

NEXT

Results for the Year Ending January 2026

Date: Embargoed until 07.00hrs, Thursday 26 March 2026

Contacts: Lord Wolfson, Chief Executive
Jonathan Blanchard, Chief Financial Officer (*analyst calls*)
NEXT plc **Tel: 0333 777 8888**

Alistair Mackinnon-Musson **Email: next@rowbellpr.com**
Rowbell PR **Tel: 020 7717 5239**

Photographs: <https://www.nextplc.co.uk/media/image-gallery>

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 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.

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

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.

Statutory profit was £1,193m, up +20.8%. See page 25 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 CEO Review are post tax EPS based on post-tax 'NEXT Group profit', unless otherwise stated.

CHIEF EXECUTIVE'S REVIEW

TABLE OF CONTENTS

PART ONE - HEADLINES	4
PART TWO - THE BIG PICTURE	6
SALES INSIGHT – BY GEOGRAPHY AND BRAND	7
DEVELOPING GREAT PRODUCT	8
INTERNATIONAL GROWTH	13
CONTROLLING COSTS TO DELIVER GROWTH	16
NEXT'S APPROACH TO AI	17
ACCELERATING WAREHOUSE INVESTMENT	19
LONG TERM CAPITAL CONSUMPTION	21
THEN AND NOW	22
PART THREE - GROUP FINANCIAL PERFORMANCE AND GUIDANCE	23
GROUP SALES AND PROFIT SUMMARY	24
SALES AND PROFIT GUIDANCE FOR 2026/27	26
PART FOUR - RETAIL STORES, ONLINE, FINANCE, TOTAL PLATFORM & OTHER BUSINESS	29
NEXT RETAIL STORES	29
NEXT ONLINE UK	34
NEXT ONLINE INTERNATIONAL	38
NEXT ONLINE CUSTOMER ANALYSIS	40
NEXT FINANCE	41
INVESTMENTS AND TOTAL PLATFORM	44
OTHER BUSINESS ACTIVITIES	47
INTEREST, TAX AND ESG	49
PART FIVE - CASH FLOW, SHAREHOLDER RETURNS, NET DEBT & FINANCING	51
CASH FLOW	51
CAPITAL EXPENDITURE	53
DIVIDENDS AND SHAREHOLDER RETURNS	55
NET DEBT, BOND AND BANK FACILITIES	56

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 sales³ up **+10.9%** and total Group sales⁴ (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 capitalisation⁵.

³ 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.

⁴ 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 24 for a bridge between Group sales and statutory revenue.

⁵ 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 26.

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 (p7). It then explains how we are improving our product ranges (p8) and driving growth overseas (p13). We explain why controlling fixed costs will be central to driving growth (p16), and how AI can – amongst other things – help in that task (p17). Recent growth means we must accelerate our warehouse investment programme (p19) but acceleration in capex is consistent with the Group's long term rate of capital consumption (p21).

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-like⁶ 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)⁷
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.

⁶ Items which are virtually the same as last year.

⁷ 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:

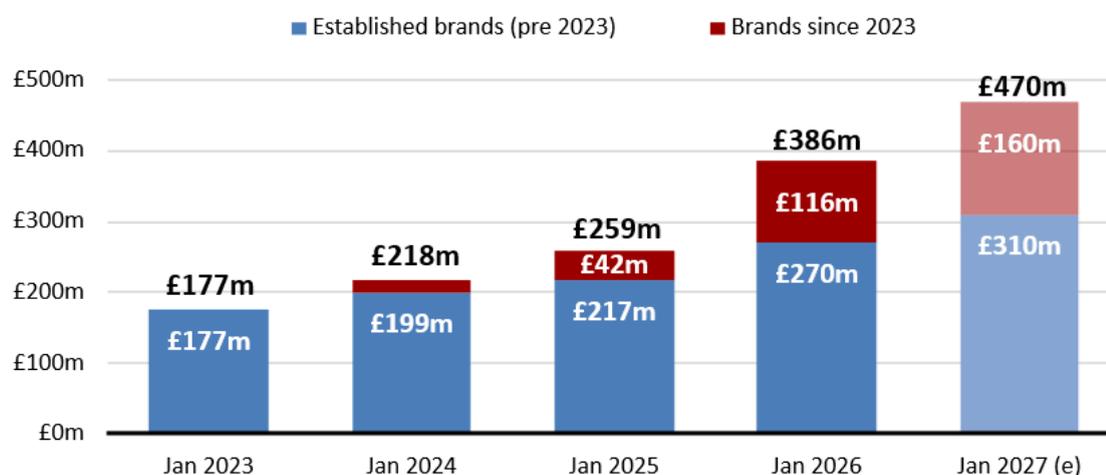
- Success is dependent on finding **talented teams** with a clear vision for a brand that genuinely offers **something different**.
- We are determined to avoid the **‘Play-Doh’ effect**: where brands that start life brightly distinct, then gradually descend into a mush of similarity (in Play-Doh, without 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.

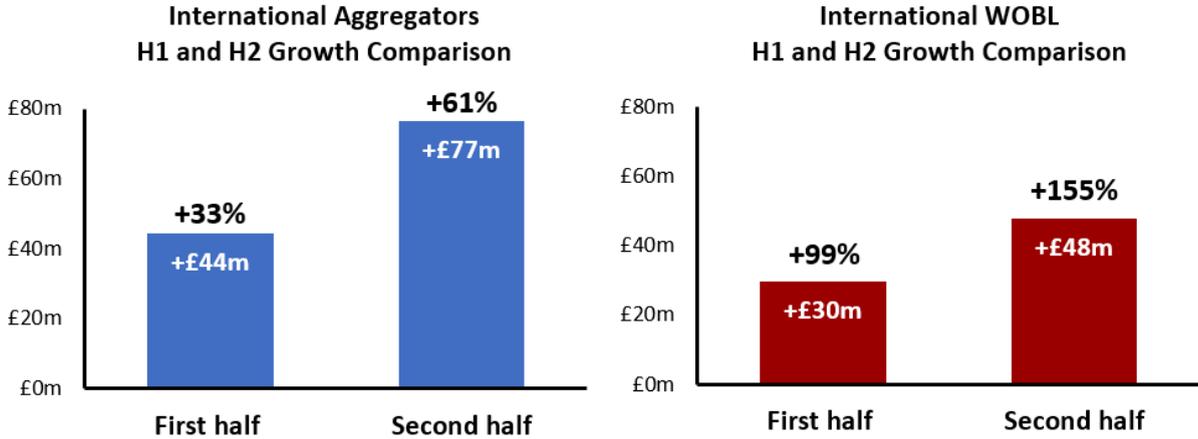
INTERNATIONAL GROWTH

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**⁸, 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.



⁸ 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 markets⁹ 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 rates¹⁰ 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%

⁹ International online market size estimates obtained from GlobalData and Statista for 2025 (total clothing, footwear and accessories). Numbers are rounded to the nearest 5%.

¹⁰ 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 ¹¹	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.

¹¹ 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 attribution¹² 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.

¹² Product attribution is the process which tags each item with descriptions that can be used by search engines and filters.

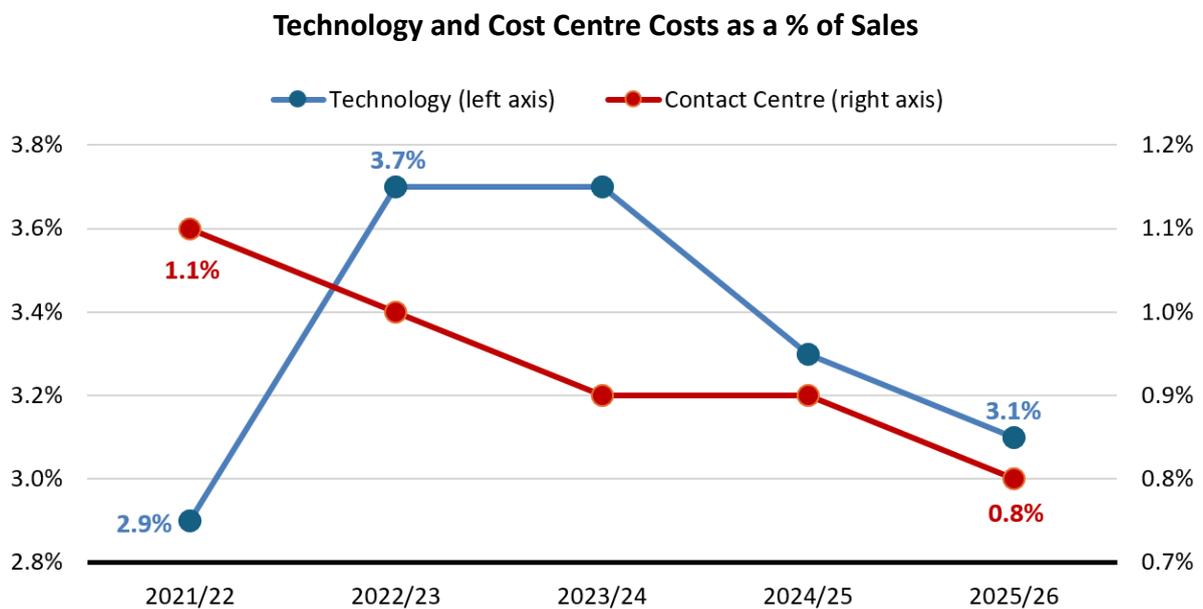
Opportunities

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 sales¹³.



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.

¹³ 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

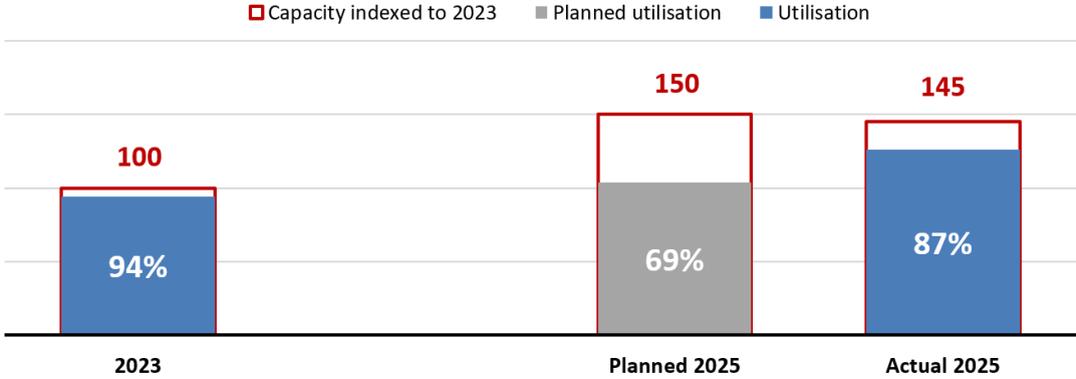
We have pulled forward the next three phases of our E3 Online boxed¹⁴ warehouse development programme. We started placing orders for this project in Q4 last year, and it will continue over the next three years, with a total anticipated spend of **£307m** over that period. So, this year’s capital expenditure 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.

¹⁴ 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

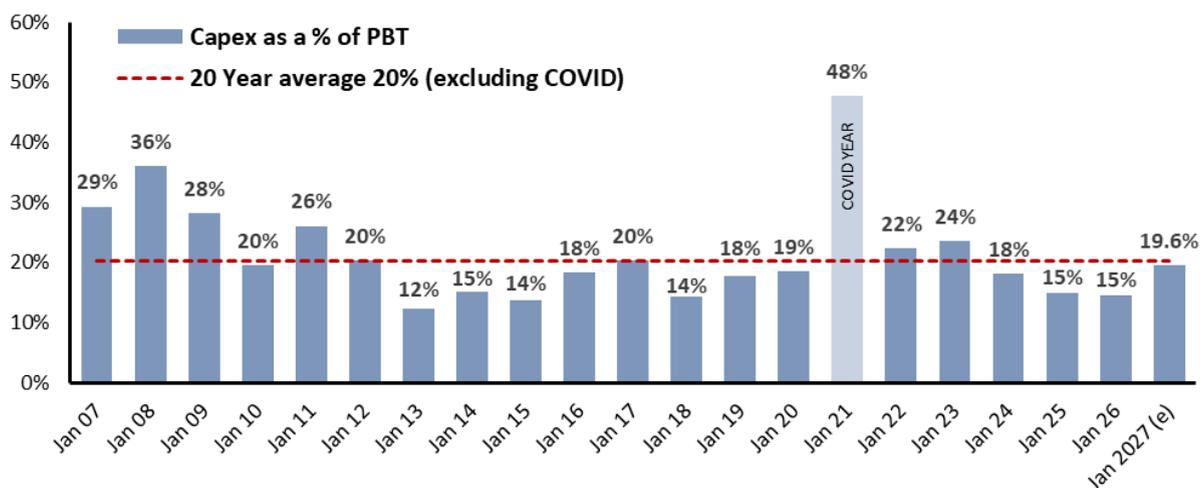
Looking ahead to the next decade, we are taking steps to ensure that we have capacity for growth. To that end, we have acquired¹⁵ 84 acres of land next to Elmsall 3, for which we have planning permission in place for a 1.2m square foot warehouse. We estimate that this warehouse, 'E4', would add at least 50% more capacity to the Elmsall complex. Once fully complete, E4 would accommodate around £2.5bn of additional sales¹⁶.

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 53 for detailed breakdown of capex). So in the long run our capital consumption is at historically normal levels.

Capital Expenditure: 20 Year History



¹⁵ We have exchanged contracts for the land and completion is anticipated on 2 April.

¹⁶ 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 24 and 25 respectively, and the cash flow analysis presented on page 51.

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 sales¹⁷ in our top line. For completeness, full details of our rationale for this method of reporting are repeated in Appendix 2 on page 61.

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 62.

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 CEO 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.

¹⁷ 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 ¹⁸	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

¹⁸ '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 29
Online (UK)	524	457	+14.8%	Page 34
UK Product total	751	693	+8.2%	
Online (International)	198	131	+51.2%	Page 38
Product total	949	824	+15.1%	
NEXT Finance (after funding costs)	195	182	+7.5%	Page 41
Investments and Total Platform ¹⁹	88	75	+17.0%	Page 44
Other business activities ²⁰	(45)	(42)	+8.7%	Page 47
Recharge of interest from Finance	50	50	- 1.5%	
Operating profit	1,236	1,090	+13.4%	
Lease interest	(49)	(48)	+2.0%	Page 49
Operating profit after lease interest	1,187	1,042	+13.9%	
External interest	(29)	(31)	- 4.8%	Page 49
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 60)</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 62)</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

¹⁹ 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 44 for more detail.

²⁰ '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 55 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-like²¹ full price sales up +2.3%, with +1.2% coming from new space.
- Retail Stores' profit²² £193m, down -5.0%.
- Retail Stores' margin 10.2%, down -0.8%.

SUMMARY OF RETAIL STORES' SALES AND PROFIT

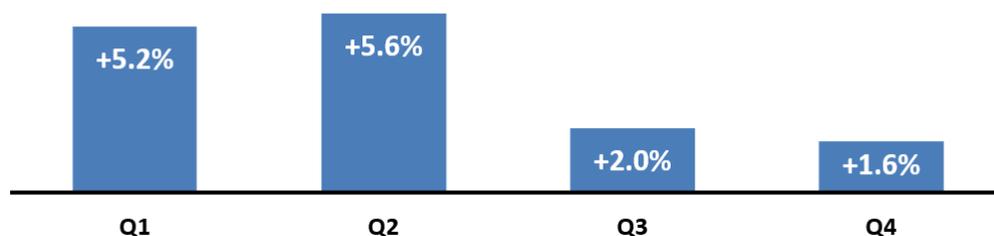
The table below summarises the sales and profit of our Stores. Please note that we include the cost of lease interest within Retail Store profitability.

£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.

Full Price Sales Growth by Quarter



²¹ Like-for-like sales growth excludes the impact of store closures, openings and refits.

²² 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 licences.

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 ²³ Ralph Lauren On Running Asics
Net margin		16.3%	13.7%

²³ 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.
Markdown	Improved clearance rates improved margin.
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% <p>The beneficial effect of higher selling prices was offset by slightly higher returns rates.</p>
Marketing	Digital marketing investment increased by +6%, which was less than sales growth.
Technology	Technology costs did not increase as much as sales.
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 sales²⁴ increased from 6.6%²⁵ last year to 8.0%. (See page 15 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%

²⁴ Total sales on our own websites, including markdown sales, but excludes sales on third-party aggregator sites.

²⁵ 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 account²⁶ ('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%²⁷.

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 (<i>sales shown for completeness</i>)					£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.

²⁶ Both NEXT credit offers are authorised and regulated by the FCA. Note, 'pay in 3' previously called 'next3step'.

²⁷ 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> ²⁸		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> ²⁹		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.

²⁸ Credit sales include Online sales and Retail Store sales paid with a NEXT credit account, plus interest income.

²⁹ 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.

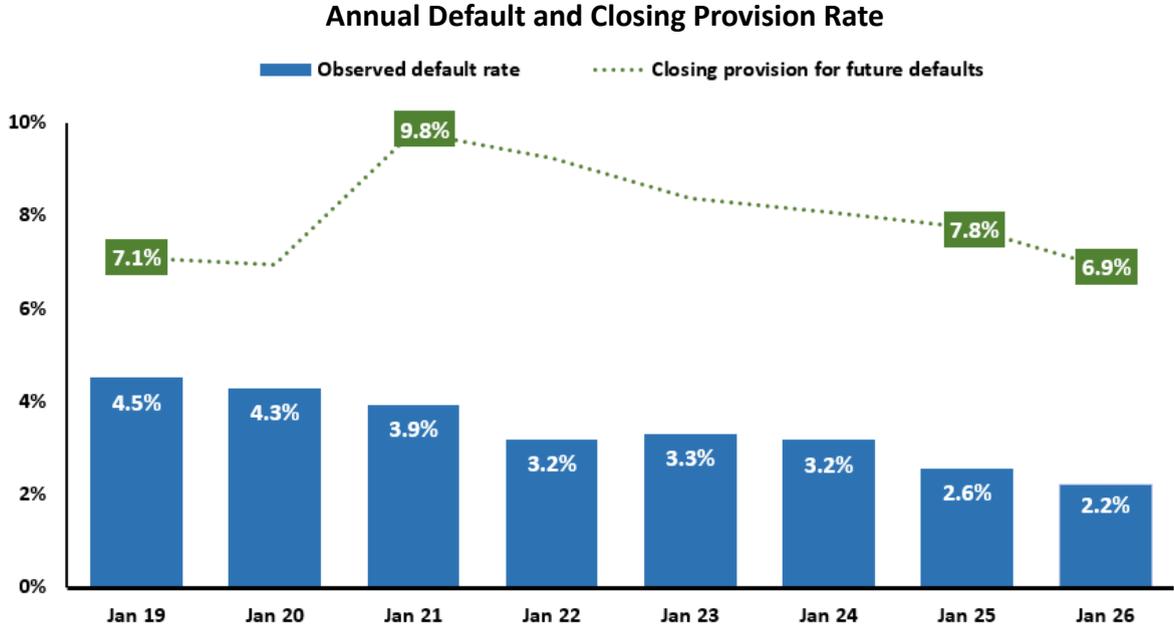
Historic bad debt provision release

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 rates³⁰ 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.

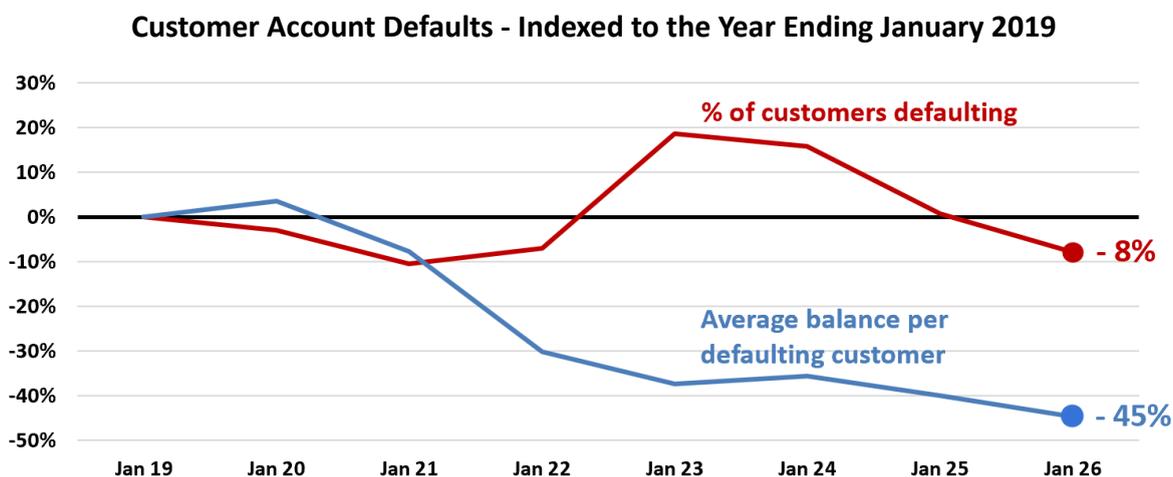


³⁰ Defaults are net of expected recoveries and presented as a percentage of the average customer receivables balance.

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.



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 ³¹	(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.

³¹ 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 49.

INVESTMENTS AND TOTAL PLATFORM

FINANCIAL SUMMARY

The combined profit from investments (including interest)³² 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 47), and is **not** included in the numbers above.

³² 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 49).

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 62.

Return on Investments³³

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.

³³ 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) ³⁴	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.

³⁴ 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 63.

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 charge³⁵ 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%

³⁵ Excludes net interest costs of Reiss, FatFace and Joules, which are reported in the equity investments' profit figures given on page 44.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Full details of our ESG activities were set out in our 2025 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 <i>(page 53)</i>	(237)	(168)	(151)
Tax paid <i>(page 52)</i>	(265)	(233)	(243)
ESOT <i>(page 52)</i>	(64)	(62)	(45)
Working capital/other <i>(page 52)</i>	(75)	(109)	(30)
Trading cash flow	725	764	690
Customer receivables ('nextpay' and 'pay in 3')	17	(26)	(21)
Property - Waltham Abbey land sale <i>(page 52)</i>	-	54	-
Surplus cash before investments and distributions	741	792	669
Ordinary dividends <i>(page 55)</i>	(318)	(286)	(258)
Surplus cash available for investments/buybacks/distributions	423	506	411
Investments in third-party brands <i>(page 52)</i>	-	(6)	(11)
Share buybacks <i>(page 55)</i>	(500)	(131)	(360)
Capital distribution via B share scheme <i>(page 55)</i>	-	(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 19 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 31 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.

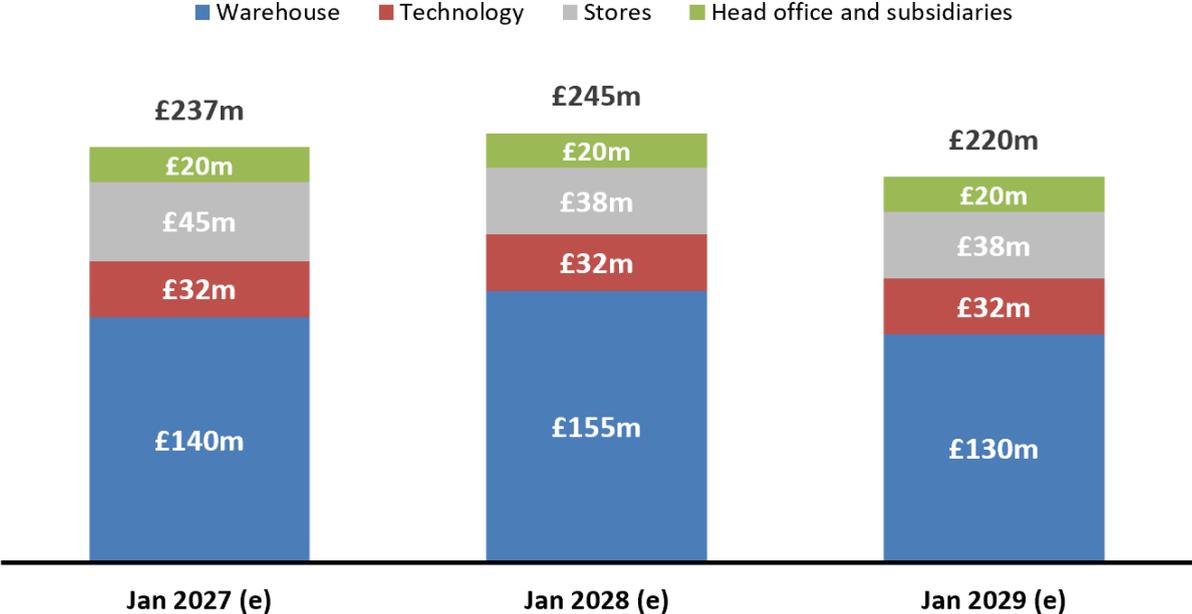
Other Group subsidiaries

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 19-20).

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 capitalisation³⁶.

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 51 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.

³⁶ 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.

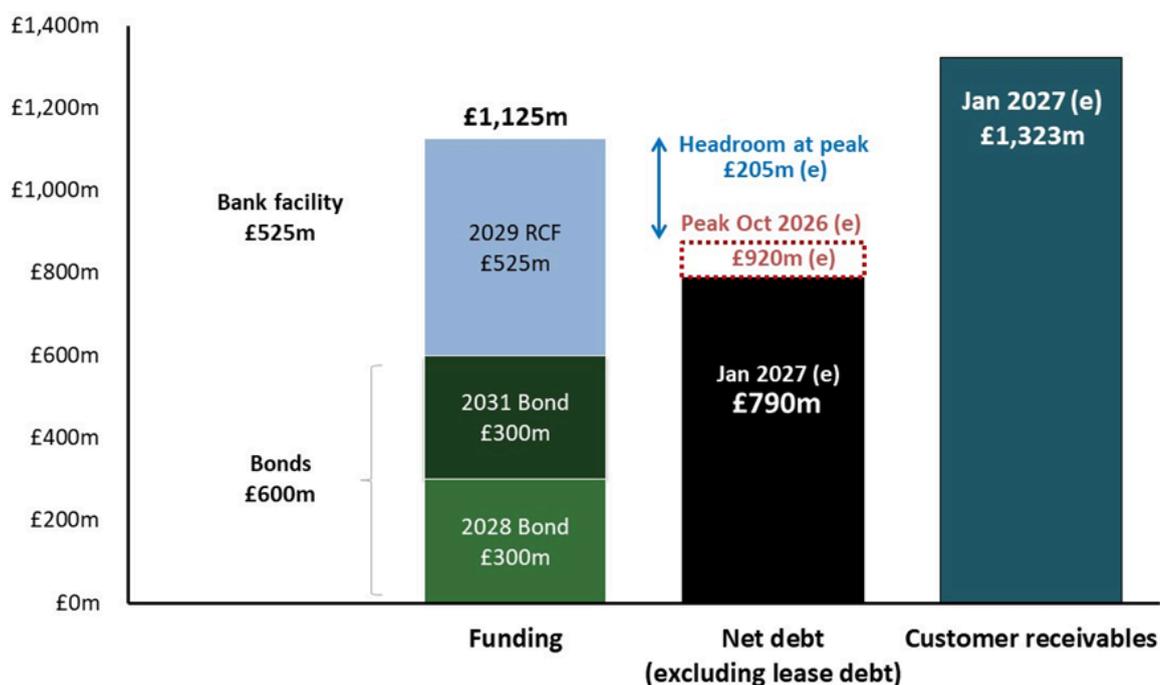
Group bond and bank facilities	£m
Facilities as at January 2025	1,257
New 6 year bond issued	+300
2026 bond partly repurchased	- 136
2025 bond repaid in full	- 250
RCF increased	+100
Subsidiaries' facilities expired	- 32
Facilities as at January 2026	1,239

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.

Lord Wolfson of Aspley Guise
Chief Executive
26 March 2026

APPENDIX 1

RECONCILIATION TO STATUTORY RESULTS

OVERVIEW

The financial information presented in pages 2 to 57 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 24 and 25 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 51 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' profits³⁷; 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 basis³⁸ 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.

³⁷ The term subsidiaries here is used to describe businesses in which we hold equity investments, as detailed in Appendix 5 on page 64.

³⁸ 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 brands³⁹ 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.

³⁹ 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

UNAUDITED 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		(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		(3.4)	3.4
Trading profit		1,273.8	1,096.2
Share of results of associates and joint ventures		7.9	6.7
Impairment in associates and joint ventures		(2.9)	(13.0)
Exceptional items - curtailment loss	3	-	(14.5)
Operating profit		1,278.8	1,075.4
Finance income		11.0	8.2
Finance costs		(97.2)	(96.6)
Profit before taxation		1,192.6	987.0
Taxation		(294.6)	(243.8)
Profit for the year		898.0	743.2
Profit/(loss) 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 (Note 5)			
		53 weeks to 31 January 2026	52 weeks to 25 January 2025
Basic		760.1p	615.1p
Diluted		745.4p	605.5p

Notes 1 to 15 are an integral part of these unaudited consolidated financial statements.

UNAUDITED 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:			
Items that will not be reclassified to profit or loss			
Actuarial loss on defined benefit pension scheme		(6.3)	(13.8)
Tax relating to items which will not be reclassified		1.6	3.5
<i>Subtotal items that will not be reclassified</i>		(4.7)	(10.3)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		2.4	(2.2)
Foreign currency and commodity cash flow hedges:			
- fair value movements		(109.6)	20.8
Cost of hedging:			
- fair value movements		(1.1)	(0.6)
Tax relating to items which may be reclassified		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

UNAUDITED CONSOLIDATED BALANCE SHEET

	Notes	31 January 2026 £m	25 January 2025 £m
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		667.7	686.4
Intangible assets		713.7	735.4
Right-of-use assets	6	733.1	737.3
Associates, joint ventures and other investments		35.2	32.7
Defined benefit pension asset		23.0	30.8
Other financial assets	7	0.2	-
		2,172.9	2,222.6
Current assets			
Inventories		949.5	865.2
Customer and other receivables	8	1,660.6	1,508.4
Right of return asset		29.7	34.8
Other financial assets	7	6.4	31.8
Current tax assets		-	9.3
Cash and short term deposits		96.2	200.4
		2,742.4	2,649.9
Total assets		4,915.3	4,872.5
Current liabilities			
Bank loans and overdrafts		(96.0)	(60.6)
Corporate bonds	10	(112.9)	(250.0)
Trade payables and other payables	9	(1,132.4)	(1,076.7)
Lease liabilities	6	(168.1)	(170.8)
Other financial liabilities	7	(35.5)	(8.3)
Current tax liabilities		(9.2)	-
		(1,554.1)	(1,566.4)
Non-current liabilities			
Corporate bonds	10	(600.0)	(543.8)
Provisions		(58.5)	(55.7)
Lease liabilities	6	(831.7)	(843.6)
Other financial liabilities	7	(38.2)	(39.1)
Other payables	9	(17.6)	(11.5)
Deferred tax liabilities		(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

UNAUDITED 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 £m	Retained earnings £m	Total equity £m	Non-controlling interests £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	-	-	-	-	(2.7)	(0.2)	-	-	-	(2.9)	-	(2.9)
Transactions with owners of the Company												
Contributions and distributions												
Share buybacks and commitments (Note 11)	(0.3)	-	0.3	-	-	-	-	-	(360.2)	(360.2)	-	(360.2)
ESOT share purchases	-	-	-	(126.8)	-	-	-	-	-	(126.8)	-	(126.8)
Shares issued by ESOT	-	-	-	86.4	-	-	-	-	(16.7)	69.7	-	69.7
Share option charge	-	-	-	-	-	-	-	-	40.9	40.9	-	40.9
Tax recognised directly in equity	-	-	-	-	-	-	-	-	16.0	16.0	-	16.0
Fair value on put options	-	-	-	-	-	-	-	-	(13.6)	(13.6)	-	(13.6)
Equity dividends (Note 4)	-	-	-	-	-	-	-	-	(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

UNAUDITED 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 £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	-	-	-	-	(15.2)	-	-	-	-	(15.2)	-	(15.2)
Transactions with owners of the Company												
Contributions and distributions												
Issue of shares (Note 11)	440.8	-	-	-	-	-	-	(440.8)	-	-	-	-
Redemption of shares (Note 11)	(440.8)	-	440.8	-	-	-	-	-	-	-	-	-
Share buybacks and commitments (Note 11)	(0.1)	-	0.1	-	-	-	-	-	(131.4)	(131.4)	-	(131.4)
ESOT share purchases	-	-	-	(169.0)	-	-	-	-	-	(169.0)	-	(169.0)
Shares issued by ESOT	-	-	-	154.3	-	-	-	-	(58.3)	96.0	-	96.0
Share option charge	-	-	-	-	-	-	-	-	43.1	43.1	-	43.1
Tax recognised directly in equity	-	-	-	-	-	-	-	-	52.0	52.0	-	52.0
Fair value on put options	-	-	-	-	-	-	-	-	(8.2)	(8.2)	-	(8.2)
Equity dividends (Note 4)	-	-	-	-	-	-	-	-	(286.5)	(286.5)	-	(286.5)
Return on capital via B share scheme	-	-	-	-	-	-	-	-	(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

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	Notes	53 weeks to 31 January 2026 £m	52 weeks to 25 January 2025 £m
Cash generated from operations	13	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	4	(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	12	60.2	171.3

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

The results for the financial period are for the 53 weeks to 31 January 2026 (last year 52 weeks to 25 January 2025) for NEXT plc and its subsidiaries (the "Group").

The condensed consolidated financial statements for the period ended 31 January 2026 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 condensed consolidated financial statements are unaudited and do not constitute statutory accounts of the Company within the meaning of Section 434(3) of the Companies Act 2006. Statutory accounts for the year to 25 January 2025 have been delivered to the Registrar of Companies. The audit report for those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) or (3) of the Companies Act 2006.

New accounting standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the condensed consolidated financial statements are the same as those set out in the Group's annual financial statements for the 52 weeks ended 25 January 2025 other than for the interpretations and amendments noted below:

- 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.

Going concern

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 ended 31 January 2026.

NOTES TO THE UNAUDITED 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 presented 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.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Segmental analysis (continued)

Segment sales and revenue

53 weeks to 31 January 2026								
	52 weeks to 24 January 2026		Revenue from acquired businesses and brands	Commission sales adjustment	Other IFRS 15 adjustments	External revenue	Internal revenue	Total segment revenue
	Total NEXT Sales £m	Total NEXT sales £m	£m	£m	£m	£m	£m	£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⁾								
			Revenue from acquired businesses and brands	Commission sales adjustment	Other IFRS 15 adjustments	External revenue	Internal revenue	Total segment revenue
	Total NEXT sales £m	£m	£m	£m	£m	£m	£m	£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 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Segmental analysis (continued)

Segment profit

	53 weeks to 31 January 2026 £m	<i>Restated</i> ⁽⁴⁾ 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 Group operating profits as it relates to presentation only.

NOTES TO THE UNAUDITED 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

(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. 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)
Total	-	(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 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

4. 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 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.

5. 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 (EPS) 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 EPS is calculated by adjusting the weighted average number of shares used for the calculation of basic EPS as increased by the dilutive effect of potential ordinary shares. The dilutive effect of put options over non controlling interests is based on the potential number of shares that could be issued using an option formula as prescribed in the respective shareholder agreement. The profit impact from inclusion of these put options is included within the numerator of the diluted EPS calculation and relates to the 53 weeks to 31 January 2026.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

6. Leases

Right-of-use assets

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

Lease liability

The movement in the lease liability 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)
Split as follows:		
Less than 1 year	(168.1)	(170.8)
More than 1 year	(831.7)	(843.6)
Total	(999.8)	(1,014.4)

7. Other financial assets and liabilities

Other financial assets and other financial liabilities include the fair value of derivative contracts which the Group uses to manage its foreign currency and interest rate risks. All derivatives are categorised as Level 2 under the requirements of IFRS 13, as they are valued using techniques based significantly on observable market data.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

8. 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. The expected credit losses incorporate forward looking information. 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 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.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

9. Trade payables and other liabilities

	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

10. Corporate bonds

	Balance Sheet value		Nominal value	
	2026 £m	2025 £m	2026 £m	2025 £m
2025 Bond	-	250.0	-	250.0
2026 Bond	112.9	243.8	113.6	250.0
2028 Bond	300.0	300.0	300.0	300.0
2031 Bond	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.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

11. 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. 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

12. 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)

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.

At January 2026, there is unpaid interest accrual 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 6.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

13. 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

14. 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.

15. AGM

The Annual General Meeting will be held at the Leicester Marriott Hotel, Smith Way, Grove Park, Leicester LE19 1SW on Thursday 21 May 2026 at 9:00am and details will be included in the Notice of Meeting which is to be sent to shareholders on 16 April 2026. The Annual Report and Accounts will also be sent to shareholders on 16 April 2026 and copies will be available from the Company's registered office: Desford Road, Enderby, Leicester, LE19 4AT and on our corporate website at nextplc.co.uk.

GLOSSARY

Alternative Performance Measures (APMs) and other non statutory finance 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 8 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>	<p>Impairment losses</p> <p>Note 8</p>	<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 8, 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 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>
<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>

GLOSSARY

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
<p>Credit sales 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>	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 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	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>Interest income (NEXT Finance) 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 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 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 12 of the financial statements. This balance is as at 31 January 2026.</p>
<p>Net debt: PBIT ratio 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 12 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>
<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>	Profit before tax (for the Finance segment)	<p>A measure of profitability of the Finance business.</p> <p>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>	Basic Earnings per share	<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.</p> <p>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>	Basic Earnings per share	<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.</p> <p>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>

GLOSSARY

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
<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</p> <p>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").</p> <p>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.</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 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>	<p>None</p>	<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>

GLOSSARY

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
<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>
<p>Online customers</p> <p>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</p> <p>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 CEO 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>

GLOSSARY

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
<p>Total NEXT sales</p> <p>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</p> <p>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>

This statement, the full text of the Stock Exchange announcement and the results presentation can be found on the Company's website at nextplc.co.uk. This statement has also been submitted in full unedited text to the Financial Conduct Authority's National Storage Mechanism and is available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

To view our range of exciting, beautifully designed, excellent quality clothing and homeware go to next.co.uk.

Certain statements which appear in a number of places throughout this announcement are "forward looking statements" which are all matters that are not historical facts, including anticipated financial and operational performance, business prospects and similar matters. These forward looking statements are identifiable by words such as "aim", "anticipate", "believe", "budget", "estimate", "expect", "forecast", "intend", "plan", "project" and similar expressions. These forward looking statements reflect NEXT's current expectations concerning future events and 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 matters highlighted in the Chief Executive's review, 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 and equity markets. These forward looking statements do not amount to any representation that they will be achieved as 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.