end of the three year performance period. Actual vesting will be the date on which the Committee determines whether any performance conditions have been satisfied, or shortly thereafter.
- See page 158 for details of the performance conditions and vesting levels applicable to the LTIP schemes with performance periods ending in the financial year 2025/26. Awards are increased to reflect dividends paid over the period from grant to vesting (assuming reinvestment at the prevailing share price) with such shares added on vesting.
- The face value of the April 2025 deferred bonus award reflects the portion of the annual bonus for the year to January 2025 over 100% base salary, which was 8% of salary. The share price of £120.40 per share used to determine the award was the closing NEXT plc share price on 25 April 2025, which was the date the cash element of the bonus was paid.
- Jeremy Stakol was granted phantom LTIP awards before joining the Board. These mirror the conditional LTIP awards in all respects save for being cash settled.
- On 17 October 2025, Jeremy Stakol held 76 options granted under the Sharesave scheme with an exercise price of £95.28 per share (the 20% discounted option price) and they can, subject to their terms, be exercised between 1 December 2028 and 1 June 2029.

The aggregate gains of directors arising from any exercise of options granted under the Sharesave scheme that vested in the 2025/26 year totalled £19k (2024/25: £5k), which related to Jeremy Stakol's Sharesave exercise on 1 December 2025. At the end of the year there were no options that had vested but not yet been exercised.

REMUNERATION REPORT

Scheme interests awarded during the financial year ended January 2026 (audited information)

LTIP																									
Face value	In respect of the LTIP conditional share awards granted during the year 2025/26, the maximum "face value" of awards (i.e. the maximum number of shares that would vest if all performance measures are met, multiplied by the share price used to determine the award) is summarised below. Awards are granted twice a year at 112.5% of base salary.																								
	<table border="1"> <thead> <tr> <th></th> <th>Apr 2025 £000</th> <th>Oct 2025 £000</th> <th>Total £000</th> </tr> </thead> <tbody> <tr> <td>Lord Wolfson</td> <td>1,092</td> <td>1,092</td> <td>2,184</td> </tr> <tr> <td>Jonathan Blanchard</td> <td>694</td> <td>694</td> <td>1,388</td> </tr> <tr> <td>Richard Papp</td> <td>810</td> <td>810</td> <td>1,620</td> </tr> <tr> <td>Jane Shields</td> <td>810</td> <td>810</td> <td>1,620</td> </tr> <tr> <td>Jeremy Stakol</td> <td>694</td> <td>694</td> <td>1,388</td> </tr> </tbody> </table>		Apr 2025 £000	Oct 2025 £000	Total £000	Lord Wolfson	1,092	1,092	2,184	Jonathan Blanchard	694	694	1,388	Richard Papp	810	810	1,620	Jane Shields	810	810	1,620	Jeremy Stakol	694	694	1,388
	Apr 2025 £000	Oct 2025 £000	Total £000																						
Lord Wolfson	1,092	1,092	2,184																						
Jonathan Blanchard	694	694	1,388																						
Richard Papp	810	810	1,620																						
Jane Shields	810	810	1,620																						
Jeremy Stakol	694	694	1,388																						
Vesting if minimum performance achieved	20% of the entitlement will be earned for relative TSR at median. Full vesting requires relative TSR in the upper quintile.																								
Performance period	April 2025 grant: three years to January 2028. October 2025 grant: three years to July 2028.																								
Performance measures	Performance is measured over three years. Currently, performance is measured based on NEXT's TSR against a group of other UK listed retail companies.																								
	<table border="1"> <thead> <tr> <th>Relative performance</th> <th>Percentage vesting</th> </tr> </thead> <tbody> <tr> <td>Below median</td> <td>0%</td> </tr> <tr> <td>Median</td> <td>20%</td> </tr> <tr> <td>Upper quintile</td> <td>100%</td> </tr> </tbody> </table> <p>If no entitlement has been earned at the end of a three-year performance period then that award will lapse; there is no retesting. The companies in the TSR comparator group for awards granted during the financial year are set out in the table on page 165.</p>	Relative performance	Percentage vesting	Below median	0%	Median	20%	Upper quintile	100%																
Relative performance	Percentage vesting																								
Below median	0%																								
Median	20%																								
Upper quintile	100%																								
Dividend roll-up	The award will be increased to reflect dividends paid over the period from grant to vesting (assuming reinvestment at the prevailing share price).																								

Deferred bonus (audited information)

In addition to the scheme interests detailed above, any annual bonus over 100% of base salary is payable in shares, deferred for two years and subject to forfeiture if the executive voluntarily resigns before the end of that period. The award may be increased to reflect dividends paid over the period to vesting (assuming reinvestment at the prevailing share price) with such shares added on vesting. The value of the 2025/26 deferred bonus payable to the executives is included in the single total figure of remuneration on page 156.

Performance targets for outstanding LTIP awards (audited information)

Details of the comparator groups for the LTIP three year performance periods commencing August 2022 are shown below.

Comparator Group Companies	Performance period commencing:						
	Aug 22	Feb 23	Aug 23	Feb 24	Aug 24	Feb 25	Aug 25
AO World	✓	✓	✓	✓	✓	✓	✓
ASOS	✓	✓	✓	✓	✓	✓	✓
B&M European Value Retail	✓	✓	✓	✓	✓	✓	✓
Boohoo	✓	✓	✓	✓	✓	✓	✓
Burberry	✓	✓	✓	✓	✓	✓	✓
Currys	✓	✓	✓	✓	✓	✓	✓
DFS	✓	✓	✓	✓	✓	✓	✓
Dr Martens	✓	✓	✓	✓	✓	✓	✓
Dunelm	✓	✓	✓	✓	✓	✓	✓
Halfords	✓	✓	✓	✓	✓	✓	✓
J Sainsbury	✓	✓	✓	✓	✓	✓	✓
JD Sports Fashion	✓	✓	✓	✓	✓	✓	✓
Kingfisher	✓	✓	✓	✓	✓	✓	✓
Marks and Spencer	✓	✓	✓	✓	✓	✓	✓
N Brown ¹	✓	✓	✓	X	X	X	X
Pets at Home	✓	✓	✓	✓	✓	✓	✓
Tesco	✓	✓	✓	✓	✓	✓	✓
Watches of Switzerland	✓	✓	✓	✓	✓	✓	✓
WH Smith	✓	✓	✓	✓	✓	✓	✓

1. N Brown delisted in February 2025. Following our established practice, it was removed from the comparator group for awards where less than 18 months of the performance period had elapsed (i.e. performance periods commencing February 2024 and August 2024).

Payments to retired director (audited information)

Amanda James stepped down as Group Finance Director with effect from 26 July 2024 and retired from the business on 26 September 2024. She received no compensation payments in lieu of notice or otherwise. As a good leaver, her entitlement to outstanding LTIP awards was time pro-rated proportionately to her actual period of service. During the financial year 2025/26, two LTIP awards (granted in March 2022 and September 2022), vested after her retirement. These share options were valued at £1,591,395 upon vesting, and net shares released (after payment of tax and NIC) were valued at £844,254. Amanda also received an annual bonus of £466,667 and 310 bonus shares, deferred to April 2027, which related to 2024/25 Company performance. The 310 bonus shares had a market value of £37,333, determined by the closing share price on 25 April 2025 of £120.40, being the date of payment of the 2024/25 bonus.

Jane Shields will step down from the Board with effect from 21 May 2026 and remain employed by the Company to ensure an orderly transition until 30 September 2026. As a retiree, Jane will be treated as a good leaver in accordance with the Directors' Remuneration Policy, the scheme rules and her service contract so will retain her LTIP awards and deferred bonus awards with the former subject to pro-rating to the date of her departure. She will be eligible to be considered for a bonus for her period of continued employment. She will not receive any compensation payments in lieu of notice or otherwise.

Payments for loss of office and to past directors (audited information)

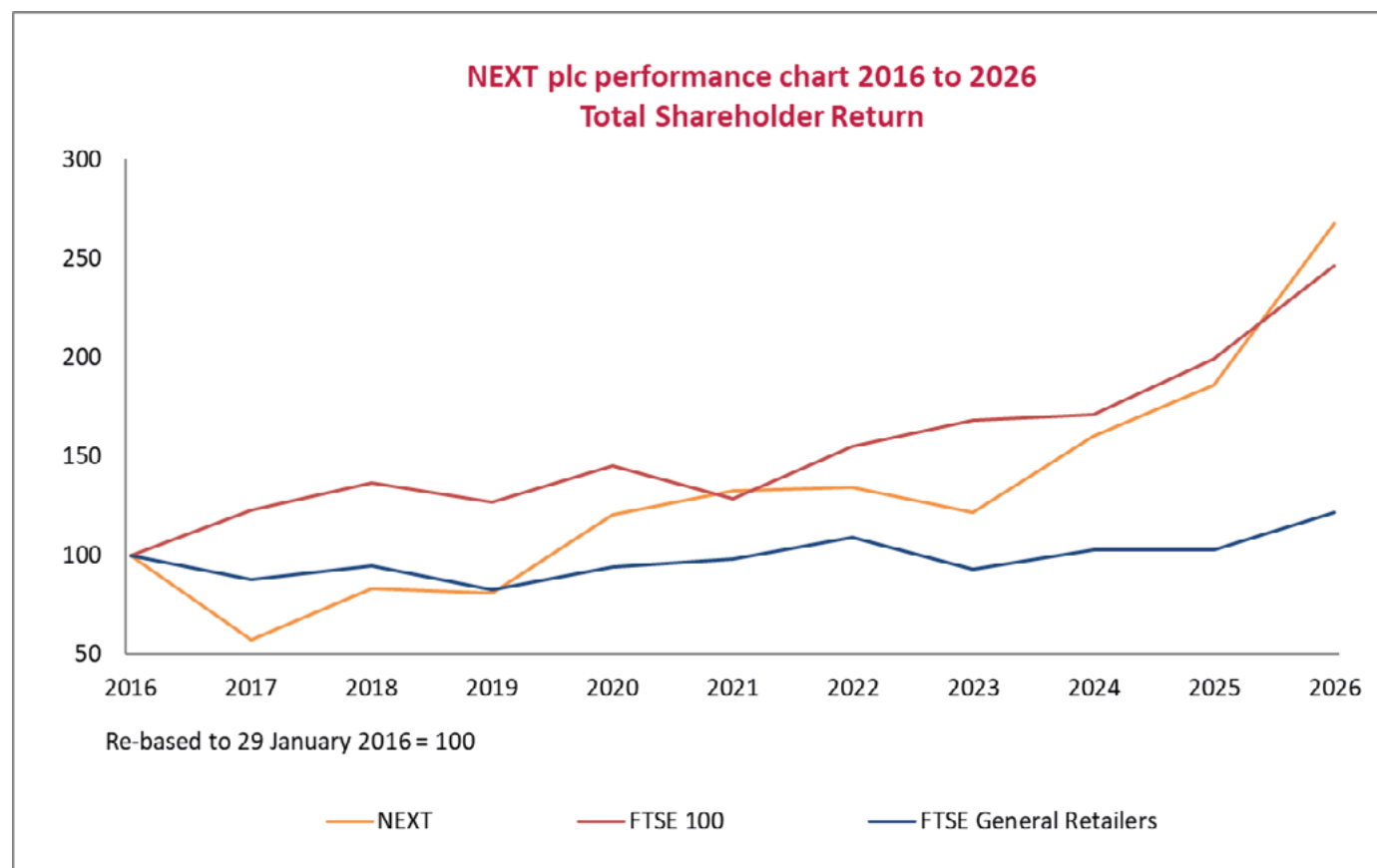
Other than described in the section Payments to retired directors above, there were no other payments for loss of office or to past directors.

REMUNERATION REPORT

Performance and CEO remuneration comparison

Performance graph

The graph below illustrates the TSR performance of the Company when compared with the FTSE 100 and FTSE General Retailers indices. These have been selected to illustrate the Company's total shareholder return performance against a wide UK index and a sector specific index over the ten years ended January 2026.



Analysis of Chief Executive's pay over ten years

The table below sets out the remuneration for Lord Wolfson who has been the Chief Executive throughout this period.

Financial year to January	Single figure of total remuneration £000	Annual bonus pay-out against maximum opportunity ¹	LTIP pay-out against maximum opportunity
2017	1,831	0%	Two semi-annual awards vested at 61% and 20%
2018	1,153	0%	Two semi-annual awards vested at nil
2019	1,327	13% ²	Two semi-annual awards vested at 20% and nil
2020	2,639	29%	Two semi-annual awards vested at 67% and 100%
2021	3,582	0%	Two semi-annual awards vested at 90% and 100%
2022	4,148	100%	Two semi-annual awards vested at 83% and 80%
2023	2,529	54%	Two semi-annual awards vested at 62% and 30%
2024	4,630	100%	Two semi-annual awards vested at 63% and 89%
2025	4,909	72%	Two semi-annual awards vested, both at 100%
2026	7,426	100%	Two semi-annual awards vested, both at 100%

1. The maximum bonus for the Chief Executive is 150% of salary.

2. Lord Wolfson waived his entitlement to a portion of his annual bonus. Had he not done so, his bonus pay-out against maximum opportunity would have been 40% and his total remuneration would have been £1,642k for the financial year to January 2019.

Annual change in remuneration of each director compared to employees

The table below shows the year on year percentage changes in the directors' remuneration (i.e. salary, taxable benefits and annual bonus) over the last five years. There are no other employees of NEXT plc.

	Base salary					Taxable benefits					Bonus				
	2025/26	2024/25	2023/24	2022/23	2021/22	2025/26	2024/25	2023/24	2022/23	2021/22	2025/26	2024/25	2023/24	2022/23	2021/22
Executive directors															
Lord Wolfson	2%	4%	5%	5%	6%	3%	28%	-31%	-1%	26%	42%	-25%	94%	-43%	100%
Jonathan Blanchard ¹	2%	n/a	n/a	n/a	n/a	-86%	n/a	n/a	n/a	n/a	42%	n/a	n/a	n/a	n/a
Richard Papp	2%	31%	5%	5%	6%	11%	32%	-	1%	-	42%	41%	94%	-43%	100%
Jane Shields ²	2%	31%	5%	5%	6%	238%	4%	4%	14%	-78%	42%	41%	94%	-43%	100%
Jeremy Stakol	2%	25%	n/a	n/a	n/a	13%	28%	n/a	n/a	n/a	42%	35%	n/a	n/a	n/a
Non-executive directors															
Michael Roney	2%	4%	5%	5%	6%	57%	32%	-	-	-	-	-	-	-	-
Venetia Butterfield ¹	2%	n/a	n/a	n/a	n/a	13%	n/a	-	-	-	-	-	-	-	-
Jonathan Bewes ³	2%	4%	5%	28%	18%	74%	1252%	-	-	-	-	-	-	-	-
Soumen Das ^{4 6}	2%	4%	5%	18%	n/a	96%	371%	-	-	-	-	-	-	-	-
Tom Hall ^{5 6}	2%	4%	5%	33%	21%	123%	184%	-	-	-	-	-	-	-	-
Tristia Harrison	2%	4%	5%	18%	6%	101%	104%	-	-	-	-	-	-	-	-
Amy Stirling ¹	2%	n/a	n/a	n/a	n/a	21%	n/a	-	-	-	-	-	-	-	-

1. Jonathan Blanchard, Venetia Butterfield and Amy Stirling were all appointed to the Board during 2024/25. The percentage changes in base salary for that year are calculated on an annualised basis. Jonathan Blanchard's taxable benefits for the prior year included a one-off relocation allowance.

2. Taxable benefits for the year include the provision of a company car and private medical insurance. Jane Shields' increase compared to the prior year reflects the higher taxable value of her company car following its replacement during the year.

3. Jonathan Bewes was appointed Senior Independent Director during 2021/22.

4. Soumen Das was appointed to the Board as a non-executive director on 1 September 2021.

5. Tom Hall was appointed Remuneration Committee Chairman during 2021/22.

6. The 2021/22 percentage changes in base salary for Tom Hall and Soumen Das are calculated on an annualised basis.

Pay ratios

Set out below are ratios which compare the total remuneration of Lord Wolfson (as included in the single total figure of remuneration table on page 156) to the remuneration of the 25th, 50th and 75th percentile of our UK employees. We expect the pay ratio to vary from year to year, driven largely by the variable pay outcome for Lord Wolfson, which will significantly outweigh any other changes in pay at NEXT.

Year	Method	25th percentile pay ratio	50th percentile (median) pay ratio	75th percentile pay ratio
2025/26	Option B	242:1	233:1	198:1
2024/25	Option B	228:1	208:1	135:1
2023/24	Option B	232:1	207:1	155:1
2022/23	Option B	127:1	114:1	80:1
2021/22	Option B	265:1	232:1	190:1
2020/21	Option B	203:1	188:1	168:1

We have used Option B in the legislation to calculate the full-time equivalent remuneration for the 25th, 50th and 75th percentile UK employees, leveraging the analysis completed as part of our most recent UK gender pay gap reporting as at 5 April 2025. As we have a very significant employee base, NEXT has chosen to calculate its Chief Executive pay ratio using this data as it was felt to be the simplest and most robust way to identify representative employees in the organisation at lower quartile, median and upper quartile.

The employees at the median, 25th and 75th percentile were identified using the 5 April 2025 gender pay gap data and were also in employment at the year end in January 2026. We have used their base contract salaries for the 2025/26 financial year, grossed up to the full-time equivalents, to which we have added actual benefits, bonuses, long term incentives and pension (if applicable). The data points are reflective of our Company structure and types of roles across the organisation and accordingly the Committee believes the median pay ratio for 2025/26 to be consistent with the pay, reward and progression policies for the Group's UK employees taken as a whole as at the reference date. We consider that these ratios are broadly appropriate in the context of comparison with other retailers.

REMUNERATION REPORT

The base salary and total remuneration received during the financial year by the indicative employees on a full-time equivalent basis used in the above analysis are set out below. The reference date for determining the pay and benefits figures is the year end date.

	25th percentile	50th percentile (median)	75th percentile
Base salary	£24,341	£27,815	£32,934
Total remuneration	£30,689	£31,839	£37,419

The Committee notes that the pay ratios are higher than in the prior year, driven by annual bonus outturn and LTIP vesting outcomes, which reflect the Company's strong financial performance this year. A substantial proportion of the Chief Executive's total remuneration is performance related and variable in nature. The ratios are therefore dependent on the annual bonus and LTIP outcomes in a given year and may fluctuate significantly year to year. In years where performance is lower, the ratios reduce correspondingly, as evidenced by the fluctuation in ratios over the six-year period shown in the table. The Committee considers that the CEO's remuneration for 2025/26 is justified by performance, and that the pay ratio, whilst higher than the prior year, is a function of the Company's strong performance rather than a structural imbalance in how the Company remunerates its people.

The ratio trends disclosed above are also affected by 88% of our UK workforce of approximately 43,000 working in our retail stores, customer contact centres and warehouses where, in line with the retail sector more generally, rates of pay will not be as high as management grades and those employees based at our Head Office in more technical roles. This is a structural characteristic common to large retail businesses and should be understood in that context. The indicative employees used in the calculations are a Retail team member, Warehouse Operative and Maintenance Assistant in our Distribution division.

Relative importance of spend on pay

The table below shows the total remuneration paid to or receivable by all employees in the Group together with other significant distributions and payments (i.e. for share buybacks, dividends and capital returns, including the B Share Scheme).

Year	Total wages and salaries £m	Buybacks £m	Dividends and B Share Scheme £m
2025/26	1,091.2	131.4	708.0
2024/25	1,016.5	360.2	257.8
% change	7.3%	-63.5%	174.6%

Dilution of share capital by employee share plans

The Company monitors and complies with dilution limits in its various share scheme rules and has not issued new or treasury shares in satisfaction of share schemes in the last ten years. Share-based incentives are in most cases satisfied from shares purchased and held by the ESOT (refer to Note 27 to the financial statements).

Consideration of matters relating to directors' remuneration

Remuneration Committee

During the year, the Committee comprised the following independent non-executive directors and the Chairman:

Member

Tom Hall (Committee Chairman)
Jonathan Bewes
Venetia Butterfield
Soumen Das
Dame Tristia Harrison
Michael Roney
Amy Stirling

Attendance at Committee meetings is shown on page 118.

Role and work of Remuneration Committee

The Committee determines the remuneration of the Group's Chairman and executive directors, and approves that of senior executives (consistent with the Code). It is also responsible for determining the targets for performance-related pay schemes, approving any award of the Company's shares under share option or incentive schemes to employees, and overseeing any major changes in employee benefit structures. The Committee members have no conflicts of interest arising from cross-directorships and no director is permitted to be involved in any decisions as to his or her remuneration. The remuneration of non-executive directors is decided by the Chairman and executive directors of the Board. The Committee's terms of reference are available on our corporate website nextplc.co.uk or on request from the Company Secretary.

Assistance to the Committee

During the period, the Committee received input from the Chief Executive and the Chief Financial Officer. The Committee engaged FIT Remuneration Consultants LLP and FIT Remuneration Implementation LLP (together FIT) to provide independent external advice, including updates on legislative requirements, best practice, and other matters of a technical nature and related to share plans. FIT has no other connection with the Company. Deloitte LLP provided independent verification services of total shareholder returns for NEXT and the comparator group of companies under the LTIP. Deloitte provides other consultancy services to the Group on an ad hoc basis. FIT and Deloitte were appointed by the Committee based on their expertise in the relevant areas of interest.

During the year FIT was paid circa £90k and Deloitte was paid circa £4k for the services described above, charged at their standard hourly rates. Both are members of the Remuneration Consultants Group, the body that oversees the Code of Conduct in relation to executive remuneration consulting in the UK and have confirmed to us that they adhere to its Code of Conduct. The Committee was satisfied that the advice received was objective and independent.

Voting outcomes at General Meetings

	AGM	Votes for	% for	Votes against	% against	Total votes cast	% of shares on register	Votes withheld
To approve the Remuneration Policy	18 May 2023	82,611,467	84	15,751,694	16	98,363,161	77	65,153
To approve the 2024/25 Remuneration Report	15 May 2025	77,690,189	91	7,828,454	9	85,518,643	70	49,433
Extension of NEXT Long Term Incentive Plan	15 May 2025	83,456,934	98	2,055,866	2	85,512,800	70	55,277

DIRECTORS' REPORT

Information contained in the Strategic Report

As permitted by section 414C of the Companies Act 2006, certain information required to be included in the Directors' Report has been included by reference in the Strategic Report. Specifically, this relates to:

- Information in respect of employee matters (including actions taken to introduce, maintain or develop arrangements aimed at employees, details on how the directors have engaged with employees and had regard to employee interests, our approach to investing in and rewarding the workforce, employee diversity and the employment, training and advancement of disabled persons) (see page 92).
- Likely future developments.
- Risk management (see pages 70 to 78).
- Details on how the directors have had regard to the need to foster business relationships with stakeholders (see page 101).
- Greenhouse Gas (GHG) Emissions (see page 82 for our Streamlined Energy and Carbon Reporting (SECR) disclosures and page 84 for our GHG Emissions).

Financial instruments

Information on financial instruments and the use of derivatives is given in Notes 28 to 31 to the financial statements.

Share capital and major shareholders

Details of the Company's share capital are shown in Note 23 to the financial statements.

The Company was authorised by its shareholders at the 2025 AGM to purchase its own shares. During the financial year the Company purchased and cancelled 1,206,735 ordinary shares with a nominal value of 10 pence each (none of which were purchased off-market), at a cost of £131m and representing 1% of its issued share capital at the start of the year.

On 19 December 2025, the Company published a Circular setting out a proposed return of capital of 360 pence per share via a B Share Scheme. On 15 January 2026, shareholders approved the B Share Scheme at a General Meeting, and on the same day 122,436,612 new B Shares were issued and allotted, with shareholders receiving one B Share for every one ordinary share held. The B Shares were redeemed and immediately cancelled on 16 January 2026. No application was made to admit the B Shares to the Official List, nor were the shares traded on any recognised investment exchange. The net B Share Scheme proceeds totalling £421.5m were returned to shareholders before the financial year end.

At the financial year end on 31 January 2026, the Company had 122,436,612 ordinary shares and no B Shares in issue. Since that date the Company has purchased 1,507,846 of its own shares for cancellation at a cost of £191m and as at 24 March 2026 the number of shares in issue was 120,928,766.

As at 31 January 2026, the Company had been notified under the UK Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR) 5 of the following notifiable interests in the Company's issued share capital. The information provided below was correct at the date of notification. These holdings are likely to have changed since the Company was notified; however, notification of any change is not required until the next notifiable threshold is crossed.

Notifications received as at 31 January 2026

	No. of voting rights at date of notification	% of voting rights at date of notification	Nature of holding	Date of notification
BlackRock, Inc.	12,691,696	9.68	Indirect interest	17 May 2022
Invesco Limited	6,378,187	4.97	Indirect interest	24 May 2023
FMR LLC (Fidelity)	6,278,493	4.92	Indirect interest	14 November 2023
NEXT plc Employee Share Option Trust	6,076,337	4.96	Direct interest	6 October 2025
The Capital Group Companies, Inc.	6,063,055	4.95	Indirect interest	12 September 2025
Norges Bank	3,862,059	2.99	Direct interest	21 October 2022

No changes to major shareholdings were disclosed to the Company after 31 January 2026 up to 24 March 2026.

Annual General Meeting

The 2026 Annual General Meeting (AGM) of NEXT plc will be held at Leicester Marriott Hotel, Smith Way, Grove Park, Leicester LE19 1SW on Thursday 21 May 2026 at 9:00am. The Notice of AGM, which includes the business to be transacted at the meeting, is set out from page 261.

Dividends

Information regarding dividends paid and declared during 2025/26 is provided in the Strategic Report on page 56.

The Trustee of the NEXT ESOT waived its entitlement dividends paid in the year on the shares held by it. Please refer to Note 27 to the financial statements for further information.

Insurance and indemnities

The Company maintains Directors' and Officers' liability insurance in respect of legal action that might be brought against its Directors and Officers. As permitted by the Company's Articles of Association (the 'Articles'), and to the extent permitted by law, the Company indemnifies each of its Directors and other Officers of the Group against certain liabilities that may be incurred as a result of their positions with the Group. The indemnities were in force throughout the tenure of each Director during the financial year and are currently in force. The Company does not have in place any indemnities for the benefit of the external auditor.

Additional information

Shareholder and voting rights

All members who hold ordinary shares are entitled to attend and vote at the AGM. Voting on all resolutions at the 2026 AGM will be by way of a poll. On a poll, every member present in person or by proxy has one vote for every ordinary share held or represented. The Notice of Meeting specifies the deadlines for exercising voting rights.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and voting rights. There are no restrictions on the transfer of ordinary shares in the Company other than certain restrictions imposed by laws and regulations (such as insider trading laws and market requirements relating to closed periods) and requirements of internal rules and procedures whereby directors and certain employees of the Company are required to hold certain shares for a set period and also obtain prior approval to deal in the Company's securities.

The Company's Articles may only be amended by a special resolution at a General Meeting and were amended during the year at the General Meeting held on 15 January 2026. Directors are elected or re-elected by ordinary resolution at a General Meeting; the Board may appoint a director but anyone so appointed must be elected by ordinary resolution at the next General Meeting. Under the Articles, directors retire and may offer themselves for re-election at a General Meeting at least every three years. However, in line with the provisions of the UK Corporate Governance Code, all directors stand for re-election annually.

Change of control

The Company is not party to any significant agreements which take effect, alter or terminate solely upon a change of control of the Company. However, in the event of a change of control of the Company or NEXT Group plc, NEXT Group plc's medium term borrowing facilities will be subject to early repayment in full if a majority of the lending banks give written notice, or in part if a lending bank gives written notice following a change of control.

Holders of NEXT Group plc's corporate bonds will be entitled to call for redemption of the bonds by NEXT Group plc or the Company as guarantor at their nominal value together with accrued interest in the following circumstances:

- Should a change of control cause a downgrading in the credit rating of the corporate bonds to sub-investment grade and this is not rectified within 120 days after the change of control; or
- If already sub-investment grade, a further credit rating downgrade occurs and this is not rectified within 120 days after the change of control; or
- If the bonds at the time of the change of control have no credit rating and no investment grade rating is assigned within 90 days after the change in control.

The Company's share option plans and its Long Term Incentive Plan contain provisions regarding a change of control. Outstanding options and awards may vest on a change of control, subject to the satisfaction of any relevant performance conditions.

Directors' service contracts are terminable by the Company on giving one year's notice. There are no agreements between the Company and its directors or employees providing for additional compensation for loss of office or employment (whether through resignation, redundancy or otherwise) that occurs because of a takeover bid.

Branches

NEXT, through various subsidiaries, has established branches in a number of different countries in which the business operates.

Political donations

No donations were made for political purposes during the year (2025: £nil).

Corporate governance

The corporate governance statement as required by DTR 7.2.6 comprises the Additional Information section of this Directors' Report and the Corporate Governance statement included in this Annual Report.

The following disclosures are required under UK Listing Rule 6.6.1 R:

Publication of unaudited financial information	On 6 January 2026, NEXT published a Group profit before tax (GPBT) guidance forecast for the year to January 2026 of £1,150m. Actual GPBT for the period was £1,158m.
Shareholder waivers of dividends	The NEXT Employee Share Ownership Trust typically waives its rights to receive dividends during the year.

No further UK Listing Rule 6.6.1 R disclosures are required.

In the case of each director in office at the date the Directors' Report is approved:

- So far as the director is aware, there is no relevant audit information of which the Group and Parent Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Parent Company's auditors are aware of that information.

This Directors' Report, comprising pages 110 to 171, has been approved by the Board and is signed on its behalf by:



Jonathan Blanchard
Chief Financial Officer

26 March 2026

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXT PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- NEXT plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2026 and of the group's profit and the group's cash flows for the 53 week period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise:

- the consolidated Balance Sheet as at 31 January 2026;
- the parent company Balance Sheet as at 31 January 2026;
- the consolidated Income Statement for the period then ended;
- the consolidated Statement of Comprehensive Income for the period then ended;
- the consolidated Statement of Changes in Equity for the period then ended;
- the consolidated Cash Flow Statement for the period then ended;
- the parent company Statement of Changes in Equity for the period then ended;
- the group accounting policies; and
- the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 3, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We conducted an audit of the complete financial information of one component and performed targeted procedures over the financial information of a further three components.
- All in-scope components were audited by the UK group engagement team.
- In addition, the group engagement team performed audit procedures over centralised functions and financial statement line items including goodwill, corporate bonds, intangible assets, leases, taxation, treasury, post-retirement benefits, equity accounted investments, the group consolidation and financial statement disclosures.
- For the parent company financial statements, a full scope audit was performed by the group engagement team.

Key audit matters

- The application of key judgements and assumptions in relation to expected credit loss (ECL) provisioning for customer receivables (group)
- Equal pay claim (group)
- Net realisable value of inventories (group)

- Recoverability of investments (parent company)

Materiality

- Overall group materiality: £59,600,000 (2025: £50,000,000) based on 5% of profit before tax before exceptional items.
- Overall parent company materiality: £25,355,000 (2025: £25,500,000) based on 1% of total assets.
- Performance materiality: £44,700,000 (2025: £37,500,000) (group) and £19,016,250 (2025: £19,100,000) (parent company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p>The application of key judgements and assumptions in relation to expected credit loss (ECL) provisioning for customer receivables (group)</p> <p>Refer to the audit committee report, the major sources of estimation uncertainty and judgement within the group accounting policies and note 14 for customer and other receivables.</p> <p>The determination of Expected Credit Loss (ECL) provisions is inherently subjective and requires the establishment of assumptions based on historical data while also incorporating forward-looking information that reflects the group's perspectives on potential future economic events. This can lead to heightened estimation uncertainty, particularly in the context of the current macroeconomic uncertainty.</p> <p>The group recognises ECL with a base provisioning model and macro-overlay which partially captures the impact of the economic outlook. The group then recognises several post-model adjustments due to limitations of the model in fully capturing the inherent risks of the current economic environment, including adjustments for customer affordability for customers identified as being at the highest risk of default, as well as other factors not accounted for by the underlying model.</p>	<p>With the support of our financial services and credit modelling specialists, we performed the procedures below.</p> <p>We critically assessed the appropriateness of the model methodologies against IFRS 9 standards. Further, we have assessed the mathematical accuracy of the models used by management and tested data inputs into the models.</p> <p>We have evaluated the implementation of the ECL model and its parameters (Probability of Default, Loss Given Default, and Exposure At Default) by reperforming them on a sample basis.</p> <p>We have assessed the reasonableness and likelihood of the forward-looking economic assumptions and weightings assigned to the scenarios using a benchmarking tool. In particular, we assessed whether the severity and magnitude of the unemployment forecasts were appropriate and compared these to external forecasts and data from historical economic downturns.</p> <p>Based on our knowledge and understanding of the limitations in management's models and emerging industry risks, we evaluated the appropriateness and completeness of the post model adjustments proposed by management.</p> <p>We conducted an aggregate evaluation of the post-model adjustments by assessing the applied methodology, judgements, and performing stand back procedures to consider the overall sufficiency of the provision. For the most material PMA related to customer affordability, we independently developed a challenger model, based on our own assessment of inherent credit risk to evaluate its appropriateness and assessing it against a range of reasonable outcomes.</p> <p>We tested the ECL disclosures made by management and assessed compliance with accounting standards.</p>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXT PLC

Key audit matter	How our audit addressed the key audit matter
<p>Equal pay claim (group)</p> <p>Refer to the audit committee report, the major sources of estimation uncertainty and judgement within the group accounting policies and note 35 for contingent liabilities.</p> <p>The recognition of a potential liability as a provision, or disclosure as a contingent liability, requires judgment in concluding whether there is a “probable outflow of economic resources”. It remains the view of the board that the likelihood of any payment remains possible, but not probable.</p> <p>No disclosure has been made of the estimate of the potential liability as the board believes this could be prejudicial to NEXT’s position.</p>	<p>We have held meetings with the NEXT legal and finance teams to understand the rationale for recognition as a contingent liability and challenge the evidence for this position.</p> <p>We have obtained confirmation from NEXT’s counsel detailing the status of the case and the likelihood of success.</p> <p>We have obtained and reviewed legal filings, correspondence and updates on the case, through to the date of our audit opinion.</p> <p>We have reviewed the financial statements disclosures, including assessing whether use of the prejudicial exemption is appropriate.</p>
<p>Net realisable value of inventories (group)</p> <p>Refer to the Inventories accounting policy within the group accounting policies.</p> <p>The valuation of inventory involves judgement in the recording of provisions for obsolescence and inventory that may have a lower net realisable value than cost.</p>	<p>We validated the integrity of the provision calculation.</p> <p>We assessed provision rates against actual profits observed on clearance stock in the financial period to assess whether these rates are consistent with the key assumptions used in the inventory provision calculation at the year end.</p> <p>For a sample of inventory items, we tested sales price post year-end and compared this to cost, to assess whether inventory items were held at the lower of cost and net realisable value.</p> <p>We recalculated the provision based on coverage levels seen in previous years.</p> <p>We challenged management on the inclusion of overlays to the provision.</p> <p>We have performed sensitivity analysis over key judgements taken by management and assessed the impact of this sensitivity analysis on the provision value.</p>
<p>Recoverability of investments (parent company)</p> <p>Refer to note C2 of the parent company financial statements for Investments.</p> <p>In accordance with IAS 36, the parent company’s investments balance should be carried at no more than its recoverable amount, being the higher of fair value less costs to sell and its value in use.</p> <p>It is the view of the board that there has not been an impairment trigger in the period.</p>	<p>We evaluated whether there were any indicators of an impairment trigger in relation to the parent company’s investments balance, with specific consideration given to the following:</p> <ul style="list-style-type: none"> • the market capitalisation of the group, which is significantly in excess of the investments balance, noting that substantially all of the market capitalisation is considered to be in relation to one indirect subsidiary (NEXT Retail Limited) of the parent company; • the trading results of NEXT Retail Limited, which are no worse than expected and are not expected to be worse in future periods; and • any significant changes with an adverse impact in relation to the technological, market, economic or legal environment in which NEXT Retail Limited operates, noting that there were no such changes.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

Our scoping is based on the group’s consolidation structure. We define a component as a single reporting unit which feeds into the group consolidation. Of the group’s 60 components, we identified one component which, in our view, required an audit of its complete financial information both due to its size and risk characteristics (it forms the majority of the Retail stores, Online (UK) and NEXT Finance segments).

We also performed targeted procedures over three other components which held balances of significance to the group financial statements.

The group engagement team performed audit procedures over centralised functions and financial statement line items including goodwill, corporate bonds, intangible assets, leases, taxation, treasury, post-retirement benefits, equity accounted investments, the group consolidation and financial statement disclosures. The Group engagement team also performed analytical procedures on non-significant components that were not inconsequential.

The parent company is comprised of one reporting unit which was subject to a full scope audit by the group engagement team for the purposes of the parent company financial statements.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process adopted to assess the extent of the potential impact of climate risk on the financial statements.

Our risk assessment was based on these enquiries as well as review of NEXT's most recent corporate responsibility reporting and climate-related commitments.

As detailed in the group accounting policies, management considers that the impact of climate risk does not give rise to a material financial statement impact.

We evaluated management's disclosures based on our knowledge of the business, including from our testing of goodwill, intangible assets, right-of-use assets and property plant and equipment, which were considered to be the assets at most risk of the effects of climate change.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the year ended 31 January 2026.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - parent company
Overall materiality	£59,600,000 (2025: £50,000,000).	£25,355,000 (2025: £25,500,000).
How we determined it	5% of profit before tax before exceptional items	1% of total assets
Rationale for benchmark applied	Profit before tax before exceptional items is a commonly used benchmark in assessing the performance of profit-oriented groups	The parent company does not trade and therefore total assets is considered to be the most appropriate benchmark

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £28,000,000 and £56,000,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2025: 75%) of overall materiality, amounting to £44,700,000 (2025: £37,500,000) for the group financial statements and £19,016,250 (2025: £19,100,000) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £2,980,000 (group audit) (2025: £2,500,000) and £1,267,750 (parent company audit) (2025: £1,275,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's going concern assessment which included a base case and other scenarios including a reverse stress test;
- We ensured the base case was consistent with Board approved budgets and we assessed the appropriateness of this budget and other assumptions during the going concern period;
- We assessed the mathematical accuracy of the calculations for liquidity headroom for the base case and reverse stress test scenarios. We also tested the forecast covenant compliance for the base case;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXT PLC

- We have evaluated management's ability to budget based on historical budgets / forecasts and the resulting performance;
- We considered the mitigating actions available to NEXT to increase liquidity, if required, with the key actions being reductions in stock purchases, capex and share purchases, as well as cessation of dividends;
- We assessed management's reverse stress test and were satisfied it was a scenario that, in our view, was not plausible; and
- We reviewed the going concern disclosures within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 31 January 2026 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic Report and Governance section is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and parent company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law and consumer credit regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to manipulate revenue and/or profits and management bias in significant accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit, internal legal counsel, compliance managers and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- Assessment of matters reported on the group's whistle-blowing log and the results of management's investigation of such matters;
- Review of filings and correspondence with the Financial Conduct Authority and tax authorities;
- Searches for news articles which would highlight potential non-compliance with laws and regulations;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXT PLC

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations that impact revenue and/or profits;
- Challenging significant assumptions, estimates and judgements made by management; and
- Review of board minutes which may highlight any potential non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the parent company for the financial year ended 27 January 2018. Our uninterrupted engagement covers nine financial years.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.



Mark Skedgel (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

26 March 2026





GROUP FINANCIAL STATEMENTS

- 181 Consolidated Income Statement
- 182 Consolidated Statement of Comprehensive Income
- 183 Consolidated Balance Sheet
- 184 Consolidated Statement of Changes in Equity
- 186 Consolidated Cash Flow Statement
- 187 Group Accounting Policies
- 202 Notes to the Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

	Notes	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Continuing operations			
Revenue (including credit account interest)	1, 2	6,901.3	6,118.1
Cost of sales		(3,847.5)	(3,456.5)
Impairment losses on customer and other receivables	14	(7.1)	(19.4)
Gross profit		3,046.7	2,642.2
Distribution costs		(1,027.1)	(878.8)
Administrative expenses		(742.4)	(670.6)
Other (losses)/gains	3	(3.4)	3.4
Trading profit		1,273.8	1,096.2
Share of results of associates and joint ventures	13	7.9	6.7
Impairment in associates and joint ventures	13	(2.9)	(13.0)
Exceptional items - curtailment loss	6	-	(14.5)
Operating profit	3	1,278.8	1,075.4
Finance income	5	11.0	8.2
Finance costs	5	(97.2)	(96.6)
Profit before taxation		1,192.6	987.0
Taxation	7	(294.6)	(243.8)
Profit for the period		898.0	743.2
Profit attributable to:			
- Equity holders of the Parent Company		888.5	736.1
- Non-controlling interests		9.5	7.1
		898.0	743.2
Earnings Per Share			
Basic	9	760.1p	615.1p
Diluted	9	745.4p	605.5p

Notes 1 to 35 are an integral part of these consolidated financial statements.

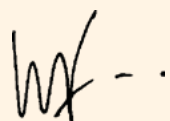
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Profit for the period		898.0	743.2
Other comprehensive income and expenses:			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial loss on defined benefit pension scheme	21	(6.3)	(13.8)
Tax relating to items which will not be reclassified	7	1.6	3.5
<i>Subtotal items that will not be reclassified</i>		(4.7)	(10.3)
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		2.4	(2.2)
Foreign currency and commodity cash flow hedges:			
- fair value movements	30	(109.6)	20.8
Cost of hedging:			
- fair value movements	30	(1.1)	(0.6)
Tax relating to items which may be reclassified	7	27.4	(5.1)
<i>Subtotal items that may be reclassified</i>		(80.9)	12.9
Other comprehensive (expense)/income for the period		(85.6)	2.6
Total comprehensive income for the period		812.4	745.8
Total comprehensive income attributable to:			
- Equity holders of the Parent Company		802.9	738.7
- Non-controlling interests		9.5	7.1
		812.4	745.8

CONSOLIDATED BALANCE SHEET

	Notes	31 January 2026 £m	25 January 2025 £m
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	667.7	686.4
Intangible assets	11	713.7	735.4
Right-of-use assets	12	733.1	737.3
Associates, joint ventures and other investments	13	35.2	32.7
Defined benefit pension asset	21	23.0	30.8
Other financial assets	15	0.2	-
		2,172.9	2,222.6
Current assets			
Inventories		949.5	865.2
Customer and other receivables	14	1,660.6	1,508.4
Right of return asset		29.7	34.8
Other financial assets	15	6.4	31.8
Current tax assets		-	9.3
Cash and short term deposits	16	96.2	200.4
		2,742.4	2,649.9
Total assets		4,915.3	4,872.5
Current liabilities			
Bank loans and overdrafts	17	(96.0)	(60.6)
Corporate bonds	20	(112.9)	(250.0)
Trade payables and other payables	18	(1,132.4)	(1,076.7)
Lease liabilities	12	(168.1)	(170.8)
Other financial liabilities	19	(35.5)	(8.3)
Current tax liabilities		(9.2)	-
		(1,554.1)	(1,566.4)
Non-current liabilities			
Corporate bonds	20	(600.0)	(543.8)
Provisions	22	(58.5)	(55.7)
Lease liabilities	12	(831.7)	(843.6)
Other financial liabilities	19	(38.2)	(39.1)
Other payables	18	(17.6)	(11.5)
Deferred tax liabilities	7	(34.7)	(58.1)
		(1,580.7)	(1,551.8)
Total liabilities		(3,134.8)	(3,118.2)
NET ASSETS		1,780.5	1,754.3
TOTAL EQUITY		1,780.5	1,754.3

The financial statements were approved by the Board of directors and authorised for issue on 26 March 2026. They were signed on its behalf by:



Lord Wolfson of Aspley Guise
Chief Executive



Jonathan Blanchard
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Parent Company

	Share capital £m	Share premium account £m	Capital redemption reserve £m	ESOT reserve £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Foreign currency translation £m	Other reserves (Note 24) £m	Retained earnings £m	Total £m	Non- controlling interests £m	Total equity £m
At 27 January 2024	12.7	54.2	17.3	(387.3)	(4.7)	(0.3)	(7.5)	(1,443.8)	3,271.3	1,511.9	126.9	1,638.8
Total comprehensive income/(expense) for the period												
Profit for the period	-	-	-	-	-	-	-	-	736.1	736.1	7.1	743.2
Other comprehensive income/(expense) for the period	-	-	-	-	15.6	(0.5)	(2.2)	-	(10.3)	2.6	-	2.6
Total comprehensive income/(expense) for the period					15.6	(0.5)	(2.2)		725.8	738.7	7.1	745.8
Reclassified to cost of inventory	-	-	-	-	10.9	0.8	-	-	-	11.7	-	11.7
Tax recognised directly in equity (Note 7)	-	-	-	-	(2.7)	(0.2)	-	-	-	(2.9)	-	(2.9)
Transactions with owners of the Company												
Contributions and distributions												
Share buybacks and commitments (Note 23)	(0.3)	-	0.3	-	-	-	-	-	(360.2)	(360.2)	-	(360.2)
ESOT share purchases (Note 27)	-	-	-	(126.8)	-	-	-	-	-	(126.8)	-	(126.8)
Shares issued by ESOT (Note 27)	-	-	-	86.4	-	-	-	-	(16.7)	69.7	-	69.7
Share option charge	-	-	-	-	-	-	-	-	40.9	40.9	-	40.9
Tax recognised directly in equity (Note 7)	-	-	-	-	-	-	-	-	16.0	16.0	-	16.0
Fair value on put options	-	-	-	-	-	-	-	-	(13.6)	(13.6)	-	(13.6)
Equity dividends (Note 8)	-	-	-	-	-	-	-	-	(257.8)	(257.8)	-	(257.8)
Gain on disposal of investment	-	-	-	-	-	-	-	-	0.2	0.2	-	0.2
Recycled to retained earnings	-	-	-	-	-	-	-	(5.1)	5.1	-	-	-
Total contributions and distributions	(0.3)		0.3	(40.4)				(5.1)	(586.1)	(631.6)		(631.6)
Changes in ownership interests												
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	8.5	8.5	(8.5)	-
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	0.5	0.5
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8.0)	(8.0)
Total changes in ownership interests									8.5	8.5	(16.0)	(7.5)
Total transactions with owners of the Company	(0.3)		0.3	(40.4)				(5.1)	(577.6)	(623.1)	(16.0)	(639.1)
At 25 January 2025	12.4	54.2	17.6	(427.7)	19.1	(0.2)	(9.7)	(1,448.9)	3,419.5	1,636.3	118.0	1,754.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Parent Company

	Share capital £m	Share premium account £m	Capital redemption reserve £m	ESOT reserve £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Foreign currency translation £m	Other reserves (Note 24) £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 25 January 2025	12.4	54.2	17.6	(427.7)	19.1	(0.2)	(9.7)	(1,448.9)	3,419.5	1,636.3	118.0	1,754.3
Total comprehensive income/(expense) for the period												
Profit for the period	-	-	-	-	-	-	-	-	888.5	888.5	9.5	898.0
Other comprehensive income/(expense) for the period	-	-	-	-	(82.5)	(0.8)	2.4	-	(4.7)	(85.6)	-	(85.6)
Total comprehensive income/(expense) for the period					(82.5)	(0.8)	2.4		883.8	802.9	9.5	812.4
Reclassified to cost of inventory	-	-	-	-	62.5	-	-	-	-	62.5	-	62.5
Tax recognised directly in equity (Note 7)	-	-	-	-	(15.2)	-	-	-	-	(15.2)	-	(15.2)
Transactions with owners of the Company												
Contributions and distributions												
Issue of shares (Note 23)	440.8	-	-	-	-	-	-	(440.8)	-	-	-	-
Redemption of shares (Note 23)	(440.8)	-	440.8	-	-	-	-	-	-	-	-	-
Share buybacks and commitments (Note 23)	(0.1)	-	0.1	-	-	-	-	-	(131.4)	(131.4)	-	(131.4)
ESOT share purchases (Note 27)	-	-	-	(169.0)	-	-	-	-	-	(169.0)	-	(169.0)
Shares issued by ESOT (Note 27)	-	-	-	154.3	-	-	-	-	(58.3)	96.0	-	96.0
Share option charge	-	-	-	-	-	-	-	-	43.1	43.1	-	43.1
Tax recognised directly in equity (Note 7)	-	-	-	-	-	-	-	-	52.0	52.0	-	52.0
Fair value on put options	-	-	-	-	-	-	-	-	(8.2)	(8.2)	-	(8.2)
Equity dividends (Note 8)	-	-	-	-	-	-	-	-	(286.5)	(286.5)	-	(286.5)
Return of capital via B share scheme (Note 23)	-	-	-	-	-	-	-	-	(421.5)	(421.5)	-	(421.5)
Total contributions and distributions	(0.1)	-	440.9	(14.7)	-	-	-	(440.8)	(810.8)	(825.5)	-	(825.5)
Changes in ownership interests												
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	1.5	1.5	(1.5)	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8.0)	(8.0)
Total changes in ownership interests									1.5	1.5	(9.5)	(8.0)
Total transactions with owners of the Company	(0.1)	-	440.9	(14.7)	-	-	-	(440.8)	(809.3)	(824.0)	(9.5)	(833.5)
At 31 January 2026	12.3	54.2	458.5	(442.4)	(16.1)	(1.0)	(7.3)	(1,889.7)	3,494.0	1,662.5	118.0	1,780.5

CONSOLIDATED CASH FLOW STATEMENT

	Notes	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Cash generated from operations	33	1,466.7	1,376.5
Corporation taxes paid		(233.1)	(242.6)
Net cash from operating activities		1,233.6	1,133.9
Cash flows used in investing activities			
Additions to property, plant and equipment		(139.6)	(122.9)
Movement in capital accruals		4.2	(6.4)
Payments to acquire property, plant and equipment		(135.4)	(129.3)
Proceeds from sale of property, plant and equipment		0.4	2.6
Proceeds from sale of held for sale assets		55.7	-
Purchase of intangible assets		(35.8)	(28.2)
Amounts loaned to joint ventures and associates		(4.8)	(0.9)
Investment in subsidiaries		-	(24.2)
Investment in associates and joint ventures		-	(1.2)
Net cash used in investing activities		(119.9)	(181.2)
Cash flows used in financing activities			
Repurchase of own shares		(131.4)	(360.2)
Purchase of shares by ESOT		(169.0)	(126.8)
Disposal of shares by ESOT		107.2	77.0
Purchase of equity from non-controlling interests		(1.5)	(5.0)
Issue of shares in subsidiaries to non-controlling interests		-	0.5
Repayment of loans		(31.5)	(2.4)
Drawdown of revolving credit facility		60.0	-
Incentives received for leases within the scope of IFRS 16		0.7	1.0
Lease payments		(167.4)	(164.6)
Interest paid (including lease interest)		(94.1)	(93.3)
Repayment of corporate bonds		(386.4)	-
Issue of corporate bonds		298.4	-
Return of capital via B share scheme		(421.5)	-
Dividends paid to owners of NEXT plc	8	(286.5)	(257.8)
Dividends paid to non-controlling interests in subsidiaries		(2.0)	(8.0)
Net cash used in financing activities		(1,225.0)	(939.6)
Net (decrease)/increase in cash and cash equivalents		(111.3)	13.1
Opening cash and cash equivalents		171.3	124.3
Exclude bank loans		-	33.9
Effect of exchange rate fluctuations on cash held		0.2	-
Closing cash and cash equivalents	32	60.2	171.3

GROUP ACCOUNTING POLICIES

General Information

NEXT plc and its subsidiaries (the “Group”) is a UK based retailer selling beautifully designed, excellent quality clothing, homeware and beauty products which are responsibly sourced and accessibly priced. The Company is a public limited company, which is listed on the London Stock Exchange and incorporated in England and Wales and domiciled in the UK. The address of the registered office is Desford Road, Enderby, Leicester LE19 4AT.

Basis of Preparation

The consolidated financial statements of NEXT plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on the historical cost basis except for certain financial instruments, pension assets and liabilities and share-based payment liabilities which are measured at fair value. As is common in the retail sector, the Group operates a weekly accounting calendar and this year the financial statements are for the 53 weeks to 31 January 2026 (last year 52 weeks to 25 January 2025).

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities including the Group’s principal risks and uncertainties. The Board also considered the Group’s current cash position, the repayment profile of its obligations, its financial covenants and the resilience of its 12 month cash flow forecasts to a series of severe but plausible downside scenarios such as enforced store closures or a cyber attack. Having considered these factors the Board is satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these Financial Statements, meet its financial covenants and therefore it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the 53 weeks to 31 January 2026 (see also the Going Concern and Viability Statements in the Annual Report and Accounts).

These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of NEXT plc (the “Company”) and its subsidiary undertakings. Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Associates and joint ventures are all entities over which the Group has significant influence, or joint control but not sole control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control of those policies. Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group’s share of the change in net assets of the associate or joint venture after the acquisition date.

Non-controlling interests in subsidiaries are identified separately from the Group’s equity therein. Those interests of non-controlling shareholders are initially measured at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in equity.

Fair Value Measurement

The Group measures financial instruments such as derivatives and non-listed equity investments at fair value at each Balance Sheet date.

The fair value is the price that would have been received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described in Note 29.

GROUP ACCOUNTING POLICIES

Foreign Currencies

The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency. The Group includes foreign entities whose functional currencies are not Sterling. On consolidation, the assets and liabilities of those entities are translated at the exchange rates at the Balance Sheet date and income and expenses are translated at weighted average rates during the period. Translation differences are recognised in other comprehensive income.

Transactions in currencies other than an entity's functional currency are recorded at the exchange rate on the transaction date, whilst assets and liabilities are translated at exchange rates at the Balance Sheet date. Exchange differences are recognised in the Income Statement.

Revenue

Revenue represents the fair value of amounts receivable for goods and services and is stated net of discounts, value added taxes and returns. Revenue is recognised when control of the goods or services are transferred to the customer i.e. the customer accepts delivery of those goods.

Goods sold through our Retail stores and websites

It is the Group's policy to sell its products to the retail customer with a right to return within 28 days. The Group uses the expected value method to estimate the value of goods that will be returned because this method best predicts the amounts of variable consideration to which the Group will be entitled. A separate right of return asset is recognised on the face of the Balance Sheet which represents the right to recover product from the customer. The refund liability due to customers on return of their goods is recognised either as a component of trade payables and other payables (for cash payments) or as a deduction from customer receivables (for purchases using the 'nextpay' credit facility).

Where third-party goods are sold on a commission basis and NEXT are acting as the agent, only the commission receivable is included in statutory revenue. To aid comparability, "total NEXT sales" are disclosed in the Strategic Report and in Note 1 of the financial statements. Total NEXT sales is an APM used by management and includes the full customer sales value of commission based sales and interest income, excluding VAT.

Finance credit interest

Online credit account interest is accrued on a time basis by reference to the principal outstanding, the provision held (where credit impaired) and the effective interest rate. This is in accordance with IFRS 9.

Royalty income

Royalty income is recognised as income in line with the underlying sales and when the group has a contractual right to the income in accordance with the substance of the relevant agreements (provided it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Rental income

Rental income is measured at the fair value of the consideration received or receivable. It is recognised on a straight line basis over the period of the lease. This is in accordance with IFRS 16.

Service revenue

Revenue from our Total Platform services is measured at the fair value of the consideration received or receivable and represents amounts receivable for the provision of services (for example the delivery of stock from the warehouse to retail stores) in the normal course of business, net of discounts, value added tax and other sales-related taxes. Revenue is recognised only when the related performance obligation is satisfied.

Loyalty programme and gift cards

The Group does not operate any loyalty programmes. Deferred income in relation to gift card redemptions is estimated on the basis of historical redemption rates. Revenue from gift cards is recognised when the customer redeems the gift card.

Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends (which include special dividends) are recorded in the period in which they are declared by the directors and paid.

Dividend income is recognised when the right to receive payment is established.

Exceptional Items

In these financial statements, the Group has used the term 'exceptional items'. The Group exercises judgement in assessing whether items should be classified as exceptional items. This assessment covers the nature of the item, cause of occurrence and scale of impact of that item on the reported performance. In determining whether an item should be presented as exceptional items, the Group considers items which are significant because of either their size and/or their nature. In order for an item to be presented as exceptional items, it should typically meet at least one of the following criteria:

- It is unusual in nature or outside the normal course of business and significant in value.
- Items directly incurred as a result of either a significant acquisition or a divestment, or arising from a major business change or restructuring programme which of itself has significant impact on the Income Statement.

The separate reporting of items, which are presented as exceptional items within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's trading performance in the normal course of business. It is also consistent with how management has assessed performance in the period.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Depreciation is charged so as to write down the cost of assets to their estimated residual values over their remaining useful lives on a straight-line basis. Estimated useful lives and residual values are reviewed at least annually.

Estimated useful lives are summarised as follows:

- | | |
|---|--|
| • Freehold and long leasehold property | 50 years |
| • Plant and equipment | 6 – 25 years |
| • Leasehold improvements | the period of the lease, or useful life if shorter |
| • Assets under the course of construction | not depreciated |

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. Goodwill is initially measured at cost, being the excess of the acquisition cost over the Group's interest in the assets and liabilities recognised. Goodwill is not amortised, but is tested for impairment annually or whenever there is an indication of impairment. For the purposes of impairment testing, goodwill acquired is allocated to the Cash Generating Unit (CGU) that is expected to benefit from the synergies of the combination. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration paid in a business combination is measured at fair value with acquisition-related costs recognised in profit or loss as incurred. When the consideration paid includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

At the acquisition date, the identifiable assets and liabilities acquired are recognised at their fair value, with the exception of any associated deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements which are recognised in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

GROUP ACCOUNTING POLICIES

Software

Capitalised software costs include both external direct costs of goods and services, and internal payroll-related costs for employees who are directly associated with the software project.

Development costs are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it is available for use.
- Management controls and intends to complete the software for use in the business.
- There is an ability to use or sell the software.
- It can be demonstrated how the software will generate probable economic benefits in the future.
- Adequate technical, financial and other resources are available to complete the project.

Directly attributable software development costs in relation to the configuration and customisation of cloud computing arrangements, including Software-as-a-Service ('SaaS') are only capitalised to the extent they give rise to an asset controlled by the Group. When control cannot be demonstrated, expenditure in relation to such costs are expensed alongside the expected useful life of the solution.

Capitalised software development costs are amortised on a straight-line basis over their expected economic lives, normally between 3 and 8 years. Computer software under development is held at cost less any recognised impairment loss and presented as "asset under the course of construction". Any impairment in value is recognised within the income statement.

Other Intangible Assets

Other intangible assets relate to brand names and customer relationships obtained on acquisition which were initially recognised at fair value. They are amortised on a straight-line basis over their expected useful lives of:

- Brand names and trademarks 15 – 25 years
- Customer relationships 5 – 8 years

Assets held for sale

Non-current assets are classified as held-for-sale if all of the following criteria are met in line with IFRS 5:

- The carrying amount is expected to be recovered through the sale transaction;
- It is available for sale in its present condition;
- The Group has committed to sell and this sale plan has been initiated;
- It is being actively marketed at a price that is reasonable in relation to its fair value; and
- There is an expectation that the sale process will be completed within 12 months of the classification as held-for-sale.

Such assets are measured at the lower of their carrying amount and fair value less costs to sell. On disposal, the assets are derecognised and the profit and loss on disposal is recognised in the Consolidated Income Statement.

Investments in Subsidiaries (Parent Company only)

Investments in subsidiary companies (Parent Company only) are stated at cost, less any impairment.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Whereas joint ventures are entities over which the Group has joint control over such policies.

The Group's share of the results of associates and joint ventures is included in the Group income statement and Group statement of comprehensive income using the equity method of accounting. Investments in associates and joint ventures are carried in the Group Balance Sheet at cost plus post-acquisition changes in the Group's share of the net assets of the entity, less any dividends received and impairment in value. If the Group's share of losses in an associate or joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the associate or joint venture.

Dividends received from associates and joint ventures with nil carrying value are recognised in the Group income statement as part of the Group's share of post-tax profits/(losses) of associates and joint ventures. Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture, the difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of its new shareholding is included in the determination of the gain or loss on disposal of the associate or joint venture.

Impairment – Non-Financial Assets

The carrying values of non-financial assets (excluding goodwill) are reviewed quarterly to determine whether there is any indication of impairment. If any impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the difference is recognised in the Income Statement. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An asset's recoverable amount is the higher of an asset or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The material CGUs are:

- **Retail stores:** Within the Retail stores segment, the lowest level CGU are the individual stores with the associated right-of-use asset and property, plant and equipment then included in any impairment testing. The Retail segment itself is also deemed a CGU for impairment testing purposes.
- **Online UK and Finance:** The Online UK and Finance business has been assessed as one CGU. The main assets which fall within this segment for impairment testing are the warehouses and intangible assets associated with the warehouse operations and website.
- **Online International:** Online International is assessed as a separate CGU. The main assets which fall within this segment for impairment testing are the warehouses and intangible assets associated with the warehouse operations and website.
- **Total Platform:** Within the Total Platform segment are the Reiss, Joules and FatFace businesses. Each of these is assessed as a CGU. The lowest level CGU within each business are the individual stores with the associated right-of-use asset and property, plant and equipment then included in any impairment testing.

Inventories

Inventories (stocks) are valued at the lower of standard cost or net realisable value. Standard cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to the present location and condition. Net realisable value is based on estimated selling prices less further costs to be incurred to disposal. Where hedge accounting applies, an adjustment is applied such that the cost of stock reflects the hedged exchange rate.

Financial Instruments – Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL). The classification is based on two criteria:

- the Group's business model for managing the assets; and
- whether the instrument's contractual cash flows represent "Solely Payments of Principal and Interest" on the principal amount outstanding (the "SPPI criterion").

A summary of the Group's financial assets is as follows:

Financial assets	Classification under IFRS 9
Derivatives not designated as hedging instruments	Fair Value through Profit or Loss
Derivatives designated as hedging instruments	Fair value – hedging instrument
Preference shares	Amortised cost – hold to collect business model and SPPI met
Customer and other receivables	Amortised cost – hold to collect business model and SPPI met
Cash and short term deposits (excluding money market funds)	Amortised cost
Non-listed equity instruments	Fair Value through Profit or Loss
Call options over non-controlling interests	Fair Value through Other Equity

GROUP ACCOUNTING POLICIES

Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

Financial assets (continued)

Under IFRS 9 the Group initially measures a financial asset at its fair value plus directly attributable transaction costs, unless the asset is classified as FVPL. Transaction costs of financial assets carried at FVPL are expensed in the Income Statement. Further details on the accounting for customer and other receivables is included in Note 14.

For details on hedge accounting refer to Note 30.

Subsequent measurement

A summary of the subsequent measurement of financial assets is set out below.

Financial assets at FVPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the Income Statement.
Financial assets at amortised cost	Subsequently measured at amortised cost using the effective interest rate (EIR) method. The amortised cost is reduced by impairment losses. Interest income, impairment or gain or loss on derecognition are recognised in the Income Statement.
Equity instruments at FVPL	These assets are subsequently measured at fair value. Dividends are recognised as income in the Income Statement unless the dividend clearly represents recovery of part of the cost of investments in which case they are recognised against the cost of investment. Other net gains and losses are recognised in the Income Statement.
Call options over non-controlling interests	These assets are subsequently measured at fair value. Gains and losses are recognised in Other Equity.

Derecognition

A financial asset is derecognised primarily when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a “pass-through” arrangement; and either a) the Group has transferred substantially all the risks and rewards of the asset, or b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or
- the Group has taken actions not to pursue collection, for example in instances of bankruptcy or individual voluntary arrangement.

Impairment – financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. The most significant financial assets of the Group are its trade receivables, which are referred to as “customer and other receivables”. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate (EIR). For further details on the accounting for ECLs on customer and other receivables refer to Note 14.

Financial liabilities

Initial recognition and measurement

The Group has classified its financial liabilities as follows:

Financial liabilities	Classification under IFRS 9
Derivatives not designated as hedging instruments	Fair Value through Profit or Loss
Derivatives designated as hedging instruments	Fair value – hedging instrument
Interest-bearing loans and borrowings:	
Corporate bonds	Amortised cost – designated in hedge relationships
Bank loans and overdrafts	Amortised cost
Trade and other payables	Amortised cost
Put options over non-controlling interests	Fair Value through Other Equity

Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

A summary of the subsequent measurement of financial liabilities is set out below.

Financial liabilities at FVPL	Subsequently measured at fair value. Gains and losses are recognised in the Income Statement.
Trade and other payables, bank loans and overdrafts	Subsequently measured at amortised cost using the EIR method. The EIR amortisation is included in finance costs in the Income Statement.
Corporate bonds	Subsequently measured at amortised cost and adjusted where hedge accounting applies (see interest rate derivatives in Note 30). Accrued interest is included within other creditors and accruals.
Put options over non-controlling interests	Subsequently measured at fair value. Gains and losses are recognised in Other Equity.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts, and there is an intention and ability to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Customer and Other Receivables

Customer receivables are outstanding customer balances less an allowance for impairment. Customer receivables are recognised when the Group becomes party to the contract which happens when the goods are dispatched. They are derecognised when the rights to receive the cash flows have expired, e.g. due to the settlement of the outstanding amount or where the Group has transferred substantially all the risks and rewards associated with that contract. Other trade receivables are stated at invoice value less an allowance for impairment. Customer and other receivables are subsequently measured at amortised cost as the business model is to collect contractual cash flows and the debt meets the SPPI criterion.

Impairment

In accordance with the accounting policy for impairment – financial assets, the Group recognises an allowance for ECLs for customer and other receivables. IFRS 9 requires an impairment provision to be recognised on origination of a customer advance, based on its ECL.

The Group has taken the simplification available under IFRS 9 paragraph 5.5.15 which allows the loss amount in relation to a trade receivable to be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. This simplification is permitted where there is either no significant financing component (such as customer receivables where the customer is expected to repay the balance in full prior to interest accruing), or where there is a significant financing component (such as where the customer expects to repay only the minimum amount each month), but the directors make an accounting policy choice to adopt the simplification. Adoption of this approach means that Significant Increase in Credit Risk (SICR) and Date of Initial Recognition (DOIR) concepts are not applicable to the Group's ECL calculations.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

GROUP ACCOUNTING POLICIES

Customer and Other Receivables (continued)

ECL is the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), discounted at the original EIR. The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. The forward looking aspect of IFRS 9 requires considerable judgement as to how changes in economic factors might affect ECLs. The ECL model applies four macroeconomic scenarios including a base case which is viewed by management to be the most likely outcome, together with an upside, downside and extreme scenario. A 45% weighting is applied to the base case and 5% to the upside scenario, 35% to the downside scenario and 15% to the extreme scenario.

IFRS 9 "Financial instruments" paragraph 5.5.20 ordinarily requires an entity to not only consider a loan, but also the undrawn commitment and the ECL in respect of the undrawn commitment, where its ability to cancel or demand repayment of the facility does not limit its exposure to the credit risk of the undrawn element. However, the guidance in IFRS 9 on commitments relates only to commitments to provide a loan (that is, a commitment to provide financial assets, such as cash) and excludes from its scope rights and obligations from the delivery of goods as a result of a contract with a customer within the scope of IFRS 15 "Revenue from contracts with customers" (that is, a sales commitment). Thus, the sales commitment (unlike a loan commitment) is not a financial instrument, and therefore the impairment requirements in IFRS 9 do not apply until delivery has occurred and a receivable has been recognised.

Impairment charges in respect of customer receivables are recognised in the Income Statement within "Impairment losses on customer and other receivables".

Delinquency is taken as being in arrears and credit impaired is taken as being the loan has defaulted, which is considered to be the point at which the debt is passed to an internal or external Debt Collection Agency (DCA) and a default registered to a Credit Reference Agency (CRA), or any debt 90 days past due. Delinquency and default are relevant for the estimation of ECL, which segments the book by customer indebtedness, banded into 4 risk bands by arrears stage (see Note 30).

Financial assets are written off when there is no reasonable expectation of recovery, such as when a customer fails to engage in a repayment plan with the Group. If recoveries are subsequently made after receivables have been written off, they are recognised in the Income Statement.

The key inputs into the ECL calculation are:

- PD: "Probability of Default" is an estimate of the likelihood of default over the expected lifetime of the debt. NEXT has assessed the expected lifetime of customer receivables and other trade receivables, based on historical payment practices. The debt is segmented by arrears stage, Experian's Consumer Indebtedness Index (a measure of customers' affordability) and expected time of default.
- EAD: "Exposure at Default" is an estimate of the exposure at that future default date, taking into account expected changes in the exposure after the reporting date, i.e. repayments of principal and interest, whether scheduled by the contract or otherwise and accrued interest from missed payments. This is stratified by arrears stage, Experian's Consumer Indebtedness Index and expected time of default.
- LGD: "Loss Given Default" is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that NEXT would expect to receive, discounted at the original EIR. It is usually expressed as a percentage of the EAD. NEXT includes all cash collected over five years from the point of default.

The Group uses probability weighted economic scenarios that are integrated into the model, in order to evaluate a range of possible outcomes as is required by IFRS 9. An analysis of historical performance suggests that the expected performance of the book is most closely aligned to the forecast change in unemployment rate. However, management considers that the inputs and models used for the ECLs may not always capture all characteristics of the market at the Balance Sheet date. To reflect this qualitative adjustments or overlays are made, based on external data, historical performance and future expected performance.

Other Financial Assets and Liabilities

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments (“derivatives”) are used to manage risks arising from changes in foreign currency exchange rates relating to the purchase of overseas sourced products, overseas sales, changes in commodity prices of certain purchases and changes in interest rates relating to the Group’s debt. In accordance with its treasury policy, the Group does not enter into derivatives for speculative purposes. Foreign currency, commodity and interest rate derivatives are stated at their fair value, being the estimated amount that the Group would receive or pay to terminate them at the Balance Sheet date based on prevailing foreign currency and interest rates.

The Group designates certain derivatives as either:

- a. Hedges of fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- b. Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

Hedge documentation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an “economic relationship” between the hedged item and the hedging instrument.
- The effect of the credit risk does not “dominate the value changes” that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged items that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

Interest rate derivatives – fair value hedges

The Group uses interest rate derivatives to hedge part of the interest rate risk associated with the Group’s corporate bonds. The carrying values of the relevant bonds are adjusted only for changes in fair value attributable to the interest rate risk being hedged. The adjustment is recognised in the Income Statement and is offset by movements in the fair value of the derivatives.

For fair value hedges relating to items carried at amortised cost, any adjustment to the carrying value is amortised through the Income Statement over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the Income Statement.

Foreign currency derivatives & commodity derivatives – cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Income Statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency and option contracts as hedges of its exposure to foreign currency and commodity price risk in forecast transactions and firm commitments. Where forward contracts are used to hedge forecast transactions, the Group designates the change in fair value relating to both the spot and forward components as the hedging instrument. The ineffective portion relating to foreign currency contracts is recognised as other gains/losses in the Income Statement.

The fair value of option contracts are divided into two portions:

- the intrinsic value – which is determined by the difference between the strike price and the current market price of the underlying; and
- the time value – which is the remaining value of the option which reflects the volatility of the price of the underlying and the time remaining to maturity.

GROUP ACCOUNTING POLICIES

Other Financial Assets and Liabilities (continued)

In accordance with IFRS 9 “Financial instruments”, the Group designates the intrinsic value of foreign currency options as hedging instruments for hedging relationships entered into. The intrinsic value is determined with reference to the relevant spot market exchange rate. Changes in the time value of the options that relate to the hedged item are deferred in the cost of hedging reserve and recognised against the related hedge transaction when it occurs.

The amounts accumulated in the cash flow hedge reserve are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost for the carrying amount of the hedged asset or liability. The deferred amounts are ultimately recognised in the Income Statement as the hedged item affects the Income Statement (e.g. when inventory impacts cost of sales). This is not a reclassification adjustment and will not be recognised in OCI for the period.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to the Income Statement as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the Income Statement.

Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Amounts held in money market funds are held at fair value through the profit and loss and are valued using Level 1 inputs. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet. Refer to Note 32 of the financial statements.

Pension Arrangements

The Group provides pension benefits which include both defined benefit and defined contribution arrangements. Pension assets are held in separate trustee administered funds and the Group also provides other unfunded, pension benefits to certain members.

The cost of providing benefits under the defined benefit and unfunded arrangements are determined separately for each plan using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date by external actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. A net pension asset is only recognised to the extent that it is expected to be recoverable in the future through a cash refund or a reduction in future payments.

The current service cost of the defined benefit plan is recognised in the Income Statement as an employee benefit expense. Any curtailment gains and losses are recognised within the Income Statement during the year they are incurred. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

The cost of defined contribution schemes is recognised in the Income Statement as incurred. The Group has no further payment obligations once the contributions have been paid.

Share-based Payments

The fair value of employee share options is calculated when they are granted using a Black-Scholes model and the fair value of equity-settled Long Term Incentive Plan (“LTIP”) awards is calculated at grant using a Monte Carlo model. The resulting cost is charged in the Income Statement, as an employee benefit expense, over the vesting period of the option or award together with a corresponding increase in equity. The cumulative expense recognised is the Group’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Income Statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-service performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions that have not been met. When awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are met.

The social security contributions payable in connection with the grant of the share options or LTIP award is considered an integral part of the grant itself, and the charge is treated as a cash-settled transaction. For cash-settled awards, the fair value of the liability is determined at each Balance Sheet date and the cost is recognised in the Income Statement over the vesting period.

Within the Parent Company accounts, share-based payments are recharged to the relevant Group undertaking to which the employee provides their services to.

Taxation

Taxation, comprised of current and deferred tax, is charged or credited to the Income Statement unless it relates to items recognised in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax liabilities are measured at the amount expected to be paid, based on tax rates and laws that are enacted or substantively enacted at the Balance Sheet date.

Deferred tax is accounted for using the Balance Sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts. It is calculated using rates of taxation enacted or substantively enacted at the Balance Sheet date which are expected to apply when the asset or liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised in respect of investments in subsidiaries and associates where the reversal of any taxable temporary differences can be controlled and are unlikely to reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

Tax provisions are recognised when there is a potential exposure to an uncertain tax position. Management uses professional advisers and in-house tax experts to determine the amounts to be provided.

Share Buybacks

The Group has regularly returned surplus cash to shareholders through share buybacks. Shares purchased for cancellation are deducted from retained earnings at the total consideration paid or payable. The Company also uses contingent share purchase contracts and irrevocable closed period buyback programmes; the obligation to purchase shares is recognised in full at the inception of the contract, even when that obligation is conditional on the share price. Any subsequent reduction in the obligation caused by the expiry or termination of a contract is credited back to equity at that time. No gain or loss is recognised in the Income Statement on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

Shares Held by ESOT

The NEXT Employee Share Ownership Trust (ESOT) provides for the issue of shares to Group employees, principally under share option schemes. Shares in the Company held by the ESOT are included in the Balance Sheet at cost, including any directly attributable incremental costs, as a deduction from equity.

GROUP ACCOUNTING POLICIES

Provisions

A provision is recognised where the Group has a present obligation (legal or constructive) as a result of a past event and it is *probable* that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is disclosed where the Group has a present obligation (legal or constructive) as a result of a past event and it is *possible* that an outflow of economic benefits will be required to settle the obligation. Where the Group has a contingent liability the nature, timing and related information on the potential liability is explained. The value of any contingent liability is disclosed (but not recognised) and measured at the present value of the expenditures which may be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the potential obligation. In rare cases where it is not possible to form a reliable estimate of the potential obligation, or the disclosure of such a value would be considered prejudicial to the business, a value is not disclosed and this assessment is disclosed.

Lease Accounting

Group as lessee

At inception of a contract the Group assesses whether the contract is or contains a lease. A lease is present where the contract conveys, over a period of time, the right to control the use of an identified asset in exchange for consideration. Where a lease term ends and the Group remains within the site on holdover terms, the rental costs associated with this arrangement are recognised in the Income Statement as incurred.

Where a lease is identified the Group recognises a right-of-use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

Lease liability – initial recognition

The lease liability is initially measured at the present value of the lease payments which are to be made over the lease term. The lease payments are discounted at the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments such as those that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options where the Group is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

In some cases, at the end of the lease term, the Group will continue to occupy the premises under "hold over" terms. The assessment of the lease term does not include any potential payments for hold over periods. When a lease is in hold over, it is deemed short term and any charges are expensed to the Consolidated Income Statement over the period to which it relates. This charge is included within our disclosure of "Expense on short term and low value leases" within Note 12.

The lease liability is presented as a separate line in the Consolidated Balance Sheet, split between current and non-current liabilities.

Lease liability – subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability – remeasurement

The lease liability is remeasured where:

- there is a change in the assessment of exercise of an option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Lease Accounting (continued)

When the lease liability is remeasured, an equivalent adjustment is made to the right-of-use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in the Income Statement.

Where the lease liability is denominated in a foreign currency it is retranslated at the Balance Sheet date with foreign exchange gains and losses recognised in the Income Statement.

Right-of-use asset – initial recognition

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease incentives received, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the Group has an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use asset is presented as a separate line in the Balance Sheet.

Right-of-use asset – subsequent measurement

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

Impairment

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment – non-financial assets' policy.

Short term leases, low value assets and variable rents

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

GROUP ACCOUNTING POLICIES

Climate change

In preparing the financial statements we have considered the potential impact of climate change. Given the identified risks are expected to be present in the medium to long term, our focus has been on the non-current assets within the Balance Sheet.

Specifically, for the material non-current assets, we note the following:

- The plant, property and equipment associated with our stores have relatively short useful lives (in line with the store lease terms which average less than 5 years) and hence would not be at risk in the medium to long term. Furthermore, based on our current lease profile, we expect any potential future store refurbishments to be phased over several years and therefore any changes in the requirements associated with climate change would not have a material impact in any given year.
- For the right-of-use assets associated with our warehouse and head office, and the machinery in our E3 warehouse, the risk from climate change is not considered material. The warehouse and head office sites are located in areas which we would not expect to be physically impacted by climate change, while the risk of material impairment on such assets, for example due to the introduction of environmental taxes, is considered remote given the strong operational margins generated by the Online business which they support.
- The intangible assets, which consist of goodwill, brands and internally generated software, are assessed annually for indicators of impairment. As part of this assessment consideration is given to the impact of potential climate change related regulations, capital expenditure or other items. As at the year end no material climate related change matters have been identified.
- Defined benefit pension assets primarily relate to insurance contracts. The value of these contracts is linked to the financial strength of the insurance company. Their financial strength and environmental credentials were reviewed and there was no indication of material risk from climate change.

The other non-current assets were also reviewed and no material risk identified. Current assets, by their nature, are expected to be fully utilised within the business in the short term and no climate risk has been identified in this time horizon.

As a consequence, climate change has no material impact on the financial reporting judgements and estimates applied in the preparation of the 2026 Annual Report and Accounts. Please see page 82 of the Annual Report and Accounts for further detail on our climate change assessment.

Major Sources of Estimation Uncertainty and Judgement

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

In applying the Group's accounting policies described above, the directors have identified that the following areas are the key estimates that have a significant risk of resulting in a material adjustment to the carrying value of assets and liabilities in the next financial year.

Expected credit losses on Online customer receivables (estimation)

The allowance for ECL (Note 14) is calculated on a customer-by-customer basis, using a combination of internally and externally sourced information, including expected future default levels (derived from historical defaults, overlaid by arrears and indebtedness profiles, and third party macro-economic forecasts) and future predicted cash collection levels (derived from past trends and future projections).

Prior to default, the greatest sensitivity relates to the ability of customers to afford their payments (impacting the Probability of Default (PD) and, to a lesser extent, the Exposure at Default (EAD)). Once a customer receivable has defaulted, there is limited sensitivity in expected recoveries due to the lack of significant variability in cash collection levels post default.

Of the total ECL (Note 14), £66.2m (2025: £71.1m) relates to defaulted debt (without significant uncertainty) and £99.1m (2025: £110.2m) is for non defaulted debt, where significant estimation uncertainty exists. The remainder of this section relates to non defaulted debt.

Macroeconomic Uplift

The first main area of major estimation uncertainty in calculating the ECL is the impact of a change in unemployment. Management use an independent forecast of unemployment, provided by Experian, and weights the effect of the expected (base case), upside, downside and extreme scenarios in the proportions 45/5/35/15. The expected scenario assumes a central unemployment rate peaking at 5.1% during 2026. This weighted view adds £11.0m (2025: £11.3m) to the underlying model ECL. A sensitivity assessment on the unemployment scenarios has been performed by management and the impact of a significant but plausible change would not be material.

The second main area of major estimation uncertainty in calculating the ECL is the impact of macroeconomic factors that are not included in the "macroeconomic uplift" calculation, due to it being solely based on changes in unemployment rate. Management have reviewed independent forecasts of key labour market and consumer economy indicators which have the potential to negatively affect customer payment behaviour. These forecasts, project continued weakness in real wage growth and job vacancies, along with ongoing inflationary pressures. In order to reflect the underlying risk in the loan book, the following adjustment has been incorporated into the provision:

Major Sources of Estimation Uncertainty and Judgement (continued)

- Recognition of the ongoing risk of an increased ECL for customers who have shown recent indicators of distress and considered to be at higher risk of default

With consumer prices in the UK still elevated following an extended period of high inflation, disposable income is likely to remain constricted for consumers with lower levels of financial resilience. In addition, real terms wage growth, along with job vacancy data have remained weakened in recent statistics and updated independent forecasts. Management believe this may adversely impact the recoverability of customer receivables, specifically customers who are modelled to have a low income, high mortgage repayment or are renting. A further overlay to increase the provision coverage of these customers has been applied, which forms £24.5m (2025: £38.8m) of the total ECL.

- Sensitivity to the Probability of Default

Following application of the above overlays, management believes that there is adequate provision for ECL based on a stressed, but realistic level of payments. The primary area of estimation uncertainty which could have a material impact to the provision is the probability of default. If the probability of default were to double, this would increase the provision by £38.8m.

Equal Pay (judgement)

In August 2024 the first tier Employment Tribunal issued its decision on an Equal Pay case brought against NEXT by both current and former employees. The Board has reviewed this decision and obtained further legal advice on the implications of this decision. Having carefully considered this advice the Board has exercised judgement regarding the likely success of the appeals process and concluded that it is more likely than not that NEXT would be successful on Appeal. Our position was informed by internal legal advice and external Counsel. See Note 35 and Appendix 4 to the CEO report for further details.

Adoption of new accounting standards, interpretations and amendments

The Group has applied the following interpretations and amendments for the first time in these financial statements:

- Lack of Exchangeability (Amendments to IAS 21)

The application of this amendment does not have a material impact on the financial statements.

In addition, the Group has early adopted the amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments. Certain amounts have been reclassified in the current year from cash and short term deposits to other debtors with the impact being immaterial to the financial statements.

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* in response to investors' concerns about comparability and transparency of entities' performance reporting. The new presentation requirements introduced in IFRS 18 will increase comparability of the financial performance of similar entities, especially related to how 'operating profit or loss' is defined. The new disclosure requirements for 'management-defined performance measures' will enhance transparency. IFRS 18 is effective from 1 January 2027 and has not yet been adopted by the group.

NEXT plc is in the process of determining the impact on the Group of applying IFRS 18. The Group is preparing a transition plan to report our first IFRS 18-compliant interim financial statements for the period ending July 2027 and annual financial statements for the period ending January 2028. The standard is anticipated to have a significant impact on the presentation of the Consolidated Income Statement.

Other new accounting standards and interpretations have been published that are not yet effective and have not been adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods.

Alternative performance measures (APMs)

Management exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive suitable APMs. As set out on page 68 and 69, APMs are used as management believe these measures provide additional useful information on the trends, performance and position of the Group. These measures are used for performance analysis by the Board. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, IFRS measurements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segmental Analysis

The Group's operating segments are determined based on the Group's internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be the Group Chief Executive, with support from the Board.

The Group's reportable segments have been identified as the following:

- Retail stores (previously called "NEXT Retail")
- Online (UK)*
- Online (International)*
- NEXT Finance
- Total Platform which represents the sales, profit and related assets from the Total Platform business. It includes Reiss, FatFace and Joules alongside our other equity investments.
- Other Business Activities (all other segments) includes the Property Management segment which holds properties and property leases that are recharged to other segments and external parties, as well as the "Franchise, Sourcing and other" segment. This segment also includes Central costs, the IFRS 2 "Share-based payment" expense and unrealised gains or losses on derivatives which do not qualify for hedge accounting.

* In the January 2026 financial statements, the NEXT Online segment has been split into two segments (i) Online (UK) and (ii) Online (International). To ensure comparability, the prior period has been restated to present this on the same basis with Online UK and Online International shown separately. This change reflects the growing size of the International business which is now also being tracked, monitored and appraised by the CODM as a standalone segment and is consistent with the CEO report. The change also does not impact overall revenue or operating profits as it relates to presentation only.

"Total NEXT sales" (previously called "Total NEXT sales excluding VAT") is an alternative performance measure used by the CODM in assessing segment sales performance. For Retail stores, Online (UK) and Online (International), this represents the full customer sales value of NEXT owned products sales and third-party commission based sales. For NEXT Finance, this represents interest income from our Finance business. The Total Platform sales represent the commission and service income on sales with our Total Platform partners. Revenue from other business activities relates primarily to sales from our Franchise, Property Management and Sourcing business. Total NEXT sales is reconciled to statutory revenue within this note.

The reconciling items to arrive at statutory revenue are explained as:

- i) "Revenue from acquired businesses and brands" relates to sales generated from our acquired brands, primarily Reiss, FatFace and Joules who retail through their own store portfolio and websites other than next.co.uk;
- ii) "Commission sales adjustment" where third-party branded goods are sold on a commission basis, only the commission receivable is included in statutory revenue; and
- iii) "Other IFRS 15 adjustments" which includes customer delivery charges, promotional discounts, Interest Free Credit commission costs and expired gift card balances.

1. Segmental Analysis (continued)

Segment sales and revenue

53 weeks to 31 January 2026

	52 weeks to 24 January 2026 Total NEXT Sales £m	Total NEXT sales £m	Revenue from acquired businesses and brands £m	Commission sales adjustment £m	Other IFRS 15 adjustments £m	External revenue £m	Internal revenue £m	Total segment revenue £m
Retail stores	1,893.5	1,919.3	-	(37.1)	5.8	1,888.0	-	1,888.0
Online (UK)	2,799.7	2,843.7	-	(348.5)	92.2	2,587.4	-	2,587.4
Online (International)	1,297.3	1,323.2	-	(62.2)	19.4	1,280.4	-	1,280.4
NEXT Finance	300.9	305.1	-	-	0.6	305.7	1.9	307.6
Total Platform	78.4	79.1	655.2	-	-	734.3	-	734.3
Other business activities (all other segments)	103.7	105.5	-	-	-	105.5	742.2	847.7
Total before eliminations	6,473.5	6,575.9	655.2	(447.8)	118.0	6,901.3	744.1	7,645.4
Eliminations	-	-	-	-	-	-	(744.1)	(744.1)
Total	6,473.5	6,575.9	655.2	(447.8)	118.0	6,901.3	-	6,901.3

52 weeks to 25 January 2025 - Restated ⁽¹⁾

	Total NEXT sales £m	Revenue from acquired businesses and brands £m	Commission sales adjustment £m	Other IFRS 15 adjustments £m	External revenue £m	Internal revenue £m	Total segment revenue £m
Retail stores	1,848.7	-	(32.4)	4.9	1,821.2	1.3	1,822.5
Online (UK)	2,540.4	-	(318.1)	80.4	2,302.7	-	2,302.7
Online (International)	930.2	-	(43.4)	11.7	898.5	-	898.5
NEXT Finance	300.3	-	-	0.7	301.0	-	301.0
Total Platform	67.0	623.0	-	-	690.0	-	690.0
Other business activities (all other segments)	104.7	-	-	-	104.7	696.6	801.3
Total before eliminations	5,791.3	623.0	(393.9)	97.7	6,118.1	697.9	6,816.0
Eliminations	-	-	-	-	-	(697.9)	(697.9)
Total	5,791.3	623.0	(393.9)	97.7	6,118.1	-	6,118.1

(1) **Restatement** - In the January 2026 financial statements, the NEXT Online segment has been split into two segments (i) Online (UK) and (ii) Online (International). To ensure comparability, the prior period has been restated to present this on the same basis with Online UK and Online International shown separately. This change does not impact overall total external revenue or total segment revenue as it relates to presentation only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segmental Analysis (continued)

Segment profit

Transactions between operating segments are made on an arm's length basis in a manner similar to those with third-parties. Segment revenue and segment profit include transactions between business segments which are eliminated on consolidation. The substantial majority of NEXT Sourcing's revenues and profits are derived from sales to the Retail stores, Online (UK) and Online (International) segments. Further detail on the segment performance is provided in the Chief Executive's Review.

	53 weeks to 31 January 2026 £m	<i>Restated⁽⁴⁾</i> 52 weeks to 25 January 2025 £m
Retail stores	226.4	236.8
Online (UK)	524.1	456.6
Online (International)	198.1	131.0
NEXT Finance	195.4	181.7
Total Platform ⁽¹⁾	82.3	66.2
Other business activities (all other segments) ⁽²⁾	(29.0)	(42.0)
Recharge of interest ⁽³⁾	55.5	59.6
Exceptional items - curtailment loss	-	(14.5)
Operating profit - 52 weeks to 24 January 2026	1,252.8	1,075.4
Finance income	11.0	8.2
Finance costs	(95.6)	(96.6)
Profit before tax - 52 weeks to 24 January 2026	1,168.2	987.0
Profit before tax for 53rd week	24.4	-
Profit before tax - 53 weeks to 31 January 2026	1,192.6	987.0

(1) **Total Platform (TP) £82.3m** (2025: £66.2m): The TP segment includes NEXT's share of profits from its investments in associates and joint ventures. It also includes the profits from our TP subsidiaries (Joules, Reiss and FatFace). It excludes the non-recurring TP implementation costs for FatFace in the prior year which, as noted below, are reported within Central and Other costs.

The Total Platform segment within the Chief Executive's Review:

- excludes NEXT's share of the brand and customer relationship amortisation (both owned brands and those included within our associate and joint venture investments) of £18.4m (2025: £19.0m); and
- excludes the operating profit of the non-controlling interest of £12.9m (2025: profit of £10.2m).

(2) **Other Business Activities (all other segments) £29.0m cost** (2025: £42.0m cost): This segment includes the following:

- **Property management cost of £7.0m** (2025: cost of £1.7m)
- **Franchise and wholesale profit of £8.2m** (2025: profit of £7.5m)
- **Sourcing profit of £36.6m** (2025: profit of £31.4m)
- **Central and other costs of £66.8m cost** (2025: £79.2m cost) comprises the following:
 - a) Central costs of £27.2m (2025: £23.4m);
 - b) Share option charge of £47.3m (2025: £38.7m);
 - c) Unrealised foreign exchange losses of £2.6m (2025: gains of £2.3m);
 - d) Impairment of associates and other investments of £6.0m (2025: £13.0m);
 - e) The profit on sale of Waltham Abbey land £16.3m; and
 - f) The prior year included 100% of non-recurring TP implementation costs associated with FatFace of £6.4m. There were no similar costs in the current year. Note that the Chief Executive's Review excludes the non controlling interest element of these costs.

(3) **Recharge of interest £55.5m** (2025: £59.6m): In the current year, this includes £5.9m (2025: £9.3m) of interest that has been reallocated to Total Platform. The remaining element is the cost of funding relating to the Finance segment.

(4) **Restatement** - In the January 2026 financial statements, the NEXT Online segment has been split into two segments (i) Online (UK) and (ii) Online (International). To ensure comparability, the prior period has been restated to present this on the same basis with Online UK and Online International shown separately. This change does not impact overall operating profits as it relates to presentation only.

1. Segmental Analysis (continued)

Operating profit for the 52 weeks to 24 January 2026 includes the following significant costs:

	Retail Stores		Online (UK)		Online (International)		NEXT Finance	
	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m
Bought-in costs	731.0	720.3	969.4	869.0	524.2	386.7	-	-
Store costs	589.4	565.0	-	-	-	-	-	-
Warehouse and logistics	138.1	127.4	579.0	534.6	329.9	240.0	-	-
Bad debt charge	-	-	-	1.9	-	-	1.6	17.5
Cost of funding	-	-	-	-	-	-	49.5	50.2

The costs set out in the table above are aligned to the grouping used by the CODM and board in their review of segment performance. See the Chief Executive's Review for further details including margin analysis.

Bought in costs relate to the costs directly attributable to the selling of goods. It will include the cost of the stock, shrinkage and related costs. Store costs include the rental costs on the Retail stores, payroll costs for our Retail employees and related costs such as rates. Warehouse and logistic costs include the costs for running our warehouse operations, distribution activity and related spend.

Segment capital expenditure and depreciation

	Capital expenditure inc. intangibles		Depreciation and amortisation	
	2026 £m	2025 £m	2026 £m	2025 £m
Retail stores	81.8	85.1	159.9	165.3
Online (UK and International)	80.1	54.3	99.5	76.9
NEXT Finance	-	-	-	-
Total Platform	10.5	10.4	63.3	66.1
Other business activities (all other segments)	4.0	1.2	2.6	3.2
Total	176.4	151.0	325.3	311.5

Assets for "online" are inter-changeable between UK and International, hence the capital expenditure and associated depreciation amortisation have not been separated out, as any allocation would be arbitrary.

Depreciation and amortisation includes depreciation from property, plant and equipment and right-of-use assets, as well as amortisation of brands, customer relationships and software. Capital expenditure, depreciation and amortisation are presented for the 53 weeks to 31 January 2026 (2025: 52 weeks for period to 25 January 2025).

Segment revenue and assets by geographical location

Analyses of the Group's external revenues (by customer location) and non-current assets (by geographical location) are detailed below for the 53 weeks 31 January 2026. Non current assets include plant, property and equipment and intangible assets. It does not include right-of-use assets (disclosed separately), investments or financial assets.

	External revenue		Non-current assets		Right-of-use assets	
	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m
United Kingdom	5,299.0	4,995.0	1,344.5	1,384.0	707.1	710.6
Rest of Europe	949.6	663.9	3.6	3.9	18.0	16.4
Middle East	374.6	295.8	4.3	4.3	-	-
Asia	75.5	46.8	28.0	28.2	2.7	2.6
Rest of World	202.6	116.6	1.0	1.4	5.3	7.7
Total	6,901.3	6,118.1	1,381.4	1,421.8	733.1	737.3

For the geographical split of non current assets all of the brand and goodwill has been allocated to the United Kingdom segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Revenue

The Group's disaggregated revenue recognised under contracts with customers relates to the following categories and operating segments:

53 weeks to 31 January 2026						
	Sale of goods £m	Credit account interest £m	Royalties £m	Rental income £m	Service income £m	Total £m
Retail stores	1,888.0	-	-	-	-	1,888.0
Online (UK)	2,587.4	-	-	-	-	2,587.4
Online (International)	1,280.4	-	-	-	-	1,280.4
NEXT Finance	-	305.7	-	-	-	305.7
Total Platform	717.4	-	5.7	-	11.2	734.3
Other business activities (all other segments)	69.7	-	11.9	23.9	-	105.5
Total	6,542.9	305.7	17.6	23.9	11.2	6,901.3

52 weeks to 25 January 2025 - Restated ⁽¹⁾						
	Sale of goods £m	Credit account interest £m	Royalties £m	Rental income £m	Service income £m	Total £m
Retail stores	1,821.2	-	-	-	-	1,821.2
Online (UK)	2,302.7	-	-	-	-	2,302.7
Online (International)	898.5	-	-	-	-	898.5
NEXT Finance	-	301.0	-	-	-	301.0
Total Platform	679.8	-	-	-	10.2	690.0
Other business activities (all other segments)	68.4	-	14.5	21.8	-	104.7
Total	5,770.6	301.0	14.5	21.8	10.2	6,118.1

Service income of £11.2m (2025: £10.2m) relates to our Total Platform services to non-controlled entities. It excludes the value of Total Platform services to our controlled (ie. consolidated) entities Joules, Reiss and FatFace. In the CEO report, the service income in relation to both controlled and non-controlled entities are reported within the Total Platform segment.

Included within Sale of goods is £175.4m (2025: £168.8m) related to sales made through the redemption of gift cards.

(1) **Restatement** - In the January 2026 financial statements, the NEXT Online segment has been split into two segments (i) Online (UK) and (ii) Online (International). To ensure comparability, the prior period has been restated to present this on the same basis with Online UK and Online International shown separately. This change does not impact overall total revenue as it relates to presentation only.

3. Operating Profit

Group operating profit is stated after charging/(crediting):

	Notes	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Depreciation on property, plant and equipment	10	116.8	114.5
Depreciation on right-of-use assets	12	153.7	144.6
Loss on disposal of property, plant and equipment		2.1	-
Impairment charge on property, plant and equipment	10	0.3	3.4
Net impairment charge/(reversal) on right-of-use assets	12	3.8	(1.7)
Amortisation of intangible assets (excluding software)	11	22.8	22.6
Amortisation, impairment and loss on disposal of software	11	36.3	32.6
Gain on lease modifications and early exit	12	(1.0)	(5.0)
Gain on sale of assets held for sale		(16.3)	-
Loss/(gain) on financial instruments		3.4	(3.4)
Cost of inventories recognised as an expense		2,123.6	1,909.3
Write-down of inventories to net realisable value		162.1	153.4

Cost of inventories recognised as an expense consists of those costs which are directly attributable to goods sold in the year, including packaging and inbound freight costs.

During the year, we sold land near Waltham Abbey, Essex, generating a gain on disposal of £16.3m. In the CEO report, this has been classified as an exceptional item so that it is excluded from profits to determine management incentives. On a statutory basis, this has not been presented as exceptional on the basis of materiality and although one-off in the year, the land was originally purchased for warehouse development purposes and the sale of property, plant and equipment would occur in the normal course of business. The gain is shown within administrative expenses in the Consolidated Income Statement.

Loss on financial instruments of £3.4m (2025: gains of £3.4m) relate to derivative contracts which do not qualify for hedge accounting under IFRS 9.

During the year the Group obtained the following services from the Company's auditor and its associates, including expenses:

	53 weeks to 25 January 2026 £000	52 weeks to 25 January 2025 £000
<i>Auditor's remuneration</i>		
Audit of the financial statements	1,449	1,491
Audit of subsidiaries	911	1,386
Total audit fees	2,360	2,877
Other assurance services	282	194
Total	2,642	3,071

Non audit services totalled £282,000 in the year (2025: £194,000) and largely related to Corporate Responsibility reporting and assurance work relating to the Corporate Bond issue in the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Staff Costs and Key Management Personnel

Total staff costs were as follows:

	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Wages and salaries	1,091.2	1,016.5
Social security costs	129.2	86.3
Other pension costs	25.8	25.5
	1,246.2	1,128.3
Share-based payment expense - equity settled	43.6	35.9
Share-based payment expense - cash settled	0.3	0.2
Total	1,290.1	1,164.4

Share-based payments comprise Management, Sharesave and Share Matching Plan options and LTIP share awards, details of which are given in Note 26.

Total staff costs excluding share-based payment expense by business segment were made up as follows:

	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Retail stores, Online (UK and International) and NEXT Finance	1,077.4	965.3
Total Platform	116.4	113.8
Other business activities (all other segments)	52.4	49.2
Total	1,246.2	1,128.3

	Average employees		Full-time equivalents	
	2026 Number	2025 Number	2026 Number	2025 Number
Retail stores, Online (UK and International) and NEXT Finance	41,676	42,028	26,284	26,139
Total Platform	4,443	4,771	2,601	2,852
Other business activities (all other segments)	2,708	3,944	2,704	3,940
Total	48,827	50,743	31,589	32,931

Included within "Total Platform" staff costs and employee numbers are the Reiss, Joules and FatFace subsidiaries.

The aggregate amounts charged in the financial statements for key management personnel (including employer's National Insurance contributions), being the directors of NEXT plc, were as follows:

	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Short term employee benefits	10.6	9.1
Share-based payments	5.5	3.8
Total	16.1	12.9

Directors' remuneration is detailed in the Remuneration Report.

5. Finance Income and Costs

	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Interest on cash and bank deposits	9.2	7.2
Other interest receivable	1.8	1.0
Finance income	11.0	8.2
Interest on bonds and other borrowings	40.6	41.6
Discount unwind	1.0	0.2
Finance costs on lease liability	55.6	54.8
Finance costs	97.2	96.6

Online account interest from our Finance business is presented as a component of revenue.

6. Exceptional Items

	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Curtailment loss on pension scheme	-	(14.1)
One-off costs associated with the closure of the pension scheme	-	(0.4)
Exceptional items	-	(14.5)

In March 2024, the NEXT defined benefit scheme was closed to future service accrual. As a result, a curtailment loss of £14.1m was recognised in the P&L. This loss arises because:

- (a) Our pension liability for active members, prior to closure, was based on the service that members had accrued up to the date of closure.
- (b) Under a closure, the liability is based on the pension payable to date and an estimate of future inflationary increases.

Although its size is not material, this is a non-recurring and non-cash item whose nature is outside the normal course of business and therefore has been recognised within exceptional items alongside the associated costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Taxation

Tax charge for the period

Our tax charge for the period is shown below. Tax is made up of current and deferred tax. Current tax is the amount payable on the taxable income in the period and any adjustments to tax payable in previous years. Deferred tax is explained on page 211.

	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
<i>Current tax:</i>		
Current tax on profits for the period	288.4	238.2
Adjustments in respect of prior years	(6.2)	(6.3)
Total current tax	282.2	231.9
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	12.5	6.6
Adjustments in respect of prior years	(0.1)	5.3
Total deferred tax	12.4	11.9
Tax expense reported in the Consolidated Income Statement	294.6	243.8

The adjustments in respect of prior years relate to true-ups following the submission of the final tax returns.

Factors affecting the tax charge in the period

The tax rate for the current period varied from the standard rate of corporation tax in the UK due to the following factors:

	53 weeks to 31 January 2026 %	52 weeks to 25 January 2025 %
UK corporation tax rate	25.0	25.0
Non-taxable income	(0.2)	(0.2)
Non deductible expenses	0.6	0.9
Overseas tax	(0.1)	(0.6)
Adjustments in respect of prior years	(0.5)	(0.1)
Tax losses for which (deferred tax asset is recognised) / no deferred tax is recognised	(0.1)	(0.3)
Statutory effective tax rate	24.7	24.7
Non-taxable exceptional income	-	-
Effective tax rate before exceptionals	24.7	24.7

Tax recognised in other comprehensive income and equity

In addition to the amount charged to the Income Statement, tax movements recognised in other comprehensive income and in equity were as follows:

	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
<i>Deferred tax:</i>		
Pension benefit obligation	(1.6)	(3.5)
Fair value movements on derivative instruments	(27.4)	5.1
Tax charge in other comprehensive income	(29.0)	1.6

7. Taxation (continued)

	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
<i>Current tax:</i>		
Share-based payments	(30.0)	(6.5)
<i>Deferred tax:</i>		
Fair value movements on derivative instruments	15.2	2.9
Share-based payments	(22.0)	(9.5)
Total tax credit in the Statement of Changes in Equity	(36.8)	(13.1)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences that arise when the carrying value of assets and liabilities differ between accounting and tax treatments. Deferred tax assets represent the amounts of income taxes recoverable in the future in respect of those differences, while deferred tax liabilities represent the amounts of income taxes payable in the future in respect of those differences.

The deferred tax liability is made up of:

	Intangible assets £m	Accelerated capital allowances £m	Derivatives to fair value £m	Pension benefit obligation £m	Share- based payments £m	IFRS 16 leases £m	Other temporary differences £m	TOTAL £m
At 27 January 2024	(109.4)	(16.2)	2.9	(14.7)	26.3	42.6	20.4	(48.1)
Recognised in:								
- Income Statement	(8.0)	(13.1)	(0.4)	3.5	4.1	(6.9)	8.9	(11.9)
- Other Comprehensive Income	-	-	(5.1)	3.5	-	-	-	(1.6)
- Statement of Changes in Equity	-	-	(2.9)	-	9.5	-	-	6.6
Acquisition of subsidiary	-	1.0	-	-	-	-	(4.1)	(3.1)
At 25 January 2025	(117.4)	(28.3)	(5.5)	(7.7)	39.9	35.7	25.2	(58.1)
Recognised in:								
- Income Statement	5.3	(10.6)	0.3	0.3	2.8	(8.0)	(2.5)	(12.4)
- Other Comprehensive Income	-	-	27.4	1.6	-	-	-	29.0
- Statement of Changes in Equity	-	-	(15.2)	-	22.0	-	-	6.8
At 31 January 2026	(112.1)	(38.9)	7.0	(5.8)	64.7	27.7	22.7	(34.7)

The deferred tax asset of £27.7m in relation to IFRS 16 leases primarily relates to the transitional adjustment arising from the initial implementation of IFRS 16.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. No recognition has been made of the following deferred tax assets:

	Unrecognised		Unrecognised	
	Gross value 2026 £m	Deferred tax 2026 £m	Gross value 2025 £m	Deferred tax 2025 £m
Trading losses	20.9	5.2	14.6	3.7
Capital losses	16.8	4.2	28.9	7.2

The benefit of unrecognised capital losses will only accrue if taxable profits are realised on future disposals of the Group's capital assets. The trading losses have not been recognised and do not expire.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Taxation (continued)

Factors affecting tax charges in future years

Deferred taxes reflected in these financial statements have been measured using the enacted tax rates at the Balance Sheet date. Deferred tax balances materially relate to UK assets and liabilities. Therefore they have been measured at the UK headline rate of 25%, the rate at which they are expected to unwind in the future.

NEXT manages its tax affairs responsibly and proactively to comply with tax legislation. We seek to build solid and constructive working relationships with all tax authorities.

Income Tax - Pillar Two

As part of the Organisation for Economic Co-operation and Development (OECD)/G20 Base Erosion and Profit Shifting (BEPS) project, the OECD has introduced the Pillar Two model rules. The Group is within the scope of these OECD Pillar Two model rules. Pillar Two legislation was enacted in the United Kingdom, the jurisdiction in which NEXT Plc is incorporated, and came into effect for accounting periods starting on or after 31 December 2023. Under the legislation, the Group is liable to pay a top-up tax for the difference between their Global Anti-base Erosion Rules (GloBE) effective tax rate per jurisdiction and the 15% minimum rate. Pillar Two Income Taxes could be payable in the UK, or the local jurisdiction if it has introduced a Qualifying Domestic Minimum top-up Tax.

In the year ended January 2026, the impact of Pillar Two on the Group's tax charge is immaterial to the financial statements.

8. Dividends

	Paid	Pence per share	Cash Flow Statement £m	Statement of Changes in Equity £m
Year to 31 January 2026				
Final ordinary dividend for the year to Jan 2025	1 Aug 2025	158p	184.8	184.8
Interim ordinary dividend for the year to Jan 2026	5 Jan 2026	87p	101.7	101.7
			286.5	286.5
Year to 25 January 2025				
Final ordinary dividend for the year to Jan 2024	1 Aug 2024	141p	168.9	168.9
Interim ordinary dividend for the year to Jan 2025	3 Jan 2025	75p	88.9	88.9
			257.8	257.8

The Trustee of the ESOT waived ordinary dividends paid in the year on shares held by the ESOT.

The Board has recommended a final dividend for the period ended 31 January 2026 of 181p per share. If approved, it will be paid on 3 August 2026 to shareholders who are on the register of members on 3 July 2026. The proposed dividend is subject to approval by shareholders at the Annual General Meeting to be held on 21 May 2026 and has not been included as a liability in the financial statements.

9. Earnings Per Share

	53 weeks to 31 January 2026	52 weeks to 25 January 2025
Basic Earnings Per Share	760.1p	615.1p
Diluted Earnings Per Share	745.4p	605.5p

Basic Earnings Per Share is based on the profit for the period attributable to the equity holders of the Parent Company divided by the net of the weighted average number of shares ranking for dividend less the weighted average number of shares held by the ESOT during the period.

Diluted Earnings Per Share is calculated by adjusting the weighted average number of shares used for the calculation of Basic Earnings Per Share as increased by the dilutive effect of potential ordinary shares. Dilutive shares primarily arise from employee share option schemes where the exercise price is less than the average market price of the Company's ordinary shares during the period. Their dilutive effect is calculated on the basis of the equivalent number of nil cost options. Where the option price is above the average market price, the option is not dilutive and is excluded from the diluted EPS calculation. In addition, there are put and call options over the non-controlling interest shareholding in Reiss, FatFace and Joules. The Company has the option to settle these in NEXT plc shares and therefore these could have a dilutive impact. Their dilutive effect is calculated based on the potential number of shares that could be issued using an option formula as prescribed in the respective shareholder agreement.

There were 812,689 non-dilutive share options in the current year (2025: 950,885).

The table below shows the key variables used in the Earnings Per Share calculations:

	53 weeks to 31 January 2026	52 weeks to 25 January 2025
Profit after tax attributable to equity holders of the Parent Company (£m)	888.5	736.1
Weighted average number of shares (millions)		
Weighted average shares in issue	122.8	126.0
Weighted average shares held by ESOT	(5.9)	(6.3)
Weighted average shares for basic EPS	116.9	119.7
Weighted average dilutive potential shares	2.3	1.9
Weighted average shares for diluted EPS	119.2	121.6

As detailed in the Remuneration Report, the 2025/26 annual bonus for executive directors, was based on NEXT Group pre-tax Profit Earnings per Share of 990.7p (2025: 845.2p). The NEXT Group Profit before tax on a 52 week basis of £1,158.2m is divided by the net of the weighted average number of shares in issue less the weighted average number of shares held by the ESOT during the period. A definition of NEXT Group Profit before tax (or NEXT Group pre tax profit) is included in the Glossary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Property, Plant and Equipment

	Freehold property £m	Leasehold property £m	Plant and equipment £m	Assets under the course of construction £m	Total £m
Cost					
At January 2024	53.4	1.3	2,176.2	0.3	2,231.2
Exchange movement	-	-	0.4	-	0.4
Additions	-	-	122.8	0.1	122.9
Transfer to intangible assets	-	-	(4.3)	-	(4.3)
Disposals	(0.1)	(1.3)	(26.9)	-	(28.3)
At January 2025	53.3	-	2,268.2	0.4	2,321.9
Exchange movement	-	-	0.2	-	0.2
Additions	3.1	-	136.4	0.1	139.6
Transfer to intangible assets	-	-	(0.6)	-	(0.6)
Disposals	-	-	(42.2)	-	(42.2)
Reclassification to assets held for sale	(37.8)	-	-	-	(37.8)
At January 2026	18.6	-	2,362.0	0.5	2,381.1
Depreciation					
At January 2024	1.7	0.1	1,541.9	-	1,543.7
Exchange movement	-	-	0.6	-	0.6
Provided during the year	0.2	-	114.3	-	114.5
Net impairment charge	-	-	3.4	-	3.4
Transfer to intangible assets	-	-	(1.0)	-	(1.0)
Disposals	-	(0.1)	(25.6)	-	(25.7)
At January 2025	1.9	-	1,633.6	-	1,635.5
Exchange movement	-	-	0.4	-	0.4
Provided during the year	0.2	-	116.6	-	116.8
Net impairment charge	-	-	0.3	-	0.3
Disposals	-	-	(39.6)	-	(39.6)
At January 2026	2.1	-	1,711.3	-	1,713.4
Carrying amount					
At January 2026	16.5	-	650.7	0.5	667.7
At January 2025	51.4	-	634.6	0.4	686.4
At January 2024	51.7	1.2	634.3	0.3	687.5

As at January 2026, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £55.6m (2025: £19.2m). Plant and equipment includes leasehold improvements.

During the year, the Group actively marketed land in Waltham Abbey for sale. Accordingly, the asset was reclassified from Property, plant and equipment to Assets held for sale where no change was made to the carrying value. The land was subsequently sold before the end of the financial year. The carrying value of the land was £37.8m and the cash proceeds received in the year for the transaction was £55.7m.

11. Intangible Assets

	Goodwill £m	Brand names and trademarks £m	Customer relationships £m	Software £m	Software assets under the course of construction £m	Total £m
Cost						
At January 2024	217.5	457.2	13.5	111.4	16.0	815.6
Additions	-	0.1	-	24.6	3.5	28.2
Reclassified from assets under the course of construction	-	-	-	8.4	(8.4)	-
Transfer from property, plant and equipment	-	-	-	4.3	-	4.3
Disposals	-	-	-	(9.4)	(1.7)	(11.1)
Fair value adjustment	1.9	-	-	-	-	1.9
At January 2025	219.4	457.3	13.5	139.3	9.4	838.9
Additions	-	5.6	-	17.7	13.5	36.8
Reclassified from assets under the course of construction	-	-	-	5.1	(5.1)	-
Transfer from property, plant and equipment	-	-	-	0.6	-	0.6
Disposals	-	-	-	(2.2)	-	(2.2)
At January 2026	219.4	462.9	13.5	160.5	17.8	874.1
Amortisation and Impairment						
At January 2024	1.8	12.2	0.6	43.8	-	58.4
Amortisation provided during the year	-	20.5	2.1	29.8	-	52.4
Transfer from property, plant and equipment	-	-	-	1.0	-	1.0
Disposals	-	-	-	(8.3)	-	(8.3)
At January 2025	1.8	32.7	2.7	66.3	-	103.5
Amortisation provided during the year	-	20.8	2.0	32.0	-	54.8
Net impairment charge	-	-	-	3.8	-	3.8
Disposals	-	-	-	(1.7)	-	(1.7)
At January 2026	1.8	53.5	4.7	100.4	-	160.4
Carrying amount						
At January 2026	217.6	409.4	8.8	60.1	17.8	713.7
At January 2025	217.6	424.6	10.8	73.0	9.4	735.4
At January 2024	215.7	445.0	12.9	67.6	16.0	757.2

Assets under the course of construction relate to internally developed software that is not yet complete. Once complete it will be transferred to “software” and amortised over its useful economic life (see Group Accounting Policies for more detail).

During the year, we acquired the intellectual property and brands associated with Russell & Bromley and Seraphine for £5.6m.

During the prior year, £4.3m of assets that were previously categorised as plant and equipment, have been re-categorised to software (see Note 10).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Intangible Assets (continued)

The carrying amount of goodwill is allocated to the following cash generating units:

	2026 £m	2025 £m
NEXT Sourcing	30.5	30.5
Lipsy	12.1	12.1
NEXT Beauty	1.3	1.3
Joules	1.9	1.9
Reiss	140.1	140.1
FatFace	31.7	31.7
Total	217.6	217.6

Goodwill is tested for impairment at the Balance Sheet date on the basis of value in use calculations.

Reiss impairment assumptions

The key assumptions in testing the goodwill for impairment are the forecast sales for the Reiss products through their stores, Online and wholesale channels. In assessing the recoverable amount of goodwill, internal budgets for next year and a five year forecast with an operating profit growth of 2% (2025: 2%) were used, with a long term, terminal value growth at 2% (2025: 2%). The cash flows were then discounted at a pre-tax rate of 11.4% (2025: 11.7%). In management's assessment, no reasonable change in assumptions would have resulted in an impairment of the goodwill.

12. Leases

Right-of-use assets

The right-of-use assets are comprised of:

	2026 £m	2025 £m
Buildings - stores	411.7	410.7
Buildings - warehouses, head office and others	296.9	313.1
Equipment	0.3	0.5
Vehicles	24.2	13.0
Total	733.1	737.3

The right-of-use assets movement in the year is as follows:

	2026 £m	2025 £m
At the beginning of the year	737.3	734.6
Additions	129.0	130.8
Disposals	(6.4)	(18.5)
Modifications and amendments	30.7	33.3
Depreciation	(153.7)	(144.6)
Impairment (charge)/reversal	(3.8)	1.7
At the end of the year	733.1	737.3

Additions to right-of-use assets include new leases and new contracts for leases previously on hold over.

Modifications and the amendments relate to changes to the lease payments and lease terms after the inception of the lease.

The income from subleasing right-of use assets under operating leases is £23.5m (2025: £21.3m).

12. Leases (continued)

Lease liability

The lease liability movement in the year is as follows:

	2026 £m	2025 £m
At the beginning of the year	(1,014.4)	(1,037.7)
Additions	(129.3)	(131.9)
Modifications and amendments	(31.3)	(32.9)
Payments	223.0	219.4
Interest	(55.6)	(54.8)
Disposals	8.0	23.1
Foreign exchange movement	(0.2)	0.4
At the end of the year	(999.8)	(1,014.4)

Lease liability	2026 £m	2025 £m
Less than 1 year	(168.1)	(170.8)
More than 1 year	(831.7)	(843.6)
Total	(999.8)	(1,014.4)

The weighted average remaining lease is 7.0 years (2025: 6.7 years). The inclusion or exclusion of the impact of options to extend lease terms in determining the value of the lease liability is assessed on a case by case basis.

Amounts recognised in the Consolidated Income Statement

Depreciation on right-of-use assets	2026 £m	2025 £m
Buildings - stores	119.4	116.1
Buildings - warehouses, head office and others	25.2	22.3
Equipment	0.2	0.3
Vehicles	8.9	5.9
Total	153.7	144.6

	2026 £m	2025 £m
Finance costs on leases	(55.6)	(54.8)
Expense on short term and low value leases	(8.9)	(7.3)
Expense on variable leases and concession-related rent	(58.5)	(63.5)

13. Associates, Joint Ventures and Other Investments

The aggregate carrying amount of the associates and joint ventures is £35.2m (2025: £30.3m) with the Group's share of their profit from continuing operations in the current period being £7.9m (2025: £6.7m). During the year, the Group impaired the carrying value of its associates and joint ventures by £2.9m (2025: £13.0m).

The Group also holds other investments which have a carrying amount of £nil at January 2026 (2025: £2.4m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Customer and Other Receivables

The following table shows the components of net receivables:

	2026 £m	2025 £m
Gross customer receivables excluding Interest Free Credit receivable	1,555.7	1,546.5
Interest Free Credit receivable	29.0	9.3
Gross customer receivables	1,584.7	1,555.8
Less: refund liabilities	(51.2)	(51.5)
Net customer receivables	1,533.5	1,504.3
Less: allowance for expected credit losses	(165.4)	(181.6)
	1,368.1	1,322.7
Other trade receivables	143.7	47.9
Less: allowance for doubtful debts	(3.9)	(1.4)
	1,507.9	1,369.2

Presentation of the above, split by total receivables and allowances:

	2026 £m	2025 £m
Net customer receivables	1,533.5	1,504.3
Other trade receivables	143.7	47.9
	1,677.2	1,552.2
Less: allowance for expected credit losses and doubtful debts	(169.3)	(183.0)
	1,507.9	1,369.2
Prepayments	77.4	68.3
Other debtors	55.4	58.7
Amounts due from associates and joint ventures	19.9	12.2
	1,660.6	1,508.4

No interest is charged on online credit account customer receivables if the statement balance is paid in full and to terms; otherwise balances bear interest at a variable annual percentage rate of 24.9% (2025: 24.9%) at the year-end date, except for £129.9m (2025: £95.6m) of balances on the "pay in 3" product which bears interest at 29.9% (2025: 29.9%) at the year end date.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, other trade receivables have been allocated to the Risk band 1 (defined in Note 30), representing management's view of the risk and the days past due. The expected credit losses incorporate forward looking information.

The fair value of customer receivables and other trade receivables is approximately £1,490m (2025: £1,340m). This has been calculated based on future cash flows discounted at an appropriate rate for the risk of the debt. The fair value is within Level 3 of the fair value hierarchy (refer to the Fair Value Hierarchy table in Note 29).

Expected irrecoverable amounts on balances with indicators of impairment are provided for based on past default experience, adjusted for expected behaviour. Receivables which are impaired, other than by age or default, are separately identified and provided for as necessary.

The ECL allowance against other debtors and amounts due from associates and joint ventures is immaterial in the current and prior year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset.

14. Customer and Other Receivables (continued)

An analysis of changes in the gross carrying amount in relation to customer receivables and other trade receivables is as follows:

	Lifetime ECL £m	Credit impaired £m	Total £m
Gross carrying amount			
At January 2024	1,441.0	101.5	1,542.5
New assets originated/recoveries	80.8	(15.3)	65.5
Transfers from lifetime ECL to credit impaired	(38.5)	38.5	-
Financial assets derecognised during the period	-	(42.9)	(42.9)
Amounts written off	(7.6)	(5.3)	(12.9)
At January 2025	1,475.7	76.5	1,552.2
New assets originated/recoveries	165.1	(14.5)	150.6
Transfers from lifetime ECL to credit impaired	(33.0)	33.0	-
Financial assets derecognised during the period	-	(13.3)	(13.3)
Amounts written off	(7.9)	(4.4)	(12.3)
At January 2026	1,599.9	77.3	1,677.2

An analysis of the changes in the impairment allowance for customer receivables and other trade receivables is as follows:

	Lifetime ECL £m	Credit impaired £m	Total £m
Loss allowance			
At January 2024	(115.3)	(94.1)	(209.4)
New assets originated/recoveries	(2.7)	13.9	11.2
Transfers from lifetime ECL to credit impaired	2.9	(35.1)	(32.2)
Change in the allowance for expected credit losses	2.6	0.1	2.7
Financial assets derecognised during the period	-	39.3	39.3
Amounts written off	0.6	4.8	5.4
At January 2025	(111.9)	(71.1)	(183.0)
New assets originated/recoveries	0.6	12.1	12.7
Transfers from lifetime ECL to credit impaired	2.2	(27.5)	(25.3)
Change in the allowance for expected credit losses	5.5	5.6	11.1
Financial assets derecognised during the period	-	11.1	11.1
Amounts written off	0.5	3.6	4.1
At January 2026	(103.1)	(66.2)	(169.3)

Change in the allowance for expected losses includes an ECL release of £20.0m in the current year (2025: £10.0m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Customer and Other Receivables (continued)

	Lifetime ECL £m	Credit impaired £m	Total £m
At January 2024	(115.3)	(94.1)	(209.4)
Impairment	(3.4)	(19.8)	(23.2)
Amounts recovered	3.0	0.8	3.8
Charged to the Income Statement	(0.4)	(19.0)	(19.4)
Used during the year	3.8	42.0	45.8
Total movement	3.4	23.0	26.4
At January 2025	(111.9)	(71.1)	(183.0)
Impairment	3.0	(11.3)	(8.3)
Amounts recovered	1.0	0.2	1.2
Charged to the Income Statement	4.0	(11.1)	(7.1)
Used during the year	4.8	16.0	20.8
Total movement	8.8	4.9	13.7
At January 2026	(103.1)	(66.2)	(169.3)

The amount charged to the Income Statement of £7.1m (2025: £19.4m) differs to the bad debt charge of £1.6m (2025: £17.5m) in the Chief Executive's Review on page 42 due to the inclusion of other trade receivables within this note not included within the Chief Executive review.

Information on the Group's credit risk in relation to customer receivables is provided in Note 30.

15. Other Financial Assets

	2026		2025	
	Current £m	Non-current £m	Current £m	Non-current £m
Foreign exchange contracts	6.4	0.2	31.8	-
	6.4	0.2	31.8	-

Foreign exchange contracts comprise forward contracts and options, the majority of which are used to hedge exchange risk arising from the Group's merchandise purchases (refer to Note 30). These instruments are primarily for US Dollars and Euros.

16. Cash and Short Term Deposits

	2026 £m	2025 £m
Cash at bank and in hand	46.5	107.9
Short term deposits	49.7	92.5
	96.2	200.4

Cash at bank represents the gross cash positions, of which the majority are part of the Group's bank account and interest and balance pooling arrangements. Short term deposits are used to manage the short-term liquidity requirements of the Group and are highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

17. Bank Loans and Overdrafts

	2026 £m	2025 £m
Bank overdrafts	36.0	29.1
Drawdown on revolving credit facility	60.0	-
Bank loans	-	31.5
	96.0	60.6

Bank overdrafts represent the gross overdraft positions, of which the majority are part of the Group's bank account interest and balance pooling arrangements. Bank overdrafts are repayable on demand and bear interest at a margin over bank base rates.

As at 31 January 2026, the Group had borrowing facilities of £525.0m (2025: £425.0m) committed until June 2029 (2025: June 2029), in respect of which all conditions precedent have been met. £60.0m of the facilities were drawn down as at January 2026 (2025: £nil).

In the prior year, bank loans represented facilities provided by external banks to Reiss on which the annual rate of interest was between 2.15% and 2.90% over SONIA based on net leverage. The loan was secured by a fixed and floating charge over the assets of the Reiss group, charges over credit balances held by Reiss and unlimited cross guarantees to NatWest Bank PLC from other companies within the Reiss group. This bank loan was repaid during the current financial year.

18. Trade Payables and Other Payables

	2026		2025	
	Current £m	Non-current £m	Current £m	Non-current £m
Trade payables	340.9	-	355.8	-
Amounts owed to associates and joint ventures	3.1	-	1.4	-
Refund liabilities	63.0	-	47.7	-
Other taxation and social security	118.2	-	123.0	-
Deferred revenue from the sale of gift cards	114.6	-	107.5	-
Share-based payment liability	0.2	0.1	0.2	0.2
Accruals	417.6	4.0	359.9	4.4
Other creditors	74.8	13.5	81.2	6.9
	1,132.4	17.6	1,076.7	11.5

Trade payables do not bear interest and are generally settled on 30 day terms. Other creditors and accruals do not bear interest.

Within accruals are staff related accruals £80.1m (bonus, holiday pay and overtime) (2025: £58.6m), property related accruals £33.0m (2025: £41.4m) warehouse and duty related accruals of £145.7m (2025: £119.1m), marketing accruals £13.6m (2025: £15.1m) and IT systems, utilities and deferred income on NEXT Unlimited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Other Financial Liabilities

	2026		2025	
	Current £m	Non-current £m	Current £m	Non-current £m
Foreign exchange contracts	34.2	0.4	8.0	-
Interest rate derivatives	1.1	-	-	8.0
Commodity price contracts	0.2	-	0.3	-
Put and call options	-	37.8	-	31.1
	35.5	38.2	8.3	39.1

Foreign exchange contracts comprise forward contracts and options, of which the majority are used to hedge exchange risk arising from the Group's merchandise purchases (Note 30). These instruments are primarily for US Dollars and Euros. Interest rate derivatives are used to manage the fixed and floating interest rate risk associated with the corporate bonds (Note 20).

Commodity price contracts are used to hedge against movements in the Group's purchases of diesel fuel (refer to Note 30).

Put and call options

Put and call options are in place over some of the remaining non-controlling interest shareholding in Reiss, FatFace and Joules. These put and call options are accounted for at fair value. This recognises put and call options over non-controlling interests in its subsidiary undertakings as a liability in the Consolidated Balance Sheet at the present value of the estimated exercise price of the put and call option.

Put and call options are entered into simultaneously, in contemplation of each other and are documented within a single agreement with the same counterparty in respect of each minority shareholding. The terms of the put and call are identical in respect of the valuation mechanic and the period on which they are derived, and therefore the underlying asset and risk associated to the put and call are considered to be the same. The only distinguishable difference between the put and the call, other than the party choosing to initiate the option, is the timing of the option window. There is a short period of time between the put option window commencing and the call option window commencing. Accordingly, the Group has assessed that the put and call options are to be accounted for as a single unit of account.

The present value of the exercise price of the put and call options is estimated using Board approved budget multiplied by an earnings ratio. The option formula is specific to each subsidiary and stated within the shareholder agreement. The forecast cash flows are discounted using a discount rate reflecting the current market assessment of the time value of money and any specific risk premiums relevant to the individual businesses involved. These discount rates are considered to be equivalent to the rates a market participant would use. Upon initial recognition of put and call options a corresponding entry is made to Other Equity, and for subsequent changes on remeasurement of the liability the corresponding entry is made to Other Equity.

20. Corporate Bonds

	Balance Sheet value		Nominal value	
	2026 £m	2025 £m	2026 £m	2025 £m
Corporate bond 3.000% repayable 2025	-	250.0	-	250.0
Corporate bond 4.375% repayable 2026	112.9	243.8	113.6	250.0
Corporate bond 3.625% repayable 2028	300.0	300.0	300.0	300.0
Corporate bond 5.000% repayable 2031	300.0	-	300.0	-
	712.9	793.8	713.6	800.0

During the year, the 2025 corporate bond was repaid in full. In addition, £136.4m of the nominal value of the 2026 corporate bond was also repurchased early. The remainder of the 2026 corporate bond will be repaid in 2026. A loss of £2.4m was recognised within Finance costs upon early settlement of the bond and associated hedging instruments.

Separately, in July 2025 the Group issued a new corporate bond with a nominal value of £300.0m at a fixed rate of 5.0%, repayable in July 2031.

The Group uses interest rate derivatives to manage the interest rate risk associated with its bonds, the profile of the post hedged interest rate which is shown below:

	2026		2025	
	Nominal value £m	Aggregate interest rate	Nominal value £m	Aggregate interest rate
2025 Bonds - Fixed	-	-	250.0	3.000%
2026 Bonds - Floating	113.6	SONIA + 1.7%	250.0	SONIA + 1.7%
2028 Bonds - Fixed	300.0	3.625%	300.0	3.625%
2031 Bonds - Fixed	300.0	5.000%	-	-
Total	713.6		800.0	

Interest rate risk management is explained in Note 30.

The fair value of the corporate bonds held on the Balance Sheet is as follows:

	2026		2025	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
In hedging relationships	109.3	111.9	243.8	251.6
Not in hedging relationships	603.6	617.9	550.0	546.8
	712.9	729.8	793.8	798.4

The fair value of corporate bonds is based on market values which includes accrued interest and changes in credit risk and interest rate risk. The fair value is within Level 1 of the fair value hierarchy (refer to the Fair Value Hierarchy table in Note 29).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Pension Benefits

The Group's UK pension arrangements include the following:

- The 2013 NEXT Group Pension Plan (the "2013 Plan")
- The NEXT Group Pension Plan (the "Original Plan")
- NEXT Supplemental Pension Arrangement (the "SPA")
- Legal & General Master Trust
- NEXT contributes to the People's Pension which it uses for auto enrolment
- Reiss and FatFace operate separate defined contribution plans for their employees.

The Original Plan and the 2013 Plan are defined benefit schemes.

The trustee of the Original Plan and 2013 Plan is a limited company, NEXT Pension Trustees Limited (the "Trustee"). The Board of the Trustee currently comprises six directors. Three of these are members of the 2013 Plan, and one director (the Chair) is independent and has no other connection to NEXT. Two of these directors are member nominated directors and cannot be removed by NEXT. The other four directors, including the independent director, are appointed by and can be removed by NEXT. All directors of the Trustee receive a fee for their services, including those directors who are also employees of NEXT. No director of the Company is a director of the Trustee.

The Plans' investments are kept separate from the business of the NEXT Group and the Trustee holds them in separate trusts. Responsibility for investment of the Plans' funds has been delegated to professional investment managers. Further details on each plan are set out below.

Defined benefit arrangements

The Group's defined benefit plans (the Original Plan and the 2013 Plan) are closed to future accrual. The risks associated with the payment of pensions are largely mitigated by the purchase of insurance contracts ("buy-ins") to cover the liabilities of both plans, although it remains the ultimate responsibility of the Company to provide members with benefits. The pensions and matching insurance contracts held by both plans will be converted to buy-out in due course and both plans will be dissolved.

Virgin Media case

The Virgin Media case concerned the validity of amendments to defined benefit pension schemes, specifically whether actuarial confirmation was required for amendments to be valid. In light of the prior year ruling, we have reviewed all the relevant scheme changes and assessed the potential impact on the Next 2013 Plan and Original Plan. Having carefully considered the ruling and sought appropriate advice, the Company is satisfied that the schemes are not significantly impacted. The Company will continue to monitor relevant legal and regulatory developments.

Defined contribution arrangements

Legal and General Master Trust

The defined contribution section is administered by a Legal & General Master Trust which enables the pension scheme members to benefit from lower running costs, greater flexibility of retirement options and improved range of online tools and advice to support members in decisions they may make about their financial plans. The Master Trust is run by a board of independent trustees who are responsible for ensuring that the Trust is run in accordance with the law and that funds are invested properly. Members pay 5% of their pensionable earnings which is matched by the Company. For death prior to retirement, a lump sum of three times the member's base salary at the previous April is payable along with the current value of the member's fund.

Other

The NEXT Group also operates an auto-enrolment scheme which is open to all employees to which employees contribute 5% of their pensionable earnings and the Group contributes 3%.

Reiss and FatFace operate separate defined contribution plans for their employees.

Principal risks

The principal risks of defined benefit plans are typically investment risk, interest rate risk, inflation risk and longevity risk. These risks are all mitigated by the insurance contracts secured. The remaining risk relates to a potential insolvency or inability of the insurance company to meet its obligations. However, each insurer has a strong Balance Sheet and asset base with which to meet the obligations as they fall due.

21. Pension Benefits (continued)

Income statement

The components of the net defined benefit expense, recognised in the Consolidated Income Statement are as follows:

	2026				2025			
	2013	Original	SPA	Total	2013	Original	SPA	Total
	Plan	Plan			Plan	Plan		
£m	£m	£m	£m	£m	£m	£m	£m	
Current service cost	-	-	-	-	0.6	-	-	0.6
Past service cost	0.1	-	-	0.1	-	-	-	-
Curtailment loss	-	-	-	-	13.3	-	0.8	14.1
Net interest	(2.1)	(0.1)	0.4	(1.8)	(2.7)	(0.1)	0.4	(2.4)
Administration costs	2.9	0.4	-	3.3	2.5	0.1	-	2.6
Net defined benefit expense	0.9	0.3	0.4	1.6	13.7	-	1.2	14.9

The curtailment loss has been recognised on the face of the Consolidated Income Statement as an exceptional item. All other components have been recognised within administrative expenses.

Other comprehensive income

The components of the net defined benefit expense recognised in other comprehensive income are as follows:

	2026				2025			
	2013	Original	SPA	Total	2013	Original	SPA	Total
	Plan	Plan			Plan	Plan		
£m	£m	£m	£m	£m	£m	£m	£m	
Actuarial gains/(losses) due to liability experience	(4.3)	(0.6)	0.2	(4.7)	-	2.6	0.2	2.8
Actuarial gains due to liability assumption changes	18.8	1.3	0.2	20.3	38.8	3.2	0.4	42.4
Return on plan assets less than discount rate	14.5	0.7	0.4	15.6	38.8	5.8	0.6	45.2
	(21.1)	(0.8)	-	(21.9)	(53.0)	(6.0)	-	(59.0)
Actuarial gains/(losses) recognised in other comprehensive income	(6.6)	(0.1)	0.4	(6.3)	(14.2)	(0.2)	0.6	(13.8)

Balance Sheet valuation

The net defined benefit pension asset recognised in the Consolidated Balance Sheet is analysed as follows:

	2026				2025			
	2013	Original	SPA	Total	2013	Original	SPA	Total
	Plan	Plan			Plan	Plan		
£m	£m	£m	£m	£m	£m	£m	£m	
Present value of benefit obligations	(495.0)	(77.4)	(7.3)	(579.7)	(498.1)	(81.0)	(7.4)	(586.5)
Fair value of plan assets	524.7	78.0	-	602.7	535.3	82.0	-	617.3
Net pension asset	29.7	0.6	(7.3)	23.0	37.2	1.0	(7.4)	30.8

A net asset has been recognised as the Trust Deeds of the Original and 2013 Plans provide the Group with an unconditional right to a refund assuming the gradual settlement of the Plans' liabilities over time until all members have left the Plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Pension Benefits (continued)

Plan obligations

Changes in the present value of defined benefit pension obligations are analysed as follows:

	2026				2025			
	2013 Plan £m	Original Plan £m	SPA £m	Total £m	2013 Plan £m	Original Plan £m	SPA £m	Total £m
Opening obligation	498.1	81.0	7.4	586.5	512.7	89.5	6.9	609.1
Current service cost	-	-	-	-	0.6	-	-	0.6
Past service cost	0.1	-	-	0.1	-	-	-	-
Curtailement loss	-	-	-	-	13.3	-	0.8	14.1
Interest cost	27.6	4.3	0.4	32.3	25.7	4.3	0.4	30.4
Employee contributions	-	-	-	-	-	-	-	-
Benefits paid	(16.5)	(7.0)	(0.1)	(23.6)	(15.4)	(7.0)	(0.1)	(22.5)
Transfer between schemes	0.2	(0.2)	-	-	-	-	-	-
Actuarial (gains)/losses								
- financial assumptions	(16.3)	(1.3)	(0.2)	(17.8)	(25.2)	(3.2)	(0.4)	(28.8)
- experience	4.3	0.6	(0.2)	4.7	-	(2.6)	(0.2)	(2.8)
- demographic assumptions	(2.5)	-	-	(2.5)	(13.6)	-	-	(13.6)
Closing obligation	495.0	77.4	7.3	579.7	498.1	81.0	7.4	586.5

The present value of the defined benefit closing obligation of £579.7m (2025: £586.5m) was approximately 66% (2025: 65%) relating to deferred participants and 34% (2025: 35%) relating to pensioners.

Plan assets

Changes in the fair value of defined benefit pension assets were as follows:

	2026				2025			
	2013 Plan £m	Original Plan £m	SPA £m	Total £m	2013 Plan £m	Original Plan £m	SPA £m	Total £m
Opening assets	535.3	82.0	-	617.3	577.7	90.7	-	668.4
Employer contributions	-	-	0.1	0.1	0.1	-	0.1	0.2
Employee contributions	-	-	-	-	-	-	-	-
Benefits paid	(16.5)	(7.0)	(0.1)	(23.6)	(15.4)	(7.0)	(0.1)	(22.5)
Interest income on assets	29.7	4.4	-	34.1	28.4	4.4	-	32.8
Transfer between schemes	0.2	(0.2)	-	-	-	-	-	-
Return on plan assets (excluding amounts included in interest)	(21.1)	(0.8)	-	(21.9)	(53.0)	(6.0)	-	(59.0)
Administrative costs	(2.9)	(0.4)	-	(3.3)	(2.5)	(0.1)	-	(2.6)
Closing assets	524.7	78.0	-	602.7	535.3	82.0	-	617.3

21. Pension Benefits (continued)

The fair value of defined benefit plan assets was as follows:

	2026				2025			
	2013 Plan £m	Original Plan £m	Total £m	%	2013 Plan £m	Original Plan £m	Total £m	%
Gilts	22.2	-	22.2	3.7	21.6	1.2	22.8	3.7
Insurance contracts	483.2	77.4	560.6	93.0	492.2	80.8	573.0	92.8
Cash and cash equivalents	19.3	0.6	19.9	3.3	21.5	-	21.5	3.5
	524.7	78.0	602.7	100.0	535.3	82.0	617.3	100.0

The fair values of the gilts are determined based on quoted prices in active markets.

Principal assumptions

The IAS 19 (accounting) valuation of the defined benefit obligation was undertaken by an external qualified actuary as at January 2026 using the projected unit credit method. The principal actuarial assumptions used in the valuation were as follows:

	2026		2025	
	Original Plan	2013 and SPA	Original Plan	2013 and SPA
Discount rate	5.65%	5.75%	5.55%	5.55%
Inflation - RPI	3.30%	3.00%	3.50%	3.10%
Inflation - CPI	2.30%	2.80%	2.50%	2.85%
Salary increases	n/a	n/a	n/a	n/a
Pension increases in payment				
- RPI with a maximum of 5.0%	3.05%	2.80%	3.25%	2.95%
- RPI with a maximum of 2.5% and discretionary increases	2.10%	1.95%	2.10%	1.95%

	2026		2025	
	Pensioner aged 65	Non-pensioner aged 45	Pensioner aged 65	Non-pensioner aged 45
Life expectancy at age 65 (years)				
- Male	21.6	23.1	21.2	22.7
- Female	23.4	25.3	23.3	25.2

The discount rate has been derived as the single average discount rate appropriate to the term of the liabilities, based on the yields available on high quality Sterling corporate bonds. The expected average duration of the Original Plan's liabilities is 9 years, the SPA is 13 years and the 2013 Plan is 14 years.

The rate of retail price inflation (RPI) has been derived in a consistent way to the discount rate, so that it is appropriate to the term of the liabilities. The RPI assumption for the 2013 Plan and SPA allows for the inflation risk premium of 0.3% per annum. As in previous years, the Original Plan does not allow for an inflation risk premium because its assets and liabilities are almost fully matched.

The rate of consumer price inflation (CPI) is set lower than the assumption for retail price inflation, reflecting the long term expected gap between the two indices and takes into account the alignment of RPI to CPI from 2030.

For the 2013 Plan and the SPA, the base mortality assumptions reflect the best estimate output from a postcode mortality study. This results in an assumption in line with the standard SAPS Series 3 All Pensioner tables (with a multiplier of 105% for male and female pensioners and 107% for male non-pensioners and 103% for female non-pensioners). Future improvement trends have been allowed for, in line with the most recent CMI core projection model (CMI 2024) with a long term rate of improvement of 1.5% per annum.

The base mortality assumption for the Original Plan is in line with the standard SAPS Series 1 All Pensioner tables, with medium cohort improvements to 2009, and CMI 2013 improvements applied from 2009 with a long term rate of improvement 1.5% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Pension Benefits (continued)

Sensitivity analysis

The sensitivity of the pension asset and obligation to changes in the principal assumptions is:

Sensitivity analysis		Impact on pension asset	Impact on pension obligation
Discount rate	0.5% decrease	36.7	(38.1)
Price inflation	0.5% increase to RPI and CPI	23.3	(26.4)
Price inflation	0.1% decrease to CPI (i.e. increase in the gap between RPI and CPI)	(1.4)	1.4
Mortality	Life expectancy increased by one year	11.0	(11.7)

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. Aside from the matching insurance contracts held in the plans, no allowance has been made for any change in assets that might arise under any of the scenarios set out above. When calculating the sensitivity of the defined benefit obligation to changes in the significant assumptions, the same method has been applied as when calculating the pension liability recognised within the Consolidated Balance Sheet. The inflation assumption impacts the “pension increases in payment” and deferred pension calculations.

The sensitivities shown are just one possible outcome and should not be taken as an indication of the likelihood of a change occurring in the future. Market metrics used to derive the discount rate and price inflation assumptions could increase or decrease in the future, by more or less than the change set out.

Full actuarial valuation

An actuarial valuation of the 2013 Plan was undertaken as at 30 September 2022 by Mercer, who were the 2013 Plan Actuary to the Trustees at the time. The valuation showed a funding surplus on a Technical Provisions basis required by legislation of 114.1% or £85.4m at that date.

Contributions

The 2013 Plan closed to future accrual on 31 March 2024, therefore pension contributions ceased from 1 April 2024.

Contributions paid by the Group (including salary sacrifice contributions) during the year are set out below:

	2026 £m	2025 £m
Defined contribution	28.7	26.3
Automatic enrolment	32.2	29.2
Defined benefit	0.1	0.2
	61.0	55.7

22. Provisions

	2026 £m	2025 £m
At the beginning of the year	55.7	52.4
Provisions made in the year	5.5	7.9
Utilisation of provisions	(1.5)	(1.2)
Release of provision	(2.2)	(3.6)
Unwind of discount	1.0	0.2
At the end of the year	58.5	55.7

Provision is made for the committed cost or estimated exit costs of properties occupied by the Group.

23. Share Capital

	2026 Shares '000	2025 Shares '000	2026 £m	2025 £m
Allocated, called up and fully paid				
<i>Ordinary shares of 10p each</i>				
At the start of the year	123,643	127,424	12.4	12.7
Purchased for cancellation in the year	(1,207)	(3,781)	(0.1)	(0.3)
	122,436	123,643	12.3	12.4
<i>Ordinary Redeemable B shares of 360p each</i>				
Issued in the year	122,437	-	440.8	-
Redeemed and cancelled in the year	(122,437)	-	(440.8)	-
	-	-	-	-
	122,436	123,643	12.3	12.4

On 15 January 2026, the Group issued 122,436,612 B shares for nil consideration with a nominal value of £3.60 per share to holders of ordinary shares. This resulted in a total of £440.8m being credited to the B share capital account. At the same time, Other reserves were increased by £440.8m (Note 24). On 16 January 2026, the B shares were redeemed at £3.60 per B share, which resulted in a £440.8m reduction in the B share capital account and a corresponding increase in the capital redemption reserve.

The table below shows the movements in equity from share purchases and commitments during the year:

	2026		2025	
	Shares '000	Cost £m	Shares '000	Cost £m
Shares purchased for cancellation in the year	1,207	131.4	3,781	360.2
Amount shown in Statement of Changes in Equity		131.4		360.2

Subsequent to the end of the financial year, the Group entered into an irrevocable share purchase agreement with a total commitment value of £145.0m. As at 25 March 2026, none of the commitment was outstanding.

24. Other Reserves

Other reserves in the Consolidated Balance Sheet comprise the reserve created on reduction of share capital through a Scheme of Arrangement under Section 425 of the Companies Act 1985 of £1,460.7m less share premium account of £3.8m and capital redemption reserve of £8.7m at the time of a capital reconstruction in 2002, plus the accumulated amount of goodwill arising on acquisition after taking into account subsequent disposals of £0.7m.

In January 2026, £440.8m was capitalised to issue the redeemable B shares. See Note 23 for further details and note C5 in the NEXT plc parent company financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Non-controlling Interests

The non-controlling interest in respect of Pink Holdco Limited is considered to be a material non-controlling interest. Pink Holdco Limited is the parent company within the Reiss group (hereafter “Reiss”). Its principal place of business is the UK. During the year, NEXT exercised a call option, increasing its equity interest by 0.3% which was settled in cash for £1.5m. As at 31 January 2026, the non-controlling interest holds 25.7% (2025: 26.0%) of the ownership interest. Summarised financial information in respect of Reiss is set out below. The financial information in this note represents amounts before intragroup eliminations.

Summary Balance Sheet

	Reiss	
	2026 £m	2025 £m
Non-current assets	499.3	536.0
Current assets	117.4	137.7
Current liabilities	(78.1)	(116.1)
Non-current liabilities	(107.6)	(113.0)
Net assets	431.0	444.6
Equity attributable to owners of parent company	320.2	328.5
Non-controlling interest	110.8	116.1
	431.0	444.6

Summary Statement of Comprehensive Income

	Reiss	
	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Revenue	405.2	370.4
Profit after tax for the period	35.2	28.2
Other comprehensive income	-	-
Total comprehensive income	35.2	28.2
Profit attributable to non-controlling interest	9.2	7.5
Dividends paid to non-controlling interest	7.7	7.8

Summary cash flows

	Reiss	
	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Cash flow from operating activities	84.0	62.3
Cash flow from investing activities	(5.3)	(30.5)
Cash flow from financing activities	(73.6)	(51.3)
Net increase/(decrease) in cash and cash equivalents	5.1	(19.5)

26. Share-based Payments

The Group operates a number of share-based payment schemes as follows:

Management share and Sharesave options

Management share options

The NEXT Management Share Option Plan provides for options over shares, exercisable between three and ten years following their grant, to be allocated to Group employees at the discretion of the Remuneration Committee. This plan is primarily aimed at middle management and senior store staff. No options were granted to any directors or changes made to existing entitlements in the year under review. No employee is entitled to be granted options under the scheme if, in the same financial year, they have received an award under NEXT's Long Term Incentive Plan or Share Matching Plan.

The total number of options which can be granted is subject to limits. There are no cash-settlement alternatives and they are therefore accounted for under IFRS 2 as equity-settled awards. Option prices are set at the prevailing market price at the time of grant. The maximum total market value of shares (i.e. the acquisition price of shares) over which options may be granted to any person during any financial year of the Company is three times salary, excluding bonuses and benefits in kind. This limit may be increased to five times salary in circumstances considered by the Remuneration Committee to be exceptional, for example on the grant of options following recruitment. Grants are generally made annually.

Sharesave options

The Company's Save As You Earn (Sharesave) scheme is open to nearly all UK employees. Invitations to participate are generally issued annually and the scheme is subject to HMRC rules. The current maximum monthly savings for the schemes detailed below is £250. Options are granted at the prevailing market rate less a discount of 20% and are exercisable three or five years from the date of grant. Sharesave options are also accounted for as equity-settled awards under IFRS 2.

Management and Sharesave options movement

The following table summarises the movements in Management and Sharesave options during the year:

	2026		2025	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at beginning of year	6,152,517	£64.23	6,047,428	£58.29
Granted	1,487,235	£106.29	1,494,874	£88.42
Exercised	(1,994,343)	£53.75	(1,160,187)	£65.41
Forfeited	(208,411)	£75.47	(229,598)	£59.43
Outstanding at end of year	5,436,998	£79.15	6,152,517	£64.23
Exercisable at end of year	817,702	£57.42	791,723	£59.30

Options were exercised on a regular basis throughout the year and the weighted average share price during this period was £122.42 (2025: £93.70). Options outstanding at 31 January 2026 are exercisable at prices ranging between £38.69 and £109.65 (2025: £38.69 and £89.86) and have a weighted average remaining contractual life of 6.5 years (2025: 6.3 years), as analysed in the table below:

Exercise price range	2026		2025	
	No. of options	Weighted average remaining contractual life (years)	No. of options	Weighted average remaining contractual life (years)
£38.69-£56.46	581,989	2.5	1,427,791	2.6
£58.50-£61.86	579,934	3.8	1,581,279	6.2
£64.50	1,329,470	7.2	1,399,628	8.2
£64.53-£89.86	1,504,138	7.1	1,743,819	7.8
£95.28-£109.65	1,441,467	7.9	-	-
	5,436,998	6.5	6,152,517	6.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Share-based Payments (continued)

Share Matching Plan (SMP)

The SMP is an equity-settled scheme open to a small number of senior executives below Board level. Executive directors are not granted SMP awards. The number of SMP options outstanding at the end of the year is 22,759 (2025: 37,536).

Long Term Incentive Plan (LTIP)

As explained in the Remuneration Report, the Group operates an equity-settled LTIP scheme for executive directors and other senior executives. Performance conditions for the LTIP awards are detailed in the Remuneration Report.

The following table summarises the movements in nil cost LTIP awards during the year:

	2026 No. of awards	2025 No. of awards
Outstanding at beginning of year	561,126	559,691
Granted	156,798	195,844
Dividend accrual awarded in the year	14,301	14,376
Vested	(186,564)	(157,212)
Forfeited	(3,068)	(51,573)
Outstanding at end of year	542,593	561,126

The weighted average remaining contractual life of these options is 1.3 years (2025: 1.4 years).

Fair value calculations

The fair value of Management share options and Sharesave options granted is calculated at the date of grant using a Black-Scholes option pricing model. Expected volatility was determined by calculating the historical volatility of the Company's share price over a period equivalent to the expected life of the option. The expected life applied in the model is based on historical analyses of exercise patterns, taking into account any early exercises. The following table lists the inputs to the model used for options granted in the current and prior years based on information at the date of grant:

	Management share options		Sharesave plans	
	2026	2025	2026	2025
Share price at date of grant	£109.65	£89.86	£119.10	£101.00
Exercise price	£109.65	£89.86	£95.28	£80.80
Volatility	30.06%	33.17%	27.39%	31.75%
Expected life	4 Years	4 Years	3.2 years	3.2 years
Risk free rate	3.99%	4.16%	3.86%	3.81%
Dividend yield	1.97%	2.29%	1.96%	2.05%
Weighted average fair value per option	£27.14	£23.62	£35.73	£32.28

26. Share-based Payments (continued)

The fair value of LTIP awards granted is calculated at the date of grant using a Monte Carlo option pricing model. Expected volatility was determined by calculating the historical volatility of the Company's share price over a period equivalent to the life of the award. The following table lists the inputs to the model used for awards granted in the current and prior year based on information at the date of grant:

LTIP awards	2026		2025	
	April 2025	October 2025	March 2024	September 2024
Grant date				
Share price at date of grant	£111.05	£124.30	£91.92	£99.76
Award price	Nil	Nil	Nil	Nil
Volatility	26.84%	24.07%	28.48%	28.00%
Life of award	3 years	3 years	3 years	3 years
Risk free rate	4.14%	3.96%	3.89%	3.68%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Fair value per award	£63.22	£58.89	£38.32	£42.99

For LTIP awards, dividend accruals (both in respect of special and ordinary dividends) may be payable on vested awards.

The charge to the Income Statement for all share option schemes is disclosed in Note 4.

27. Shares Held by ESOT

The NEXT 2003 ESOT has an independent trustee resident in Jersey and provides for the issue of shares to Group employees to satisfy awards which vest/are exercised in accordance with the terms of the various share-based schemes detailed in Note 26.

As at 31 January 2026, the ESOT held 5,504,760 (2025: 6,238,649) ordinary shares of 10p each in the Company, the market value of which amounted to £730.2m (2025: £582.7m). Details of outstanding share awards and options are shown in Note 26.

The consideration paid for the ordinary shares of 10p each in the Company held by the ESOT at 31 January 2026 and 25 January 2025 has been shown as an ESOT reserve and presented within equity for the Company and the Group. All other assets, liabilities, income and costs of the ESOT have been incorporated into the financial statements of the Company and the Group.

The table below shows the movements in equity from ESOT transactions during the year:

	2026		2025	
	Shares '000	£m	Shares '000	£m
Shares purchased by ESOT in the year	1,372	169.0	1,382	126.8
Shares issued in respect of employee share schemes	2,106	96.0	1,307	69.7

Exercises in the period totalled £107.3m (2025: £76.6m) on Management and Sharesave options. The amount shown in the Statement of Changes in Equity of £96.0m (2025: £69.7m) is after the issue of any nil cost LTIP, SMP and Deferred bonus shares. The weighted average cost of shares issued by the ESOT was £154.4m (2025: £86.4m).

In the prior year, £5.0m of ESOT purchases were used to part fund the acquisition of additional equity from a non-controlling interest in a Group company.

During the year, the Group issued one redeemable B share for each Ordinary share held by shareholders. At the time of the issue, the ESOT held 5.4m Ordinary shares and therefore was issued with 5.4m redeemable B shares worth £19.3m.

As at 25 March 2026, 38,632 employee share options have been exercised subsequent to the Balance Sheet date and have been satisfied by ordinary shares issued by the ESOT.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Financial Instruments: Categories

	2026 £m	2025 £m
Financial assets		
Derivatives not designated as hedging instruments	0.2	1.2
Derivatives designated as hedging instruments	6.4	30.5
Customer and other receivables at amortised cost ⁽¹⁾	1,582.7	1,439.2
Cash, short term deposits (note 16)	96.2	200.4
Preference shares at amortised cost	-	2.2
Non-listed equity instruments designated at fair value through profit or loss / OCI	-	0.2
Financial liabilities		
Derivatives not designated as hedging instruments	(5.2)	(2.8)
Derivatives designated as hedging instruments	(30.7)	(13.5)
Lease liabilities at amortised cost	(999.8)	(1,014.4)
Interest bearing loans and borrowings:		
Corporate bonds at amortised cost adjusted for the fair value changes attributable to the risk being hedged	(712.9)	(793.8)
Bank loans and overdrafts at amortised cost	(96.0)	(60.6)
Put and call options over non-controlling interests	(37.8)	(31.1)
Trade and other payables at amortised cost ⁽²⁾	(879.0)	(825.4)

(1) Prepayments of £77.4m (2025: £68.3m) and other debtors of £0.5m (2025: £0.8m) do not meet the definition of a financial instrument.

(2) Other taxation and social security payables of £118.2m (2025: £123.0m), deferred income of £114.6m (2025: £107.5m), share-based payment liabilities of £0.3m (2025: £0.4m) and other creditors and accruals of £38.0m (2025: £31.9m) do not meet the definition of a financial instrument.

29. Financial Instruments: Fair Values

The fair values of each category of the Group's financial instruments are based on the following assumptions:

Customer receivables	The fair value has been calculated based on future cash flows discounted at an appropriate rate for the risk of the debt. See Note 14 for further details.
Other trade receivables, trade payables, short term deposits and borrowings	The fair value approximates to the carrying amount because of the short maturity of these instruments.
Corporate bonds	The fair value is the market value which includes accrued interest and change in credit risk and interest rate risk. See Note 20 for further details.
Long term borrowings	The fair value of bank loans and other borrowings approximates the carrying value reported in the Balance Sheet as the majority are floating rate where interest rates are reset at intervals less than one year.
Derivative financial instruments	The fair value is determined as the net present value of cash flows using observable market rates at the reporting date.
Put and call options	The fair value is determined as the present value of the EBITDA forecasts multiplied by an earnings ratio which also equates to the carrying value.

29. Financial Instruments: Fair Values (continued)

Fair Value Hierarchy

The fair values of financial instruments measured by reference to the following levels under IFRS 13 “Fair value measurement”:

Hierarchy level	Inputs	Financial instruments	Valuation methodology
Level 1	Quoted prices in active markets for identical assets or liabilities	Corporate bonds	Market value includes accrued interest and change in credit risk and interest rate risk, and is therefore different to the reported carrying amounts.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Derivative financial instruments	Valuation techniques include forward pricing and swap models using net present value calculation of future cash flows. The model inputs include the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, commodity price indices and interest rate curves.
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable market data)	Non-listed equity instruments at fair value through OCI and Put and Call options at fair value through other equity	The fair value of these non-listed equity investments has been estimated using a discounted cash flow model. The fair value of the put and call options have been estimated using a formula as stated within the relevant shareholder agreement. The inputs include management approved future cash flows and earnings ratios calculated from market quoted prices.

30. Financial Instruments: Financial Risk Management and Hedging Activities

The Board has overall responsibility for the establishment and oversight of the Group’s risk management framework and for establishing the Group’s risk management policies.

The Group has exposure to the following risks arising from financial instruments:

- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Credit risk
- Capital risk

Treasury function

NEXT operates a centralised treasury function which is responsible for managing the liquidity, interest, commodity and foreign currency risks associated with the Group’s activities. As part of its strategy for the management of these risks, the Group uses financial instruments. In accordance with the Group’s treasury policy, financial instruments are not entered into for speculative purposes. The treasury policy is reviewed and approved by the Board and specifies the parameters within which treasury operations must be conducted, including authorised counterparties, instrument types and transaction limits, and principles governing the management of liquidity, interest and foreign currency risks.

The Group’s financial instruments also include cash, short term deposits, preference shares, bank overdrafts, loans and corporate bonds. The main purpose of these financial instruments is to raise finance for the Group’s operations. In addition, the Group has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

Liquidity risk

The Group manages its cash and borrowing requirements centrally to minimise net interest expense within risk parameters agreed by the Board, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of its businesses. The forecast cash and borrowings profile of the Group is monitored to ensure that adequate headroom remains under committed borrowing facilities.

The table below shows the maturity analysis of the undiscounted remaining contractual cash flows (including interest) of the Group's financial liabilities, including cash flows in respect of derivatives:

	Less than 1 year £m	1 to 2 years £m	2 to 5 years £m	Over 5 years £m	Total £m
2026					
Bank loans, overdrafts and facilities	96.0	-	-	-	96.0
Lease liabilities	208.1	185.3	373.5	669.7	1,436.6
Trade and other payables	839.0	3.9	-	-	842.9
Corporate bonds	144.4	25.9	355.9	315.0	841.2
Put and call options	-	11.6	36.7	-	48.3
	1,287.5	226.7	766.1	984.7	3,265.0
Derivatives: net settled	1.3	-	-	-	1.3
Derivatives: gross settled					
Cash inflows	(1,848.8)	(22.7)	-	-	(1,871.5)
Cash outflows	1,874.9	22.6	-	-	1,897.5
Total cash flows	1,314.9	226.6	766.1	984.7	3,292.3
	Less than 1 year £m	1 to 2 years £m	2 to 5 years £m	Over 5 years £m	Total £m
2025					
Bank loans and overdrafts	61.1	-	-	-	61.1
Lease liabilities	210.9	177.6	369.8	711.6	1,469.9
Trade and other payables	793.3	2.8	-	-	796.1
Corporate bonds	279.3	271.8	321.8	-	872.9
Put and call options	-	8.6	33.1	-	41.7
	1,344.6	460.8	724.7	711.6	3,241.7
Derivatives: net settled	4.6	3.5	-	-	8.1
Derivatives: gross settled					
Cash inflows	(1,792.1)	-	-	-	(1,792.1)
Cash outflows	1,760.0	-	-	-	1,760.0
Total cash flows	1,317.1	464.3	724.7	711.6	3,217.7

Within lease liabilities greater than 5 years are leases on stores with cash flows in years 5-10 of £97.5m (2025: £116.5m) and more than 10 years of £20.4m (2025: £17.6m). The lease liabilities greater than 5 years on warehouses, head office premises and other equipment with cash flows in years 5-10 are £179.4m (2025: £171.1m) and more than 10 years of £372.5m (2025: £406.4m).

As at 31 January 2026, the Group had borrowing facilities of £525.0m (2025: £425.0m) committed until June 2029 (2025: June 2029), in respect of which all conditions precedent have been met. £60.0m of the facilities were drawn down as at January 2026 (2025: £nil) (see Note 17).

30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk on its fixed rate corporate bonds and cash flow interest rate risk on floating rate loans and overdrafts. The forecast cash and borrowings profile of the Group is monitored regularly to assess the mix of fixed and variable rate debt, and the Group uses interest rate derivatives where appropriate to manage its exposure to changes in interest rates and the economic environment.

Interest rates: fair value hedges

The Group has interest rate swap agreements in place as fair value hedges against part of the interest rate risk associated with the corporate bonds. Under the terms of the swaps, which have matching features as the bonds, the Group receives a fixed rate of interest equivalent to the relevant coupon rate, and pays a variable rate interest related to SONIA. Details of the aggregate rates payable are given in Note 20.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swaps match the terms of the fixed rate corporate bonds (e.g. notional amount and maturity). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Group compares the changes in the fair value of the hedging instrument against the changes in the fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and the hedging instrument.
- Differences in timing of cash flows of the hedged item and hedging instrument.
- The counterparties' credit risk differently impacts the fair value movements of the hedging instrument and the hedged item.

Fair value of group swaps

The fair values of the Group's interest rate swaps, including accrued interest, are as follows:

	2026 £m	2025 £m
Derivatives in designated fair value hedging relationships	(1.2)	(8.0)

The fair values of derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates and are based on market prices at the Balance Sheet date.

The timing of the nominal amounts of the interest rate swaps are as follows:

	2026	2025
Maturity date of swap	October 2026	October 2026
Interest rate swap	Fixed to floating	Fixed to floating
Nominal amount (£m)	110.0	250.0
Average price	SONIA + 1.7%	SONIA + 1.7%

The impact of the hedging instrument on the Balance Sheet is as follows:

Line item in the Balance Sheet		Notional amount £m	Carrying amount* £m	Changes in fair value used for measuring ineffectiveness in the period £m
At 31 January 2026				
Interest rate swaps - liabilities	Other financial liabilities	110.0	(0.7)	(5.5)
At 25 January 2025				
Interest rate swaps - liabilities	Other financial liabilities	250.0	(6.2)	(3.0)

* Other financial liabilities also includes £0.5m of interest payable (2025: £1.8m interest payable) on interest rate swaps that has been accrued at the Balance Sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

The impact of the hedged items on the Balance Sheet is as follows:

Line item in the Balance Sheet		Carrying amount £m	Accumulated fair value adjustments £m	Changes in fair value used for measuring ineffectiveness in the period £m
At 31 January 2026				
Fixed-rate borrowings	Corporate bonds	110.0	(0.7)	(5.5)
At 25 January 2025				
Fixed-rate borrowings	Corporate bonds	250.0	(6.2)	(3.0)

The ineffectiveness recognised in the Income Statement for the period ended 31 January 2026 was £nil (2025: £nil).

Foreign currency risk

The Group's principal foreign currency exposures arise from the purchase of overseas sourced products. Group policy allows for these exposures to be hedged for up to 24 months ahead in order to fix the cost in Sterling. This hedging activity involves the use of spot, forward and option contracts.

The market value of outstanding foreign exchange contracts is reported regularly to the Board and reviewed in conjunction with percentage cover taken by season and current market conditions, in order to assess and manage the Group's ongoing exposure.

The Group does not have a material exposure to currency movements in relation to the translation of overseas investments and consequently does not hedge any such exposure. The Group's net exposure to foreign currencies, taking hedging activities into account, is illustrated by the sensitivity analysis in Note 31.

Foreign currency hedges

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange contracts match the terms of highly probable forecast transactions (e.g. notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts are identical to the hedged risk components. To test hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks.

In these hedge relationships, the main sources of ineffectiveness are:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments.
- Different indices (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments.
- The counterparties' credit risk differently impacts the fair value movements of the hedging instruments and hedged items.
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The fair values of foreign exchange derivatives are as follows:

	2026 £m	2025 £m
Derivatives in designated hedging relationships	(23.0)	25.4
Other foreign exchange derivatives not designated in hedging relationships	(5.0)	(1.6)
Total foreign exchange derivatives	(28.0)	23.8

30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

Derivatives designated in hedging relationships at 31 January 2026:

	Maturity			Total
	1-6 months	6-12 months	More than one year	
US Dollars (highly probable forecast purchases)				
Notional amount (in £m)	672.5	339.8	5.9	1,018.2
Average GBP: USD contract rate	1.35	1.34	1.36	1.34
EURO (highly probable forecast sales)				
Notional amount (in £m)	197.9	74.8	-	272.7
Average GBP: EURO contract rate	1.15	1.12	-	1.14
Other (highly probable forecast sales)				
Notional amount (in £m)	181.3	163.9	9.4	354.6
Average GBP: Other contract rate	Various currencies*			

* 13 currencies are hedged, which are individually not material to the financial statements.

Derivatives designated in hedging relationships at 25 January 2025:

	Maturity			Total
	1-6 months	6-12 months	More than one year	
US Dollars (highly probable forecast purchases)				
Notional amount (in £m)	684.7	281.7	-	966.4
Average GBP: USD contract rate	1.28	1.28	-	1.28
EURO (highly probable forecast sales)				
Notional amount (in £m)	73.8	81.6	-	155.4
Average GBP: EURO contract rate	1.14	1.16	-	1.15
Other (highly probable forecast sales)				
Notional amount (in £m)	144.5	47.1	-	191.6
Average GBP: Other contract rate	Various currencies*			

* 10 currencies were hedged, which are individually not material to the financial statements.

The impact of the hedging instruments on the Balance Sheet are as follows:

Line item in the Balance Sheet		Notional amount £m	Carrying amount £m	Changes in fair value used for measuring ineffectiveness in the period £m
At 31 January 2026				
Foreign exchange contracts	Other financial assets	483.4	6.4	(14.4)
Foreign exchange contracts	Other financial liabilities	1,193.8	(29.4)	(94.7)
At 25 January 2025				
Foreign exchange contracts	Other financial assets	1,124.9	30.5	52.8
Foreign exchange contracts	Other financial liabilities	358.6	(5.2)	(33.0)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

The impact of the hedged items on the Balance Sheet is as follows:

	31 January 2026			25 January 2025		
	Changes in fair value used for measuring ineffectiveness in the period £m	Closing cash flow hedge reserve £m	Closing cost of hedging reserve £m	Changes in fair value used for measuring ineffectiveness in the period £m	Closing cash flow hedge reserve £m	Closing cost of hedging reserve £m
Highly probable forecast sales	(5.1)	(4.2)	(1.2)	(0.9)	1.7	-
Highly probable forecast stock purchases	(104.0)	(17.6)	(0.1)	21.3	23.8	(0.2)

The effect of the cash flow hedge in the Income Statement or other comprehensive income is as follows:

	Ineffectiveness recognised in Income Statement £m	Recycled to cost of inventories £m	Cost of hedging recognised in OCI £m	Amount reclassified from OCI to the Income Statement £m	Line item in the Income Statement
Year ended 31 January 2026					
Highly probable forecast sales	-	-	-	2.6	Revenue
Highly probable forecast stock purchases	-	61.2	(1.1)	-	-
Year ended 25 January 2025					
Highly probable forecast sales	-	-	-	1.4	Revenue
Highly probable forecast stock purchases	-	10.1	(0.6)	-	-

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Group's Online customer receivables. The carrying amount of financial assets represents the maximum residual credit exposure, which was £1,481.5m at the reporting date (2025: £1,369.2m). These are detailed in Note 14.

The Group's credit risk in relation to customer receivables is influenced mainly by the individual characteristics of each customer. The Board has established a credit policy under which each new credit customer is analysed individually for creditworthiness and subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts using forward looking estimates. The concentration of credit risk is limited due to the Online customer base being large and diverse. As at January 2026, there were 3.18m active customers (2025: 3.00m) with an average balance of £482 (2025: £512). The Group's outstanding receivables balances and impairment losses are detailed in Note 14. The performance of our credit risk policies and the risk of the debtor book are monitored weekly by management. Any trends and deviations from expectations are investigated. Senior management review is carried out monthly.

Customer receivables with a value of £6.7m (2025: £8.3m) were on a Reduced Payment Indicator (RPI) plan. An allowance for Expected Credit Losses (ECLs) of £4.2m (2025: £5.9m) has been made against these balances. Customers are typically on RPI plans for a period of 12 months during which no interest is charged and repayment rates are reduced. On completion of the RPI plan the customer would be returned to normal scoring, which considers multivariate factors, including indebtedness and repayment history, in the assessment of their expected risk levels. Any modification gain or loss recognised is immaterial to the financial statements.

The Group uses Experian Delphi for Customer Management which provides a suite of characteristics and scores to monitor the credit behaviour of new and existing customers. The principal score for making risk decisions around credit limit changes, and monitoring the risk of associated sales, is the Account and Arrears Management ("AAM") score. The principal measure to assess a customer's ability to afford repayments, and our allowance for expected credit losses under IFRS 9, is the Consumer Indebtedness Index ("CII"). The CII is a score within the range of 0 to 99. A lower CII score is representative of a lower level of risk associated with the debt (i.e. a lower CII score indicates the customer has a greater ability to afford repayments).

30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

The following table contains an analysis of customer and other receivables segmented by CII score at the end of the reporting period. For the purpose of this analysis, trade receivables are recognised in Risk band 1.

	2026 Total £m	2025 Total £m
<i>Risk exposure determined by CII score</i>		
Risk band 1 (CII≤5)	1,119.2	980.4
Risk band 2 (5<CII≤16)	236.9	236.2
Risk band 3 (16<CII≤48)	147.9	156.1
Risk band 4 (CII>48)	95.9	103.0
Gross carrying amount before credit impaired	1,599.9	1,475.7
Credit impaired	77.3	76.5
Gross carrying amount after credit impaired	1,677.2	1,552.2
Less allowance	(169.3)	(183.0)
Carrying amount	1,507.9	1,369.2

Analysis of customer receivables and other trade receivables, stratified by credit grade, is provided in the tables below. Since 2024, CII scores have been based on GEN11.

	Current £m	1-30 days past due £m	31-60 days past due £m	61-90 days past due £m	91-120 days past due £m	>120 days past due £m	Payment plans £m	Total £m
2026								
Customer receivables and other trade receivables								
Risk band 1 (CII≤5)	1,115.1	3.6	0.1	-	-	-	0.4	1,119.2
Risk band 2 (5<CII≤16)	232.8	3.4	0.2	-	-	-	0.5	236.9
Risk band 3 (16<CII≤48)	138.8	5.8	1.1	0.4	0.2	0.2	1.4	147.9
Risk band 4 (CII>48)	75.3	6.6	3.3	2.5	1.9	2.0	4.3	95.9
Otherwise impaired	-	-	-	-	-	77.3	-	77.3
Total	1,562.0	19.4	4.7	2.9	2.1	79.5	6.6	1,677.2
Loss allowance								
Risk band 1 (CII≤5)	(51.8)	(0.3)	-	-	-	-	(0.1)	(52.2)
Risk band 2 (5<CII≤16)	(15.1)	(0.3)	-	-	-	-	(0.1)	(15.5)
Risk band 3 (16<CII≤48)	(12.0)	(0.7)	(0.3)	(0.2)	(0.1)	(0.2)	(0.7)	(14.2)
Risk band 4 (CII>48)	(11.4)	(1.5)	(1.1)	(1.4)	(1.3)	(1.3)	(3.2)	(21.2)
Otherwise impaired	-	-	-	-	-	(66.2)	-	(66.2)
Total	(90.3)	(2.8)	(1.4)	(1.6)	(1.4)	(67.7)	(4.1)	(169.3)
Expected loss rate %								
Risk band 1 (CII≤5)	4.6%	8.5%	21.0%	-	-	-	23.9%	4.7%
Risk band 2 (5<CII≤16)	6.5%	10.1%	22.0%	-	-	-	29.3%	6.6%
Risk band 3 (16<CII≤48)	8.7%	12.5%	23.8%	54.6%	80.3%	84.4%	52.4%	9.6%
Risk band 4 (CII>48)	15.1%	22.1%	33.1%	54.7%	67.2%	66.5%	73.7%	22.0%
Otherwise impaired	-	-	-	-	-	85.7%	-	85.7%
Total	5.8%	14.6%	30.2%	54.6%	68.4%	85.2%	62.7%	10.1%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

2025	Current £m	1-30 days past due £m	31-60 days past due £m	61-90 days past due £m	91-120 days past due £m	>120 days past due £m	Payment plans £m	Total £m
Customer receivables and other trade receivables								
Risk band 1 (CII<=5)	969.6	10.2	0.1	-	-	-	0.5	980.4
Risk band 2 (5<CII<=16)	229.1	6.3	0.2	-	-	-	0.6	236.2
Risk band 3 (16<CII<=48)	142.8	9.2	1.4	0.5	0.2	0.2	1.8	156.1
Risk band 4 (CII>48)	77.0	9.3	3.9	2.7	2.2	2.5	5.4	103.0
Otherwise impaired	-	-	-	-	-	76.5	-	76.5
Total	1,418.5	35.0	5.6	3.2	2.4	79.2	8.3	1,552.2
Loss allowance								
Risk band 1 (CII<=5)	(52.3)	(1.0)	-	-	-	-	(0.2)	(53.5)
Risk band 2 (5<CII<=16)	(15.9)	(0.7)	(0.1)	-	-	-	(0.2)	(16.9)
Risk band 3 (16<CII<=48)	(11.5)	(1.0)	(0.4)	(0.3)	(0.2)	(0.2)	(1.0)	(14.6)
Risk band 4 (CII>48)	(13.8)	(1.9)	(1.4)	(1.7)	(1.7)	(1.9)	(4.5)	(26.9)
Otherwise impaired	-	-	-	-	-	(71.1)	-	(71.1)
Total	(93.5)	(4.6)	(1.9)	(2.0)	(1.9)	(73.2)	(5.9)	(183.0)
Expected loss rate %								
Risk band 1 (CII<=5)	5.4%	9.4%	24.1%	-	-	-	29.2%	5.5%
Risk band 2 (5<CII<=16)	7.0%	10.4%	25.8%	-	-	-	35.9%	7.2%
Risk band 3 (16<CII<=48)	8.0%	11.3%	26.1%	57.3%	83.6%	80.5%	56.9%	9.3%
Risk band 4 (CII>48)	17.9%	19.9%	36.3%	61.7%	77.0%	75.9%	84.1%	26.0%
Otherwise impaired	-	-	-	-	-	93.1%	-	93.1%
Total	6.6%	12.9%	33.1%	61.1%	77.7%	92.5%	71.1%	11.8%

Credit risk on other financial assets

Investments of cash surpluses and derivative contracts are made through banks and companies which must fulfil credit rating and investment criteria approved by the Board. Risk is further mitigated by diversification and limiting counterparty exposure. The Group does not consider there to be any impairment loss in respect of these balances (2025: £nil). The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset as the debt is not collateralised.

Capital risk

The capital structure of the Group consists of debt, as analysed in Note 32, and equity attributable to the equity holders of the Parent Company, comprising issued capital, reserves and retained earnings as shown in the Consolidated Statement of Changes in Equity. The Group manages its capital with the objective that all entities within the Group continue as going concerns while maintaining an efficient structure to minimise the cost of capital. The Group is not restricted by any externally imposed capital requirements.

As part of its strategy for delivering sustainable returns to shareholders, the Group has been returning capital to shareholders by way of share buybacks in addition to dividends (including special dividends). Share buybacks may be transacted through both on-market purchases and off-market contingent contracts.

31. Financial Instruments: Sensitivity Analysis

Foreign currency sensitivity analysis

The Group's principal foreign currency exposures are to US Dollars and the Euro. The table below illustrates the hypothetical sensitivity of the Group's reported profit and closing equity to a 10% increase and decrease in the US Dollar/Sterling and Euro/Sterling exchange rates at the reporting date, assuming all other variables remain unchanged. The sensitivity rate of 10% represents the directors' assessment of a reasonably possible change, based on historic volatility.

The analysis assumes that exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge relationship affect the fair value reserve in equity and the fair value of the hedging derivatives. For foreign exchange derivatives which are not designated hedges, movements in exchange rates impact the Income Statement.

Positive figures represent an increase in profit or equity.

	Income Statement		Equity	
	2026 £m	2025 £m	2026 £m	2025 £m
<i>Sterling strengthens by 10%</i>				
US Dollar	(9.8)	(24.0)	(74.2)	(86.1)
Euro	(1.0)	1.1	14.4	9.8
<i>Sterling weakens by 10%</i>				
US Dollar	2.9	8.5	81.8	83.1
Euro	0.5	(2.9)	(18.5)	(13.6)

Year end exchange rates applied in the above analysis are US Dollar 1.37 (2025: 1.25) and Euro 1.15 (2025: 1.19). Strengthening and weakening of Sterling may not produce symmetrical results depending on the proportion and nature of foreign exchange derivatives which do not qualify for hedge accounting.

32. Analysis of Net Debt

	Movements in net debt				31 January 2026 £m
	25 January 2025 £m	Net cash movements £m	Fair value movements £m	IFRS 16 movements £m	
Cash and short term deposits	200.4	(104.2)	-	-	96.2
Overdrafts and short term borrowings	(29.1)	(6.9)	-	-	(36.0)
Cash and cash equivalents	171.3	(111.1)	-	-	60.2
Drawdown on revolving credit facility	-	(60.0)	-	-	(60.0)
Bank loans	(31.5)	31.5	-	-	-
Corporate bonds	(793.8)	86.4	(5.5)	-	(712.9)
Fair value hedges on corporate bonds	(6.2)	-	5.5	-	(0.7)
Net debt excluding leases	(660.2)	(53.2)	-	-	(713.4)
Current lease liability	(170.8)	-	-	2.7	(168.1)
Non-current lease liability	(843.6)	-	-	11.9	(831.7)
Net debt including leases	(1,674.6)	(53.2)	-	14.6	(1,713.2)

Net cash movements: This relates to the net cash movement in cash and cash equivalents which has been reconciled as part of the Consolidated Cash Flow Statement.

Fair value movements: In relation to the corporate bonds, the movement of £5.5m represents the movement in the fair value adjustment arising through the application of hedge accounting. This offsets with an equal and opposite movement of £5.5m in fair value hedges on bonds. See Note 30 for further details. At January 2026, there is unpaid interest on the Corporate bonds of £18.1m (2025: £16.0m) recognised within accruals.

IFRS 16: The movement in the lease liability, including the cash flows, is explained in Note 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. Cash Generated from Operations

	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Cash flows from operating activities		
Operating profit	1,278.8	1,075.4
Depreciation, impairment and (profit)/loss on disposal of property, plant and equipment	119.2	117.9
Profit on assets held for sale	(16.3)	-
Depreciation, gains on lease modifications and disposals and impairment reversals on right-of-use assets	156.4	137.9
Amortisation, impairment and loss on disposal of intangible assets	59.1	55.2
Amortisation, impairment & disposals of associates, joint ventures and other investments	5.6	13.5
Share option charge	43.1	40.9
Share of profit of associates and joint ventures	(7.9)	(6.7)
Interest received	10.2	7.4
Exchange movement	5.5	(5.6)
Increase in inventories and right of return asset	(79.2)	(100.3)
Increase in customer and other receivables	(153.7)	(52.3)
Increase in trade and other payables	45.9	93.2
Cash generated from operations	1,466.7	1,376.5

34. Related Party Transactions

During the year, Group entities entered into the following transactions with related parties and their respective subsidiaries who are not members of the Group:

	Joint ventures		Associates	
	2026 £m	2025 £m	2026 £m	2025 £m
Sales	37.8	38.9	20.4	22.6
Loans (repaid)/advanced	-	(0.4)	4.8	1.3
Transactions and loan interest	37.7	29.4	2.3	1.5
Amounts outstanding at year end	10.1	7.0	6.7	3.8

The amounts above are an aggregation of the transactions predominantly with the Group's associates and joint ventures, being:

- VS Brand Holdings UK Limited and its subsidiaries (joint venture);
- West Apparel UK Holdings Limited ("GAP") (joint venture);
- Choice Discount Stores Limited (associate);
- Aubin & Wills Holdings Limited and its subsidiaries (associate);
- Regent Bidco 1 Limited and its subsidiaries (the "Jojo Maman Bébé" Group) (associate);
- Swoon Editions Limited (associate); and
- Rockett St George Limited (associate).

All transactions are on an arm's length basis. Within transactions and loan interest are (i) recharges for payroll costs borne by the NEXT Group and then recharged to the related party and (ii) certain joint ventures are part of the NEXT VAT Group and accordingly includes transactions for the settlement of VAT by NEXT on behalf of the joint venture. Such amounts are immediately recharged by NEXT and then settled by the joint venture.

35. Contingent Liabilities

As reported in our January 2025 Annual Report and Accounts, NEXT is currently subject to Equal Pay claims from former and current employees in our store network. A decision on this matter was issued by the Employment Tribunal in August 2024. While NEXT was successful in its defence on the majority (eleven) of matters considered by the tribunal, there were seven matters on which it was not successful.

NEXT has carefully reviewed the findings of the Tribunal and, following advice from legal Counsel, has appealed the decision. The legal advice we have received suggests that we have good prospects of success with the appeal. As such, it remains the view of the Board that the likelihood of any payment remains possible, but not probable. Therefore, at this time, no provision has been made in the accounts pending the appeal process.

It is also important to recognise that there remains significant uncertainty in the total number of claims that may be received and the outcome from the process is unknown. It is a complex case and is expected to continue to run for a number of years as important legal matters are considered and subject to further hearings. See Appendix 4 to the CEO report for further details.

It has been agreed between the parties that no payments should be made before the appeal process has completed. An estimate of the potential liability is not disclosed as doing so could be prejudicial to NEXT's position.



PARENT COMPANY FINANCIAL STATEMENTS

- 247 Parent Company Balance Sheet
- 248 Parent Company Statement of Changes in Equity
- 249 Notes to the Parent Company Financial Statements

PARENT COMPANY BALANCE SHEET

	Notes	31 January 2026 £m	25 January 2025 £m
Fixed assets			
Investments	C2	2,475.7	2,475.7
		2,475.7	2,475.7
Current assets			
Other debtors	C3	59.3	81.4
Cash at bank and in hand		0.5	0.1
		59.8	81.5
Bank loans and overdrafts		-	(10.8)
Creditors: amounts falling due within one year	C4	(330.3)	(321.0)
		(330.3)	(331.8)
Net current liabilities		(270.5)	(250.3)
Total assets less current liabilities		2,205.2	2,225.4
NET ASSETS		2,205.2	2,225.4
Capital and reserves			
Called up share capital	C5	12.3	12.4
Share premium account		54.2	54.2
Capital redemption reserve		458.5	17.6
ESOT reserve	C5	(442.4)	(427.7)
Other reserves	C5	544.4	985.2
Profit and loss account		1,578.2	1,583.7
TOTAL EQUITY		2,205.2	2,225.4

The profit for the period in the accounts of the Company is £850.1m (2025: £700.1m).

The financial statements were approved by the Board of directors and authorised for issue on 26 March 2026. They were signed on its behalf by:



Lord Wolfson of Aspley Guise
Chief Executive



Jonathan Blanchard
Chief Financial Officer

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium account £m	Capital redemption reserve £m	ESOT reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 27 January 2024	12.7	54.2	17.3	(387.2)	985.2	1,477.7	2,159.9
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	700.1	700.1
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period						700.1	700.1
Transactions with owners of the Company							
Share buybacks (Note C5)	(0.3)	-	0.3	-	-	(360.2)	(360.2)
ESOT share purchases (Note C5)	-	-	-	(126.8)	-	-	(126.8)
Shares sold/issued by ESOT	-	-	-	86.3	-	(16.6)	69.7
Share option charge	-	-	-	-	-	40.5	40.5
Equity dividends	-	-	-	-	-	(257.8)	(257.8)
Total transactions with owners of the Company	(0.3)	-	0.3	(40.5)	-	(594.1)	(634.6)
At 25 January 2025	12.4	54.2	17.6	(427.7)	985.2	1,583.7	2,225.4
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	850.1	850.1
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period						850.1	850.1
Transactions with owners of the Company							
Issue of shares (Note C5)	440.8	-	-	-	(440.8)	-	-
Redemption of shares (Note C5)	(440.8)	-	440.8	-	-	-	-
Share buybacks (Note C5)	(0.1)	-	0.1	-	-	(131.4)	(131.4)
ESOT share purchases (Note C5)	-	-	-	(169.0)	-	-	(169.0)
Shares sold/issued by ESOT	-	-	-	154.3	-	(58.3)	96.0
Share option charge	-	-	-	-	-	42.1	42.1
Equity dividends	-	-	-	-	-	(286.5)	(286.5)
Return of capital via B share scheme	-	-	-	-	-	(421.5)	(421.5)
Total transactions with owners of the Company	(0.1)	-	440.9	(14.7)	(440.8)	(855.6)	(870.3)
At 31 January 2026	12.3	54.2	458.5	(442.4)	544.4	1,578.2	2,205.2

NOTES TO THE PARENT COMPANY

FINANCIAL STATEMENTS

C1. Accounting Policies

The Parent Company financial statements of NEXT plc have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 "Reduced disclosure framework" ("FRS 101"). FRS 101 enables the financial statements of the Parent Company to be prepared in accordance with IFRS but with certain disclosure exemptions. The areas of reduced disclosure are in respect of equity-settled share-based payments, financial instruments, the Cash Flow Statement, and related party transactions with Group companies. The accounting policies adopted for the Parent Company, NEXT plc, are otherwise consistent with those used for the Group which are set out on pages 187 to 201. The ESOT is consolidated on the basis that the parent has control, thus the assets and liabilities of the ESOT are included in the Balance Sheet and shares held by the ESOT in the Company are presented as a deduction from equity. As permitted by Section 408 of the Companies Act 2006, the Income Statement of the Company is not presented as part of the financial statements.

There are no significant estimates or judgements within the Parent Company financial statements.

C2. Investments

The £2,475.7m (2025: £2,475.7m) investment shown in the Balance Sheet of NEXT plc relates to its investment in NEXT Group plc.

A full list of the Group's subsidiary undertakings as at 31 January 2026 is contained in the table below.

Company name	Registered office address	% held by Group companies	Direct or indirect
Agratech Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Belvoir Insurance Company Limited	Suite 1 North, 1st Floor, Albert House, South Esplanade, St Peter Port, Guernsey, GY1 1AJ, Guernsey	100	Indirect (group interest)
Brecon Debt Recovery Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Bridgetown Holdco Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	97	Indirect (group interest)
Cerene London Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Fat Face Holdings Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	97	Indirect (group interest)
Fat Face Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	97	Indirect (group interest)
FatFace Canada Corporation	PwC Tower, 2600-18 York Street, Toronto, ON M5J 0B2	97	Indirect (group interest)
FatFace Corporation	Corporation Service Company, 2711 Centerville Rd, Suite 400, Wilmington, County of New Castle 19808, United States	97	Indirect (group interest)
FatFace Group Borrowings Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	97	Indirect (group interest)
Fulham Parent Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	97	Indirect (group interest)
Ginkgo Kalone Investments, S.L	Calle Cantón Pequeño 13-14, 8A 15003 A Coruña	98	Indirect (group interest)
Lipsy Limited	Desford Road, Enderby, Leicester, Leicestershire, LE19 4AT, UK	100	Indirect (group interest)
LLC Next	7 Dolgorukovskaya Street, 127006, Moscow, Russian Federation	100	Indirect (group interest)
NEXT (US), LLC	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100	Indirect (group interest)
Next Beauty Limited	Desford Road, Enderby, Leicester, Leicestershire, LE19 4AT, UK	100	Indirect (group interest)
Next Brand Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Distribution Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Europe & North Africa Morocco SARL	Jean Jaures SARL, 49 rue Jean Jaurès, Quartier Gauthier, 6ème étage, Apt N° 12, Casablanca, Morocco	100	Indirect (group interest)
Next Europe & North Africa Tunisia SARL	14, rue Imam Abu Hanifa B5, 2 floor, 2078, La Marsa, Tunis, Tunisia	100	Indirect (group interest)
Next Financial Services Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
NEXT General Trading FZE	JAFZA View 18-19, 1st Floor, PO BOX 262746, Jebel Ali Free Zone, Dubai, United Arab Emirates	100	Indirect (group interest)
NEXT General Trading LLC	2nd Floor, Dubai Supreme Court Complex, Umm Hurair 2, Dubai, United Arab Emirates	100	Indirect (group interest)
Next Germany GmbH	c/o BDO AG Wirtschaftsprüfungsgesellschaft, Zielstattstr. 40, 81379, Munich, Germany	100	Indirect (group interest)
Next Group plc	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Direct
Next Holding Wholesale Private Limited	915, Unit No. 9, Corporate Park II, 9th floor, VN Purav Marg, Near Swastik, Chambers, Chembur, Mumbai, Maharashtra-MH, 400071, India	100	Indirect (group interest)
Next Holdings Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

C2. Investments (continued)

Company name	Registered office address	% held by Group companies	Direct or indirect
Next Manufacturing (Private) Limited	Phase 1, Ring Road 2, Export Processing Zone, Katunayake, Sri Lanka	100	Indirect (group interest)
Next Manufacturing Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Near East Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Pension Trustees Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Properties Ltd	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Retail (Ireland) Limited	13–18 City Quay, Dublin 2, D02 ED70, Ireland	100	Indirect (group interest)
Next Retail Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Sourcing (UK) Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Sourcing Co. Limited	House No. 14, St. No. 106, Phoum 8, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia	100	Indirect (group interest)
Next Sourcing ENA Limited	Suites 1404 to 1413 & Pt14, 1111 King's Road, Taikoo Shing, Hong Kong	100	Indirect (group interest)
Next Sourcing Limited	Suites 1404 to 1413 & Pt14, 1111 King's Road, Taikoo Shing, Hong Kong	100	Indirect (group interest)
Next Sourcing Limited Shanghai Office	Room 901-902, 908-921, 9th Floor, Bldg. 3, No. 283 West Jianguo Road, Xuhui District, Shanghai, China	100	Indirect (group interest)
Next Sourcing Services (India) Private Limited	207 Jaina Tower, 1 District Centre, Janakpuri, New Delhi, 110058, India	100	Indirect (group interest)
Next Sourcing Services Limited	Giant Business Tower, Level 4 & 5, Plot #3, Sector-3, Dhaka Mymensingh Road, Uttara Commercial Area, Dhaka, 1230 Bangladesh	100	Indirect (group interest)
Next Sourcing İç Ve Dış Ticaret Limited Şirketi	Esentepe Mah. Büyükdere Cad. Ferko Signature Blok No: 175 İç Kapi No: 69 Şişli / Istanbul, Turkey	100	Indirect (group interest)
Next-E-NA Portugal, Unipessoal LDA	R. dos Transitários 182 RCH, 4455–565 Matosinhos, Portugal	100	Indirect (group interest)
Nothing Ordinary Limited	Desford Road, Enderby, Leicester, LE19 4AT	100	Indirect (group interest)
NSL Limited	Suites 1404 to 1413 & Pt14, 1111 King's Road, Taikoo Shing, Hong Kong	100	Indirect (group interest)
Paige Group Limited (The)	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Pink Holdco Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	74	Indirect (group interest)
Pink Topco Limited	22 Grenville Street, St. Helier, Jersey JE4 8PX, UK	74	Indirect (group interest)
Project Norwich Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Reiss (Australia) PTY Limited	Level 11 1 Margaret Street, 2000, Sydney, NSW, Austria	74	Indirect (group interest)
Reiss (Canada) Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
Reiss (Holdings) Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
Reiss (Holland) B.V.	Hoogoorddreef 15 1101 BA, Amsterdam, Noord-Holland Netherlands	74	Indirect (group interest)
Reiss (International) Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
Reiss (U.S.A) Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
Reiss Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
Reiss Russia LLC	Poslannikov Pereulok 9, Building 3, 105005, Moscow, Russian Federation	74	Indirect (group interest)
The Harborough Hare Holdings Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	74	Indirect (group interest)
The Harborough Hare Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	74	Indirect (group interest)
The Next Directory Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Tom Joule Europe Limited	13–18 City Quay, Dublin 2, D02 ED70, Ireland	74	Indirect (group interest)
Ventura Group Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Ventura Network Distribution Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
WP R Holdco Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
WP R Midco 1 Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
WP R Midco 2 Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
WP R Topco Limited	22 Grenville Street, St Helier, JE4 8PX, Jersey	74	Indirect (group interest)

C2. Investments (continued)

A full list of the Company's significant holdings in undertakings other than subsidiary undertakings as at 31 January 2026 is contained in the table below.

Company name	Registered office address	% held by Group companies	Direct or indirect
Aubin & Wills Holdings Limited	1110 Elliott Court, Coventry Business Park, Herald Avenue, Coventry, CV5 6UB	30	Indirect (group interest)
Choice Discount Stores Limited	14–14A Rectory Road, Hadleigh Benfleet, Essex, SS7 2ND, UK	49	Indirect (group interest)
Regent Bidco 1 Limited	Ingate Place, London, England, SW8 3NS	44	Indirect (group interest)
Rockett St George Limited	Simpson Wreford & Partners, Suffolk House, George Street, Croydon, CR0 0YN	16	Indirect (group interest)
Swoon Editions Limited	7 Bell Yard, London, WC2A 2JR, UK	25	Indirect (group interest)
VS Brands Holdings UK Limited	Desford Road, Enderby, Leicester, Leicestershire, United Kingdom, LE19 4AT	51	Indirect (group interest)
West Apparel UK Holdings Limited	Desford Road, Enderby, Leicester, Leicestershire, United Kingdom, LE19 4AT	51	Indirect (group interest)

C3. Other Debtors

	2026 £m	2025 £m
Amounts due from subsidiary undertakings	58.9	81.1
Other receivables	0.4	0.3
	59.3	81.4

Amounts due from subsidiary undertakings are unsecured, non-interest bearing and repayable on demand.

C4. Creditors: amounts falling due within one year

	2026 £m	2025 £m
Amounts due to subsidiary undertakings	330.3	321.0

Amounts due to subsidiary undertakings are unsecured, non-interest bearing and repayable on demand.

C5. Share Capital, ESOT Reserve and Other Reserves

Details of the Company's share capital and share buybacks are given in Note 23. ESOT transactions are detailed in Note 27.

In the prior year, Other reserves in the Company Balance Sheet of £985.2m represented the difference between the market price and the nominal value of shares issued as part of the capital reconstruction in 2002 on acquisition of Next Holdings Limited (formerly NEXT Group plc) which was subject to Section 131 Companies Act 1985 merger relief.

On 15 January 2026, the Group issued 122,436,612 B shares for nil consideration with a nominal value of £3.60 per share to holders of ordinary shares. This resulted in a total of £440.8m being credited to the B share capital account. At the same time, Other reserves were reduced by £440.8m (Note 24). On 16 January 2026, the B shares were redeemed at £3.60 per B share, which resulted in a £440.8m reduction in the B share capital account and a corresponding increase in the capital redemption reserve.

NOTES TO THE PARENT COMPANY

FINANCIAL STATEMENTS

C6. UK registered subsidiaries exempt from Audit

The following UK subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the period ended 31 January 2026.

Company name	Registered office address	% held by Group companies
Agratech Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Bridgetown Holdco Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	97
Lipsy Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Beauty Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Brand Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Distribution Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Holdings Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Manufacturing Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Near East Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Properties Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Retail Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Nothing Ordinary Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
The Next Directory Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Project Norwich Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100

The Company will guarantee the debts and liabilities of the above UK subsidiary undertakings at the Balance Sheet date in accordance with Section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

SHAREHOLDER INFORMATION

- 254 Half Year and Segment Analysis
- 255 Five Year History
- 256 Glossary
- 261 Notice of Meeting
- 268 Other Shareholder Information

HALF YEAR AND SEGMENT ANALYSIS (UNAUDITED)

	First half £m	Second half £m	53 weeks to Jan 2026 £m	First half £m	Second half £m	52 weeks to Jan 2025 £m
Statutory sales						
Retail stores	878.4	1,009.6	1,888.0	856.3	964.9	1,821.2
Online (UK)	1,156.1	1,431.3	2,587.4	1,034.9	1,267.8	2,302.7
Online (International)	591.8	688.6	1,280.4	445.7	452.8	898.5
NEXT Finance	151.1	154.6	305.7	150.1	150.9	301.0
Total Platform ⁽¹⁾	318.9	415.4	734.3	321.0	369.0	690.0
Other business activities (all other segments)	48.2	57.3	105.5	52.1	52.6	104.7
Total	3,144.5	3,756.8	6,901.3	2,860.1	3,258.0	6,118.1
Profit before tax						
Retail stores	96.7	129.7	226.4	97.8	139.0	236.8
Online (UK)	230.1	294.0	524.1	195.8	260.8	456.6
Online (International)	93.5	104.6	198.1	69.3	61.7	131.0
NEXT Finance	101.0	94.4	195.4	96.6	85.1	181.7
Total Platform ⁽²⁾	21.9	60.4	82.3	17.2	49.0	66.2
Other business activities (all other segments)	(17.9)	(11.1)	(29.0)	(16.1)	(25.9)	(42.0)
Recharge of interest	27.3	28.2	55.5	29.6	30.0	59.6
Net finance cost	(43.6)	(41.0)	(84.6)	(43.6)	(44.8)	(88.4)
Exceptional items	-	-	-	(14.5)	-	(14.5)
Profit before tax for 53rd week	-	24.4	24.4	-	-	-
Profit before tax	509.0	683.6	1,192.6	432.1	554.9	987.0

(1) Total Platform includes: (1) sales from the equity investments we own in Reiss, FatFace and Joules, plus (2) income from our Total Platform Services business (for non-controlled entities). For clarity, the sales achieved by Reiss, FatFace and Joules through NEXT websites are treated as commission-based sales within NEXT Online. This means that the commission on the sales are reported within NEXT Online, and the residual of the Gross Transaction Value is reported within Total Platform.

(2) Total Platform profit before tax includes the trading profits from Reiss, FatFace and Joules, plus profits from investments in associates and joint ventures.

FIVE YEAR HISTORY (UNAUDITED)

Period to January	2026 £m	2025 £m	2024 £m	2023 £m	2022 £m
<i>Underlying continuing business</i>					
Statutory revenue	6,901.3	6,118.1	5,491.0	5,034.0	4,625.9
Operating profit ⁽¹⁾	1,278.8	1,075.4	987.9	941.5	905.4
Exceptional items	-	-	108.6	-	-
Net finance costs	(86.2)	(88.4)	(80.7)	(72.2)	(82.3)
Profit before tax	1,192.6	987.0	1,015.8	869.3	823.1
Taxation	(294.6)	(243.8)	(215.3)	(158.6)	(145.6)
Profit after taxation	898.0	743.2	800.5	710.7	677.5
Total equity	1,780.5	1,754.3	1,638.8	1,165.1	1,010.0
Shares purchased for cancellation	1.2m	3.8m	2.6m	3.5m	0.2m
Shares issued in the year					
- ordinary	-	-	0.7m	-	-
- Redeemable B shares	122.4m	-	-	-	-
Dividends per share (declared)					
- ordinary	268p	233p	207p	206p	127p
- special	-	-	-	-	270p
Earnings Per Share					
Basic	760.1p	615.1p	661.6p	573.4p	530.8p

(1) Operating profit for 2025 includes an exceptional cost relating to a pension curtailment cost of £14.5m.

GLOSSARY

Alternative Performance Measures (APMs) and other non-statutory financial measures

Note that the financial year ending January 2026 includes a 53rd week. All of the APMs within this glossary exclude the impact of the 53rd week, unless otherwise stated.

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
<p>Average customer receivables/debtor balance</p> <p>The average amount of money owed by all 'nextpay' and 'pay in 3' (previously "next3step") customers less any provision for bad debt. This represents the total balances we expect to recover, averaged across the relevant period.</p> <p>This is referred to as 'customer receivables' or 'debtor' balance.</p>	None	<p>Average debtor balance has a strong correlation with interest income in the Finance P&L and helps drive understanding of movements in income. It also helps to evaluate the overall health of the balance sheet for the Finance business.</p> <p>The average debtor balance in FY26 was £1,284m (FY25: £1,259m). The statutory accounts do not disclose the monthly debtor balance needed to calculate the average debtor balance. The year end balance is disclosed in Note 14 to the financial statements.</p>
<p>Bad debt charge (NEXT Finance)</p> <p>The charge taken in relation to the performance of our NEXT Finance customer debtor book, for 'nextpay' and 'pay in 3' accounts. This consists predominantly of providing for future defaults.</p>	Impairment losses Note 14	<p>Measurement of the quality of the debtor book/customer receivables. A lower bad debt charge indicates that the quality and recoverability of the balance are higher.</p> <p>The bad debt charge is the total of the in-year impairment charge, less amounts recovered. In FY26 the bad debt charge disclosed in the Chief Executive's Review, including a non-recurring release of £20m, was £2m (FY25: £18m).</p> <p>In Note 14, the total Expected Credit Loss charge was £7.1m (FY25: £19.4m). The difference between this value and those used in NEXT Finance section of the Chief Executive's review relate to items such as recoveries on previously written off assets and provisions on other trade receivables.</p>
<p>Bought-in gross margin</p> <p>Difference between the cost of stock and the original VAT exclusive selling price, expressed as a percentage of the original VAT exclusive selling price.</p>	None	<p>Bought-in gross margin is a measure of the profit made on the sale of stock at full price. This is a key internal management metric for assessing category performance.</p> <p>Reconciliation to the closest equivalent statutory measure is not applicable as full price sales is not a statutory metric.</p>
<p>Net branch contribution or store profitability</p> <p>Retail store total sales less cost of sales, payroll, controllable costs, occupancy costs and depreciation, and before allocation of central overheads. Expressed as a percentage of VAT inclusive sales. Net branch contribution is a measure of the profitability on a store by store level.</p>	None	<p>Measurement of the Retail Stores business profit by individual branch. This is based on costs which are directly attributable to the store. Therefore, it does not include costs such as central overheads which will be included in the statutory accounts.</p> <p>Reconciliation to the closest equivalent statutory measure is therefore not applicable.</p>

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
<p>Cost of funding (NEXT Finance)</p> <p>An internal recharge of interest costs from the Group to the NEXT Finance business, in respect of funding costs for the NEXT Finance debtor balance (customer receivables).</p> <p>It is calculated by applying the average Group interest rate (i.e. the external borrowing rate of the NEXT Group divided by the average NEXT Group borrowing excluding cash on deposit) to 85% of the average debtor/customer receivables balance (as we assume 85% of business funded by debt and 15% equity).</p>	None	<p>Used by the business to evaluate the profitability of the Finance business. There is no statutory equivalent as this is a metric specific to how the Group manages its funding and cost allocations. In the year to January 2026 this has been calculated as:</p> <p>Average Group interest: = External interest cost / Average debt excluding cash on deposit = £36.2m / £796.4m = 4.5%.</p> <p>Then apply 4.5% to 85% of the Average Online customer balance of £1,284m (as we assume that 85% is funded by debt and 15% by equity). This equates to a Cost of Funding charge of £49.5m (2025: £50.3m).</p>
<p>Credit sales</p> <p>VAT exclusive sales from customers who have purchased using their NEXT credit account ('nextpay' or 'pay in 3') inclusive of any interest income charges.</p> <p>Credit sales include Online sales and Retail Store sales.</p>	None	<p>Credit sales are a direct indicator of the performance of the NEXT Finance business.</p> <p>Reconciliation to closest equivalent statutory measure not applicable as the statutory accounts are split by business segment but not by the mechanism of customer payment.</p>
<p>Full price sales</p> <p>Total sales excluding items sold in our Sale events, our Clearance operations, Total Platform commission and the sales from subsidiaries. Full price sales include interest income on NEXT credit accounts.</p>	Revenue – sale of goods	<p>Full price sales are a direct indicator of the performance and profitability of the business, as these sales are achieved at their full margin.</p>
<p>Interest income (NEXT Finance)</p> <p>The gross interest billed to 'nextpay' and 'pay in 3' customers, before any deduction for unpaid interest on bad debt.</p>	Revenue – credit account interest	<p>Interest income for the Finance business is a direct indicator of the performance and profitability of the Finance business.</p> <p>This is presented within Note 2 of the financial statements as "credit account interest".</p>
<p>Like-for-like sales</p> <p>Change in sales from Retail Stores not impacted by any transfer of trade from/to nearby store closures and openings.</p>	None	<p>This metric enables the performance of Retail Stores to be measured on a consistent year-on-year basis and is a common term used in the retail industry.</p> <p>Reconciliation to closest equivalent statutory measure is not applicable.</p>
<p>Net debt excluding leases</p> <p>Comprises cash and cash equivalents, bank loans, corporate bonds, and fair value hedges of corporate bonds but excludes lease debt.</p> <p>Net debt is a measure of the Group's indebtedness.</p>	None	<p>This measure is a good indication of the strength of the Group's liquidity and is widely used by credit rating agencies.</p> <p>Net debt excluding leases is reconciled to net debt including leases in Note 32 of the financial statements. The balance is as at 31 January 2026.</p>
<p>Net debt: PBIT ratio</p> <p>This ratio is calculated by taking the net debt excluding leases divided by the NEXT Group profit before interest and tax for the previous 12 months.</p> <p>Net debt excluding leases is defined separately in the glossary.</p> <p>NEXT Group profit before interest and tax is NEXT Group profit before tax as defined in the glossary, adding back the net external interest expense of the Group.</p>	None	<p>This ratio is used to measure the Group's leverage and the strength of its balance sheet. It indicates how many years it would take to repay all net debt excluding leases from operating profits.</p> <p>Net debt excluding leases is reconciled to net debt including leases in Note 32 of the financial statements.</p> <p>The NEXT Group profit before tax and statutory profit before tax is reconciled in part 3 of the Chief Executive's Review. The Group net external interest expense in the Chief Executive's Review is £31.1m.</p>

GLOSSARY

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
<p>Net profit (NEXT Finance) The profit, including interest income and the bad debt charge, and after the allocation of central overheads and the cost of funding.</p>	<p>Profit before tax (for the Finance segment)</p>	<p>A measure of profitability of the Finance business. The net profit for the Finance Business is presented in Note 1 to the financial statements.</p>
<p>NEXT Group post-tax Earnings Per Share A measure of the NEXT Group profit after tax expressed over the average number of shares in the year.</p>	<p>Basic Earnings per share</p>	<p>Earnings Per Share provides a measure of how much profit has been generated for each share in issue. It is a commonly used metric for listed entities. A comparison of how the NEXT post-tax Earnings Per Share and its closest statutory equivalent is provided in Appendix 1 of the Chief Executive’s Review.</p>
<p>NEXT Group pre-tax Earnings Per Share A measure of the NEXT Group profit before tax expressed over the average number of shares in the year.</p>	<p>Basic Earnings per share</p>	<p>Earnings Per Share provides a measure of how much profit has been generated for each share in issue. It is a commonly used metric for listed entities. A comparison of how the NEXT Group pre-tax Earnings Per Share and its closest statutory equivalent is provided in Appendix 1 of the Chief Executive’s Review.</p>
<p>NEXT Group profit after tax</p>	<p>Profit after tax</p>	<p>NEXT Group profit after tax differs from the statutory profit after tax for 2 reasons:</p> <ol style="list-style-type: none"> 1) It starts with the NEXT Group profit before tax (defined below). 2) It then applies the tax rate to the items included in NEXT Group profit before tax. <p>A comparison of the NEXT Group after tax and statutory profit after tax is included in appendix 1 of the Chief Executive’s Review.</p>
<p>NEXT Group profit before tax</p>	<p>Profit before tax</p>	<p>NEXT Group profit before tax differs from the statutory profit before tax for 4 reasons:</p> <ol style="list-style-type: none"> 1) Amortisation on acquired brands and related acquired intangibles is removed from the NEXT Group profit before tax. 2) The non-controlling interests in Reiss, FatFace and Joules are removed from the NEXT Group profit before tax. In contrast, in line with International accounting standards, the statutory profit includes 100% of the Reiss, FatFace and Joules results. 3) Exceptional items are not included in the headline “NEXT Group profit before tax”. 4) The impact of a 53rd week (if applicable) is not included in NEXT Group profit before tax. The year ended 31 January 2026 includes a 53rd week within its statutory results. <p>The NEXT Group profit before tax and statutory profit before tax is reconciled in part 3 of the Chief Executive’s Review.</p>
<p>NEXT Online UK margin NEXT Operating profit for the Online UK business after deducting lease interest, as a percentage of the Total sales of the Online UK division (which in turn is included in “Total NEXT Trading sales”). Sometimes referred to as “NEXT Online UK operating margin”.</p>	<p>None</p>	<p>A measure of the profitability of the Online UK business. A commonly used metric that can be used to compare performance to other businesses. Net margin measures whether profitability is changing at a higher or lower rate relative to revenue. The margin is based on the segmental operating profit, as disclosed in Note 1 of the financial statements, less allocation of lease interest, as a percentage of the NEXT Trading Sales for that segment.</p>

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
<p>NEXT Online International margin</p> <p>NEXT Operating profit for the Online International business after deducting lease interest, as a percentage of the Total sales of the Online International division (which in turn is included in "Total NEXT Trading sales").</p> <p>Sometimes referred to as "NEXT Online International operating margin".</p>	None	<p>A measure of the profitability of the Online International business. A commonly used metric that can be used to compare performance to other businesses. Net margin measures whether profitability is changing at a higher or lower rate relative to revenue.</p> <p>The margin is based on the segmental operating profit, as disclosed in Note 1 of the financial statements, less allocation of lease interest, as a percentage of the NEXT Trading Sales for that segment.</p>
<p>NEXT Operating profit</p>	Operating profit	<p>Within the Chief Executive's Review the NEXT Operating profit is based on the same principles and adjustments (compared to statutory operating profit) as the NEXT Group profit before tax noted above.</p> <p>It differs from the statutory operating profit for 5 reasons:</p> <ol style="list-style-type: none"> 1) It excludes the impact of non-controlling interests. 2) It excludes the effect of amortisation of acquired brands and related intangible assets. 3) Within NEXT Operating profit, external interest costs borne by Reiss, FatFace and Joules are allocated to those businesses. This contrasts to statutory accounting where finance costs are reported below operating profit. 4) It excludes exceptional items reported within statutory operating profit. 5) It excludes operating profit associated with the 53rd week. <p>Note 1 to the financial statements provides an explanation with values for how the operating profit on a statutory basis differs from the approach in the Chief Executive's Review.</p>
<p>NEXT Retail Stores margin</p> <p>Operating profit after deducting lease interest, as a percentage of the Total sales of the Retail Stores division (which in turn is included in "Total NEXT Trading sales").</p> <p>Sometimes referred to as "NEXT Retail Stores operating margin".</p>	None	<p>A measure of the profitability of the Retail Stores business. A commonly used metric that can be used to compare performance to other businesses. Net margin measures whether profitability is changing at a higher or lower rate relative to revenue.</p> <p>The margin is based on the segmental operating profit, as disclosed in Note 1 of the financial statements, less allocation of lease interest, as a percentage of the NEXT Trading Sales for that segment.</p>
<p>NEXT Trading full price sales</p> <p>Sometimes referred to as NEXT full price sales.</p> <p>NEXT Trading full price sales include all items sold in Retail Stores and Online plus NEXT Finance interest income, but excludes Sale events, Clearance, Total Platform commission and the sales from subsidiaries. (Sales are reported excluding VAT).</p> <p>Items sold on a commission basis are reported at their Gross Transaction Value, which in the statutory accounts are reported as commission sales.</p>	Revenue – sale of goods	<p>Full price sales are a direct indicator of the performance and profitability of the business, as these sales are achieved at their full margin.</p>

GLOSSARY

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
<p>Online customers Total number of customers who have placed an online order in the last 12 months. Customers are categorised as 'Credit' or 'Cash'.</p> <p>Credit customers are those who order using an Online credit account, ('nextpay' or 'pay in 3').</p> <p>Cash customers are those who pay when ordering Online, using credit/debit cards or other tenders, in the UK and International business.</p>	None	<p>The number of online customers is a useful metric to establish the average spend per customer.</p> <p>Reconciliation to closest equivalent statutory measure is not applicable.</p>
<p>Total Group sales Total Group sales are the aggregation of Total NEXT Sales for all of the Group segments plus revenue from investments, which are reported in proportion to our equity share of our investments. For further detail see Chief Executive's Review Appendix 2.</p>	Statutory revenue	<p>Total Group sales are a direct indicator of the performance and profitability of the entire Group, including NEXT's share of subsidiaries and investments.</p> <p>Total Group sales excluding NEXT's share of sales from investments is reconciled to Statutory revenue in Note 1 to the financial statements.</p>
<p>Total NEXT sales Total NEXT sales are the sum of Total NEXT Trading sales (see below) plus income from our Total Platform services business and other business activities.</p>	Statutory revenue	<p>Total NEXT sales are a direct indicator of the performance and profitability of the segment.</p> <p>Total NEXT sales are reconciled to statutory revenue in Note 1 to the financial statements.</p>
<p>Total NEXT Trading sales Total NEXT Trading sales are the VAT exclusive sum of sales from our core trading segments of Retail Stores, Online UK, Online International and NEXT Finance.</p> <p>It therefore includes NEXT Trading full price sales, and the value of sales from Sale events and Clearance.</p> <p>Items sold on a commission basis are reported at their Gross Transaction Value, which in the statutory accounts are reported as commission sales.</p>	Statutory revenue	<p>Total NEXT Trading sales are a direct indicator of the performance and profitability of the business from the Retail Stores, Online UK, Online International, and Finance business.</p> <p>Total NEXT Trading sales are reconciled to statutory revenue in Note 1 to the financial statements.</p>

NOTICE OF MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your NEXT plc (NEXT and/or the Company) shares, please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Notice is given that the Annual General Meeting (AGM) of NEXT will be held at Leicester Marriott Hotel, Smith Way, Grove Park, Leicester LE19 1SW on Thursday 21 May 2026 at 9:00am. Any changes to the AGM will be communicated to shareholders through our website at nextplc.co.uk/investors/shareholder-information/company-meetings and, where appropriate, by stock exchange announcement.

Shareholders may submit questions in advance on resolutions to be put to the AGM by emailing investors@next.co.uk. Questions submitted by 5:00pm on 20 May 2026 will be answered at the meeting as appropriate.

The following resolutions will be proposed at the AGM, resolutions 1 to 20 as ordinary resolutions and 21 to 25 as special resolutions. Further information on these resolutions can be found in the Appendices to this Notice. Biographies of the directors are shown on pages 110 to 111 of the Annual Report.

ORDINARY RESOLUTIONS

Annual Report and Accounts

1 To receive the Company's accounts for the year ended 31 January 2026, together with the Directors' and Auditors' Reports (together the Annual Report).

2 To approve the Directors' Remuneration Policy, the full text of which is contained in the Directors' Remuneration Report and set out on pages 143 to 153.

3 To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) set out on pages 138 to 169.

Final dividend

4 To declare a final dividend of 181 pence per ordinary share.

Election and re-election of directors

To elect the following directors appointed by the directors since the last AGM who are seeking election in accordance with the Company's articles of association:

5 Annette Court. 6 Jeni Mundy.

To re-elect the following directors who are seeking annual re-election:

7 Jonathan Blanchard. 8 Venetia Butterfield. 9 Soumen Das.
10 Tom Hall. 11 Dame Tristia Harrison. 12 Richard Papp.
13 Michael Roney. 14 Jeremy Stakol. 15 Amy Stirling.
16 Lord Wolfson.

Auditor re-appointment and remuneration

17 To re-appoint PricewaterhouseCoopers LLP (PwC) as the Company's auditor, to hold office until the conclusion of the next general meeting at which accounts are laid.

18 To authorise the Audit Committee of the Board to set the remuneration of the Company's auditor.

NEXT Long Term Incentive Plan

19 That the proposed amendment to the rules of the NEXT Long Term Incentive Plan (the LTIP) in the form presented to the AGM to reflect a change to the LTIP's provisions relating to the maximum grant quantum and to provide that the normal three-year minimum for the vesting period is limited to executive directors, as further explained on page 145 and in Appendix 1 be approved, and the directors be authorised to adopt the amendment to the rules of the LTIP and do all such other acts and things as they may consider appropriate to implement the amendment.

Directors' authority to allot shares

20 That the directors be authorised, generally and unconditionally, to allot equity securities (as defined in Section 560 of the Companies Act 2006 (the 2006 Act)) in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

- a. up to a maximum nominal amount of £4,000,000 (as reduced by any equity securities allotted under paragraph (b) below); and
- b. up to a maximum nominal amount of £8,000,000 (as reduced by any equity securities allotted under paragraph (a) above) in connection with a pre-emptive offer (including an offer by way of a rights issue or open offer);
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

This authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution, or, if earlier, at the close of business on 21 August 2027. All previous unutilised authorities under Section 551 of the 2006 Act shall cease to have effect (save to the extent that the same are exercisable pursuant to Section 551(7) of the 2006 Act by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted on or after that date).

SPECIAL RESOLUTIONS

Disapplication of pre-emption rights

21 That, subject to resolution 20 being passed:

- a. the directors be given power to allot equity securities (as defined in the 2006 Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to any such allotment or sale;
- b. the power under paragraph (a) above shall be limited to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 20, by way of a pre-emptive offer (including an offer by way of a rights issue or open offer) only):
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary, and so that the Board may impose any limits or restrictions and make any arrangements which it

NOTICE OF MEETING

considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

- c. the power under paragraph (a) above shall be limited to, in the case of the authority granted under paragraph (a) of resolution 20 and/or in the case of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (b) above) up to a nominal amount not exceeding in aggregate £1,209,000 representing 10% of the issued ordinary share capital;
- d. this authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 21 August 2027; and
- e. all previous unutilised authorities under Sections 570 and 573 of the 2006 Act shall cease to have effect (save to the extent that they are exercisable by reason of any offer or agreement made prior to the date of this new resolution which would or might require shares to be allotted on or after that date).

22 Additional disapplication of pre-emption rights that, subject to resolutions 20 and 21 being passed:

- a. the directors be given the power to allot, in addition to any power granted under resolution 21, equity securities (as defined in the 2006 Act) for cash under the authority granted under paragraph (a) of resolution 20 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to any such allotment or sale;
- b. the power under paragraph (a) above shall be:
 - (i) limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £1,209,000 representing 10% of the issued ordinary share capital; and
 - (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within twelve months after the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice;
- c. this authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 21 August 2027; and
- d. other than in respect of authorities granted pursuant to resolution 21, all previous unutilised authorities under Sections 570 and 573 of the 2006 Act shall cease to have effect (save to the extent that they are exercisable by reason of any offer or agreement made prior to the date of this new resolution which would or might require shares to be allotted on or after that date).

On-market purchases of own shares

23 That in accordance with the 2006 Act, the Company be granted general and unconditional authority to make market purchases (as defined in Section 693 of the 2006 Act) of any of its own ordinary shares on such terms and in such manner as the directors may determine provided that:

- a. the authority conferred by this resolution shall be limited to the lesser of 18,127,000 ordinary shares of 10 pence each and no more than 14.99% of the issued ordinary shares outstanding at the date of the AGM, such limit to be reduced

by the number of shares purchased pursuant to the authority granted at resolution 24 below;

- b. the minimum price which may be paid for ordinary shares (exclusive of expenses) is 10 pence per ordinary share;
- c. the maximum price which may be paid for each ordinary share (exclusive of expenses) is an amount not more than the higher of: (i) 105% of the average of the middle market price of the ordinary shares of the Company according to the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date of purchase and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share of the Company and the highest current independent bid for an ordinary share of the Company as derived from the London Stock Exchange Trading System;
- d. this authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 21 August 2027;
- e. the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract; and
- f. all existing authorities for the Company to make market purchases of its own ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has or have not yet been executed.

Off-market purchases of own shares

24 That, in accordance with Section 694 of the 2006 Act, the proposed programme agreements to be entered into between the Company and any of Goldman Sachs International, UBS AG London Branch, BNP Paribas and Barclays Bank plc (the Banks) (in the form produced to this meeting and initialled by the Chairman for the purpose of identification) (the Programme Agreements) be and are approved and the Company be and is authorised to enter into the Programme Agreements and all and any forward trades which may be effected or made from time to time for the off-market purchase by the Company of its ordinary shares of 10 pence each under or pursuant to the Programme Agreements, as more fully described on pages 264 and 265. The authority conferred by this special resolution shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at close of business on 21 August 2027 (except in relation to the purchase of ordinary shares under any forward trade effected or made before the expiry of such authority and which might be completed wholly or partly after such expiry).

Notice of general meetings

25 That a general meeting (other than an AGM) may be called on not less than 14 clear days' notice.

By order of the Board



H Woodall-Pagan

Company Secretary

Registered Office: Desford Road, Enderby, Leicester LE19 4AT

16 April 2026

NOTICE OF MEETING

Appendix 1

Explanatory notes to resolutions

Ordinary resolutions

1 To receive the Annual Report

The Company is required by the 2006 Act to present its Annual Report to shareholders at its AGM.

2 To approve the Directors' Remuneration Policy

The Directors' Remuneration Policy is being submitted for shareholder approval as part of the normal three-year cycle. Changes are proposed from the current Policy, primarily to increase the bonus maxima, LTIP grant limits and LTIP performance conditions. Details are set out on pages 143 to 153.

Subject to shareholder approval, the Policy, in the form set out on pages 143 to 153 of the Annual Report for the year ended 31 January 2026, will be effective from the conclusion of this AGM.

3 To approve the Directors' Remuneration Report

The Directors' Remuneration Report sets out the pay and benefits received by each of the directors for the period ended 31 January 2026 and is subject to an advisory vote by shareholders. The Report (excluding the Directors' Remuneration Policy) is set out on pages 138 to 169 of the Annual Report for the period ended 31 January 2026.

4 To declare a final dividend

The Company requires shareholder approval to pay a final dividend. The directors recommend that a final dividend of 181 pence per share be paid on 3 August 2026 to shareholders on the register of members at close of business on 3 July 2026. This resolution relates only to this dividend. If, in line with the Company's policy of returning surplus cash to shareholders, the directors decide to pay special dividends any such dividends will be paid by the directors as interim dividends. The announcement of any dividend will clearly indicate whether it is a special dividend or not. The Trustee of the NEXT ESOT has waived dividends paid in the year on shares held by it, refer to Note 27 of the financial statements.

5 – 16 Directors

In accordance with the UK Corporate Governance Code, all directors will stand for election or re-election at this year's AGM.

Directors' biographies are set out on pages 110 to 111 of the Annual Report and provide a summary of the range of skills, knowledge and experience of each director.

Following a formal performance evaluation, the Chairman confirms that each director has demonstrated that they continue to be an effective and valuable member of the Board and that they remain committed to their roles (including making sufficient time available for Board and Committee meetings and other duties).

The Board is satisfied that, excluding the Chairman, each non-executive director offering themselves for election or re-election is independent in both character and judgement, and that their experience, knowledge and other business interests enable them to contribute significantly to the work and balance of the Board.

17 and 18 Auditor re-appointment and remuneration

The Audit Committee oversees the relationship with the external auditor. The Audit Committee is also responsible for the external auditor selection process and for making recommendations to the Board for shareholder approval regarding the appointment and re-appointment of the external auditor. An overview of the Audit Committee's process and conclusions can be found on pages 134 to 135 of the Annual Report.

On the recommendation of the Audit Committee, the Board proposes that PwC be re-appointed as the Company's auditor. Resolution 18 proposes that the auditors' remuneration be determined by the Audit Committee.

19 NEXT Long Term Incentive Plan

Resolution 19 seeks authority from shareholders to amend the NEXT LTIP rules' existing provisions regarding the maximum individual awards that can be granted per financial year of the Company. It is proposed that such provisions be amended such that the maximum individual award limit is that the market value of shares awarded to an executive director participant in any financial year will not exceed 400% of the individual's base salary at the time of award. This change is being introduced as part of the proposed revised Directors' Remuneration Policy. At the same time, to provide flexibility, the requirement that the normal minimum vesting period is three years will similarly be limited to executive directors.

20 Renewal of the powers of directors to allot shares

Ordinary resolution 20(a) seeks authority to allow the directors to allot ordinary shares up to a maximum nominal amount of £4,000,000, representing approximately one third of the Company's existing issued share capital, excluding treasury shares, as at 24 March 2026. In accordance with institutional guidelines, resolution 20(b) will also allow directors to allot further ordinary shares, in connection with a pre-emptive offer, including a rights issue or open offer, up to a total maximum nominal amount of £8,000,000, representing approximately two thirds of the Company's existing issued share capital, excluding treasury shares, as at that date. As at 24 March 2026 (being the latest practicable date prior to publication of this document) the Company's issued share capital amounted to £12,092,876.60 comprising 120,928,766 ordinary shares of 10 pence each. No shares were held in treasury. The directors have no present intention of exercising this authority, however, the Board wishes to ensure that the Company has maximum flexibility in managing the Group's capital resources. The authority sought under this resolution will expire at the conclusion of the AGM in 2027 or, if earlier, 21 August 2027.

Special resolutions

21 and 22 Authority to disapply pre-emption rights

In special resolution 21, the directors are seeking authority to allot equity securities for cash without first offering them to existing shareholders in proportion to their holdings. This resolution limits the aggregate nominal value of ordinary shares which may be issued by the directors on a non pre-emptive basis to £1,209,000, representing 10% of the issued ordinary share capital of the Company as at 24 March 2026. This authority also allows the

NOTICE OF MEETING

Appendix 1

directors, within the same aggregate limit, to sell for cash, shares that may be held by the Company in treasury.

Special resolution 22 seeks separate and additional authority to allot up to an additional 10% of the issued ordinary share capital of the Company on a non pre-emptive basis in connection with an acquisition or specified capital investment (within the meaning given in the Pre-Emption Group's 2022 Statement of Principles) which is announced at the same time as the allotment, or which has taken place in the twelve month period before and is disclosed in the announcement of the allotment.

The directors have no present intention to exercise the powers sought by resolutions 21 or 22. If the powers sought by resolutions 21 or 22 are used in relation to a non-pre-emptive offer, the directors confirm their intention to follow the shareholder protections in paragraph 1 of Part 2B of the Pre-emption Group's Statement of Principles published in November 2022 and, where relevant, follow the expected features of a follow-on offer as set out in paragraph 3 of Part 2B of the Pre-emption Group's Statement of Principles. The authority sought under resolutions 21 and 22 will expire at the AGM in 2027 or, if earlier, 21 August 2027.

23 On-market purchase of the Company's own shares

NEXT has been returning capital to its shareholders through share repurchases as well as special and ordinary dividends since March 2000 as part of its strategy for delivering sustainable long term returns to shareholders. Over this period, and up to 24 March 2026, NEXT has returned over £5.5bn to shareholders by way of share buybacks, over £5.1bn in dividends, of which £1.2bn comprised special dividends, as well as £421.5m by way of a B Share Scheme capital return. This activity has enhanced Earnings Per Share, given shareholders the opportunity for capital returns (as well as dividends) and has been transparent to the financial markets. Share buybacks have not been made at the expense of investment in the business. Over the last five years, NEXT has invested over £1bn in capital expenditure to support and grow the business.

The directors intend that this authority will only be exercised if doing so will result in an increase in Earnings Per Share and, being in the interests of shareholders generally, it is considered to promote the success of the Company. The directors will also give careful consideration to the financial gearing levels of the Company and its general financial position. The purchase price would be paid out of distributable profits. It is the directors' present intention to cancel any shares purchased under this authority.

The repurchase of ordinary shares would give rise to a stamp duty liability of the Company at the rate currently of 0.5% of the consideration paid.

The Company has no warrants in issue in relation to its shares and no options to subscribe for its shares outstanding. Exercise of outstanding employee share options and share awards are generally satisfied by the transfer of market-purchased shares from the ESOT (refer to Note 27 to the financial statements).

The renewed authority will expire at the AGM in 2027 or, if earlier, 21 August 2027.

24 Off-market purchases of own shares

The directors consider that share buybacks are an important means of returning value to shareholders and maximising sustainable long term growth in Earnings Per Share. Contingent contracts for

off-market share purchases offer a number of additional benefits compared to on-market share purchases, including the ability to purchase shares at a discount to the prevailing market price at the date each contract is entered into, to purchase shares over time without the risk of distorting the prevailing share price and to take delivery of shares during Closed Periods.

As with any share buyback decision, the directors would use this authority only after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities and the overall financial position of the Company. The directors will only purchase shares using such contracts if, based on the contract discounted price (rather than any future price), it is earnings enhancing and promotes the success of the Company for the benefit of its shareholders generally. It is the directors' present intention to cancel any shares purchased under this authority.

Special resolution 23, passed at the Company's 2025 AGM, granted authority to the Company to make off-market purchases of shares for cancellation under contingent purchase contracts to be entered into with any of Goldman Sachs International, UBS AG London Branch, BNP Paribas and Barclays Bank plc. This authority was limited to a maximum of 3,000,000 shares and expires on the earlier of the date of the 2026 AGM or 15 August 2026.

Sections 693 and 694 of the 2006 Act provide that the terms of any contract to make off-market purchases or contingent purchases of its shares must be approved by shareholders.

In order to achieve maximum flexibility in its share purchase activities, the Company is permitted outside of Closed Periods to enter into irrevocable and non-discretionary programmes and/or contingent forward purchase contracts which would allow it to buy shares during Closed Periods. As in previous years, the Company intends to enter into new agreements with each of the Banks, under which the Company may (but is not obliged to) enter into contingent forward trades (Contingent Forward Trades or CFT) from time to time.

The terms of each CFT will be agreed between the Company and the Bank before it is entered into. Each CFT will provide for the Company to purchase a fixed number of shares each week over a period of between 20 and 30 weeks, up to 30,000 shares per week.

Purchases under a CFT are subject to Suspension Levels set at the time of entry into the CFT: an Upper Suspension Level (104% to 110% of the starting share price) and, optionally, a Lower Suspension Level (80% to 95% of the starting share price). Including a Lower Suspension Level mitigates the Company's financial commitment if the share price falls. This structure would allow the Company to purchase shares at a discount to the market price (as at the time each CFT commences), for so long as the Suspension Levels are not reached, without breaching the UK Listing Rules. If any Suspension Level is reached, the CFT terminates automatically at that time and no further shares would be purchased under that contract.

The price at which the Company may purchase shares during the term of a CFT (the Forward Price) is fixed at the start of the CFT, subject to a maximum of 99% of the share price at that time and a minimum of 10 pence (the par value of an ordinary share). The minimum and maximum period between entering a CFT and shares being purchased is 5 days and 30 weeks respectively. The Company will announce the details of each CFT on the day it is entered into and any subsequent termination via the Financial Conduct Authority's Regulatory News Service.

Under Sections 693 and 694 of the 2006 Act, the Programme Agreements and Contingent Forward Trades are contingent purchase contracts to purchase shares by the Company off-market. Accordingly, resolution 24, which will be proposed as a special resolution, seeks shareholder approval of the terms of the Programme Agreements to be entered into between the Company and each of the Banks. The Programme Agreements will have a duration of the shorter of the period to the date of the next AGM to be held in 2027 and 21 August 2027 and will incorporate the terms of an ISDA Master Agreement and Schedule. The Programme Agreements will be entered into and each CFT will be effected outside a Closed Period but shares may be purchased by the Company during a Closed Period.

Should shareholder approval be granted, any number of CFT may be effected with the Banks at any time, provided that:

- the total maximum number of shares which the Company is permitted to purchase pursuant to this authority would be 3,000,000, representing circa 2.5% of its issued share capital at 24 March 2026;
- the total cost of shares that the Company would be permitted to purchase pursuant to this authority may not exceed £300m (including costs);
- the Forward Price may not exceed 105% of the average of the middle market price of a share according to the Daily Official List of the London Stock Exchange for the 5 business days immediately preceding the day on which the share is purchased;
- the Forward Price will be no more than 99% of the share price at the time the CFT was effected;
- the minimum price that can be paid for any share is 10 pence; and
- only one CFT will be entered into on any particular day.

Shares purchased under the Programme Agreements will reduce the number of shares that the Company may purchase under any authority granted at the AGM on 21 May 2026 for on-market purchases. No shares will be purchased under that authority on the same day that a CFT is entered into. The authority granted to the Company under this resolution will expire at the conclusion of the AGM in 2027 or on 21 August 2027, whichever is the earlier, unless such authority is renewed prior to that time (except in relation to the purchase of shares under any CFT effected before the expiry of such

authority and which might be completed wholly or partly after such expiry). The purchase of shares under the Programme Agreements will always be physically settled by delivery of shares to the Company (except in the case of certain events of default or termination events).

A copy of each of the Programme Agreements will be available for inspection at the AGM on 21 May 2026. Copies will also be available for inspection at the Company's registered office at Desford Road, Enderby, Leicester LE19 4AT and at the offices of Slaughter and May at One Bunhill Row, London EC1Y 8YY during usual business hours from the publication of this Notice until the close of the AGM.

The Company has no warrants in issue in relation to its shares and no options to subscribe for its shares outstanding. Exercise of all outstanding employee share options and share awards will generally be satisfied by the transfer of market-purchased shares from the ESOT (refer to Note 27 to the financial statements).

25 Notice of general meetings

In accordance with the 2006 Act, the notice period for general meetings (other than an annual general meeting) is 21 clear days' notice unless the Company:

- (i) has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent AGM; and
- (ii) offers the facility for all shareholders to vote by electronic means.

The Company would like to preserve its ability to call general meetings (other than an AGM) on 14 clear days' notice. This shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole.

Resolution 25 seeks such approval and, should this resolution be approved, it will be valid until the end of the next AGM. This is the same authority that was sought and granted at last year's AGM.

Recommendation

The Board believes that all resolutions are in the best interests of the Company and its shareholders and unanimously recommends voting in favour of them, as the directors will do with their own beneficial shareholdings.

NOTICE OF MEETING

Meeting Formalities and Voting

Attending the Annual General Meeting

To be entitled to attend, speak and vote at the AGM and for the purposes of determining the number of votes they may cast, shareholders must be registered in the register of members of the Company as at 6:30pm on 19 May 2026 or, if the meeting is adjourned, at 6:30pm on the day which is two working days before the adjourned meeting.

The resolutions being proposed are a very important part of the governance of the Company and all shareholders are urged to vote.

In line with best practice, voting on all resolutions at the AGM will be by way of a poll. On a poll, every member present in person or by proxy, has one vote for every ordinary share held or represented.

The directors believe a poll is most representative of shareholders' voting intentions because shareholders' votes are counted according to the number of shares held, and the proxy vote is added to the votes of shareholders present so that all votes are taken into account. The procedures for the poll votes will be explained during the AGM.

In respect of resolution 24 on off-market share purchase contracts, the 2006 Act provides that this resolution will not be effective if any member of the Company holding shares to which it relates (i.e. shares which may be purchased pursuant to the Programme Agreements) voted for the resolution and the resolution would not have been passed if they had not done so. Therefore, NEXT intends to disregard any poll votes which are cast in favour of resolution 24 attaching to 3,000,000 shares (being the total maximum number of shares which the Company is permitted to purchase pursuant to the Programme Agreements) from both the total number of votes cast in favour of this resolution and the total number of votes cast.

The total number of the Company's issued share capital on 24 March 2026, which is the latest practicable date before the publication of this Notice, is 120,928,766 ordinary shares. All of the ordinary shares carry one vote each and there are no shares held in treasury.

Voting and proxies

Whether or not you intend to attend the AGM in person, please complete and return the Form of Proxy to Equiniti, to arrive no later than 9:00am on 19 May 2026 (or 48 hours before any adjourned meeting, excluding any part of a day that is not a working day). If you complete and return a Form of Proxy you can still attend and vote at the AGM if you wish.

It is possible for you to submit your proxy votes online by going to Equiniti's Shareview website, www.shareview.co.uk, and logging in to your Shareview Portfolio. Once you have logged in, simply click 'View' on the 'My Investments' page and then click on the link to vote and follow the on-screen instructions. If you have not yet registered for a Shareview Portfolio, go to www.shareview.co.uk and enter the requested information. It is important that you register for a Shareview Portfolio with enough time to complete the registration and authentication processes. Electronic proxies must be completed and lodged in accordance with the instructions on the website by no later than 9:00am on 19 May 2026.

If you are unable to attend in person, you are strongly encouraged to appoint a proxy and return the completed Form of Proxy by the specified deadline.

A shareholder who is entitled to vote at the AGM may appoint one or more proxies to vote instead of him/her, provided that each proxy is appointed to exercise the rights attached to a different share or

shares held by that shareholder. A proxy need not also be a shareholder of the Company and may vote on any other business which may properly come before the meeting.

The statements of the rights of members in relation to the appointment of proxies in the above paragraphs and in the paragraph headed "CREST voting facility" below can only be exercised by registered members of the Company and do not apply to a Nominated Person. Nominated persons should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder (i.e. the first named joint holder recorded in the Company's share register) will be accepted.

A member who appoints as their proxy someone other than the Chairman of the meeting, should ensure that the proxy is aware of the voting intention of the member. If no voting instruction is given, the proxy has discretion on whether and how to vote.

A person to whom this Notice is sent who is a person nominated under Section 146 of the 2006 Act to enjoy information rights (a Nominated Person) may, under an agreement between them and the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

CREST voting facility

Those shareholders who hold shares through CREST may choose to appoint a proxy or proxies using CREST for the AGM to be held on 21 May 2026 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in this Notice. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland

Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The CREST Manual is available at euroclear.com.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Right to ask questions

Shareholders may submit questions in advance on the resolutions to be put to the AGM by emailing investors@next.co.uk. Any shareholder attending the meeting has the right to ask questions. The Company will answer any such question relating to the business being dealt with at the AGM but no such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

Data protection statement

Your personal data includes all data the Company holds which relates to you as a shareholder, including your name and contact details, the votes you cast and your Shareholder Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrar) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise. A copy of the Company's privacy policy can be found at www.nextplc.co.uk/site-services/privacy-and-cookies.

Documents available for inspection

Copies of the following documents will be available for inspection at the Company's registered office during usual business hours and for 15 minutes prior to and for the duration of the AGM:

- A copy of each executive director's contract of service.
- A copy of each non-executive director's letter of appointment.
- The Programme Agreements pursuant to resolution 24.
- The rules of the NEXT Long Term Incentive Plan incorporating the amendments proposed under resolution 19.

Copies will also be available for inspection at the offices of Slaughter and May at One Bunhill Row, London EC1Y 8YY during usual business hours, from publication of this Notice until the close of the AGM.

The rules of the NEXT Long Term Incentive Plan incorporating the amendments proposed under resolution 19 are also available for inspection on the National Storage Mechanism from the date of this Notice.

Company website

A full copy of the Annual Report (which includes this Notice), together with those for prior years, and other information required by Section 311A of the 2006 Act can be found at www.nextplc.co.uk.

Under Section 527 of the 2006 Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the 2006 Act. The Company may not require the members requesting such website publication to pay its expenses in complying with Sections 527 or 528 of the 2006 Act, and it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the 2006 Act to publish on its website.

You may not use any electronic address provided in this Notice to communicate with the Company for any purposes other than those expressly stated.

OTHER SHAREHOLDER INFORMATION

Registered office

Desford Road, Enderby, Leicester LE19 4AT.
Registered in England and Wales, company no. 4412362.

Annual General Meeting

The AGM will be held at Leicester Marriott Hotel, Smith Way, Grove Park, Leicester LE19 1SW at 9:00am on Thursday 21 May 2026. The Notice of Meeting on pages 261 to 267 sets out the business to be transacted.

The safety of our shareholders is our main priority. We will not permit behaviour that may interfere with anyone's security or safety or the good order of the meeting. Anyone who does not comply may be removed from the meeting.

Discount voucher

The Company offers a discount voucher to any first named, registered shareholder holding a minimum number of 100 ordinary shares as at 1 April each year. The shareholder discount voucher entitles the recipient or their immediate family to a 25% discount against most purchases at any one time of full price NEXT merchandise in NEXT Retail stores. There is no limit on the value of goods that can be purchased at that time. The voucher expires on 31 October of the year in which it was issued. It cannot be used in conjunction with any other discount voucher or offer, nor can it be used for the purchase of gift cards, Sale merchandise, electrical goods, non-NEXT branded goods or purchases from NEXT Online (unless ordered through one of our Retail stores). Shareholders holding shares in nominee or ISA accounts are also eligible, but must request the voucher through their nominee or ISA account manager who should contact the Company Secretary's office (companysecretariat@next.co.uk).

Registrars and transfer office

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Telephone +44 (0) 371 384 2164 (if calling from outside the UK, please ensure the country code is used). Lines are open 8:30am to 5:30pm Monday to Friday excluding UK bank holidays.

Shareholder enquiries

The Company share register is maintained by Equiniti (EQ). Please contact them online at www.shareview.co.uk or using the contact details above if you have any enquiries about your NEXT shareholding including the following matters:

- change of name and address;
- loss of share certificate, dividend warrant or dividend confirmation;
- if you receive duplicate sets of Company mailings as a result of an inconsistency in name or address and wish, if appropriate, to combine accounts; and
- help on how to register your email address to receive shareholder communications electronically.

The Shareview Portfolio service from EQ gives you more online information about your NEXT shares and other investments. For direct access to information held for you on the share register, including recent balance movements and a daily valuation of investments held in your portfolio, visit www.shareview.co.uk.

For shareholders with disabilities EQ provides: if requested, future communications produced by them will be sent in the appropriate format; and hearing loop facilities in their buildings for use by visiting shareholders.

You can also contact EQ by using the Relay UK website at www.relayuk.bt.com

CREST

The Company's ordinary shares are available for electronic settlement.

Payments of dividends to mandated accounts

Since January 2025, payments to shareholders are no longer made by cheque. If you have not already taken any action, to continue to receive dividends and any other money payable to you in connection with your NEXT ordinary shares, you will need to provide your bank or building society account details so that payments can be made directly to your nominated account by direct payment. You can download a mandate from www.shareview.co.uk.

Whistleblowing

The Company is committed to the highest standards of integrity. Anyone with concerns about potential wrongdoing — including criminal activity, legal breaches, health and safety risks or financial irregularities — can report them to: Whistleblowing@next.co.uk

Forward looking statements

This Annual Report and Accounts contains statements which are all matters that are not historical facts, including anticipated financial and operational performance, business prospects and similar matters. Forward looking statements are identifiable by words such as "aim", "anticipate", "believe", "budget", "estimate", "expect", "forecast", "intend", "plan", "project" and similar expressions. These statements reflect NEXT's current expectations concerning future events but actual results may differ materially from current expectations or historical results. Any such forward looking statements are subject to risks and uncertainties, including but not limited to those risks described in "Risks and Uncertainties" on pages 70 to 78, failure by NEXT to predict accurately customer fashion preferences; decline in the demand for merchandise offered by NEXT; competitive influences; changes in level of store traffic or consumer spending habits; effectiveness of NEXT's Brand awareness and marketing programmes; general economic conditions or a downturn in the retail industry; the inability of NEXT to successfully implement relocation or expansion of existing stores; insufficient consumer interest in NEXT Online; acts of war or terrorism worldwide; work stoppages, slowdowns or strikes; and changes in financial or equity markets. These forward looking statements do not amount to any representation that they will be achieved. They involve risks and uncertainties and relate to events and depend upon circumstances which may or may not occur in the future and there can be no guarantee of future performance. Undue reliance should not be placed on forward looking statements which speak only as of the date of this document. NEXT does not undertake any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.



NEXT.CO.UK | NEXTPLC.CO.UK