Guidance for shareholders on calculating capital gains following the NEXT B Share Scheme 2026

The following is intended as a general, non-exhaustive, guide only and relates only to certain limited aspects of the UK taxation treatment of the B Share Scheme for individual Shareholders. Please refer to the important notices below as the information in this document may not apply to you.

In particular, this document does not apply in relation to any shares held in a stocks and shares ISA, which should be exempt from UK income and capital gains tax that may otherwise have arisen in connection with the B Share Scheme.

The Company is not able to provide tax advice and these examples are for illustrative purposes only. Shareholders should always seek their own advice from an appropriate independent and authorised professional if they are in any doubt as to their tax position or are subject to tax in a jurisdiction other than the United Kingdom.

Background

In January 2026 NEXT issued one new B Share for each Ordinary Share as part of a bonus issue. The B Shares were then subsequently redeemed for cash of £3.60 per share. Full details are set out in the Circular dated 19 December 2025[1]. Section V of the Circular included an explanation of the key tax consequences of the issue and redemption of the B Shares. In short, for most UK resident individuals, the receipt of the proceeds from the B Share Scheme should be subject to UK **capital gains tax (CGT)**; this differs from the receipt of dividends, which would be treated as 'income' and subject to UK income tax at the special rates applied to dividend income.

What this note covers

This note provides further guidance, including an illustrative example, of how the B shares would be treated by an individual for the purposes of UK CGT.

For tax purposes, your holding of B Shares and Ordinary Shares should together be treated as having been acquired at the same time, and for the same acquisition price, as your original holding of Ordinary Shares. As a shareholder you will therefore need to allocate part of the acquisition price of your original holding of Ordinary Shares to the B Shares so as to determine their "base cost" for CGT purposes. You will need this in order to calculate your gain or loss on the receipt of the cash redemption amount for the B Shares, and to calculate any gain on a subsequent disposal of your Ordinary Shares. This note explains how to carry out this apportionment with an illustrative example.

[1] https://www.nextplc.co.uk/~/media/Files/N/next-plc-v4/documents/2025/circular-and-notice-of-general-meeting.pdf

Summary

The basic steps that you need to take to calculate the amount of any gain on the receipt of the redemption proceeds for the B Shares are as follows:

1. **Step 1:** Calculate the base cost of your Ordinary Shares which is, broadly speaking, the total acquisition price of those shares.
2. **Step 2:** Apportion that base cost between the Ordinary Shares and B Shares using the following percentages: 97.45% is apportioned to the Ordinary Shares and 2.55% to the B Shares. See the details in Step 2 on page 4 of this note for detail on how these percentages were calculated.
3. **Step 3:** Calculate the gain or loss on the redemption of the B Shares by deducting the apportioned base cost calculated at Step 2 from the proceeds received for the B Shares.

These steps are explained in more detail in the next section. Whether you have a liability to pay tax on any gain will depend on your wider personal circumstances – including, in particular, whether your overall capital gains for the tax year fall below the annual exempt amount (£3,000) or whether you have any losses available to set against the gain.

Detailed explanation of the steps

Step 1: Calculate the base cost of your Ordinary Shares

The first calculation should be of the base cost amount relating to your Ordinary Shares immediately prior to the issue of the B shares. If you acquired, or are treated as having acquired, your Ordinary Shares after March 1982 and have not previously made any disposals of those shares, then your base cost should typically be the total amount you paid for your holding (including any incidental costs of acquisition, such as broker commissions or stamp duty).

For example, shareholder "Jane" acquired 30 NEXT Ordinary Shares in 2016 for £65.00 per share and a further 270 shares in 2022 for £80.00 a share (in each case, including commissions and stamp duty). Jane's base cost per share is therefore:

Calculating the base cost of Jane's Ordinary Shares

		No. of shares	Cost per share	Total cost
(a)	Shares acquired in 2016	30	£65.00	£1,950
(b)	Shares acquired in 2022	270	£80.00	£21,600
		300		**£23,550**
(c)	Base cost per share			**£78.50**

If you have previously sold some of your shares, the base cost used in the gain or loss calculation for that disposal cannot be used again. There are also special rules that apply to disposals that are made on the same day as an acquisition of shares or within 30 days prior to an acquisition.

If you need assistance in calculating your base cost, you should consult a professional adviser. A HMRC factsheet that provides more detail on the calculation of base cost can be found here: https://www.gov.uk/government/publications/shares-and-capital-gains-tax-hs284-self-assessment-helpsheet

Step 2 – Apportion the base cost between Ordinary Shares and B Shares

The base cost of your Ordinary Shares for CGT purposes will be apportioned between your Ordinary Shares and the newly acquired B Share by reference to their respective market values on the 16 January 2026.

The market value of the Ordinary Shares is the mid-point of their quoted closing prices in the Stock Exchange Daily Official List on 16 January 2026 which was £137.60. For the purposes of this note, the market value of the B Shares has been taken to be their redemption amount of £3.60 per share. Based on these values, and following on from our illustrative example in step 1, the allocation of Jane's base costs would be calculated as follows.

Calculating the base cost of B shares and Ordinary shares

(a)	Original cost of Ordinary share (see step 1)	£78.50
(b)	Market value of one Ordinary share	£137.60
(c)	Market value of one B share	£3.60
(d)	Total Market value of shares held *(b + c)*	£141.20
(e)	Value of B shares held *(c / d)*	2.55%
Calculation of base cost		
(f)	Base cost of B Share *(a x e)*	£2.00
(g)	NEW base cost of Ordinary share	£76.50
	Total cost	**£78.50**

The result of this calculation is that the base cost of the Ordinary Shares is apportioned 97.45% to the Ordinary Shares, and 2.55% to the B Shares, received in respect of that holding. **Note that the market value of the B Shares and Ordinary Shares used in the illustrative example are based on the respective market values at 16 January 2026. All other values are for illustrative purposes only.**

Important: the new base cost of the Ordinary Shares as calculated in line with the example above, is the base cost value to be used on future disposals of Ordinary Shares.

Step 3 – Calculate the gain/loss on the redemption of the B Shares

To calculate the gain or loss arising on the redemption of the B Shares, you should deduct the base cost apportioned to the B Share from the redemption proceeds received. Whether you have tax to pay will depend on your wider circumstances.

The table below continues the illustration and sets out the gain for Jane.

Redemption of B shares: Calculating the capital gain for CGT purposes

(a)	Base cost of B share (see step 2)	£2.00
(b)	Proceeds on redemption	£3.60
(c)	Taxable gain per share (b - a)	£1.60

Based on the illustrative example, Jane will receive 300 B Shares. Hence the total capital gain for Jane will be (300 x £1.60) = £480.

Note - when Ordinary shares are sold in the future, their base cost is £76.50.

For example, in March 2026, Jane sold 100 of her Ordinary Shares at a price of £150.00 per share. Jane does not acquire any additional Ordinary Shares before this sale and does not pay any commissions or other fees when she sells these shares. The new base cost of each Ordinary Share will be £76.50.

Future sale of Ordinary Shares: Calculating the capital gain for CGT purposes

(a)	New base cost of one Ordinary Share	£76.50
(b)	Number of Ordinary Shares sold	100
(c)	Sale price of each Ordinary Share	£150
(d)	Total base cost of Ordinary Shares sold (a x b)	£7,650
(e)	Proceeds of sale (b x c)	£15,000
(f)	Capital gain (e - d)	£7,350

Based on the illustrative example, the total capital gain for Jane will be £7,350.

APPENDIX 1 - Illustration of Jane's gain

The steps 1 - 3 for our illustration are summarised in the tables below.

Step 1 - Calculating the base cost of Jane's Ordinary Shares

		No. of shares	Cost per share	Total cost
(a)	Shares acquired in 2016	30	£65.00	£1,950
(b)	Shares acquired in 2022	270	£80.00	£21,600
		300		**£23,550**
(c)	Base cost per share			**£78.50**

Step 2 - Allocation of the base cost between the B Shares and Ordinary Shares

(a)	Original cost of Ordinary share (see step 1)	£78.50
(b)	Market value of one Ordinary share	£137.60
(c)	Market value of one B share	£3.60
(d)	Total Market value of shares held *(b + c)*	£141.20
(e)	Value of B shares held *(c / d)*	2.55%
Calculation of base cost		
(f)	Base cost of B Share *(a x e)*	£2.00
(g)	NEW base cost of Ordinary share	£76.50
	Total cost	**£78.50**

Step 3 - Redemption of B shares: Calculating the capital gain for CGT purposes

(a)	Base cost of B share (see step 2)	£2.00
(b)	Proceeds on redemption	£3.60
(c)	Taxable gain per share (b - a)	£1.60

Note - when Ordinary shares are sold in the future, their base cost is £76.50.

Future sale of Ordinary Shares: Calculating the capital gain for CGT purposes

(a)	New base cost of one Ordinary Share	£76.50
(b)	Number of Ordinary Shares sold	100
(c)	Sale price of each Ordinary Share	£150
(d)	Total base cost of Ordinary Shares sold (a x b)	£7,650
(e)	Proceeds of sale (b x c)	£15,000
(f)	Capital gain (e - d)	£7,350

IMPORTANT NOTICES

The summary above is intended as a general, non-exhaustive guide only and relates only to certain limited aspects of the UK taxation treatment of the B Share Scheme for individual Shareholders. It is based on current UK tax law as at 16 January 2026 and what is understood to be the practice of HMRC (which may not be binding on HMRC), both of which may be subject to change potentially with retrospective effect. It does not constitute, and should not be taken as, tax or legal advice. It applies only to individual Shareholders who are resident for tax purposes in (and only in) the UK and to whom the Foreign Income and Gains regime does not apply, who are the absolute beneficial owners of their Ordinary Shares and B Shares and who hold them as investment (and not as securities to be realised in the course of a trade), other than in an individual savings account, self-invested personal pension, or under any other special tax regime.

The statements above may not apply to certain categories of Shareholders who are subject to special rules, such as, but not limited to, dealers in securities, traders, trustees, Shareholders who hold their Ordinary Shares as part of hedging or conversion transactions, Shareholders who hold 5% or more of the Ordinary Shares, Shareholders who are exempt from taxation, and Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment.

Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own independent tax advisers.