NEXT

ANNUAL REPORT & ACCOUNTS

JANUARY 2025

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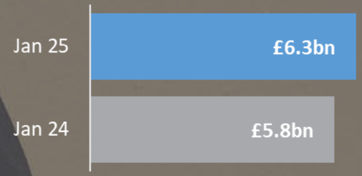
FINANCIAL HIGHLIGHTS

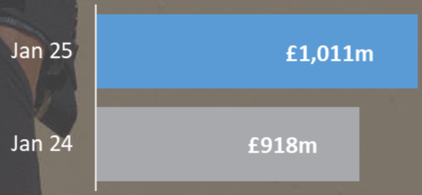
NEXT TOTAL GROUP SALES APM

£6.3bn



NEXT GROUP PBT APM

£1,011m



NEXT GROUP POST TAX EPS APM

636.3p

FINANCIAL HIGHLIGHTS ON A STATUTORY BASIS

	Jan 25	Jan 24
Total Revenue (£bn)	6.1	5.5
Profit before tax (£m)	987.0	1,015.8
Basic Earnings Per Share (p)	615.1	661.6

APM Alternative Performance Measures as defined in the Glossary on pages 252 to 256.


GOOD
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HEADLINES

Sales and Profit for the Year to January 2025

- NEXT full price sales[1] up **+5.8%** and total Group sales[2] (including subsidiaries) up **+8.2%**.
- NEXT Group profit before tax[3] **£1,011m**, up **+10.1%**.
- Pre-tax Earnings Per Share[4] (EPS) up **+11.6%**, enhanced by share buybacks.
- Post-tax EPS up **+9.9%**.

Guidance for the Year to January 2026 *(for detailed guidance see page 25)*

- Full price sales in the first eight weeks of the year have been ahead of our expectations.
- We are upgrading our full price sales guidance for the first half to be up **+6.5%** (from +3.5%), resulting in sales for the full year being up **+5.0%** (from 3.5%).
- NEXT Group pre-tax profit guidance increased by +£20m to **£1,066m**, up **+5.4%**. Accounting for anticipated share buybacks, we expect post-tax EPS to be up **+8.5%.**

SUMMARY OF SALES AND PROFIT FOR 2024/25

Sales, profit and EPS	Jan 2025	Jan 2024	Var %
Total Group sales	£6,321m	£5,842m	+8.2%
NEXT Group profit before tax	**£1,011m**	**£918m**	**+10.1%**
NEXT Group profit after tax	£761m	£702m	+8.5%
NEXT Group pre-tax Earnings Per Share	**845.2p**	**757.2p**	**+11.6%**
NEXT Group post-tax Earnings Per Share	**636.3p**	**578.8p**	**+9.9%**
Statutory revenue	*£6,118m*	*£5,491m*	*+11.4%*
Statutory profit before tax	*£987m*	*£1,016m*	*- 2.8%*

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

[2] Total Group sales are the sum of total sales (full price and markdown) from all of the Group's divisions plus revenue from subsidiaries and investments. Group sales are not statutory revenue. See page 23 for a bridge between Group sales and statutory revenue.

[3] 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, and (3) exceptional, non-cash, items. See page 24 for a bridge between NEXT Group profit and statutory profit, and Note 1 of the financial statements for details.

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

PART TWO
THE BIG PICTURE

WHERE WE STAND

A new era?

It is unusual for NEXT to begin a year on an optimistic note, yet that was our stance this time last year. It felt as though the Company was entering a new era: the worst of the retail-to-online structural shift appeared to be behind us, the pandemic was well and truly over, and the cost of living crisis was abating.

That cautious optimism appears, now, to have been well founded; and the Company went on to deliver growth in pre-tax EPS of more than 10%. We are as positive about the Company today as we were then, albeit in an environment where the risks to the wider UK economy are growing.

In last year's report we also set out how the business had changed, what type of business we had become, what we perceived as our core strengths, and what our priorities would be going forward. In terms of setting the Company's direction, it is as relevant today as it was then. This message was repeated and expanded on at the Half Year so will not be repeated here. Those unfamiliar with the Company may find it helpful to read the Big Picture section of our Chief Executive's Review for the Year Ending January 2024[5].

Building momentum

NEXT has spent seven years changing course and is, for now, clear in its direction of travel. So in this report we will spend less time explaining our course, and focus instead on how we intend to build momentum, and navigate some of the challenges we are likely to meet along the way.

These initiatives build upon the deep structural change that we have engineered within our business over the last five years: an evolution that has allowed us to break free of historic constraints and grow on two increasingly independent fronts - **Product** (the NEXT Brand) and **Platform**…

[5] www.nextplc.co.uk/~/media/Files/N/next-plc-v4/about-next/r-and-p/2023-24/year-end-results-january2024.pdf Pages 6 - 19.

GROWTH BEYOND HISTORIC CONSTRAINTS

Historically, the NEXT Group *only* sold NEXT products, and we did not sell NEXT products through any *other* retailers. This inevitably limited our ability to maximise the power of our brand and the reach of our platform.

The NEXT Brand - growing beyond the constraints of its own infrastructure

The NEXT brand is no longer limited by the reach of its UK infrastructure and customer base. The ability to tap into overseas third-party distribution networks has allowed our international websites to grow their sales by 350% over the last ten years. The NEXT brand has also gained traction selling through overseas aggregation platforms, such as Zalando in Germany and Nordstrom in the USA. Sales through third-party platforms grew by 36% last year and now account for **30%** of our international business.

The NEXT Platform - growing beyond the reach of the NEXT Brand

Today, our Online sales platform is no longer exclusively NEXT, in fact **42%** of our online sales in the UK are *not* NEXT branded products. The investment we have made in warehousing, mechanisation, distribution networks, and contact centres, along with the proprietary software that supports them, has allowed the Group to quietly build a profitable fashion and homeware aggregation platform. It has also enabled us to launch Total Platform as a comprehensive service provider for other retailers.

Two increasingly independent business activities

NEXT plc now operates two increasingly distinct but complementary businesses. We pursue growth in both, where we can marshal the Company's talents and resources to profitably serve our customers.

- **A Product Development Business**
  The vast majority of this business is focused on the NEXT brand. Its objective is the design, sourcing, buying and merchandising of outstanding clothing, accessories and homeware ranges. Recently, we have begun to establish other wholly-owned brands - managed by independent teams - whose reach extends beyond the natural boundaries of the NEXT brand.

- **An Aggregation Platform**
  The Aggregation Platform aims to offer an outstanding choice of fashion and homeware products. It must be convenient, reliable, easy to use, and quick to serve. It must be supported by inspirational photography, effective digital marketing, great customer service (particularly on the rare occasions when things go wrong), and the convenience of physical stores.

  We have two ambitions here: firstly, to be our customers' **natural first choice** for clothing and homeware; secondly, to be our third-party branded partners' **most profitable** and convenient aggregation partner. An important part of this endeavour is the rigorous control of costs.

The shape of the business today

The result of all this is that the business is growing on many fronts: new routes to international markets, new overseas markets, new third-party brands on the platform, new wholly-owned brands and licenses (WOBL[6]), and more. The following analysis gives a sense of the relative scale and growth of our various categories of product across all our different channels.

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[6] A slightly unfortunate acronym that has stuck, we use WOBL to refer collectively to wholly-owned brands and licences. These brands include women's brands like "Love & Roses" and licences such as "Baker by Ted Baker" childrenswear.

PARTICIPATION BY CHANNEL AND PRODUCT CATEGORY

The table below shows the percentage of our full price sales sold through each channel of our various routes to market. The sales in the table do *not* include NEXT's share of our subsidiary's sales sold outside of NEXT's stores and websites, for example, it does not include sales through Reiss or FatFace own stores and websites. It also does not include NEXT Finance interest income.

Full price sales participation	NEXT brand	WOBL	3rd Party Brands[7]	TOTAL
UK Retail	33%	0%	1%	34%
UK Online	27%	4%	17%	48%
Total UK	**60%**	**4%**	**18%**	**82%**
International NEXT websites	10%	1%	2%	13%
International 3rd Party Aggregators	5%	0%	0%	5%
Total International	**15%**	**1%**	**2%**	**18%**
GRAND TOTAL (UK & International)	**75%**	**5%**	**20%**	**100%**

GROWTH VERSUS LAST YEAR BY CHANNEL AND PRODUCT CATEGORY

The table below shows our full price sales growth by channel and category for the year ending January 2025 versus year ending January 2024. Unsurprisingly the smaller parts of the business are the ones that are growing fastest.

Full price sales growth versus last year	NEXT brand	WOBL	3rd Party Brands	TOTAL
UK Retail	- 2%	+2%	+31%	- 1%
UK Online	+3%	+4%	+10%	+5%
Total UK	**+0%**	**+4%**	**+11%**	**+3%**
International NEXT websites	+14%	+28%	+50%	+20%
International 3rd Party Aggregators	+29%	> 200%	> 100%	+36%
Total International	**+19%**	**+61%**	**+51%**	**+25%**
GRAND TOTAL (UK & International)	**+3%**	**+13%**	**+15%**	**+6%**

[7] Third-party brands are all other brands, including those owned by businesses in which we own equity stakes, such as Reiss, FatFace and Joules. It also includes overseas brands where we have a stake in the UK franchise of the brand, such as Victoria's Secret and Bath & Body Works. The small quantity of third-party brands sold in our Retail stores is mainly Victoria's Secret and Bath & Body Works.

Managing complexity

With so many different product categories, selling through different platforms, in many different countries, the question arises as to how we manage an increasingly complex mix of products and routes to market. Shareholders often ask: where do you want to grow the business? How do you decide where to invest your time, marketing, and capital expenditure?

As a Board we do not try to determine where or how we "want" to grow; we do not know which of our endeavours will succeed or fail. Instead, we will invest in activities if we believe they are capable of the following criteria:

- Makes a **profit margin** commensurate with its risks.
- Delivers a healthy **return on capital** invested.
- Plays to the **natural strengths** of the Group - from product design and marketing skills through to specialist warehousing, systems and stores.
- Delivers products and/or services which genuinely **create value** for our customers.

Follow the money

We then follow the money: seeking to maximise the growth of successful activities and moving on quickly from those that fail. It is an approach that aims to maximise the initiatives of talented people across every part of the business, giving them the freedom they need to make decisions, a framework by which to judge success and the resources to maximise their potential. So, in many ways, our approach to managing growth is simple - no 'strategy day' required.

An important boundary to third-party collaborations

Both sides of the business - Product and Platform - have one important restriction on the scope of their relationships with third-parties. We only offer products and services that we would, hand-on-heart, be proud to recommend to the right customer. Equally, we will only sell the NEXT brand through platforms that conform to our high standards of customer service.

A 'LOCAL' AGGREGATION PLATFORM AND A 'GLOBAL' BRAND?

'Local' aggregation platform

Building a great aggregation platform is all about having best in class physical infrastructure, a large and loyal customer base, and a wealth of information and insight that helps us understand our customers. To that extent, success as an aggregator is more likely to be geographically concentrated in our home markets of the UK and Ireland. Because it is in these territories that we have developed comprehensive infrastructure - stores, warehouses, contact centres, distribution depots, customer base etc.

Our aim here is that NEXT's platform should be the natural first choice for customers looking to buy good quality fashion and homewares. Success will depend on three things:

- The breadth, availability and quality of our **product offer**.
- The reliability, speed, quality, cost and convenience of our **deliveries and other services**, both online and in stores. It is perhaps ironic that our stores, which receive 80% of our UK online returns, have become such an important part of our online service.
- The effectiveness with which our **marketing** is able to profitably attract people to our website and, once on the website, connect customers with the products they might want.

An increasingly global brand

We are very wary of grand visions: few things date faster than a vision of the future. Yet *if* global fashion tastes do continue to converge then it is likely that, online at least, a small number of increasingly global brands will serve more and more of the world's fashion needs. Our aim is to create ranges that are strong enough for NEXT to earn its place as one of those brands.

There is a risk here: some readers might think that becoming a global brand was an objective *in itself*. For clarity, our aim is to profitably serve as many customers as we can, and selling overseas is an opportunity to further that aim. Shareholders need not worry that we will open unprofitable shops, or make bad marketing investments, in the abstract pursuit of "global" status.

Buck Rogers circa 1940 - A warning: There are few things that date faster than a vision of the future…

Execution is everything…

We are very clear that our success is not predestined; achieving these ambitions will depend entirely on the skill with which we execute: the way we develop and deliver our product ranges and the skill with which we develop and manage our infrastructure and services. Attitude will be important, and in that context we need to talk about the importance (or lack thereof) of reaching a £1 billion profit.

£1 BILLION - WHAT'S IN A NUMBER?

Talk of a billion pounds…

There has been quite a lot of comment, both within and outside the Group, about NEXT passing the £1bn profit mark. To some it may seem an important milestone, even a cause of celebration. We do not share that view, not least because profits can go down as well as up. In fact, we think it would be a big mistake to view the Company differently just because it has passed any milestone. The pitfalls of being overly impressed with this number are worth discussing, because they go to the heart of what a business is for, and the type of business we strive to be.

Healthy attitudes to managing the business

A colleague, frustrated at the cost constraints they worked within, was heard to say that: "surely, now we are making a billion, the company can buy me a new laptop". Buying that laptop may well have been a good investment, but reaching £1 billion profit does not make it *more* worthwhile. Reaching any level of profit cannot be used as an excuse for being less demanding in our approach to running the business. We can be no less rigorous in the control of costs and maintenance of margins, any less demanding in terms of return on capital or less disciplined in the way we allocate capital.

A corporation is not a person

There is a profoundly important reason for this: NEXT is a company, *not a person*. If NEXT were an individual you might argue that "they" could afford it: what is a few pounds to "someone" who is making a billion a year? But NEXT is a corporation with tens of thousands of shareholders.

The median shareholder on our register, including the 12,300 employees[8] who have a stake in the Company, has 150 shares in the business, an investment worth around £15,000 pounds and paying a dividend of £350 a year - just under £30 a month. That shareholder cannot afford to pay for NEXT's unnecessary expenses. And, in fact, 150 shares materially *overstates* the average shareholding in NEXT, because pension funds are amongst our biggest shareholders, who themselves are entrusted with the savings of hundreds of thousands, if not millions, of people.

This is why NEXT's financial objective has *never* been a given amount of profit, our focus has always been the delivery of sustainable growth in earnings **per share**. This focus has allowed us to deliver a twenty-nine fold increase in EPS, from 22p to 636p, over the last thirty years.

And a broader message for those outside the business

There is, perhaps, also a message here for those who might believe that "big business" is a collection of a few very rich people with "broad shoulders"; shoulders that can afford to take on the burden of paying for excessive regulation and government financing.

Corporations are in fact vast networks of collaboration; networks that connect hundreds of thousands of customers, employees and savers - few of whom individually have broad shoulders. We are not saying that businesses should not pay tax - they absolutely should. But policymakers should not allow themselves to believe that burdening 'big' business does not impact the lives of millions of 'ordinary' people: it does - consumers through higher prices, workers through fewer jobs, and savers through lower pension income.

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[8] These employees have a stake through our Employee Share Option Trust (ESOT). Other employees may hold shares on the general register or through other nominees. We run a number of employee share schemes and around 26% of our total UK and Ireland employees held options or awards in respect of 6.8m shares in NEXT at the financial year end.

FOCUS ON PRODUCT

We are striving to increase the ambition we have for our product ranges: ambition in terms of design, quality, value and breadth of appeal. In a business report, it is hard to satisfactorily describe changes to what is an essentially creative process. There are no metrics or targets that can be helpfully used. This journey has been much less about changing processes and more about fostering the right talent, conviction and courage required to drive three objectives:

- Embracing newness.
- Improving quality.
- Broadening appeal.

Embracing newness

Being bolder and adopting the future trends, prints, colours, fabrics and yarns we believe in, trusting more in the talent of those who can make these difficult calls and setting less store in the history of what we have sold in the past. That is so much harder than it sounds, it is easy to revert to what you think you can be certain of - trying to adapt thinly disguised versions of last year's best-selling formulas, but there are no lasting formulas in fashion; by its nature it moves on and we need to move on with it.

Improving quality

Improving the quality of our fabrics, yarns, artwork, prints, embellishments and trims[9]. Going deeper into the manufacturing process to spend more time with mills, spinners and trim suppliers, establishing the best foundations for our future ranges. To this end our sourcing operation, NEXT Sourcing, has made a significant investment in its design and product development capabilities - pushing design further and earlier into the manufacturing process.

In our drive to improve quality we have inevitably focused on the middle and top end of our price architecture[10]. This has generally been very successful, and many product categories have achieved success and higher price/quality levels than we previously thought possible. But it would be a mistake to believe that the drive for better quality is all about mid and higher price points, it is just as important, if not more, to invest time and energy improving the quality of our entry price products.

Breadth of appeal

Maximising the diversity of our offer, ensuring we are addressing many different customer tastes. And if ranges are to achieve that breadth, they must avoid the very common mistake of delivering too many versions of very similar products.

Supply base

Although these changes are mainly about attitude and people, there are some practical measures our teams are taking in terms of adapting and developing their supply base to be more responsive to new trends. In particular, working in conjunction with NEXT Sourcing, we are looking to enhance our sourcing capabilities from new and developing territories that are closer to home.

The results…

Those teams that have been bold in their adoption of newness, ambitious in their aspiration for better quality and design, and rigorous at delivering those things at every level of our price architecture, have generally been hugely successful. Those who have been less ambitious and simply built on last year's best sellers have not fared as well.

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[9] Trims is the generic name given to zips, buttons, branding, rivets, piping, lining etc.

[10] Price architecture refers to the number of products we have at different price points in any product category.

FOCUS ON INTERNATIONAL GROWTH

The growth of our international business significantly outstripped our expectations last year. We believe this success stems largely from our increasing ability to harness the continuing convergence of global fashion trends. The relative performance of our various different markets has often surprised us - we would certainly not have predicted our top ten countries in the correct order. Generally, we perform best in Northern Europe, where climate, sizing and tastes most closely align with the UK; and in the Middle East, which historically lacked well-developed local apparel brands.

The growth in our international business is not *just* about the convergence of global fashion. We have made good progress in improving three aspects of the way we trade in territories. These broadly fall under three headings:

- Improving website functionality and delivery services.
- Improving the effectiveness of our digital marketing.
- Developing third-party relationships.

Improving Website Functionality and Service

Occasionally the writing of this report highlights opportunities of which we were not fully aware. The table below is a case in point. It demonstrates how much of our online functionality is available in the various territories in which we trade. For example, the third row shows that we offer a local returns solution in just 14 of the 83 countries in which we trade; and although those countries account for around 80% of *our* overseas sales, they only account for 45% of the world's clothing market - reflecting the very low penetration we have in some very large markets (e.g. USA and Japan).

The table shows that we deliver the most important capabilities in our biggest markets; but we can do better where we have had less natural traction. That might seem like a lot of work for little reward, but it will serve us well *if* fashion markets continue to converge. There is also a risk of a chicken-and-egg situation: if we fail to invest in the best functionality in large countries where we sell very little, we are unlikely to ever make progress.

	Countries EU and ME (Total 42)	Countries Rest of World (Total 41)	**Total Countries (Total 83)**	**% of total NEXT Int. sales**	% World Apparel Market[11]
Local currency	42	14	**56 / 83**	99.8%	70%
Local language address & registration	22	7	**29** / 83	91%	50%
Local returns solution	12	2	**14** / 83	81%	45%
Optimised product listing page	32	3	**35** / 83	81%	20%
Appropriate local sizing convention	33	0	**33** / 83	81%	15%
Apple Pay Express	14	3	**17** / 83	79%	15%
Marketing expenditure >5% of sales	22	9	**31** / 83	54%	25%
Parcel shop solution	5	0	**5** / 83	22%	5%

[11] International online market size estimates obtained from GlobalData and Statista for 2024 (total clothing, footwear and accessories). Numbers are rounded to the nearest 5%.

International Marketing

Last year we made a bit of a breakthrough in international marketing. In countries where we could raise prices and remain competitive, we did so: we then re-invested higher margins in digital marketing. The results were very encouraging and we profitably increased international marketing expenditure by **85%**, to £44m. In the year ahead we believe we can profitably increase international digital marketing by at least **25%**, investing in new media and pushing into new territories.

Why not spend more?

Some shareholders (and advertising agencies) might ask: why not increase by more than 25%? After all, our margins would allow us to increase marketing spend. But at NEXT we are very clear that marketing does not exist to fulfil our sales ambitions; it aims to make a healthy return on money invested in advertising. Each campaign has its own profitability analysis, and we aim to generate incremental profit of **£1.50** for every £1.00 spent on marketing (a 50% return). The more adverts that meet this criteria, the more we will spend. Since January we have increased our estimate for international marketing from +18% to +25%, and may well increase it further, depending on the returns our campaigns achieve.

High investment hurdles for marketing

This investment hurdle might seem unnecessarily high, but high returns are necessary because it is very difficult to measure the incremental sales generated by the advert. It is an ironic truth that the more accurately we target customers most likely to buy our products, the more likely they would be to purchase them anyway. One of our key objectives for the year ahead is to improve our understanding of incrementality[12] from digital marketing at a more granular level.

[12] "Incrementality" denotes the percentage of sales an advert appears to have generated that would *not* have occurred naturally.

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European Hub Consolidation - ZEOS

Since 2015, we have serviced orders from 21 countries directly from a dedicated hub in Germany. These countries account for 90% of our business in Mainland Europe. Customer orders are fulfilled from the hub which, in turn, is replenished in bulk from the UK. Where we do not have stock available in our German hub, we can fulfil orders from the UK, albeit at a slightly higher cost and with a one day delay. We also have a sizable stock holding with our aggregation partner Zalando, this stock is held in their warehouses and only services sales on their websites.

In August of this year we aim to merge these two operations. Orders taken on NEXT's European sites and those taken on Zalando's sites, will be fulfilled from one combined stock holding. This operation will be managed by Zalando through their third-party warehousing and distribution business ZEOS. We will continue to be able to service orders taken on NEXT's European International websites from our UK stock holding if stock is not available in the ZEOS network.

The benefits

In the same way Total Platform leverages NEXT's UK infrastructure for its clients, this arrangement leverages the enormous investment Zalando has made in its infrastructure in Mainland Europe. By consolidating our European stock levels in one network, we aim to achieve the following benefits:

- Improved speed of service for NEXT websites as a result of better stock availability in the EU hub.
- Improved sales on the Zalando site from increased breadth of offer.
- Reduced overall costs of serving our European websites.

Risks and mitigation

We recognise that there is a risk in entrusting so much of our EU mainland business to one party. However there are three factors that mitigate the risk:

- NEXT has successfully worked with Zalando for 10 years and has first-hand experience of the high standards of their warehousing, technology and distribution networks.
- There is little risk to our existing business with Zalando as it will be, in effect, served from the same network it currently operates.
- The risk to the service on our own direct websites is mitigated by the fact that we are still able to fulfil orders directly from the UK (through other networks) in the event that stock is not available from the ZEOS network.

A Note on Tariffs and Removal of the 'De-Minimis' Rule

The introduction of new tariffs in the USA, along with the removal of de-minimis customs thresholds[13] in the US *and* EU (the latter of which is planned for 2028), are currently anticipated to have relatively little impact on the overall Group's sales or profits.

In the **EU**, the majority (71%) of our business is currently sold by an EU domiciled subsidiary and will not be affected by the removal of the de-minimis rule. The balance is sold from a UK company and imported by the consumer; it is this latter trade that will attract additional duties in 2028. The estimated net cost of these additional EU duty liabilities is estimated to be less than £1m.

As a Group, NEXT has very little business in the **USA**. However, we and our subsidiaries are making arrangements to trade through a US entity, which we believe will eliminate the net cost of the removal of de-minimis thresholds. The volume of goods the Group imports to the US from China is negligible.

[13] The de-minimis rule allows customers to import goods below a certain value without paying duties or taxes.

Growth - Long Haul Versus Short Haul

The table below sets out our international full price sales (including sales through third-party aggregators) into Europe and the Middle East, the territories which are closer to home, and the Rest of the World. We have achieved much less success in long haul territories - USA, Australia, Asia and South America. Although these long haul territories are now growing slightly faster than more established markets, we remain disappointed that we have not made more progress given the potential of the prize (which is indicated by the final column of the table).

International full price sales £m	% Sales Participation	Growth versus last year	% of world apparel market
EU and Middle East	89%	+24%	22%
Rest of World	11%	+27%	78%
Total International Online FP Sales	**100%**	**+25%**	**100%**

Reasons for lower penetration in long haul territories

We believe that there are five reasons why we have gained less traction in long haul territories. We can do little about the first two reasons, though we believe that these headwinds are likely to ease over time. The last three reasons can be addressed, and actions are detailed in the table below. Whilst we have lots of ideas, we acknowledge that both action and progress in this area are slower than we would like. We aim to deliver considerably more progress over the next two years.

REASON	PROPOSED ACTION
Fashion Convergence Lower level of convergence in Asia & South America	**No action** - barrier likely to moderate over time.
Affluence Less affluent markets less able to afford NEXT clothing	**No action** - barrier likely to moderate with rising global GDP and living standards.
Strong Incumbents Well established local brands & retailers mean markets are harder to penetrate (USA and Canada)	**Action**: Partner with strong local incumbent retailers and licensees to leverage their infrastructure and customer bases. ○ Exclusive licence & franchise agreement with Myntra in **India** ○ Relationships with third-party aggregators being developed in **USA** (Nordstrom being the most successful to date) ○ Actively seeking licensing and aggregator partnerships in **Japan**, **China** and **South Korea**
Long Distances Distances reduce delivery speed & increase costs	**Action:** Once local licence and aggregation partners are established, direct ship manufactured goods from the source country to the local market. Solutions in place for Myntra in India and Nordstrom in USA.
Low Investment Less invested in website functionality and marketing in smaller markets	**Action:** Increasing focus on delivering the website improvements we have delivered in other markets - from local sizing through to express registration. The resulting higher conversion rates are likely to make digital marketing more financially viable.

FOCUS ON WAREHOUSING

Elmsall 3 - a big increase in capacity

At the end of last year we opened our new highly automated Elmsall 3 "online boxed" warehouse. We have four types of warehousing - boxed items, hanging garments, palletised stock (which come in irregular boxes) and heavy furniture. Boxed items are generally folded garments that come in a standard size (60x40x30cms) cardboard box, and this type of product accounts for 80% of our sales by value.

Elmsall 3 (E3) has now added 50% to our boxed capacity. However, this new capacity only occupies half of the new building. The other half of the building has been left vacant so that we can expand into it as the business grows, giving us the opportunity to add another 50% of new capacity in a relatively short time period.

E3 has been designed to work alongside our existing two boxed warehouses (E1 and E2). The three-warehouse complex operates as one virtual warehouse, with stock flowing between all three sites. The cost of both picking and packing is lowest in E3, so we are filling the new mechanisation with as much stock as it can hold, leaving spare capacity in our legacy warehouses. In the current year we aim to save **£19m** versus last year as a result.

Cost per unit[14] set to fall as we grow

The table below sets out how costs per unit (CPU) are expected to evolve as the business grows. The first column shows the situation before we opened E3, with the older warehouse complex at 100% capacity. The second column shows the current year, with E3 mechanisation filled to maximum capacity. Rows two and three show the percentage of new and old capacity used as volumes increase. The green row shows the *labour* CPU and the blue row shows *fixed overhead* CPU (both indexed to labour CPU at 100 in the year ending Jan 23). Please note the table does not account for inflation going forward.

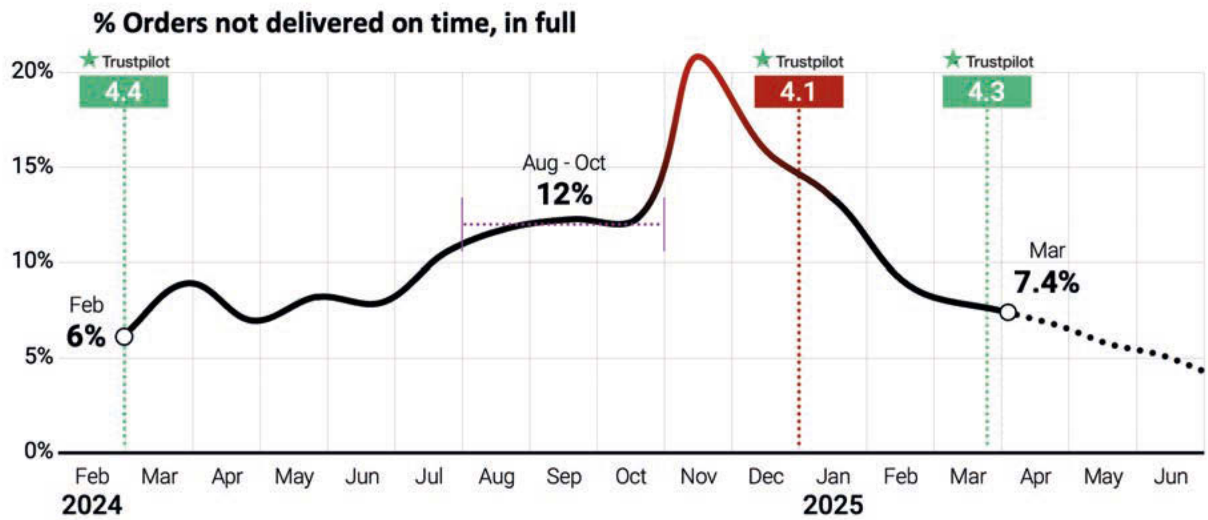
	Pre-E3 2022/23	YE 2025/26	Old w/h full again	Extra E3 automation	At 100% capacity
Daily output (unit volume '000)	700k	750k	1,050k	1,100k	1,400k
% Capacity used in **old** warehousing	100%	57%	100%	57%	100%
% Capacity used in **new** warehousing	0%	50%	50%	100%	100%
Labour CPU (indexed to 100, Jan 23)	**100**	**77**	**83**	**68**	**75**
Fixed costs (indexed to 67, Jan 23)	**67**	**101**	**74**	**83**	**71**
Total CPU (indexed to 167)	**167**	**178**	**157**	**151**	**146**

The table is instructive as it shows that total costs per unit (before accounting for inflation) are set to decline from the current year, progressively reducing as volumes increase up to double their current levels. Even in the year we add automation into the vacant half of E3 (column 4), labour rates are forecast to fall by more than fixed costs rise. Importantly, labour costs, which are most likely to rise with inflation, diminish from two thirds of CPU to around 50% once the entire complex is full.

[14] Total CPU in boxed warehouse complex, including fixed overheads, *before* accounting for inflation.

Teething problems

The new capacity came just in time for the Christmas seasonal peak, and without the new space our ability to serve customers effectively would have been severely disrupted. So it came just in time! However, there was a cost in terms of accuracy, and the percentage of orders that were delivered in full and on time reduced in the run up to Christmas, as can be seen in the chart below.



We believe that the degradation of our service over the Christmas period did not dramatically affect sales, and the vast majority of late items were delivered only one day late; but we were still very unhappy to have eroded the reputation we have with our customers for reliability.

Our software, operations and engineering teams have made considerable progress since Christmas (as shown in the chart above). Their endeavours have focused on the following main tasks:

- Elimination of **software bugs** both in our own systems and in the third-party warehouse control systems.
- Enhancement to **mechanisation**, conveyors and mobile 'pouches', which will reduce mechanical stoppages and 'traffic jams'. Along with enhancing our engineering and operations teams' procedures for handling of stoppages.
- Enhanced **operational procedures** for rapid, same-day, correction of errors and failed picking, in time to ensure failed items are re-picked and delivered on time.
- Improvement of **stock balancing** across the old and new warehouses to ensure goods are picked as close as possible to their packing location.
- Improvement in the accuracy of **stock locating** procedures and systems.

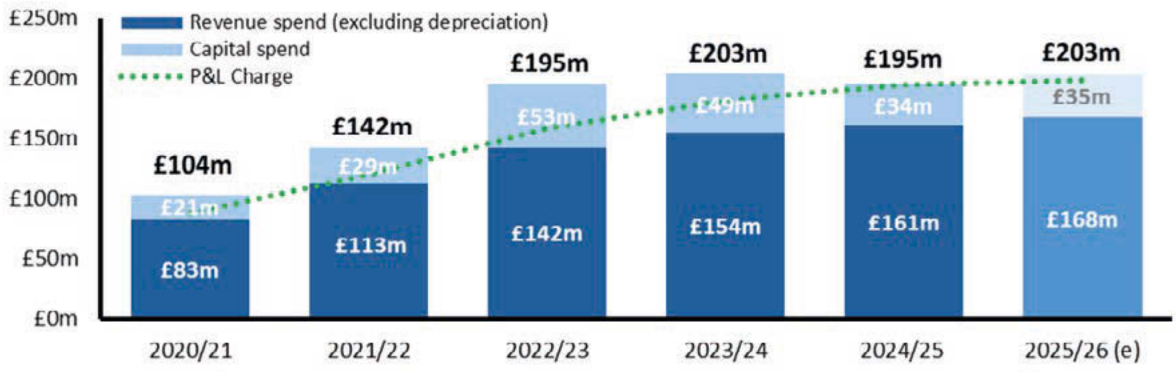
Our objective is that accuracy levels show year-on-year improvement by May and deliver *materially better* accuracy than our legacy warehousing by the second half.

FOCUS ON TECHNOLOGY

Step change in technology costs and investment

Over the last five years we have increased our annual expenditure on software technology by nearly £100m. The vast majority of NEXT's operating systems - warehouses, point of sale, website, product and data - have been written in-house. We have had to re-write and modernise the vast majority of these systems and this has accounted for much of the increase in our costs. The increased pace of website development, the development of our Total Platform business and the opening of a new large automated warehouse have further added to costs.

Technology Spend 2020/21 - 2025/26 (e)

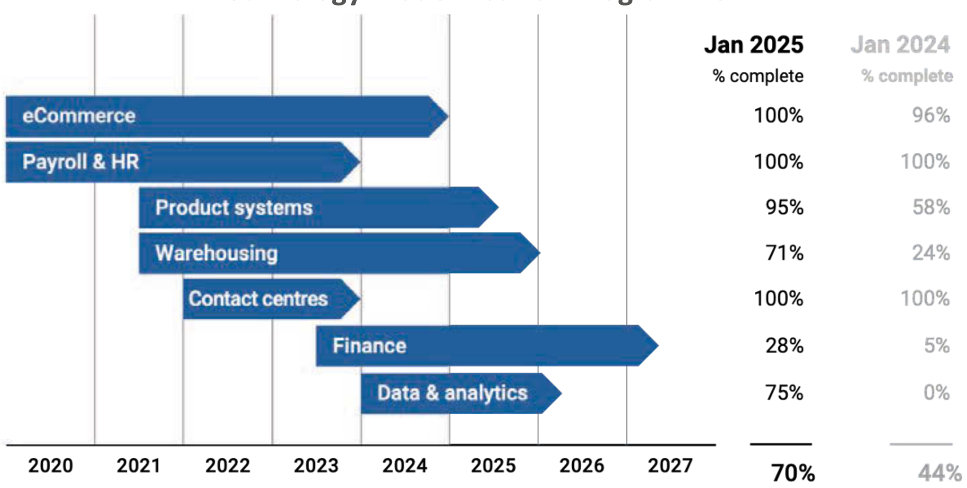


Peak technology costs?

It is our ambition the factors listed below should allow us to both increase output and reduce costs (at least as a percentage of sales, if not in absolute terms):

- We are now 70% of the way through our modernisation programme with only one major system, Finance, less than 50% complete (see chart below).
- Modernised software should be faster to develop, and easier to maintain.
- Increasing retention rates and fewer vacancies mean that our well of experience and knowledge base is improving.
- We have started using AI tools to improve the productivity of our software development process. We are at the beginning of this journey but are confident that this software will deliver productivity and quality improvements as we move forward.

Technology Modernisation Programme



FOCUS ON TOTAL PLATFORM

Total Platform is our business that provides comprehensive outsourcing of warehousing, logistics, website infrastructure, and customer service operations required to run an online retail business.

The dog that did not bark…

On writing this document we are conscious that there is very little to report on Total Platform this year. The reason is simple: we have not found any acquisitions that match our investment criteria. As a reminder: prospective investments must be a **great brand**, with **great management**, we must be able to **add value** and the **price** must be right.

When we first conceived Total Platform, we thought that it would be a third-party logistics and software services business. As time went on, it became more of an M&A tool: a means by which we can add a huge amount of value to an acquisition that most potential buyers could not deliver. In effect, a venture capital fund with operational benefits.

A new service

At first, the reason for this change of direction was that NEXT, with limited capacity for new Total Platform clients, focused on maximising the return on the time invested in on-boarding new clients - the best way to do that was to own some of the upside the client would enjoy. But there was another equally important reason: businesses in which we did not have a stake felt uneasy placing so much of their operation in the hands of one (potentially competing) business. Buying a stake in the business served to assure the client that our interests would always be aligned.

Interestingly, a significant number of potential Total Platform clients asked if we were able to provide just the warehousing and logistics element of the service. At the time we felt it would not be a good use of our limited warehouse space. Two factors have changed our minds:

- The launch of E3 means we have **plenty of capacity** for a warehousing third-party logistics business.

- To a degree, Zalando inspired us to look again at this business: in particular its advantage for clients who were already trading on the NEXT website. These clients would greatly benefit from **consolidating stock** held for their direct channels with the stock allocated to trade on the NEXT website.

It is this second point - the potential benefit to clients on our LABEL business that makes the idea particularly appealing. So, in the coming year, we plan to establish a third-party online warehousing logistics service, with the aim of launching our first client before the year-end. Of course, this business must make margins commensurate with the risks involved and a healthy return on capital - we would aim for no less than an IRR[15] of 15%.

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[15] The internal rate of return (IRR) is the annual growth rate an investment and subsequent cash flow is expected to generate. It is essentially asking: what percentage would this money need to grow by each year to reach the expected future value? The higher the IRR, the greater the return being generated by the investment.

PART THREE
GROUP FINANCIAL PERFORMANCE AND GUIDANCE

NOTES ON THE PRESENTATION OF SALES AND PROFIT

Note 1 - 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 sales[16] in our top line. For completeness, full details of our rationale for this method of reporting are repeated in Appendix 2 on page 60.

Note 2 - Brand amortisation costs

We adopt the accounting convention used by many acquisitive 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 61.

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

Note 3 - Rounding convention and casting

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

[16] 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

NEXT full price sales in the year were up **+5.8%** versus last year, and total NEXT Trading sales (including markdown) were up +5.7%. Total Group sales, which includes subsidiaries and equity investments, were up **+8.2%** due to acquisitions completed towards the end of 2023/24 (Reiss and FatFace).

TOTAL GROUP SALES BY DIVISION

TOTAL GROUP SALES (VAT EX.) £m	Jan 2025	Jan 2024	Var %
Retail	1,849	1,865	- 1%
Online (UK)	2,540	2,429	+5%
Finance	300	293	+3%
UK total	4,689	4,586	+2%
Online (International)	930	731	+27%
Total NEXT Trading sales (including markdown)	**5,620**	**5,317**	**+5.7%**
Total Platform	67	52	+28%
Franchise, Sourcing, Property & Other	105	89	+17%
Total NEXT sales	**5,791**	**5,459**	**+6.1%**
NEXT's share of sales from investments	529	383	+38%
Total Group sales	**6,321**	**5,842**	**+8.2%**
Statutory revenue	6,118	5,491	+11.4%

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 2025	Jan 2024
Total Group sales	**6,321**	**5,842**
less commission sales (full price and markdown, in the UK and International)	- 648	- 564
plus commission earned on third-party brands' sales	+254	+217[17]
less sales from investments that are not consolidated in NEXT's accounts (Note 1)	- 64	- 162
plus the minority interests' share of sales in subsidiaries that are consolidated in NEXT's accounts (Joules, Reiss and FatFace)	+158	+77[17]
plus other income (e.g. delivery charges)	+98	+80
Group statutory revenue	**6,118**	**5,491**

Note 1: In September 2023, Reiss changed from being non-consolidated to consolidated; this explains the large drop in the adjustment from "investments that are not consolidated in NEXT's accounts".

[17] For Jan 2024, £10.6m has been recategorised between these two lines, with no impact on total statutory sales.

SUMMARY OF GROUP PROFIT BY DIVISION

PROFIT £m and EPS	Jan 2025	Jan 2024	Var %	Detail
Retail	237	245	- 3%	*page 28*
Online (UK)	457	421	+8%	*page 32*
Finance (after funding costs)	182	163	+11%	*page 40*
UK total	875	829	+5.5%	
Online (International)	131	96	+36%	*page 37*
Profit from Trading	**1,006**	**925**	**+8.7%**	
Investments and Total Platform[18]	75	38	+95%	*page 43*
NEXT Sourcing	31	27	+15%	*page 46*
Central costs and Other	(75)	(55)	+36%	*page 47*
FX revaluations	2	12	- 81%	*page 47*
Recharge of interest from Finance	50	48	+5%	
NEXT Operating profit	**1,090**	**996**	**+9.4%**	
Lease interest	(48)	(47)	+2%	*page 48*
NEXT Operating profit after lease interest	**1,042**	**949**	**+9.8%**	
External interest	(31)	(31)	- 1%	
NEXT Group profit before tax	**1,011**	**918**	**+10.1%**	
PBT margin	*16.0%*	*15.7%*		
Taxation	(250)	(216)	+16%	*page 48*
NEXT Group profit after tax	761	702	+8.5%	
NEXT Group pre-tax Earnings Per Share	**845.2p**	**757.2p**	**+11.6%**	
NEXT Group post-tax Earnings Per Share	**636.3p**	**578.8p**	**+9.9%**	
Statutory profit before tax	987	1,016	- 2.8%	

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

Statutory profit before tax was down versus last year, as a result of two exceptional items. Last year we had an exceptional, non-cash, gain of £109m from the acquisition of Reiss, and this year we have a one-off, non-cash, charge of £15m relating to our defined benefit pension scheme. Full details of the differences between NEXT Group profit and statutory profit are set out in the table below.

£m	Jan 2025	Jan 2024
NEXT Group profit before tax	**1,011**	**918**
Exceptional, non-cash, accounting cost/gain	*- 15*	*+109*
Cost of brand amortisation	*- 19*	*- 10*
Profit/(losses) from minority interests in Joules, Reiss and FatFace	*+9*	*- 1*
Group statutory profit before tax	**987**	**1,016**

[18] Loan interest and preference share interest associated with investments are reported in the interest line of the P&L. Total profit for Investments and Total Platform *including* interest is £76.6m (Jan 2025) and £42.8m (Jan 2024). See page 48 for more detail.

SALES AND PROFIT GUIDANCE FOR 2025/26

Full price sales in the first eight weeks of the year have been ahead of our expectations. It is early days, but we believe we have sufficient information to upgrade our sales estimates for the first half to **+6.5%** (from +3.5%), resulting in full year full price sales up **+5.0%**.

The sales upgrade adds **£72m** of sales, of which £38m comes from the UK and £34m from international. These sales are expected to generate an increase of **£20m** in NEXT Group pre-tax profit. New profit guidance for the year ahead is therefore **£1,066m**, up **+5.4%** on last year.

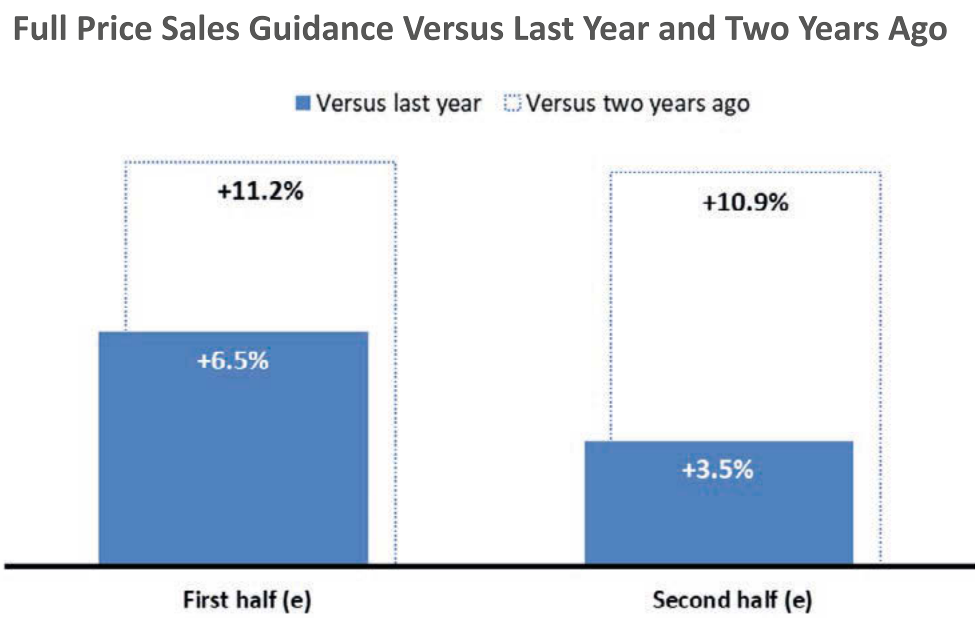
We are not upgrading our sales guidance for the second half at +3.5% for two reasons:

- Last year the second half was much stronger than the first, so the comparative numbers get tougher as we move into the second half, and
- We expect the UK tax rises in April to weaken the UK employment market and negatively impact consumer confidence as the year progresses.

The rest of this section gives more detailed guidance for sales across the year, and an updated profit walk forward between 2024/25 and 2025/26.

GUIDANCE FOR FULL PRICE SALES

The chart below shows our guidance for the first and second half, against both last year and two years ago. The estimate for the second half might seem pessimistic, given the strong start to the year, but when compared to two years ago this forecast looks more realistic and demonstrates just how much stronger the second half of the year was relative to H1.



Full Price Sales Guidance by Division: UK and International

The table below shows the growth we are expecting in full price sales in the first, second half and full year. The final column (in grey) gives our previous guidance for the full year numbers.

Full price sales growth versus last year	First half (e)	Second half (e)	Full year (e)	Previous full year guidance
Retail	+0.5%	- 1.0%	- 0.3%	- 0.4%
Online UK	+5.0%	+3.7%	+4.3%	+2.7%
Finance interest income	+1.2%	+1.2%	+1.2%	+0.5%
Total UK	**+2.9%**	**+1.7%**	**+2.3%**	**+1.4%**
Online International	+22.8%	+13.1%	+18.0%	+14.0%
Total full price sales	**+6.5%**	**+3.5%**	**+5.0%**	**+3.5%**

GUIDANCE FOR SALES, PROFIT BEFORE TAX AND EPS

Guidance for sales, profit before tax, and EPS is summarised below. For completeness, our previous guidance is shown on the right in grey.

	New guidance		Previous guidance	
Guidance for the full year 2025/26 (52 weeks)	Full year (e)	% Versus 2024/25	Full year (e)	% Versus 2024/25
Full price sales	£5.3bn	+5.0%	£5.2bn	+3.5%
Total Group sales (inc. markdown & investments)	£6.6bn	+4.4%	£6.5bn	+3.2%
NEXT Group profit before tax	£1,066m	+5.4%	£1,046m	+3.6%
NEXT Group pre-tax EPS	919.6p	+8.8%	900.2p	+6.7%
NEXT Group post-tax EPS	690.7p	+8.5%	676.0p	+6.4%

Guidance For Total Group Sales

For the full year, the Company's total Group sales are expected to grow by +4.4%. This is lower than the +5.0% growth in NEXT's full price sales, as we do not expect markdown sales or sales in our subsidiaries to grow by +5.0%.

53rd Week

The financial year ending January 2026 is a 53-week year. The guidance above **relates to a 52-week** period in order to provide a direct comparison against previous years. All sales and profit numbers in this section are treated in the same way. The addition of week 53 will add around £20m of profit before tax which is reflected in the 53-week cash flow on page 50.

PROFIT WALK FORWARD FROM 2024/25 to 2025/26 (e)

The table below walks forward our profit before tax from last year (ending January 2025) to our guidance for the year ending January 2026.

		£m
NEXT Group profit before tax 2024/25		**1,011**
Profit from full price sales, Total Platform and subsidiaries		
Profit from +5.0% (£251m) increase in full price sales	+66	
Additional profit from Total Platform Equity and Services	+1	
Additional profit from NEXT Sourcing	+3	
Total profit from full price sales, Total Platform and subsidiaries		**+70**
Cost increases		
Wage cost inflation and National Insurance increases	- 67	
Digital and brand marketing (over and above sales growth)	- 7	
Packaging tax (EPR)	- 6	
Technology and other	- 6	
Total cost increases		**- 86**
Cost savings and gross margin gains		
Warehouse, distribution and stores improved operating efficiencies	+23	
Employee incentives (returning to normal levels)	+16	
Bought-in gross margin improvement from price increase of circa 1%	+13	
Electricity rate	+13	
Prior year Total Platform startup costs for FatFace not repeating	+6	
Total cost savings and gross margin gains		**+71**
NEXT Group profit before tax 2025/26 (e)		**1,066**
PBT versus 2024/25 (e)		+5.4%

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PART FOUR
RETAIL, ONLINE, FINANCE, INVESTMENTS, TOTAL PLATFORM & OTHER BUSINESS

NEXT RETAIL

HEADLINES

- Full price sales down -1.1% versus last year.
- Like-for-like[19] full price sales down -1.2%.
- Total sales (including markdown sales) down -0.9%.
- Retail profit[20] £204m, down -3.2%.
- Retail margin 11.0%, down -0.3%.

SUMMARY OF RETAIL SALES AND PROFIT

Retail sales and profit for the year are summarised in the table below.

£m	Jan 2025	Jan 2024	Var %
Total sales	1,849	1,865	- 0.9%
Operating profit	237	245	- 3.2%
Lease interest charge (see note below)	(33)	(34)	- 3.3%
Retail profit	**204**	**210**	**- 3.2%**
Retail margin %	11.0%	11.3%	

Retail profits and margins are given *after* accounting for the cost of lease interest[21]. Lease interest in Retail was down -3.3% versus last year; this is the net result of:

- A *reduction* in stores' lease interest which was down -6.5%. Lease liabilities have reduced as a result of a reduction in the weighted average term to expiry.
- An *increase* in warehouse lease interest, due to the extension in the term of the lease on our Retail warehouses.

[19] Like-for-like sales growth excludes the impact of store closures, openings and refits.
[20] All references to Retail profit and Retail margin in this section are given after deducting Retail lease interest costs.
[21] Lease interest is reported in the Interest line of the P&L. £33m is the proportion of the Group's total lease interest (£48m) attributable to the Retail business. The £15m balance is reported in our Online businesses and other Group activities.

RETAIL MARGIN ANALYSIS

Net margin in the year was 11.0%, down -0.3% on last year. The margin impact of major cost categories is summarised below.

Retail net margin on total sales to January 2024		**11.3%**
Bought-in margin	Bought-in gross margin on NEXT product was +0.4% higher than last year, in line with our planned increase.	+0.4%
Markdown	Margin reduced due to an increase in surplus stock levels (+15%) and lower clearance rates.	- 0.8%
Payroll	Wage inflation increased payroll costs mainly as a result of the 9.8% increase in the National Living Wage.	- 1.0%
Store occupancy costs	Lower energy prices (+0.5%) and an increase in business rates refunds (+0.4%).	+0.9%
Warehousing and distribution	Inflationary cost increases (-0.2%) were offset by efficiencies and initiatives to reduce transport costs (+0.2%).	+ 0.0%
Central costs and staff incentives	Lower central costs.	+0.2%
Retail net margin on total sales to January 2025		**11.0%**

Guidance for Retail in the Year Ahead

In the year ahead we are budgeting for Retail full price sales, on a *like-for-like* basis, to be down -2.0%. The addition of new space is expected to add +1.7% to Retail sales, meaning that we expect Retail full price sales to be down **-0.3**% versus last year.

We expect Retail profit in the year ahead to be around £180m, with a net margin of 9.7%. The -1.3% reduction in margin is mainly due to:

- wage inflation and the increase in employer's National Insurance (-1.1%),
- the expected reduction in like-for-like sales (-0.5%), partly offset by
- price increases, operational efficiencies and cost savings (+0.3%).

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RETAIL STORE LEASE RENEWALS AND COMMITMENTS

Lease renewals in the year to January 2025

In the year, we renewed 74 Retail store leases, with an average lease term of 4.1 years (weighted by value, to the earlier of the break clause or the lease end).

These new leases reduced our annualised occupancy *cash costs*[22] by -**£3.6m**. The cost reduction of -16% is lower than the reductions we have achieved in recent years. This is because 46 of the leases this year had already been renegotiated in recent years, and we did not receive further reductions from this portfolio of stores. The 28 leases which were last negotiated before 26 Jan 2019, experienced an average rent reduction of -30%.

The occupancy cost savings (in cash terms) from lease renewals are summarised in the tables below. Leases are split into two different categories: (1) traditional rent leases and (2) 'total occupancy cost' (TOC) leases, where we pay a fixed percentage of turnover to cover rent, business rates and service charge. For clarity we have shown TOC leases separately, to show the overall saving in rent, rates and service charge combined.

Traditional rent leases	**No. of leases**	**Before renewal**	**After renewal**	
Fixed rent charge	38	£9.5m	£8.1m	- 14%
Turnover rent	15	£5.0m	£5.1m	+1%
Total	**53**	**£14.5m**	**£13.2m**	**- 9%**

Total occupancy (TOC) leases				
Total occupancy lease (rents, rates and service charge)			£5.8m	
Previous rent		£6.0m		
Previous rates and service charge		£2.2m		
Total occupancy - rent, rates and service charge	**21**	**£8.1m**	**£5.8m**	**- 29%**

TOTAL COMBINED LEASE RENEWALS				
Total lease renewals	**74**	**£22.7m**	**£19.0m**	**- 16%**

In addition to the occupancy cost reduction of £3.6m detailed above, we received **£5.4m** from capital contributions and rent-free periods, which will be spent upgrading and maintaining our stores.

Outstanding lease commitments

At the end of January 2025, our average store lease commitment (weighted by value) was 4.0 years, compared with 4.5 years at the same time last year. 96% of our store leases (by value) will expire or break within the next ten years.

Lease renewals in the year to January 2026

In the year ahead, we expect to renew 76 store leases, with a reduction of around £2m (-9%) in the occupancy costs in those stores.

[22] Note that the savings given here are the actual rents payable rather than the IFRS 16 P&L charge.

RETAIL SPACE

Change during the year

During the year new store openings broadly offset closures resulting in minimal change to our overall trading space. The table below summarises the change in store numbers and square footage over the last 12 months.

	Store numbers	NEXT Sq. ft. (k)	Concessions Sq. ft. (k)	Total Sq. ft. (k)
January 2024	**458**	**7,634**	**471**	**8,105**
New stores and reconfigurations	+7	+41	+17	+58
Mainline closures	- 5	- 55	+0	- 55
Clearance stores	- 3	- 29	+0	- 29
January 2025	**457**	**7,591**	**488**	**8,078**
Change	- 1	- 43	+17	- 27
Change %	- 0.2%	- 0.6%	+3.5%	- 0.3%

Financial performance of new space

Prior to this year, it had been a long time since we have opened new stores, and in our enthusiasm we were overly optimistic about what they could take. As a result, we will miss our appraised sales forecast. All the stores are cash generative, but our payback is forecast to be 3.5 years (versus a hurdle rate of 2 years). The 3.5 year payback equates to a 20% Internal Rate of Return (IRR), which does not sound too bad but, in our view, is not commensurate with the inherent risks associated with opening retail fashion shops. Needless to say, we have been more cautious in our approach when forecasting for next year.

New space in the year ahead

In the year ahead, we plan to open ten new stores, and re-site six stores to new locations. In addition, two Home stores will be converted to fashion stores. These changes will result in a modest increase in trading space (+0.4%) - this will be the first time we have increased our fashion and home trading space in over five years.

	Store numbers	NEXT Sq. ft. (k)	Concessions Sq. ft. (k)	Total Sq. ft. (k)
January 2025	**457**	**7,591**	**488**	**8,078**
New stores (inc. 6 resites) & reconfigurations	+10	+136	+14	+151
Mainline closures	- 6	- 80	- 2	- 82
Clearance stores	- 3	- 36	+0	- 36
January 2026 (e)	**458**	**7,611**	**501**	**8,112**
Change	+1	+20	+13	+33
Change %	+0.2%	+0.3%	+2.7%	+0.4%

NEXT ONLINE

We have now split our Online business into two parts: **Online UK** and **Online International** (pages 32 and 37). These businesses are growing at very different rates and have different economics; for example, our International business incurs much higher logistics and duty costs as a percentage of sales. Amalgamating the two businesses has become much less meaningful than it once was, so we are no longer providing a combined commentary for *total* Online sales and profit.

NEXT ONLINE - UK

HEADLINES

- Full price sales up +5.4% versus last year.
- Total sales (including markdown sales) up +4.6%.
- Online UK profit (including lease interest) was £444m, up +8.0%.
- Online UK margin improved to 17.5%, up +0.6%.

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 2025	Jan 2024	Var %
Total sales	2,540	2,429	+4.6%
Operating profit	457	421	+8.4%
Lease interest charge	(13)	(10)	+25.4%
Online UK profit	**444**	**411**	**+8.0%**
Online UK margin	17.5%	16.9%	

Please note that we include the cost of lease interest within Online profitability. Lease interest was up +25%, mainly due to the extension of two warehouse leases during the last year.

FULL PRICE SALES ANALYSIS

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

Sales grew across all categories, with the highest growth in third-party brands. It is worth highlighting that non-NEXT brands now account for **42%** of our Online sales in the UK.

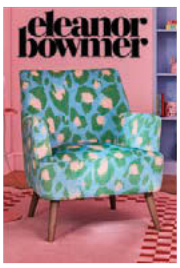
Full price sales £m	Jan 2025	Jan 2024	Var £m	Var %
NEXT brand	1,304	1,265	+39	+3.1%
Wholly-owned brands and licences	179	171	+8	+4.4%
Third-party brands	783	713	+70	+9.8%
LABEL total	*962*	*885*	*+78*	*+8.8%*
Total Online UK	**2,266**	**2,149**	**+117**	**+5.4%**

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

For clarity, the table below shows examples of brands that fall into each category of non-NEXT branded product. Please note that 'third-party brands' include brands such as Reiss, FatFace and Joules, in which NEXT owns an equity stake. These brands operate as independent businesses within the Group but are not wholly-owned by NEXT, so are considered as third-parties within our reporting. They account for 12% of our UK third-party brands' full price sales (which is 4% of our total UK Online business).

Wholly-owned brands	Licences	Third-party brands
Lipsy Love & Roses Friends Like These Cath Kidston	smAllsaints, Baker by Ted Baker kidswear, Nina Campbell, Rockett St George	Nike, Adidas, Skechers Reiss, River Island, Pour Moi, Hush

Under our licence agreements, a third-party brand (the licensor) supplies NEXT (the licensee) with design inspiration and branding. NEXT sources and purchases the stock, which is held at NEXT's risk, and the licensor earns a royalty on sales.



ONLINE UK MARGIN ANALYSIS

Overall, net margin in the UK's Online business was 17.5%, up +0.6% 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 2024
NEXT branded product	1,449	290	20.0%	+0.1%
LABEL	1,091	154	14.1%	+1.3%
Total Online UK	**2,540**	**444**	**17.5%**	**+0.6%**

NEXT branded product (UK) - Margin analysis

NEXT branded product margin of 20.0% was up +0.1% versus last year; the main margin movements are summarised below.

Margin on NEXT branded product sales to January 2024		19.9%
Bought-in gross margin	Bought-in gross margin on NEXT stock improved by +0.4% versus last year.	+0.4%
Markdown	Higher surplus stock (up +6%) and lower clearance rates reduced margin.	- 0.5%
Warehousing and distribution	Inflationary cost increases, mainly wages, reduced margin by -0.7%. This was more than offset by: ○ The net effect of our Elmsall 3 warehouse, which improved margin by +0.6% (after accounting for both increased occupancy costs and productivity savings). ○ Delivery/returns charge income, which grew faster than sales, improving margin by +0.2%.	+0.1%
Marketing	Digital marketing spend grew faster than sales, and reduced margin.	- 0.6%
Central costs and staff incentives	Lower central staff incentives, as they return to more normal levels, and prior year one-off costs not repeating.	+0.7%
Margin on NEXT branded product sales to January 2025		**20.0%**

LABEL (UK) - Margin Analysis

Overall net margin of 14.1% was up 1.3% versus last year. The margin impact of major cost categories is summarised below.

Margin on LABEL sales to January 2024		12.8%
Bought-in gross margin	Higher margins on our wholly-owned brands and licensed products (+0.6%), and third-party brands (+0.5%).	+1.1%
Markdown	Lower clearance rates on surplus stock reduced margin.	- 0.2%
Warehouse and distribution	Inflationary cost increases, mainly wages, reduced margin by -0.4%. This was more than offset by: ○ The net effect of our new Elmsall 3 warehouse, which improved margin by +0.5% (after accounting for both increased occupancy costs and productivity savings). ○ Higher average selling prices and lower returns rates added +0.2%. ○ Delivery/returns charge income, which grew faster than sales, improving margin by +0.1%.	+0.4%
Marketing	Higher spend on digital marketing over sales growth reduced margin.	- 0.6%
Central costs and staff incentives	Lower staff incentives than last year and some prior year one-off costs not repeating.	+0.6%
Margin on LABEL sales to January 2025		**14.1%**

LABEL margin by business model

The margin of each business model within LABEL is summarised below. Margin in both categories has improved, with the largest increase in our wholly-owned brands and licences, mainly due to the increase in bought-in margin, as described above.

Margin by category	Jan 2025	Jan 2024
Third-party brands	13.9%	12.5%
Wholly-owned brands and licences	16.8%	14.1%
Total LABEL margin	**14.1%**	**12.8%**

Guidance for Online UK in the Year Ahead

In the year ahead we are forecasting for Online UK full price sales to increase by +4.3%. Based on this forecast, we expect net margin for the year to be 17.7%. Net margins by division are summarised below, along with the prior year for reference.

The improvement in our forecast margin is mainly due operational efficiencies and cost savings, which more than offset inflationary cost increases.

Online net margins by division	Jan 2026 (e)	Jan 2025	Change in margin vs Jan 2025
NEXT brand (UK)	20.3%	20.0%	+0.3%
LABEL (UK)	14.4%	14.1%	+0.3%
Online UK net margin	**17.7%**	**17.5%**	**+0.2%**

NEXT ONLINE INTERNATIONAL

Our Online International business has continued to exceed our expectations, with full price sales growth of **£170m** (+25%), net profit of **£129m** (+36%), and net margin improving by +0.9% to **13.9%.**

SUMMARY OF FINANCIAL PERFORMANCE

£m	Jan 2025	Jan 2024	Var £m	Var %
Total sales	**930**	**731**	**+199**	**+27%**
Operating profit	131	96	+35	+36%
Lease interest	(2)	(1)	- 0.5	+39%
Net profit	**129**	**95**	**+34**	**+36%**
Net margin %	*13.9%*	*13.0%*		

SALES ANALYSIS

Our Online International business includes sales of **all** brands, i.e. NEXT branded products, wholly-owned brands and licences, and third-party brands. For context, 80% of sales are NEXT branded products.

Full price sales through NEXT websites grew by +£101m (+20%). This was driven by a significant increase in digital marketing spend, resulting in *profitable* sales growth and customer acquisition. Marketing spend as a percentage of sales[23] increased from 4.7% last year to 6.9%.

Full price sales through third-party aggregators grew by +£69m (+36%) and represented 30% of International full price sales.

Markdown and Clearance sales were up +72% due to more Sale stock being held in our international hubs and third-party aggregators' warehouses. This increase meant that total sales grew by 2% more than full price sales, and were up +27%.

£m	Jan 2025	Jan 2024	Var £m	Var %
Full price sales: NEXT websites	600	499	+101	+20%
Full price sales: third-party aggregators	261	191	+69	+36%
Total full price sales	**860**	**691**	**+170**	**+25%**
Markdown and Clearance sales	70	41	+29	+72%
Total sales	**930**	**731**	**+199**	**+27%**

Full price international sales by region

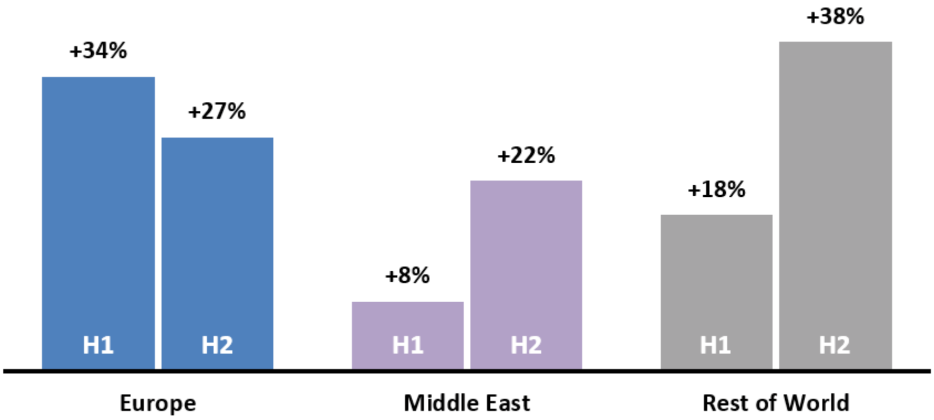
The majority of growth came from Europe and the Middle East. However, unlike the previous four years, we are now experiencing good percentage growth in the Rest of World, 'long haul' territories.

Full price sales £m	Jan 2025	Jan 2024	Var £m	Var %
Europe	509	392	+118	+30%
Middle East	260	227	+32	+14%
Rest of World	91	72	+20	+27%
Total full price sales	**860**	**691**	**+170**	**+25%**

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

Growth notably accelerated in the second half in the Middle East and Rest of World, as shown in the table below. The acceleration in the Middle East was the result of sales in the first half being adversely impacted by the transition to our Middle East hub. Sales in the Rest of the World accelerated as the year progressed as a result of greater spending on marketing in the second half.

Full Price Sales Growth by Region and by Half



ONLINE INTERNATIONAL MARGIN ANALYSIS

Margin of 13.9% was up +0.9% versus last year; the main movements are summarised below.

Margin on International sales to January 2024			**13.0%**
Bought-in gross margin	Margin improved due to:		+3.0%
	○ an increase in the underlying bought-in gross margin	(+0.4%)	
	○ price increases to fund increasing marketing spend	(+1.0%)	
	○ duty savings	(+1.9%)	
	This was partially offset by the higher participation of lower margin third-party aggregators.	(- 0.3%)	
Markdown	Higher surplus, as explained on page 37, reduced margin.		- 0.7%
Warehouse & distribution	Margin reduced due to:		- 0.3%
	○ Inflationary cost increases, mainly wages	(- 0.3%)	
	○ Our new hub operations in the Middle East	(- 0.3%)	
	Margin improved due to:		
	○ Operational efficiencies	(+0.3%)	
Marketing	Increased digital marketing spend in profitable international markets meant that overall spend increased by more than sales growth.		- 1.3%
Central costs & staff incentives	Lower staff incentive costs than last year were partially offset by one-off costs.		+0.2%
Margin on International sales to January 2025			**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 +18%. Based on this forecast, we expect net margin for the year to be 14.8%.

NEXT ONLINE CUSTOMER ANALYSIS

Customer Numbers

Online customers can be split into three distinct groups:

- **UK credit customers** who pay using a NEXT credit account[24] ('nextpay' or 'pay in 3').
- **UK cash customers** who pay using credit, debit or other tender types.
- **International** customers who shop on our websites, using credit, debit or other tender types.

The average number of 'active' customers in the year was 8.6m, up +10% versus last year. We define active customers as those who have either placed an order or received an account statement in *the last 20 weeks*. The total number of customers who placed an order *in the year* was **13.7m**, up +13%.

In the past, we have only reported 'active' customer numbers. Whilst this is a good measure of the number of customers actively shopping with us, it is not an appropriate number to use when calculating average sales per customer. So in the table below, we now detail the total number of customers who **placed an order** last year, and the average sales of those customers. We will use this new measure going forward, but for reference we have still included the average number of active customers (in grey) in the table below.

For completeness, the table below also includes sales achieved through our international third-party aggregators overseas, where we do not have visibility of customer numbers.

	Average active customers		**Customers in the year**		**Sales £ per customer**		**Total £m sales value**	
	Jan 2025	vs Jan 2024	Jan 2025	vs Jan 2024	Jan 2025	vs Jan 2024	Jan 2025	vs Jan 2024
UK Credit	2.9m	+2%	3.1m	+2%	541	+1%	1,662	+3%
UK Cash	3.6m	+8%	6.5m	+7%	135	+1%	879	+9%
UK Total	**6.5m**	**+5%**	**9.6m**	**+5%**	**265**	**- 1%**	**2,540**	**+5%**
Int'l (NEXT websites)	2.1m	+26%	4.1m	+34%	157	- 9%	640	+21%
Total ex. aggregators	**8.6m**	**+10%**	**13.7m**	**+13%**	**233**	**- 4%**	**3,181**	**+8%**
Third-party aggregators							290	+43%
Online Total							**3,471**	**+10%**

Sales Per Customer

UK sales per customer

In the UK, average sales for both credit and cash customers were up +1%. The number of cash customers (+7%) grew much faster than credit customers (+2%). On average, cash customers spend *less* than credit customers, meaning that the overall average sales per customer was down -1%.

International sales per customer

Sales per customer were down by -7% in local currency, which translated into a -9% reduction in Pounds Sterling. This reduction can be attributed to the large increase in customer recruitment, as new customers typically spend less than established customers in their first year.

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

NEXT FINANCE

HEADLINES

- Interest income was up +2.6% versus last year.
- Underlying profit (before a provision release one-off and cost of funding) was **£222m, up +5.0%**.
- Default rates, at 2.6%, were 0.6% lower than last year. This has allowed us to lower our rate of provision for bad debt on new sales, and release £10m of historical provisions.
- After accounting for the cost of funding and the release of historical bad debt provisions, total net profit was £182m, up +11.2% versus last year.

FINANCE PROFIT & LOSS SUMMARY

£m		Jan 2025	Jan 2024[25]	Var %
Credit sales[26]		*2,070*	*2,027*	*+2.1%*
Average customer receivables	*note 1*	*1,259*	*1,243*	*+1.3%*
Closing customer receivables		*1,314*	*1,292*	*+1.7%*
Interest income	*note 2*	300	293	+2.6%
Bad debt charge (underlying)	*note 3*	(28)	(32)	- 14.2%
Overheads		(51)	(49)	+3.2%
Underlying profit before one-offs and cost of funding		**222**	**211**	**+5.0%**
Cost of funding	*note 4*	(50)	(48)	+5.1%
Net profit before bad debt one-off		**172**	**163**	**+5.0%**
Bad debt provision release	*note 3*	10	0	
Profit after bad debt one-off		**182**	**163**	**+11.2%**
ROCE (before bad debt provision release)		*13.6%*	*13.1%*	

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

[25] Customer receivables and ROCE for January 2024 have been restated.
(Average receivables previously reported as £1,223m, Closing receivables £1,270m, and ROCE 13.4%).
Last year, and historically, we deducted the customer returns provisions from our net receivables balance; however, we had incorrectly included the returns on *cash* customer accounts and should have limited this to credit accounts only.

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

Note 1 Customer receivables

Average customer receivables were up +1.3% versus last year due to a higher receivables balance at the start of the year, with new credit sales and customer payments broadly offsetting each other. At the year end, closing receivables were up +1.7% on last year.

Note 2 Interest income

Interest income was up +2.6%. This was higher than the increase in the average customer receivables balance mainly due to the annualisation of a 1% increase in nextpay APR from the end of March 2023[27].

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:

(1) We have reduced the rate at which we provide for bad debt on credit sales, and
(2) We have released £10m of historical bad debt provisions.

Bad debt charge (underlying)

The bad debt charge of £28m was £5m less than last year due to an adjustment to the rate at which we provide for future defaults on credit sales. The rate now being used is more in line with the average rate of defaults observed over the last three years.

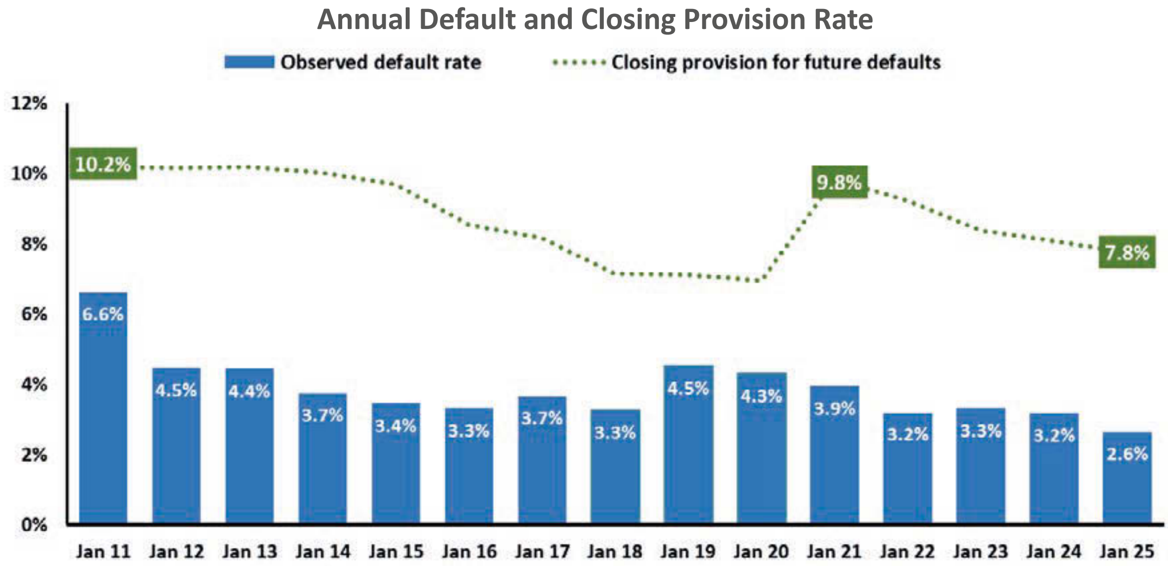
Bad debt provision release (one-off)

This year's P&L has benefitted from a **£10m** provision release, as we have not seen the deterioration in bad debt rates that we anticipated following the COVID pandemic and the subsequent economic disruption experienced in the last four years.

Default rates and provision rates

The following chart shows:

- Observed annualised default rates[28] since 2011 (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.
- The default rate for the year ending January 2025 was 2.6%, which is 0.6% lower than last year.



[27] nextpay APR increased by 1% to 24.9% for new customers recruited from January 2023 and for existing customers from the end of March 2023.
[28] Defaults are net of expected recoveries and presented as a percentage of the average customer receivables balance.

Note 4 Cost of Funding

The cost of funding is an internal interest recharge from the Group, based on the assumption that 85% of customer receivables are funded by debt lent by the Group to the Finance business, with the remaining 15% being funded by the Finance business's notional equity.

The interest rate charged by the Group was 4.7%, +0.1% higher than last year. This rate reflects the Group's slightly higher underlying external interest rate on bonds and bank facilities, driven by increased rates on floating instruments. The higher interest rate and increased average receivables resulted in a £50m cost of funding.

The table below details the cost of funding recharge calculation. The Group's *actual* external interest cost is much lower due to lower average borrowings across the Group compared to the Finance business. This results in a notional profit on intercompany lending.

Group lending to NEXT Finance £m	**Jan 2025**
Average Group external borrowing (for reference)	*806*
Average NEXT Finance borrowing (@85%) (for reference)	*1,070*
Group underlying net external interest rate	*4.7%*
Interest charged by Group to NEXT Finance	(50)
Underlying net external interest cost for Group[29]	(38)
Group profit on its lending to NEXT Finance	**12**

GUIDANCE FOR THE YEAR TO JANUARY 2026

In the year ahead, we anticipate that NEXT Finance will generate profits of **£177m.** We are forecasting that the customer receivables balance at the year end will be around **£1.30bn**, broadly flat versus the prior year.

[29] This figure excludes interest earned from cash on deposit. The total net external interest cost for the Group in the year was £32.2m, see page 48.

INVESTMENTS AND TOTAL PLATFORM

FINANCIAL SUMMARY

The combined profit from investments (including interest)[30] and Total Platform services was **£77m**, up from £43m last year. Growth in profit was driven by:

(1) the increased investment in Reiss, from 51% to 72% in September 2023, and 74% in June 2024;
(2) the acquisition of 97% of FatFace in October 2023, and its launch on TP in September 2024;
(3) lower trading losses in Joules, which broadly broke even in the year;
(4) the annualisation of clients that launched during 2023 (JoJo Maman Bébé, Joules and MADE).

Profit £m	Jan 2025	Jan 2024	Var %
Investments[30]	63.6	32.3	+97%
Total Platform services	13.0	10.5	+24%
Total profit	**76.6**	**42.8**	**+79%**

For the year ahead, we are forecasting profit of **£78m**.

Please note that FatFace's TP startup costs this year (£6.2m), and the impairment of JoJo Maman Bébé (£13.0m) are reported within non-recurring Group central items (see page 46), and are ***not*** included in the numbers above.

Further detail on our **investments** and **Total Platform services** business is set out below.

INVESTMENTS

Investment profit in the year was **£63.6m**, up from £32.3m last year. This growth is driven by our increased stake in Reiss and acquisition of FatFace, along with a significant improvement in trading losses in Joules. In addition to several actions to reduce costs in Joules, full price sales mix has increased materially, resulting in a small loss of -£0.2m, compared to a loss of -£5.7m last year.

Profit from investments £m	Jan 2025	Jan 2024	Var %	Ownership %[31] Jan 2025	Ownership %[31] Jan 2024
Reiss	40.0	24.1	+66%	73%	58%
FatFace	13.5	6.5	+108%	97%	28%
Joules	(0.2)	(5.7)	- 97%	74%	74%
Other investments	10.2	7.4	+38%		
Total investments	**63.6**	**32.3**	**+97%**		

[30] Profit reported in this section includes the *interest* earned from TP investments (loan interest and, in the prior year, preference share interest), which is reported in the Interest line of the Group P&L (see page 48).
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 61.

[31] This is the weighted average ownership during each year. In October 2023 we acquired 97% of FatFace. In September 2023 we increased our stake in Reiss from 51% to 72%. In June 2024, we increased our stake in Reiss from 72% to 74%, giving a weighted average of 73% in the year to January 2025.

Return on Investments

The table below summarises our capital employed, cash returns and return on capital employed (ROCE) for 2024/25. The *total* ROCE (including TP) was 23%. The ROCE on *equity investments alone* was 20%. A full explanation of how our ROCE is calculated is given below the table.

	Capital employed £m				Cash profit pre-tax £m			ROCE %	
	Invested	Recovered	TP	TOTAL	Equity	TP	TOTAL	Equity	TOTAL
Note:	A	B	C	D	E	F	G	= E/(A + B)	= G/D
TOTAL	361.7	(48.1)	31.2	344.8	63.6	16.5	80.1	20%	23%

Capital employed consists of:

(A) Capital invested[32] in equity plus debt, *less*

(B) Capital recovered, which is the cumulative post-tax profit (excluding brand amortisation costs) earned from the equity investment to January 2024; this is a proxy for cash returned as at the beginning of 2024/25. In addition, it includes the *cash cost* of TP integration costs[33] for FatFace during 2024/25.

(C) The TP capex required to provide Total Platform services.

Cash profit before tax consists of:

(E) Equity profit before tax (excluding brand amortisation) plus interest received, for the year to January 2025.

(F) TP profit *before* tax and depreciation for the year to January 2025.

ROCE is the cash profit before tax, divided into the capital employed. A ROCE is shown for the equity investment alone, and the overall investment including TP.

Note to Analysts on subsidiaries' profit reported at Companies House

Please note that profits previously reported by our subsidiaries, and recorded at Companies House, cannot be directly translated into their reported profit given here. This disparity is for a number of reasons:

(1) Results included in the NEXT Group accounts are *after* adjustments made to the fair value of the balance sheet at the date we acquired our stake.

(2) Results in the NEXT Group accounts will include the elimination of any intercompany trade and related profit. Such profits will correctly remain in the local entity accounts.

(3) Accounting policies in the local accounts may differ from those in the NEXT consolidated accounts. For example, Reiss accounts are prepared under UK accounting standards (not International) and therefore they, correctly, do not apply IFRS 16 lease accounting in their local accounts.

(4) The accounting period covered in the local accounts may not always align to the NEXT reporting period. For example, FatFace previously had a May year end.

These differences are common in Group situations where companies have been acquired. The underlying cash generated by the business is not impacted by this.

[32] Capital invested is weighted for our period of ownership. For Reiss, this was 51% to 22 September 2023 and 72% to June 2024, after which we increased our stake to 74%. For FatFace, we had 97% ownership from 13 October 2023.

[33] £4.2m of non-recurring *cash* costs for TP integration of FatFace, reported in Group central costs, is included in the ROCE calculation. Please note that the P&L charge of £6.2m reported on page 47 includes non-cash charges such as accelerated depreciation.

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 2025	Jan 2024	Var %
(A) Client online sales (GTV)[34]	*194.6*	*148.5*	*+31%*
(B) Commission income on clients' GTV	40.1	30.3	+32%
(C) Income from cost-plus services inc. TEP	18.4	13.3	+39%
(D) Recharges for services at cost	8.6	8.8	- 2%
(E) Total Platform income (accounting)	**67.1**	**52.4**	**+28%**
(F) Total Platform profit from services	**13.0**	**10.5**	**+24%**
(G) Total Platform profit as a % of income = F / E	*19.4%*	*20.0%*	
(H) Total Platform profit as a % of clients' sales = F / (A + C)	*6.1%*	*6.5%*	

Total Platform services income

Total income in the year increased by +28% to **£67.1m**. This growth is driven by the annualisation of new clients that launched part way through last year (Joules and MADE) *plus* the addition of FatFace from late September 2024.

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 **6.1%** and profit as a percentage of income was **19.4%**, in line with our target margin.

[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 that are material are shown separately. Significant changes in profit are explained below the table.

£m	Jan 2026 (e)	Jan 2025	Jan 2024
NEXT Sourcing (NS)	34.5	31.4	27.4
Franchise and wholesale	7.0	7.5	5.8
Central costs and employee share schemes	(57.0)	(61.9)	(50.5)
Property management and provisions	(2.0)	(1.5)	1.7
Total underlying profit/(loss)	**(17.5)**	**(24.6)**	**(15.6)**
Non-recurring central items			
Impairment of JoJo Maman Bébé	-	(13.0)	-
Total Platform startup costs/write-offs	-	(6.2)	(12.3)
Foreign exchange	2.4	2.3	12.3
Total non-recurring items	**2.4**	**(17.0)**	**(0.0)**
Total profit/(loss)	**(15.1)**	**(41.6)**	**(15.6)**

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 +10% due to higher NEXT purchases, which were partly driven by orders being placed around two weeks earlier than last year due to the disruption in the Suez Canal. Overheads did not increase in line with sales, therefore profit was up +15%.

	US Dollars $m			Pounds Sterling £m		
	Jan 2025	Jan 2024		Jan 2025	Jan 2024	
Sales (mainly inter-company)	684.4	607.0	+13%	534.7	485.6	+10%
Operating profit	**40.1**	**34.2**	**+17%**	**31.4**	**27.4**	**+15%**
Net margin	**5.9%**	**5.6%**		**5.9%**	**5.6%**	
Exchange rate				1.28	1.25	

In the year ahead, we expect NS profit to be around **£34.5m**.

Franchise and Wholesale

This year, our Franchise and Wholesale business benefited from the addition of three new revenue streams: (1) the acquisition of the Cath Kidston brand, which earns income from UK and international licences, (2) new wholesale arrangements for some of our licensed brands, and (3) new international partnerships. Profit in the year was **£7.5m**, up +28% versus last year. Sales and profit are set out in the table below. In the year ahead we expect profit to be broadly flat, around £7m.

£m	Jan 2025	Jan 2024
Sales	64.8	47.6
Profit before overheads	10.7	7.1
Directly attributable overheads	(1.6)	(1.3)
Profit before central costs	**9.0**	**5.8**
Central overheads cost allocation	(1.6)	-
Net profit	**7.5**	**5.8**

A note on the allocation of central overhead costs

This year, we changed how we allocate overhead costs to our wholesale division. Previously, only *direct* overheads were included; we now allocate a share of central overheads such as management, technology and finance. By doing so, this gives a clearer picture of our true costs and margins; the impact is shown in the table above. On a like-for-like reporting basis, profit increased from £5.8m to £9.0m.

Central Costs and Employee Share Schemes

Central costs of £61.9m were £11.4m higher than last year, mainly due to increased share option costs and legal costs. For the year ahead, we expect central costs of £57.0m.

Total Platform Startup Costs

FatFace launched on TP in September 2024. As part of the transition to TP, the Group incurred £6.2m of non-trading costs, including redundancy costs and termination of third-party contracts no longer required under TP. Last year's costs of £12.3m related to Joules (£9.1m) and FatFace (£3.2m).

Impairment of JoJo Maman Bébé

This year we have impaired our total investment in JoJo Maman Bébé, at a cost of £13m. We acquired the business in 2023, and it has made losses in the last two financial years. Although management is working hard to improve this position, a recovery to a profitable business in the short term is uncertain and we have therefore impaired our investment.

Foreign Exchange (FX)

Some of our FX contracts cannot be accounted for under Hedge Accounting. Gains/losses on the valuation of contracts outstanding at the year end are set out below. Due to the volatility in the value of Sterling during 2022/23, we reported a £12.3m net gain last year. This year's gain is much lower at £2.3m, which is the reversal of a loss taken last year on 2023/24's contracts and the loss on the outstanding contracts at year end.

In the year ahead we are forecasting a gain of £2.4m. This is the reversal of the £2.4m cost taken on 2024/25 contracts in the year to January 2025.

Foreign exchange gains/(losses) £m	Jan 2026 (e)	Jan 2025	Jan 2024
FX contracts placed in 2022/23	-	-	17.0
FX contracts placed in 2023/24	-	4.7	(4.7)
FX contracts placed in 2024/25	2.4	(2.4)	-
Total	**2.4**	**2.3**	**12.3**

INTEREST, TAX, PENSIONS AND ESG

INTEREST

The interest charge[35] in the P&L is made up of four categories, as set out below.

£m	Jan 2026 (e)	Jan 2025	Jan 2024
Net external interest	(32.7)	(32.2)	(35.3)
Lease interest	(48.3)	(47.8)	(46.7)
Reiss Preference share interest	n/a	n/a	3.2
Total Platform loan interest income	1.7	1.5	1.2
Total interest	**(79.3)**	**(78.4)**	**(77.6)**

Net external interest

The net external interest charge of £32.2m was £3.1m lower than last year, due to the combination of larger cash balances and higher deposit interest rates received. This was partially offset by the higher interest rates payable on our floating rate instruments.

Lease interest costs

Lease interest of £47.8m was £1.1m higher than last year, due mainly to the extension of the lease of two warehouses.

Reiss preference share interest

As part of the transaction completed at the end of September 2023, which increased our stake in Reiss from 51% to 72%, a restructure in equity was agreed meaning there will be no further preference share income.

Total Platform loan interest income

Loan agreements between NEXT and seven of our equity investments generated £1.5m of interest.

TAX

Our effective tax rate (ETR) for 2024/25 was 24.7%. This is lower than the UK headline rate of 25% as set out below. For the year ahead we expect an ETR of 24.9%.

	Jan 2026 (e)	Jan 2025	Jan 2024
Headline UK Corporation Tax rate	25.0%	25.0%	24.0%
Overseas tax	- 0.3%	- 0.3%	- 0.3%
Equity profit, which has already been taxed	- 0.2%	- 0.2%	- 0.2%
Non-deductible costs	+0.4%	+0.2%	+0.1%
ETR	**24.9%**	**24.7%**	**23.6%**

PENSION SCHEME

On the IFRS accounting basis, the valuation of our defined benefit schemes' surplus at January 2025 was £30.8m (January 2024: £59.3m). The reduction in the plan asset surplus is due to the 'curtailment loss' which resulted from the closure of the scheme to future accrual in March 2024 and change in actuarial assumptions. Further detail is provided in Appendix 1 on page 59 and in Note 6 of the financial statements.

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[35] Excludes net interest costs of Reiss, FatFace and Joules, which are reported in the equity investments' profit figures given on page 43.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Our Corporate Responsibility Report for 2024/25 will be published on 9 April 2025 and available on www.nextplc.co.uk. The report sets out more details about our ongoing multi-year ESG projects (Carbon Reduction, Responsible Sourcing, Reducing Packaging and Waste, and Recycling and supporting our employees and communities). In addition to the longer term projects, some of our ESG highlights for 2024/25 include the following:

Protecting Workers in our Supply Chain

Code of Practice audits

In the year, our team of 53 Ethical Trade specialists carried out 2,402 factory audits, 95% of which were unannounced. The audits showed that 93% by value of all NEXT products were manufactured in factories rated category 1-3 (acceptable). Where factories are rated as category 4-6 (unacceptable) we will in the first instance work with them to try to resolve any issues identified. During the year this resulted in 33 moving to an improved rating, 39 having a remediation plan in progress and 51 being disengaged.

Grievance mechanisms

Following the successful rollout of a grievance mechanism in our suppliers' factories in Pakistan, South India, Myanmar and UAE, we have continued with a broader rollout to suppliers covering Bangladesh, Sri Lanka, Cambodia, Vietnam, Turkey and Morocco. The grievance mechanism gives us additional confidence that workers in our supply chain have a route to raise concerns between the audits we conduct on the manufacturing locations. The grievance mechanism will cover 80% (by value) of the products produced in these territories.

Responsible Sourcing

We reset our targets last year to recognise that, although significant progress has been made, we were not going to meet all the targets set in 2018 by our originally planned 2025 deadline. We continue to work hard on sourcing our main materials responsibly with notable progress this year with polyester (now 50% versus 22% in 2023/24) and man-made cellulosics (now 57% versus 37% in 2023/24).

Zero Discharge of Hazardous Chemicals (ZDHC)

For the second year in a row, NEXT achieved the highest possible score in the ZDHC 'Brands to Zero' annual audit. The programme is an initiative across the apparel, leather and footwear industries to eliminate the use of hazardous chemicals from mills, laundries and tanneries.

EQUAL PAY CLAIM

As explained in our Half Year Report in September, NEXT is currently subject to an equal pay claim. For ease of reference, the full details of this are repeated in Appendix 4 on page 62.

In October 2024 NEXT submitted an appeal against all findings made against us by the Employment Tribunal. A hearing will take place in the Employment Appeal Tribunal in early summer 2025. It has been agreed with the Claimant's lawyers that no compensation will be paid in respect of any claim until the outcome of the Employment Appeal Tribunal stage.

Our legal team continues to be very confident of our grounds for appeal. We expect the appeals process to take some time to conclude and therefore we do not expect a final resolution to be reached for at least a year, if not much longer.

PART FIVE
CASH FLOW, SHAREHOLDER RETURNS, NET DEBT & FINANCING

CASH FLOW

In the year to January 2025, we generated **£669m** of surplus cash, before investments and distributions to shareholders. The table below sets out a summarised cash flow for the year, along with last year and our forecast for the year ahead.

Net debt (excluding lease debt) reduced by £40m to £660m. Adjusting for £34m of share buybacks brought forward from 2025/26, net debt reduced by £74m. This reduction, along with the £97m reduction in net debt last year and the planned reduction for the year ahead, will contribute towards the potential repayment of a £250m bond that matures in August 2025, should we decide not to refinance (see page 55).

For further details on individual cash flow movements please see the page references given in the table below.

£m		Jan 2026 (e)	Jan 2025	Jan 2024[36]
NEXT Group profit before tax		**1,066**	**1,011**	**918**
Additional profit from the 53rd week		20	-	-
Depreciation/impairment on plant, property and equipment, and amortisation of software		150	148	128
Capital expenditure	(see page 52)	(179)	(151)	(167)
Tax		(244)	(243)	(191)
Employee share option trust (ESOT)	(see page 51)	(47)	(45)	(19)
Working capital/other	(see page 51)	(66)	(30)	47
Trading cash flow		**700**	**690**	**716**
Customer receivables ('nextpay' and 'pay in 3')	(see page 40)	5	(21)	(19)
Property stock		-	-	(14)
Surplus cash before investments and distributions		**705**	**669**	**684**
Investments	(see page 51)	-	(11)	(161)
Ordinary dividends	(see page 54)	(279)	(258)	(248)
Share buybacks	(see page 54)	(316)	(326)	(177)
Share buybacks brought forward from 2025/26		-	(34)	-
Net cash flow		**110**	**40**	**97**
Closing net debt (excluding lease debt)		**(550)**	**(660)**	**(700)**

[36] For January 2024, cash flow figures are restated by £3m for 'customer receivables' (previously (£16m)) and 'working capital/other' (previously £44m). Customer receivables now *only* relate to credit customer accounts ('nextpay' and 'pay in 3'). Changes in returns provisions for 'Cash' customer accounts are now reported as a creditor within 'working capital/other'. There is no change to the overall cash flow.

EMPLOYEE SHARE OPTION TRUST

The net cash outflow in the year was £45m, versus £19m last year. This difference is mainly due to the high value of share options exercised by employees last year, which resulted in a higher than normal cash inflow. Last year's exercises were particularly high because the share options maturing were granted during 2020, when the option price was significantly *lower* than the share price at maturity in 2023. In the year ahead, we expect a net cash outflow of £47m, broadly in line with 2024/25.

WORKING CAPITAL

Working capital this year was a £30m outflow. This is mainly due to: (1) the payment of staff incentives in April 2024, which related to, and were accrued, in the previous financial year; and (2) higher stock purchases (see below).

In the year ahead, we expect net cash outflow of £66m. Within this figure, is a £22m one-off cash outflow from bringing in-house the funding of interest free loans for Retail furniture sales (these were previously funded by a third-party).

Stock

Disruption in the Suez Canal has extended average delivery lead times by around 17 days. This resulted in orders being placed and shipped two weeks earlier than last year. At the year end, Group stock balances were up +12.5% versus last year.

INVESTMENTS

In the year we invested £11m in subsidiaries and associated companies. We invested £10m increasing our equity share in Reiss from 72% to 74%, and £0.8m acquiring a 16% share in Rockett St George.

Last year's expenditure of £161m related to the acquisitions of: (1) a further 21% equity stake in Reiss (£97m); (2) a 97% equity stake in FatFace[37] (£58m); and (3) the brand name and intellectual property of Cath Kidston (£9m). These investments were offset by a £3m dividend from the Victoria's Secret joint venture.

[37] The acquisition of FatFace was funded partly by cash (£58m) and partly through the issue of 745,912 NEXT plc shares (£53m).

CAPITAL EXPENDITURE

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

Total spend of £151m in the year to January 2025, was £10m lower than the estimate given in September, mainly due to lower expenditure in Technology and Warehousing. In the year ahead, we expect capital expenditure to increase to £179m, mainly due to a £31m increase in spend on Retail stores.

£m	Jan 2026 (e)	Jan 2025	Jan 2024
Warehouse	47	49	62
Technology	35	34	49
Total warehouse and technology	**82**	**83**	**111**
Retail space expansion	55	26	8
Retail cosmetic/maintenance capex	22	20	33
Total Retail expenditure	**77**	**46**	**41**
Head office infrastructure and other	7	9	9
Other Group subsidiaries	13	12	7
Total capital expenditure	**179**	**151**	**167**

Warehousing

Warehousing spend of £49m included the completion of some of the automation projects in Elmsall 3, the refit of warehouse space for our returns operations and the purchase of new vehicles.

In the year ahead we expect to spend £47m. This includes further development of our returns and picking system at Elmsall 3, upgrades to existing systems at the Elmsall warehouses, and further vehicle and trailer purchases.

For further details and commentary on our Elmsall 3 warehouse, see page 18.

Technology

In the year we spent £34m modernising and upgrading our systems technology (£26m on software and £8m on hardware). Expenditure by category is set out below, alongside last year for comparison.

Technology capital expenditure by category £m	Jan 2026 (e)	Jan 2025	Jan 2024
Modernisation projects	26	22	23
Total Platform and third-party brands	1	2	6
Security and head office department projects	1	1	3
Small development projects	1	2	9
Hardware	6	8	7
Total Technology capital expenditure	**35**	**34**	**49**

For further details on Technology costs, see page 20 in the Big Picture section.

Retail stores

In the year, capital expenditure on new Retail space increased to £26m, versus £8m last year. This increase was mainly due to two new large stores, one of which (Thurrock) is planned to open during summer 2025.

Cosmetic and maintenance spend of £20m is £13m lower than last year, which included projects such as LED lighting and air conditioning and refit costs in some of our larger stores.

In the year ahead, we expect capital expenditure on new space to increase to £55m, due to the addition of ten new stores, the relocation of six existing stores and conversion of two Home stores to fashion stores (see page 31). Cosmetic and maintenance spend is forecast at £22m.

Head office infrastructure and other

Capital expenditure on head office infrastructure was £9m, in line with last year. Projects include the redevelopment of some of our head office facilities and the relocation of our contact centre.

Other Group subsidiaries

Capital expenditure across our subsidiaries totalled £12m. This is £5m higher than last year, due to the consolidation of Reiss and FatFace in NEXT's accounts for the full year; in the prior year only their capital spend between October and January was consolidated.

Capital expenditure in our subsidiaries relates mainly to new store openings, store refits and some central IT software development.

Fosse Park West, Leicester

DIVIDENDS AND SHAREHOLDER RETURNS

The Company remains committed to returning surplus cash to shareholders if it cannot be profitably invested in our business activities. Surplus cash is defined as trading cash flow, after deducting interest, tax, capital expenditure, funding customer receivables, investments or acquisitions and ordinary dividends. 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 capitalisation[38].

Shareholder Returns in 2024/25

Ordinary dividends

An ordinary dividend of 141p per share was paid on 1 August 2024 (with a total value of £169m) and an interim dividend of 75p per share, in respect of the year to January 2025, was paid on 3 January 2025 (with a total value of £89m).

The Board has proposed a final ordinary dividend of 158p, to be paid on 1 August 2025, taking the ordinary dividend for the year to 233p. This is subject to approval by shareholders at the Annual General Meeting to be held on 15 May 2025. Shares will trade ex-dividend from 3 July 2025 and the record date will be 4 July 2025.

Share buybacks

In 2024/25 we purchased 3.8m shares at an average share price of £95.26, totalling £360m. This reduced the number of shares in issue by 2.97% since the start of this financial year. This included £34m of purchases in January 2025, when we brought forward some of the buybacks planned in respect of the 2025/26 financial year.

These buybacks represent an ERR of 8.9%; ahead of our buyback hurdle of 8%.

Outlook for Shareholder Returns in 2025/26

Ordinary dividends

Based on achieving our profit guidance of £1,066m, we currently expect to return £286m 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 2026 and the final dividend in August 2026.

For clarity, the £279m cash outflow for ordinary dividends shown in the 2025/26 cash flow forecast on page 50 is the sum of: (1) the final dividend from 2024/25, which is forecast to be paid in August 2025, and (2) the interim dividend for 2025/26 forecast to be paid in January 2026.

Share buybacks

We anticipate generating £426m of surplus cash in the year ahead. Our forecast assumes that we will retain £110m of this surplus cash, to enable us to comfortably finance the repayment of our 2025 £250m bond. We intend to return the balancing £316m of surplus cash to shareholders by way of share buybacks. We estimate that these buybacks, along with those in the previous year, will boost pre-tax EPS in 2025/26 by +3.4%.

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) potential refinancing (see page 55) which would allow us to distribute more of the surplus cash generated in the year.

[38] 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 2025 (excluding lease liabilities) was £660m, a reduction of £40m in the year.

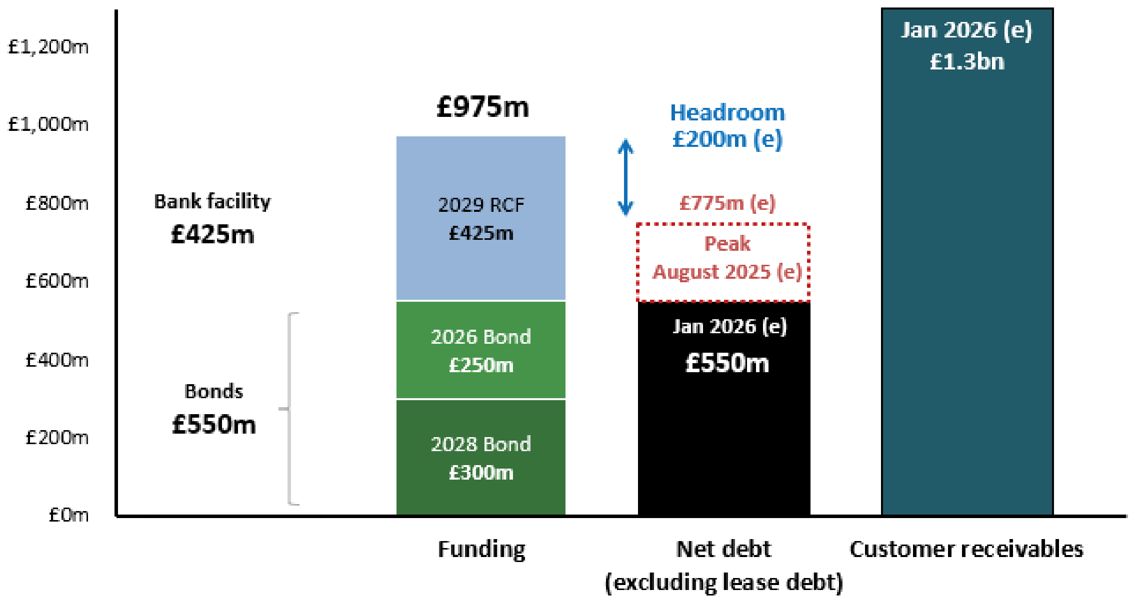
Our current facilities include a £250m bond, which matures in August 2025. We have been retaining funds over the last two years, so that we have the flexibility to repay this bond and not refinance, if long-term interest rates in the bond market remain at their current levels.

Assuming we do not refinance, at the year ending January 2026 the Group's bond and bank facilities will total £975m.

Based on our cash flow forecast for the year ahead, net debt will peak in August 2025 at around £775m, leaving headroom of £200m; comfortably within our bond and bank facilities of £975m. We estimate that we will end the year with net debt (excluding lease debt) of around £550m.

The chart below sets out the Group's bond and bank facilities and forecast for net debt. For context, our forecast for customer receivables at January 2026 is around £1.3bn, significantly higher than the value of our net debt.

Group Financing, Net Debt and Headroom 2025/26 (e)



Financing Options for 2025/26

At our current level of debt, our gearing is at an historical low, and comfortably below the circa £1bn we could borrow without compromising our investment grade status. We do not intend to increase debt to that level, but we are actively considering the following options to increase our cash resources by between £100m - £250m:

- Issue new bonds in the market.
- Raising debt via a private placement.
- Increase our RCF facility.

If we are able to secure funding, at terms we think are reasonable, we would increase our share buybacks to distribute all the surplus cash we generate in the year.

FIRST QUARTER TRADING UPDATE

Our first quarter Trading Statement will cover the thirteen weeks to Saturday 26 April 2025 and is scheduled for Thursday 8 May 2025.

Lord Wolfson of Aspley Guise
Chief Executive

27 March 2025

APPENDIX 1
RECONCILIATION TO STATUTORY RESULTS

OVERVIEW

The financial information presented in pages 6 to 56 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 at the end of the 2024 Annual Report and Accounts available at https://www.nextplc.co.uk/.

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 23 and 24 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, (3) cash flow. We also provide further information on the exceptional, non-cash, pension cost.

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 2025	Jan 2024
NEXT Group profit before tax	**1,011.4**	**918.2**
Tax	(249.9)	(216.4)
NEXT Group profit after tax	**761.4**	**701.8**
Average number of shares (millions)	119.7	121.3
NEXT Group Earnings Per Share (EPS)	**636.3p**	**578.8p**

Statutory profit (£m) and EPS (pence)	Jan 2025	Jan 2024
Statutory profit before tax	**987.0**	**1,015.8**
Remove non-controlling interests	(9.1)	1.2
Statutory tax attributable to NEXT	(241.8)	(214.7)
Statutory profit after tax attributable to NEXT	**736.1**	**802.3**
Average number of shares (millions)	119.7	121.3
Basic Earnings Per Share (EPS)	**615.1p**	**661.6p**

The statutory tax attributable to NEXT of £241.8m is calculated as being the £243.8m tax charge in the statutory income statement less the tax on the non-controlling interests of £2.0m (this is the difference between the profit before tax of £9.1m non-controlling interest and the £7.1m 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	Jan 2025
Capital expenditure per Chief Executive's Review	151
Plus capital accruals	6
Capital expenditure per statutory reporting*	**157**

**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/receipts, dividends and leases.

	Note	£m
Trading cash flow	1	**690**
Adjust to get to Operating profit	2	64
Capital expenditure	3	151
Purchase of shares by ESOT	4	122
Disposal of shares by ESOT	4	(77)
Customer receivables	5	(21)
Lease payments (net of incentives)	6	165
Repayment of management loan notes	7	24
Dividends paid to minority interests	8	8
Working capital and other	9	7
Net cash from operating activities - per statutory cash flow	10	**1,134**

Note 1: As per the cash flow statement on page 50 of the Chief Executive's Review, cash from trading activities was £690m for the year to January 2025.

Note 2: The cash flow in the Chief Executive's Review starts with the NEXT Group profit before tax of £1,011m whereas the statutory cash flow starts at Operating Profit of £1,075m. The table below bridges between these two values.

	£m
NEXT Group profit before tax	**1,011**
Add back interest costs (Chief Executive's Review, page 48)	79
Add back interest costs reported as part of Total Platform equity	9
Add Non Controlling interest in subsidiaries (Reiss, FatFace and Joules)	9
Less Brand amortisation	(19)
Less Exceptional cost on curtailment of pension scheme	(15)
Operating profit	**1,075**

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 £151m 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. 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 repayment of loan notes is a one-off item in the year and relates to deferred consideration arising on a prior year acquisition.

Note 8: This relates the dividends paid by Reiss and FatFace to non-controlling interests (i.e. the element paid to other shareholders).

Note 9: The remaining difference relates to immaterial movements on working capital and other items such as the equity profit from our investments.

Note 10: This value of £1,134m can be reconciled to the line "Net cash from operating activities" in the statutory cash flow statement.

4. EXCEPTIONAL PENSION COST (NON-CASH)

Following a consultation process with employees, the defined benefit pension scheme (which closed to new members in 2000) was closed to future service accrual. This resulted in a **non-cash,** non-recurring charge of £15m, known as a 'curtailment loss', in 2024/25. This loss arises because:

(1) Our pension liability, prior to closure, was based on the service that members had accrued *up to the date* of closure.

(2) Under a closure, the liability is based on the pension payable to date *plus* an estimate of future inflationary increases.

This loss is treated as exceptional and is *excluded* from our headline profit and EPS numbers.

APPENDIX 2

REPORTING OF SUBSIDIARIES' SALES AND PROFITS

The explanation below was given in the Chief Executive's Review in our 2024 Annual Report and Accounts and Half Year Report in 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' profits[39]; 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 basis[40] 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.

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[39] The term subsidiaries here is used to describe businesses in which we hold equity investments, as detailed in Appendix 5 on page 63.

[40] As previously explained, 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 was given in the Chief Executive's Review in our 2024 Annual Report and Accounts and Half Year Report in September 2024 and is repeated here for clarity.

As NEXT acquired new businesses, the accounting effect of amortising the value of acquired brands[41] 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 £415m. So, despite having exactly the same cash flow, assets and debt as the existing company, the new company's reported profit would be around 40% 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.

[41] 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.

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 which we intend to appeal.

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, it is our intention to appeal. 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 is 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 shops 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
Laura Ashley	Licence to trade in UK and Eire	Mar 2021	Online and retail
Victoria's Secret (UK and Eire)	51% share in UK and Eire franchise	May 2021	Online and retail
Reiss	74% equity share	Feb 2022	Online, retail and wholesale
GAP	51% share in UK JV with GAP coalition	Aug 2022	Online and retail
JoJo Maman Bébé	44% share in partnership with Davidson Kempner	May 2023	Online, retail and wholesale
MADE	100% acquisition of brand name, domain name and intellectual property	July 2023	Online and retail
Joules	74% share in partnership with Tom Joule	Oct 2023	Online, retail and wholesale
FatFace	97% equity share	Sept 2024	Online, retail 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

BUSINESS MODEL

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

We focus here on the core NEXT business.

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

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

OUR OBJECTIVES

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

We look to:

1. Add value

- Use our product skills, distribution networks, systems, services and sourcing to create goods and provide services that consumers cannot easily find elsewhere.
- Focus on customers' satisfaction levels by improving the customer experience in our stores and continuing to develop and enhance our website and app.

2. Play to our strengths

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

3. Make a healthy margin

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

4. Make good returns on capital invested

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

5.Generate and return surplus cash to shareholders

- This is done by way of share buybacks and/or dividends.

For further information about our business and priorities, see pages 7 to 21 of the Chief Executive's Review.

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

BUSINESS PRIORITIES

Product

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

See the Chief Executive's Review on page 13 for further details.

Service

We constantly upgrade our customer and online services.

See Part 2 of the Chief Executive's Review from page 14 for further details.

Cost

We relentlessly manage our costs.

See Parts Three and Four of the Chief Executive's Review from page 22 for further details.

New business

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

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

OUR INFRASTRUCTURE

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

Warehousing & Distribution

- 8 UK warehouses
- 7 UK depots
- 3 international hubs which are fully integrated with our cost-efficient distribution facilities.

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

NEXT Online

- Around 9.6m UK Online customers
- 4.1m overseas customers, excluding aggregators.

Well-Connected Store Network

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

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

Digital Marketing Systems

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

Consumer Credit

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

Call Centres

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

Supply Chain

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

WHAT WE DO

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

NEXT Branded Products

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

Third-Party Brands

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

Third-Party Brand Licences

Our licensing business creates value by combining NEXT's sourcing and quality expertise with the design inspiration of partner brands.

Total Platform and Investments

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

HOW WE CREATE VALUE

The combination of NEXT products, third-party brands and investments, coupled with the strong infrastructure and our core principles, enables the business to consistently create value for our stakeholders.

Our people

- We strive to create an inclusive workplace in which everyone is treated with dignity and respect.

Our Customers

- **More product choice** – A combination of NEXT products and third-party brands means customers can choose from an extensive range of products.
- **Cost and quality control** – Our sourcing structure provides excellent quality and accessibly priced products.
- **Outstanding customer experience** – Our extensive logistics operations provide quick and cost effective delivery, and our call centres help maintain great customer satisfaction.

Third-Party Brand Partners

- **Strong relationships** – We aim to be the most profitable route to market for our partners.

Total Platform Clients

- We enable our clients to focus on the areas where they add most value, such as design and buying, rather than capital-intensive areas such as website development and logistics.

Responsibly

- We source globally to deliver NEXT products that are responsibly sourced. We are working closely with suppliers to fulfil our ambition to source our main raw materials through known, responsible or certified routes.

Shareholders

- We manage financial resources effectively to maximise shareholder value. NEXT is highly cash generative; after investing in the business, surplus cash is returned to shareholders.

KEY PERFORMANCE INDICATORS (KPIs)

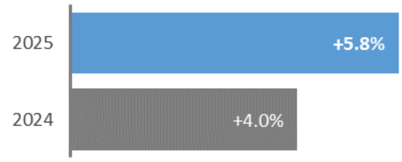
KPIs are designed to measure the development, performance and financial position of the business. The KPIs include Alternative Performance Measures (APM).

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

NEXT Sales APM

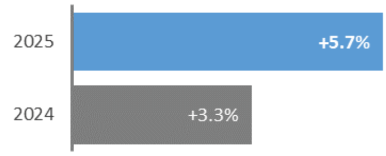
NEXT full price sales[1] growth

+5.8%



Total NEXT trading sales[2] growth

+5.7%



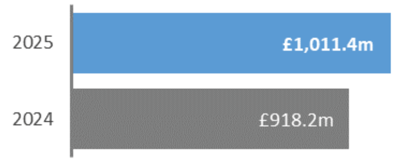
1. Full price sales are VAT exclusive sales of stock items made through NEXT Retail and NEXT Online. It excludes items sold in our sale events and our Clearance operations. It includes Finance income on those sales.

2. Total NEXT trading sales are VAT exclusive full price and markdown sales including the full transaction value of commission based sales and interest income for our Online, Retail and Finance divisions (as described in Note 1 to the financial statements).

NEXT profitability and Earnings Per Share (EPS) APM

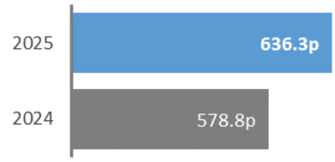
NEXT Group profit before tax[3]

£1,011.4m



NEXT Group post tax EPS[4]

636.3p



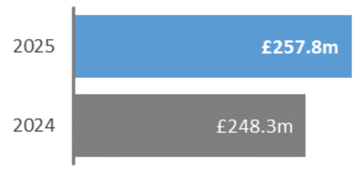
3. For further information on NEXT Group profit before tax, refer to Appendix 1 at page 57 and Appendix 2 at page 60.

4. NEXT Group post tax EPS is pre-amortisation and pre-exceptionals. For further information on EPS, refer to Appendix 1 at page 57.

Returns to shareholders

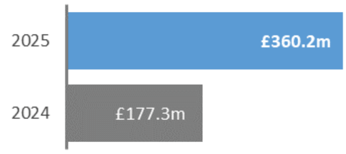
Ordinary dividends[5]

£257.8m



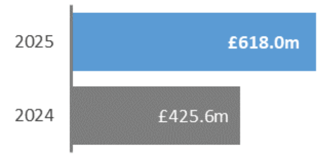
Share buybacks[6]

£360.2m



Total return to shareholders

£618.0m



5. Based on dividends paid in the Cash Flow Statement. Refer to Note 8 to the financial statements.

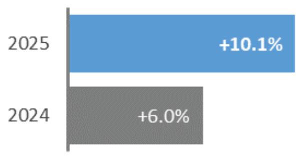
6. A total of 3,780,954 shares were purchased in the financial year (2024: 2,584,970) at an average cost per share of £95.26 (2024: £68.60) including stamp duty and associated costs. The average price before costs was £94.67 (2024: £68.18 excluding the 745,912 shares that were issued in October 2023 in satisfaction of part of the consideration for FatFace).

APM The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, IFRS measurements. Definitions of our APMs and, where appropriate, a reconciliation between an APM and its closest statutory equivalent is provided in the Glossary on page 252 to 256 and Appendix 1 at page 57.

NEXT Online APM

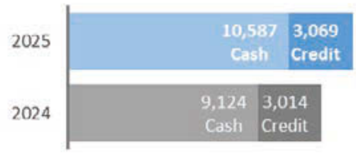
Full price sales growth

+10.1%



Online customers[7] (000's)

10,587/3,069



NEXT Online operating margin

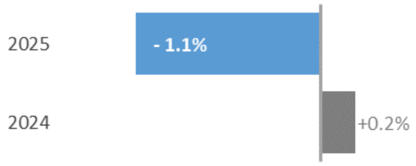
16.5%

7. Total number of customers who have placed an order online in the last 12 months. Expressed as Cash / Credit (000's). Credit customers are those who order using an Online credit account, whereas cash customers are those who pay when ordering (includes overseas).

NEXT Retail APM

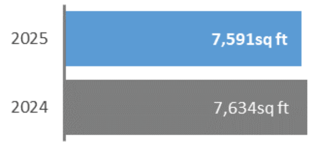
Full price sales growth

-1.1%



Retail selling space sq ft[8] (000's)

7,591sq ft



NEXT Retail operating margin

11.0%

8. Selling space is defined as the trading floor area of a store which excludes stockroom and administration areas and is shown as at the financial year end (excluding Joules, Reiss and FatFace). The square footage excludes 488k sq ft (2024: 471k sq ft) of space occupied by concessions.

NEXT Finance APM

Interest income

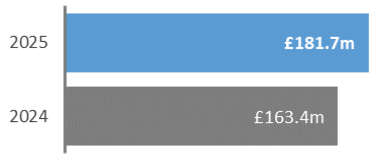
£300.2m

Return on Capital Employed (after cost of funding)[9]

13.6%

Profit (after cost of funding)

£181.7m



9. Return on Capital Employed (ROCE) and cost of funding are defined in the Glossary from pages 252 and explained on pages 44 and 42 of the Chief Executive's Review. Details of how ROCE is calculated is set out in the Glossary on page 256. The 2024 ROCE has been restated (from 13.4%).

RISKS AND UNCERTAINTIES

Risk management and internal control framework

Approach

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

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

Our framework for risk governance

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

Board

- Responsible for ensuring that risk is effectively identified, assessed and managed across the Group.
- Determines the Group's risk appetite.
- Overall responsibility for monitoring and reviewing the effectiveness of risk management and internal control systems.
- Reviews the Group's emerging and principal risks.

Audit Committee

- Monitors the Group's internal financial controls and internal control and risk management systems.
- Supports the Board's robust review of the above.
- Approves the internal audit programme.

First Line

Executive Risk Owners

- Own the corporate risks and perform bi-annual reviews of these risks.
- Ensure that risks are identified, assessed, adequately controlled and mitigated.
- Review and identify existing and emerging risks with the assistance of the risk management team.

Business Risk Owners

- Responsible for ensuring that risks are managed within agreed risk appetite limits.
- Drive design and implementation of controls.
- Review, identify and assess existing and emerging risks twice a year with the assistance of the risk management team.

Second Line

Risk Steering Group

- Review and development of Enterprise Risk Management Framework (ERMF).
- Oversee the development of the Group's risk monitoring, assessment and reporting processes.
- Ongoing consideration of horizon scanning, emerging risks and significant risk events.
- Oversight to ensure effective incident management processes.

Risk Management Team

- Manage and report on the risk registers.
- Work with and challenge risk owners to assess risk and identify controls.
- Implement risk management processes and framework improvements.

Broader Compliance Functions

- NEXT has targeted compliance teams that provide specific guidance and support in managing risks.
- Those teams support Credit, Data, Information Security/Cyber, Product Legislation, Code of Practice/Modern Slavery and Legal risks.
- Each compliance team works closely with the risk management team and business risk owners to understand risks and issues as they arise and put mitigations/controls in place to bring within risk appetite.

Third Line

Internal Audit

- Agree internal audit programme by reference to the Group Risk Register.
- Conduct internal audit programme and report to the Audit Committee.
- Respond to issues as they arise and amend the audit programme accordingly.

How we identify and monitor risk

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

Principal Risks

Corporate Risks

Underpinned by an Enterprise Risk Management Universe, assigned executive risk custodians and used to manage our business risk appetite.

Business Development	Operational	Compliance	Financial
Business Development	Product Design, Production & Service	Legal & Regulatory Compliance	Financial Market
Business Implementation	Marketing & Sales	Health, Safety & Wellbeing Compliance	Balance Sheet Strength & Credit
Brand, Trust & Reputation	Customer Services		Financial Processing & Reporting
Planning, Forecasting & Performance	Stock, Warehousing & Distribution		
	Key Suppliers & Supplier Management		
	People		
	Critical Systems, Information Security		

Component Risks

Map to corporate risks, providing a more granular risk categorisation and reporting capability.

Business Risks

Under the management of and assessed by 20 key business entities, mapped to component risks.

Central Finance	Customer Services
Finance Operations	Technology
Label, Logistics & Total Platform Projects	International
Treasury	Product Operations
Central Finance	Warehousing & Distribution
Legal & Compliance	Product
Brand Marketing	Group Property
eCommerce	3rd Party Brands & LABEL
Retail	Lipsy
Human Resources	NEXT Sourcing

RISKS AND UNCERTAINTIES

The business has been divided into 20 operational areas for risk management, where local business risks are identified, assessed and managed.

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

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

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

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

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

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

- Robust risk identification processes – the bottom up identification of risks is supplemented by top down review by executive directors. The Risk Steering Group also supports the risk identification process by: (1) ensuring that the risks or control issues that give rise to any significant incidents are adequately and accurately captured in the Enterprise Risk Universe; and (2) assisting with the assessment of emerging risks.
- Clear risk ownership and accountability – each business risk has an owner and each corporate risk has an executive director owner.
- Target business risk appetite and oversight – as corporate risk owners, the executive directors are responsible for setting the risk appetite (subject to Board agreement) and overseeing the appropriateness of risk mitigation through designated governance groups. Each principal risk is also mapped to first, second and third line assurance activities.
- Consistency – our 5x5 risk scoring matrix is used to drive consistency of risk assessment and quantification. Inherent risk and residual risk are measured, with each business risk assessed both before and after mitigating controls are applied.
- Key control activities are captured – these are the control activities the business places reliance on to manage risk within target appetite and are subject to Internal Audit review and monitoring.

Evaluation of the effectiveness of risk management and internal control systems

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

- Executive director review – the most significant corporate level risks of the Group, as identified by the risk management process, and their associated controls were assessed in detail by the executive directors. The objective of this top down review was to ensure that the appropriate risks had been accurately captured within the risk management processes described above, that adequate controls were in place to mitigate these risks and that their potential impact had been robustly assessed. The executives also considered the appropriateness of the principal risks identified.
- Audit Committee review – at the January 2025 meeting, management presented the Committee with details of the ERMF, the risk scoring matrix methodology and the ownership and oversight of risks. The Committee also considered the nature and circumstances around significant risk events that had occurred during the year to assess whether they suggested significant failure or weakness in internal controls. An internal financial controls matrix summarising the key processes and oversight of the Group's financial controls was reviewed, with input from senior finance management. The Committee also satisfies itself that management's response to any financial reporting or internal financial control issues identified by the external auditor is appropriate.
- Board review – at their January 2025 meeting, the Board undertook its formal review of the effectiveness of the risk management systems of the Group. Management supported this review by presenting information about the Group's risk management systems and processes, the output of the reviews undertaken by the Audit Committee and the executive directors, information about the most significant business risks and a summary of the type and regularity of key executive director-led risk governance meetings, mapped to the principal risks.

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

- Relevant extracts regarding their responsibilities concerning risk from the Corporate Governance Code, the FRC Guidance on the Strategic Report and also on Risk Management, Internal Control and Related Financial and Business Reporting.
- A review of the Principal Risks identified by other comparable listed companies. This helps to ensure that there are no material gaps in our risk identification or impact assessment.

Following the evaluation process described above, the Board is satisfied that the material controls have been operating effectively for the financial year to January 2025 and up to and including the date of this Annual Report (see page 117 for further details). No significant failings of internal control were identified during these reviews.

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

Climate risk

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

The environmental and climate change related risks are overseen by the Environmental, Social and Governance (ESG) Steering Group, supported by the Risk Management team and are reported to the executives and ultimately the Board. Further details regarding NEXT's climate risks are provided in our Task Force on Climate-related Financial Disclosures (TCFD) disclosures on pages 83 to 89.

Risk appetite

Our approach to risk management aims to bring controllable risks within our appetite and enable our decision making to balance uncertainty against the objective of building shareholder value through long term, sustainable returns for our shareholders and other stakeholders. On page 64 we detail our core principles of doing business and in this section we explain how those principles contribute to managing the business objectives within the Board's risk appetite. Our financial disciplines ensure that each of our business divisions make net margins that are sufficient to allow them to withstand the inevitable vagaries of any consumer facing business. We also ensure that we make healthy returns on capital employed, commensurate with the risks involved in our sector.

Emerging risks

Identification and review of emerging risks are integrated into our risk review process. Emerging risks are those risks or combinations of risks which are often rapidly evolving, for which the impact and probability of occurrence have not yet been fully understood and, consequently, the appropriate mitigations have not yet been fully identified. All risk owners and managers within the business are challenged to consider emerging risks and this is enhanced by formal horizon scans by the executive directors and the Risk Steering Group, and reviewed by the Audit Committee and Board. Key emerging risks that we are monitoring include the uncertain UK macroeconomic outlook and its potential impact on our business and customers and the impact of global geopolitical events which bring an increased risk to our International trade and supply chains (see pages 85 and 87)

Black swan events

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

RISKS AND UNCERTAINTIES

Assessment of principal risks and uncertainties

The directors confirm that they have carried out a robust assessment of the principal risks and uncertainties facing the Group, including any emerging risks and those that would threaten its business model, future performance, solvency or liquidity. Please refer to the Corporate Governance Report on page 117 for further details. After review, the Board agreed that no changes were necessary to the principal risks and uncertainties this year. They did, however, agree to changes to some of the principal risk trends, as indicated in the following pages.

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

The Board is committed to ensuring that the key risks are managed on an ongoing basis and the business operates within its risk appetite and takes into consideration the principal risks of the business when it assesses the long term viability of the business. Although these risks all have the potential to affect future performance, work is undertaken to mitigate and manage these risks such that they should not threaten the overall viability of the business over the three year assessment period (see the viability assessment on pages 77 to 78).

Risk trend

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

Link to strategy

- ● (red) Improving and developing our product ranges
- ● (light green) Maximising the profitability of retail selling space
- ● (purple) Increasing the number of profitable NEXT Online customers
- ● (light blue) Managing margins
- ● (orange) Focusing on customer experience and satisfaction
- ● (dark blue) Maintaining the Group's financial strength
- ● (green) Generating and returning surplus cash to shareholders

Principal risk and description	How we manage or mitigate the risk

Business strategy development and implementation

Principal risk and description

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

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

How we manage or mitigate the risk

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

Principal risk and description	How we manage or mitigate the risk

Product design and selection

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

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

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

Link to strategy	
Risk Trend	↔

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

Key suppliers and supply chain management

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

Changes in global manufacturing capacity, costs and logistics may impact profit margins. Pressure has increased on global supply chains; the Middle East conflict has increased shipping transit times and there has been some disruption to product availability due to ongoing civil unrest and labour disputes in Bangladesh.

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

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

Link to strategy	
Risk Trend	↑

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

RISKS AND UNCERTAINTIES

Principal risk and description	How we manage or mitigate the risk

Warehousing and distribution

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

Increasing choice in the products NEXT sells has been central to the development of our Online platform, but the proliferation of unique items, along with a shift from Retail to Online sales, has presented our warehouse operations with significant challenges.

Link to strategy	● ● ●
Risk Trend	↔

- Our new boxed warehouse, Elmsall 3, has delivered further improvements in capacity with significant progress in 2024 and remains a work in progress with further automation to be rolled out in 2025. This helps increase resilience and reduce the risk of capacity issues with business growth.
- Planning processes are in place to ensure there is sufficient warehouse handling capacity for expected future business volumes over the short and longer terms.
- Service levels, warehouse handling, inbound logistics and delivery costs are continually monitored to ensure goods are delivered to our warehouses, Retail stores and Online customers in a timely and cost-efficient manner.
- Our warehouse leadership team meets regularly to assess the opportunities and risks in our warehouse and distribution network.
- Business continuity plans and insurance are in place to mitigate the impact of business interruption.
- The Board has approved and keeps under regular review an extensive warehouse investment programme to accommodate further Online growth and transfer in customer demand from Retail to Online (see page 18 for further details).

Business critical systems

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

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

Link to strategy	● ●
Risk Trend	↔

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

Principal risk and description	How we manage or mitigate the risk

Management of long term liabilities and capital expenditure

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

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

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

Link to strategy	● ● ● ●
Risk Trend	↘

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

Information security, data protection, business continuity and cyber risk

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

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

Link to strategy	● ●
Risk Trend	↔

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

RISKS AND UNCERTAINTIES

Principal risk and description	How we manage or mitigate the risk

Financial, treasury, liquidity and credit risks

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

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

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

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

NEXT is also exposed to credit risk, particularly in respect of our Online customer receivables, which at £1.5bn represents the largest item on the Group Balance Sheet.

Link to strategy	
Risk Trend	↓

- NEXT operates a centralised Treasury Function which operates under a Board approved Treasury Policy. Approved counterparty and other limits are in place to mitigate NEXT's exposure to counterparty failure. Further details of the Group's treasury operations are given in Note 30 to the financial statements.
- The Group's debt position, available liquidity and cash flow projections improved during 2024 and are regularly monitored and reported to the Board. The Board will agree funding for the Group in advance of its requirement to mitigate exposure to illiquid market conditions.
- The Group manages the financing of its debt and liquidity to ensure it maintains its long-standing investment grade credit rating.
- The Board keeps under review the cash generation levers available to it, including the potential quantum and timescales of initiatives to reduce debt and realise cash.
- NEXT has a Treasury Committee which includes the Chief Financial Officer. The Treasury Committee usually meets weekly to review the Group's treasury and liquidity risks including foreign exchange exposures.
- Rigorous procedures are in place with regards to our credit account customers, including the use of external credit reference agencies and applying set risk criteria before acceptance. These procedures are regularly reviewed and updated.
- Continual monitoring of our credit customers' payment behaviours and credit take-up levels is in place.
- The Board and Audit Committee receive regular updates throughout the year regarding the customer credit business.

Legal, regulatory and ethical standards compliance

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

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

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

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

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

Link to strategy	
Risk Trend	↗

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

VIABILITY ASSESSMENT

Statement of viability

The directors have assessed the prospects of the Group by reference to its current financial position, its recent and historical financial performance and forecasts, its business model and strategy (pages 64 to 65) and the principal risks and mitigating factors described on pages 72 to 76. In addition, the directors regularly review the financing position of the Group and its projected funding position and requirements.

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

The Group has maintained its net debt (excluding leases) comfortably within its available facilities with headroom of £0.6bn at the year end. During the year the Group exercised the option to extend its revolving credit facility from 2028 to 2029. In doing so it has secured access to £425m of funds over the period of the viability assessment.

During the period of assessment both the 2025 and 2026 bonds fall due for repayment. The Board expects that, given NEXT's current investment grade credit rating and strong performance, it would be able to renew or replace these bonds well ahead of maturity. However, the assessment of the viability of the Group is not dependent on securing this financing. In respect of the 2025 Bond, the Group has been building its cash reserves so that it has additional flexibility to settle in cash if this is considered more cost effective at the relevant time.

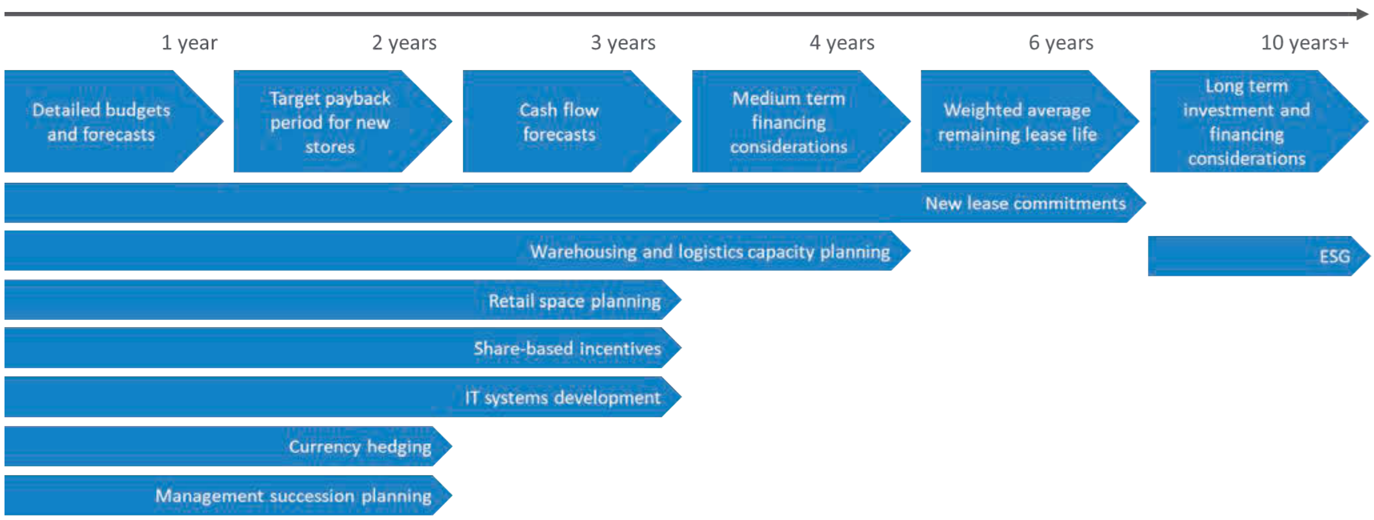
The Board considers that this headroom, coupled with the highly cash generative nature of the business and the available cash levers (described overleaf), provide a strong degree of financial resilience and flexibility.

Assessment period

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

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

While the period of assessment was based on a three year horizon, the Board recognises that a significant portion of the Group's external bond debt matures in 2025 and 2026 (years one and two of the assessment period). Therefore the viability assessment gave specific consideration to the Group's ability to repay and/or refinance these debts as they fall due. Based on a forecast which is consistent with the actual levels of profit and cash realised in the year to January 2025, it concluded that the Group would have sufficient funds to repay or secure refinancing of the bonds as they mature.



Strategic Report

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VIABILITY ASSESSMENT

Assessment of viability

Viability has been assessed by:

- Preparation of a three year viability model, with year one based on our profit guidance (NEXT Group Profit Before Tax) for the year ending January 2026 (see page 25) of £1,066m and a cash generation, before distributions, in excess of £700m. Thereafter, it assumes that the Group sales and profit remain flat, with a decline in Retail sales being offset by growth in the Online, Finance and Total Platform divisions. This is considered a base case model for viability testing purposes.
- 'Top-down' sensitivity and stress testing is then applied to this model. This included a review of the three year cash projections which were then stress tested to determine the extent to which sales, and hence trading cash flows, would need to deteriorate before breaching the Group's facilities or financial covenants. This was both before and after anticipated shareholder distributions, and assuming that any bank facilities (i.e. the bonds) which expire during the period are not replaced. The current facilities of the Group include a revolving credit facility of £425m (maturity date: 2029) and it has financial covenants across its debt relating to interest cover, gearing and an EBIT to debt ratio.
- This testing indicated that the business could withstand a sustained decline in sales, against its base case, across the entire business, of more than 25% over a 12 month period and still remain within its existing financing facilities and covenants. This assessment did not require the business to seek any additional or new external financing.
- Specific consideration was also given to the impact caused by a 'black swan' event which results in a significant and sustained disruption to the business. This scenario modelled the impact of the total closure of the business for two months followed by a gradual recovery in sales over the subsequent four month period. In this scenario, the business was able to remain within its finance facilities and covenants through the use of mitigating actions, including the sale of shares in the ESOT and the deferral of non-essential capital expenditure.
- Considering the likelihood and impact of severe but plausible scenarios in relation to each of the principal risks as described on pages 72 to 76. These principal risks were assessed, both individually and collectively, taking into consideration a broad range of mitigating actions and cash levers that might be utilised in particular situations. These mitigating actions include a mix of cost saving measures (such as a deferral of capital expenditure and cancellation of stock purchases) and the ability to realise additional cash inflows from financing or other initiatives (such as the sale of ESOT shares or assets). Whilst all the principal risks have the potential to affect future performance, none of them are considered likely either individually or collectively to give rise to a trading deterioration of the magnitude indicated by the stress testing and to threaten the viability of the business over the three year assessment period.

Viability statement

Based on this review, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and to meet its liabilities as they fall due over the three year period to 29 January 2028.

CORPORATE RESPONSIBILITY

Contents

What being a responsible business means to us

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

We continue to evolve a lower carbon business model to try and contribute toward a climate-resilient economy. This year we undertook a double materiality assessment, being the process under the delayed Corporate Sustainability Reporting Directive to help companies identify and prioritise sustainability issues that are relevant to both their business and their stakeholders,. to reinforce our focus on the most material impacts, risks and opportunities for the business and to support the development of our Transition Plan to Net Zero.

Global issues such as responsible sourcing, human rights and climate-related matters remain key areas of focus. Within this report you can read about:

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

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

Our principles

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

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

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

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

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

Jonathan Blanchard
Chief Financial Officer
27 March 2025

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

canopy
ROADMAP TO ZERO
The ZDHC Foundation
Textile Exchange
BRC CLIMATE ACTION ROADMAP
RE100
CLIMATE GROUP EV100
SCIENCE BASED TARGETS
Textiles 2030
LEATHER WORKING GROUP
Cascale
worldly

CORPORATE RESPONSIBILITY

ENVIRONMENT

Our environmental reporting comprises a number of sections:

Our commitment

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

Rankings

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

- Constituent of the FTSE4Good Index.
- Sustainalytics: 16.6 risk rating (low risk), ranked 172 out of 461 in our industry (retail).
- MSCI: ESG rating AA (Leader).
- CDP: Climate change: B, Forests: C, Water security: B-.

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

In accordance with the disclosure requirements for listed companies under the Companies Act 2006, the table below shows the Group's SECR disclosure across Scope 1 and 2 together with an appropriate intensity metric and our total energy use of gas, electricity and other fuels during the financial year. The reported emissions data for 2025 includes NEXT plc and those of its subsidiaries in which it has a controlling interest. Emissions from Reiss, FatFace and Joules are now consolidated in our reporting and appear in the figures for 2025 in the table below. Our 2024 figures do not include Reiss and FatFace, but do include Joules.

	Unit	2025		2024	
Greenhouse Gas (GHG) Emissions[1]	tonnes CO_2e	**UK**	**Global**	UK	Global
Scope 1[2]		**42,604**	**43,332** A	44,059 RS (43,343)	44,718 RS (44,001)
Scope 2 – Location Based[3]		**36,125**	**42,152** A	40,190	43,373
Scope 2 – Market Based[4]		**0**	**3,756** A	0	3,184
Total Scope 1 & 2 Location Based		**78,729**	**85,484** A	84,249 RS (83,533)	88,091 RS (87,374)
Total Scope 1 & 2 Market Based		**42,604**	**47,088** A	44,059 RS (43,343)	47,902 RS (47,185)
Energy consumption[5]	kWh				
Electricity Purchased		**174,475,742**	**191,774,438**	194,086,147	200,167,830
Renewable Electricity Generated		**6,198,261**	**6,198,261**	5,113,440	5,113,440
Natural Gas		**39,115,657**	**39,435,841**	44,919,207 RS (41,009,976)	44,926,737 RS (41,009,976)
Fuel Oil		**0**	**28,745**	0	0
Gas Oil		**382,609**	**382,609**	334,388	334,388
Diesel		**134,551,684**	**135,066,499**	141,512,840	142,088,152
Petrol (including plug-in hybrid)		**6,079,379**	**6,612,397**	4,139,079	4,541,148
LPG		**173,887**	**478,637**	25,027	274,837
Total Energy Consumption		**360,977,218**	**379,977,427** A	390,130,129 RS (386,220,897)	397,446,532 RS (393,529,771)
Intensity metric[6]					
Location Based	tonnes of CO_2e/total sales (£m)	**12**	**13**	15	16 RS (15)
Market Based	tonnes of CO_2e/total sales (£m)	**7**	**7**	8	8

1. The methodology used to calculate our emissions aligns with our global direct carbon footprint and is measured in alignment with the GHG Protocol Corporate Accounting and Reporting Standard and RE100 reporting parameters. We adopt the conventional approach in calculating our carbon emissions through the collection of primary, secondary, or tertiary data in their source units (e.g. kilowatt-hours (kWh), litres (L), kilograms (kg), kilometres (km) etc.). The consumption figures relating to each energy source are converted into carbon emissions by applying the relevant carbon conversion factor. Factors are updated annually using the most recent factors published by the UK Department for Energy Security and Net Zero and the UK Department for Environment, Food and Rural Affairs (DEFRA); 2024 is the most recent accessible update.
2. Scope 1 being emissions from combustion of fuel and refrigerant gas losses.
3. Scope 2 being electricity (from location based calculations), heat, steam and cooling purchased for the Group's own use.
4. The calculation of market based emissions is based on our energy suppliers fulfilling their contractual obligations under the terms of renewable tariffs to back all energy supplied to all of their customers on such tariffs. As members of RE100, our approach is informed by the RE100 quality criteria and GHG protocol guidance. RE100 requires claims to use of renewable electricity to be based on generation occurring in the same market for renewable electricity that use is claimed in, this includes the single market in Europe. The revised RE guidance published in December 2022 provided an updated list of countries

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

5. Energy from electricity, natural gas, gas oil, transport fuel and LPG have been included. We have used the 2024 DEFRA GHG conversion factors for company reporting to convert from passenger miles in company-owned vehicles to kWh.
6. We use tonnes of CO_2e/Total Sales (£m) as our intensity metric. Sales used in the calculation of our intensity metric are based on the Total NEXT Trading Sales and the gross transaction value of sales from our Total Platform, Franchise, Sourcing and other divisions. Total NEXT trading sales is defined in the Glossary on page 256.

Ⓐ This data was subject to external independent limited assurance by PricewaterhouseCoopers LLP (PwC). For the results of that assurance, see PwC's report and NEXT's 2025 Reporting Principles and Criteria which can be found on our corporate website at nextplc.co.uk.

(RS) Restated from prior year, see Carbon emissions calculations, Gas, below.

Changes in our SECR

This year, there has been a reduction in our Scope 1 and 2 emissions due to: (1) milder weather, meaning less gas and electricity consumed for gas heating and electric heating, ventilation and cooling; (2) the closure of our Toftshaw warehouse in September; (3) a new, better insulated roof at our Stadium warehouse; and (4) optimisation work on the steam tunnels in our Stadium warehouse. Previously these machines operated 24/7, which has reduced to 12 hours per day with an auto shut-down if the machine does not see a garment for 15 minutes.

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

- Expanded our commitment to using renewable energy by signing a new 15 year Power Purchase Agreement, giving us 26GW of renewable electricity per annum.
- Installed over 3,000 more solar panels at our Stadium warehouse, generating approximately 1.2m kWh of renewable energy per annum.
- Estate LED installation completed, with roll out across all 455 UK stores and commencement of a Generation 1 LED replacement programme replacing end of life LEDs with later technology that delivers the same light for less energy.
- Roll out of Active Energy Management programme in NEXT Retail stores and at NEXT Head Office with heating, ventilation and cooling equipment being turned off outside trading/office hours.

Carbon emissions calculations

Gas: Our natural gas figures have been restated. We perform an annual review comparing the prior period's natural gas data against a re-run of the data performed after year-end. We identified two sites at which meters had been replaced in the prior year. For one meter, the actual consumption was under-estimated by the supplier and for the other meter the data provided was associated with an old, broken meter. These sites were re-billed during the current year, with an increase in usage for the 52 week period ended 27 January 2024 which meets our materiality threshold for restatement. The gas usage has therefore been restated from 41,009,976 kWh to 44,926,737 kWh which impacts the total energy consumption. In mid 2024, we increased data collection coverage across our estate to reduce the risk of this error being repeated in future periods.

This appears in our SECR and GHG emissions tables. In SECR, the change to the Total Global Scope 1 & 2 Location Based is 717 tCO_2e (+1%) and while this is below our restatement threshold, the Scope 1 and Total Scope 1 & 2 GHG emissions metrics have been updated for consistency.

Scope 3: During the year, we carried out a boundary review of our Scope 3 categories. Through this review we assessed the impact of our recently acquired companies on our Scope 3 baseline as well as our Scope 1 and 2 baseline, and the impact did not meet our materiality threshold. We did, however, identify an opportunity to improve emissions factors and methodologies to strengthen our approach. Whilst this is not material for our baseline year, we also reviewed prior year data through this lens and identified duplication within purchased goods data, and data errors within upstream and downstream transportation and distribution data, which had resulted in an overstatement of our carbon impact -12.4% (-282,080 tCO_2e).

The consequence of combining these methodological changes and the error correction leads to an overall impact on our Scope 3 number of -10.7%. We have restated these numbers within this report. The baseline data is not impacted by the same duplication and the impact of methodology changes are not material, so we will not be restating our baseline.

The prior year figures in the SECR table on page 80, the GHG emissions table on page 82 and the metrics and targets table on page 88 which have been restated are marked with the symbol (RS).

Renewable energy

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

CORPORATE RESPONSIBILITY

Carbon footprint – including Scope 3

Due to the nature of our business, most of our carbon footprint falls outside of our direct control and is reported under our Scope 3 emissions. Our Scope 3 total emissions disclosure (CO_2e) covers the complete lifecycle of all the products we sell, including branded items sold through LABEL and Total Platform. As FatFace transitioned into our warehouse operations in September 2024, part way through the reporting period, only sales of their products through LABEL from that point are included[1].

Our Scope 3 disclosure extends from the production of raw materials through to the manufacture, transport, how our customers use and care for them and the eventual end of life treatment of the products we sell. The emissions have been estimated in line with the GHG Protocol Corporate Accounting and Reporting Standard and are based on a combination of internal data coupled with the best available public sources on CO_2 emissions factors using conservative assumptions.

Our total Scope 3 emissions are reported in the table below, together with our Scope 1 and 2 (location based) emissions. Our carbon reduction targets are set out on page 88.

	Tonnes of CO_2e			Var %
Greenhouse Gas (GHG) Emissions[1]	**2025**	2024		
Scope 1	**43,332** (A)	44,718 (RS)	(44,001)	-3%
Scope 2 – Location Based	**42,152** (A)	43,373		-3%
Scope 3	**2,428,999**	2,030,910 (RS)	(2,275,389)	20%
Total Carbon	**2,514,483**	2,119,001 (RS)	(2,362,763)	19%
Scope 1	**43,332** (A)	44,718 (RS)	(44,001)	
Gas Heating (stores, offices, warehouses)	**7,231**	8,218 (RS)	(7,502)	-12%
NEXT Owned Distribution Vehicles	**32,007**	33,219		-4%
NEXT Owned Cars	**1,686**	1,675		1%
Building (diesel, oil, refrigerant gases)	**2,307**	1,552		49%
Machinery (LPG)	**101**	54		87%
Scope 2 - Location Based	**42,152** (A)	43,373		
NEXT Group Purchased Consumption	**42,152**	43,373		-3%
Scope 3[2]	**2,428,999**	2,030,910 (RS)	(2,275,389)	20%
Scope 3 - Subtotal subject to assurance	**106,513** (A)	79,030 (RS)	(74,459)	35%
Downstream Transportation and Distribution	**84,683**	62,878 (RS)	(59,868)	35%
Business Travel	**21,150**	14,633 (RS)	(13,072)	45%
Waste Generated in Operations	**680**	1,519		-55%
Scope 3 - Subtotal not subject to assurance	**2,322,486**	1,951,880 (RS)	(2,200,930)	19%
Purchased Goods and Services	**1,512,724**	1,204,442 (RS)	(1,394,622)	26%
Use of Sold Products	**521,318**	484,161 (RS)	(574,636)	8%
Upstream Transportation and Distribution	**170,634**	162,994 (RS)	(135,475)	5%
Employee Commuting	**42,905**	33,101 (RS)	(26,252)	30%
Fuel and Energy Related Activities	**23,149**	24,031		-4%
End of Life Treatment of Sold Products	**30,286**	22,419 (RS)	(25,182)	35%
Capital Goods	**21,470**	20,732		4%

1. The methodology used to calculate our emissions for 2025 is set out in our Reporting Principles & Criteria which can be found on our corporate website at nextplc.co.uk. Reiss, Joules and FatFace are included in the Scope 1 and Scope 2 data. For Scope 3, data is included for Reiss and Joules with partial data for FatFace, which is for the portion of the period when stock began travelling through the NEXT warehouse as a result of FatFace becoming a TP client. Our 2024 data does not include Reiss or FatFace but does include Joules for Scopes 1,2 and part of Scope 3.

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

(RS) Restated from prior year. See Carbon emissions calculations, Gas and Scope 3, on page 81.

(A) This data was subject to external independent limited assurance by PwC. For the results of that assurance, see PwC's report and NEXT's 2025 Reporting Principles and Criteria which can be found on our corporate website at nextplc.co.uk.

Changes in our GHG Scope 3 absolute emissions

The increase in our Scope 3 emissions has been driven by:

- the downward restatement of many of last years' figures;
- the increase in the size of our business (significant uplift in sales of NEXT products and the addition of Reiss and FatFace to our figures); and
- a change in our product mix, with the overall weight of our product sold increasing at a greater pace than the growth of the business. This was influenced by higher sales of NEXT Home, Bath & Body Works and FatFace products that are more carbon intensive.

Purchased Goods remains the biggest category of impact. We continue to focus on the use of more responsible materials whilst we are gathering data from our supply chain to understand where we can best support energy reduction

Task Force on Climate-related Financial Disclosures (TCFD)

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

NEXT recognises that climate change poses challenges for our business and supply chain. We are looking at the ways in which we can best support the Paris Agreement on climate to limit the rise in global temperatures to well below 2°C. Accurate and relevant disclosures are essential to demonstrate progress and ensure stakeholder accountability. Whilst reporting frameworks surrounding sustainability are still being developed and are evolving, reporting helps us set a baseline from which appropriate and meaningful actions can be measured.

Statement of consistency

NEXT's climate-related disclosures are consistent with the recommendations and recommended disclosures set out in 'Section C – All Sector Guidance' within the Supplementary Guidance Report 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures' published in 2021 of the TCFD, and in compliance with the requirements of UK Listing Rule 6.6.6(8)(a). These disclosures set out how NEXT incorporates climate-related risks and opportunities into governance, strategy, risk management, what we are doing to reduce our environmental impact and our key metrics and targets.

CORPORATE RESPONSIBILITY

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

Our governance structure around ESG-related activities is relatively simple. This allows emerging issues and matters for decisions to be escalated quickly.

BOARD
- Has delegated oversight of ESG matters to the Audit Committee.
- Is updated after each Committee meeting.

CHIEF FINANCIAL OFFICER
- Executive sponsor of ESG matters.
- Receives updates on ESG matters throughout the year from key stakeholders.

REMUNERATION COMMITTEE
- Considers if and how ESG metrics should be included in variable pay arrangements of executive directors, see page 129.

AUDIT COMMITTEE
- Considers ESG risks (including materiality), opportunities and any impact on financial statements.
- Monitors progress against goals/targets and adherence to sustainability principles.
- Receives an ESG report from senior managers at each meeting.
- Makes recommendations on all ESG matters to the Board.

ESG STEERING GROUP
- Meets quarterly, focusing on ESG targets, responsible business activity, reporting and calibrating ESG performance against peers.
- Chaired by the Legal & Compliance Director and attended by the Deputy Company Secretary and Heads of Supplier Ethical Compliance and Sustainability.

a) Describe the Board's oversight of climate-related risks and opportunities

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

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

Wider governance arrangements

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

- The Nomination Committee is responsible for ensuring the Board has appropriate knowledge and expertise to assess the climate-related issues NEXT faces in the short, medium and longer term.
- The Remuneration Committee considers whether the inclusion of ESG-related targets should be included in pay arrangements. While a specific ESG metric is not included in targets for performance-related pay for executive directors, the Remuneration Committee reserves the discretion to reduce variable pay in certain circumstances which could be evoked if a material ESG failure came to light.
- An ESG Steering Group meets quarterly to oversee our ESG workstreams, targets and emerging ESG risks. Climate-related issues are central to the ESG matters the Steering Group considers.

ESG STRATEGY
Meet business objectives whilst ensuring we 'do the right thing' on Environmental, Social and Governance matters.

ESG TARGETS
Underpinning the commitment to do the right thing with transparent, challenging but achievable targets.

RESPONSIBLE BUSINESS ACTIVITY
Prioritising, engaging and supporting the business to move forward initiatives that assist in meeting our targets.

REPORTING
Internal and external reporting to measure progress and provide a level of accountability on our actions.

CALIBRATING AND ADJUSTING
Taking regular stock of how we are performing against our peers and ensuring we are positioned where we want to be and where our stakeholders would expect us to be.

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

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

Senior management are responsible for managing on a day-to-day basis the climate-related risks and opportunities of the business. This year we engaged an external climate risk consulting firm to update our climate opportunity and risk assessment which was first carried out in 2021. They have helped us assess the financial impacts of those risks and opportunities and revisit our scenario analysis of business resilience under a range of climate scenarios. We explain more about the risks and opportunities on page 86 and our findings of the scenario analysis on page 87.

Climate-related risks are assessed as part of our overarching risk management framework; for further information please see page 71.

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

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

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

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

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

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

The risks identified during our analysis are more likely to present themselves in the medium or long term. Having assessed and modelled the risks, we believe that there is still no material financial risk or threat to our business model. In this context, materiality, in terms of potential impact, is the threshold at which we believe a risk becomes sufficiently important to our investors and other stakeholders that it should be publicly reported. We will continue to review this as we develop our Transition Plan Towards Net Zero which is explained in more detail on page 90.

The risk management recommendations arising from our climate change scenario analysis (further details on page 87) were:

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

The majority of NEXT's exposure to the impact of increased policy and regulation and the area where greater understanding is being developed is in our supply chain, so continuing our supply chain mapping and engagement through the Higg Index is key to identifying and reducing our exposure. We are members of Cascale (formerly the Sustainable Apparel Coalition) and this membership gives us access to a range of tools to support the standardised measurement of sustainability from our supply chain. The most significant thing the business can do to reduce exposure to this risk is to reduce the carbon intensity of its supply chain and operations.

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

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

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

CORPORATE RESPONSIBILITY

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

Risks

We have considered the potential for the financial statements to be impacted by climate change, with a particular focus on long term assets. Of the assets on our balance sheet which might be considered to be at risk from climate change, the majority of our plant, property and equipment are warehouses, retail stores, plant and machinery and shop fittings in the UK. These assets have a useful remaining life of less than 10 years other than the leases on our Head Office and warehouses. These assets are not considered to be at material risk of any physical impacts or transitional risks arising from climate change. No climate-related matters have been identified which would materially impact intangible assets.

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

Opportunities

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

- Reduced energy spend through energy-saving measures which incorporate renewable energy.
- Clothing donation schemes.

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

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

Our climate change scenario analysis

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

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

Scenarios and timeframes assessed

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

We examined three climate scenarios against two timeframes for the purposes of our analysis. The time frames we selected were to 2030 and 2050.

The three scenarios we considered were as follows:

Scenario	Description	Reference data[1] used in analysis
Early transition	Gradual and deliberate shift towards a low-carbon economy with the outcome of successfully limiting global average temperature increase within 2°C by 2100.	Scenario based: UNFCCC's SSP1 Physical risk scenario: RCP 2.6
Late transition	Sudden shift towards low-carbon economy with governments making dramatic policy interventions to make up for a late start. Global average temperature increase to be kept within 2°C by 2100.	Scenario based: UNFCCC's SSP1/ UNFCCC's SSP2 Physical risk scenario: RCP 2.6
Hothouse world	Continuation of current projection of carbon emissions without any significant abatement or mitigation. Likely to result in average global temperature increase of >4°C.	Scenario based: UNFCCC's SSPs 2-5 w Physical risk scenario: RCP8.5

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

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

Overview of our findings

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

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

In updating the scenario analysis and timeframe, the scenario data has moved the peak impact assessment from late transition to early transition. Were carbon and utility prices and/or taxes to be introduced, the impact on NEXT would be greater compared to the outcome modelled in the 2021 analysis. The underlying reason for this is that the carbon prices in the latest Network for Greening the Financial System datasets for the early transition scenario have increased compared to other scenarios.

The analysis suggests that NEXT is most exposed to transition risk up to 2050. This is due to:

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

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

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

Risk type	Risk	Potential impact	Mitigation/Business response
Transition	Increased regulation on product composition or mix	Increase in the raw material costs across the core fabrics we use.	We already closely monitor the implementation of any policies related to products to ensure we comply with appropriate safety regulations. We will continue to monitor product legislation policies with a view to identifying potential direct operating costs of the business that relate to climate change.
Transition and Market	Introduction of climate sanctions	Tax levied on imports from countries with a less environmentally friendly regime.	Balanced sourcing of product suppliers should reduce exposure to this risk.
Transition	Increased pricing of greenhouse gas emissions	Failure to comply with regulations to reduce our environmental footprint.	Pay attention to any future policy proposed which may increase direct operating costs of the business through carbon taxes. Working to achieve the climate goals will reduce any cost risks.
Physical	Increasingly extreme weather events affecting suppliers' operations	Factories located in low-lying areas could be at risk of flooding. A severe weather event could lead to supply disruption and loss of materials in the short term and increased insurance costs over the long term.	NEXT Sourcing, our overseas sourcing operation, undertook an environmental impact assessment for supplier factories in China, Bangladesh and India to model the potential impact of flooding. It is considered that there would be little production risk but likely delays in getting product to ports for onward transportation. The key mitigation would be to send critical stock by air freight where necessary. The financial impact of doing so would be immaterial. The potential increase in costs to insure buildings in those areas or move them altogether is a long term risk. We did experience some flooding near our factory sites in Sri Lanka in 2024. This had minimal business impact. Some workers were unable to reach the sites for a short period. Worker wellbeing was supported in collaboration with local partners. In addition to NEXT Sourcing, we source from a number of suppliers which provides us with a diversity across different geographies.
Physical	Severe crop failure in cotton supply chain	A severe adverse weather event could cause widespread crop failure. This could lead to supply disruption, increased raw material prices, and a decrease in the quality of products in the short term.	In order to have a significant impact on the business, there would need to be a significant systemic global failure of crops. Mitigations would include passing on the increased cost to the consumer or blending materials together.

CORPORATE RESPONSIBILITY

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

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

We include climate-related risks within our overall integrated risk management framework and any risks identified are subject to the same process and managed in line with all other risks. For further detail on our risk management framework and processes please see pages 68 to 71.

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

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

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

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

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

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

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

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

NEXT's metrics and targets are used to help us understand our progress and to identify opportunities and risks. These span a number of topics set out in more detail below and are collectively used to assist in the determination of our priorities. Our primary current targets are set out in the table below and on pages 80 to 82 for our SECR and GHG disclosures.

Metrics and targets

Strategic goal	Deadline	Progress achieved at January 2025	Measures
Responsible Sourcing Approach[1]	2030	In progress – 65% (2024: 59%)	Source 100% of our main raw materials through known, responsible or certified routes by 2030.
Reduce Scope 1 & 2 carbon emissions[2]	2030	In progress – 47% reduction (2024: 46%)	Reduce Scope 1 & 2 absolute carbon emissions by 55% against an absolute baseline of 2016/17 (SBTi).
Reduce Scope 3 carbon emissions[3]	2030	In progress – 29% (2024: 33% ⓇⓈ (28%))	Reduce Scope 3 emissions by 40% per £1m of sales against a relative baseline of 2019/20 (SBTi).
Divert operational waste from landfill	Ongoing[4]	Achieved – 97% (2024: 96%)	Divert at least 95% of operational waste from landfill through recycling.
EV100 Pledge[5]	2030	We have 967 (2024: 858) Company Cars in our UK fleet, of which 336 (2024: 212) are fully electric (35%)(2024: 25%). We have 363 (2024: 360) charging points across our network with 69 at Head Office.	100% of vehicles up to 3.5 tonnes to be electric. Charging points across all staff sites. Charging points across all customer sites (car parks with sole use).
RE100 Pledge	2030	In progress – 96% (2024: 97%)	100% of electricity purchased to be certified renewable globally.

1. Source 100% of our main raw materials through known, responsible or certified routes by 2030

We do not source raw materials directly, so our main focus is on supporting our commercial buying teams and working closely with them to influence positive sourcing and manufacturing decisions. We have an internal 'Responsible Sourcing Manual' which gives our commercial teams guidance on more sustainable materials. Last year we evolved our methodology to make it more accurate by reference to total weight of product rather than the number of products. In addition, we are improving our visibility of the different tiers of our supply chain to ensure the materials used in our products are sourced and manufactured responsibly. We have a clear responsible sourcing strategy to source 100% of main raw materials through known, responsible or certified routes by 2030.

2. Reduce Scope 1 & 2 absolute carbon emissions by 55%

See Changes in our SECR on page 81 for details on reduction in our Scope 1 and 2 carbon emissions.

3. Reduce our Scope 3 emissions by encouraging our supply chain to improve energy efficiency and reduce carbon emissions

See Carbon emissions calculations, Scope 3 on page 81 and Changes in our GHG Scope 3 emissions on page 83 for details on Scope 3 changes.

We are members of Cascale who own and develop the Higg Index (available through the Worldly platform), which gives us access to a suite of tools to support the standardised measurement of sustainability from our supply chain. In addition, we use the BRC's Climate Action Roadmap which is a framework to guide the retail industry to net zero by 2040. As a founding signatory to the Roadmap we commit to working with other retailers, suppliers, Governments and stakeholders, and to support customers, to collectively deliver the industry's net zero ambition.

4. Waste management

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

5. Reduce emissions caused by transport

One of the main elements within our control is our Scope 1 transport emissions. We have continued to review and test EVs with a view to replacing our existing fleet as soon as possible. Unfortunately technology does not appear to be developing as fast as we anticipated, as the distance range of the vehicles currently available cannot meet our needs. We will continue to review the position with the intention to move to EV or alternatives as soon as vehicles are available that are viable and commercially reasonable.

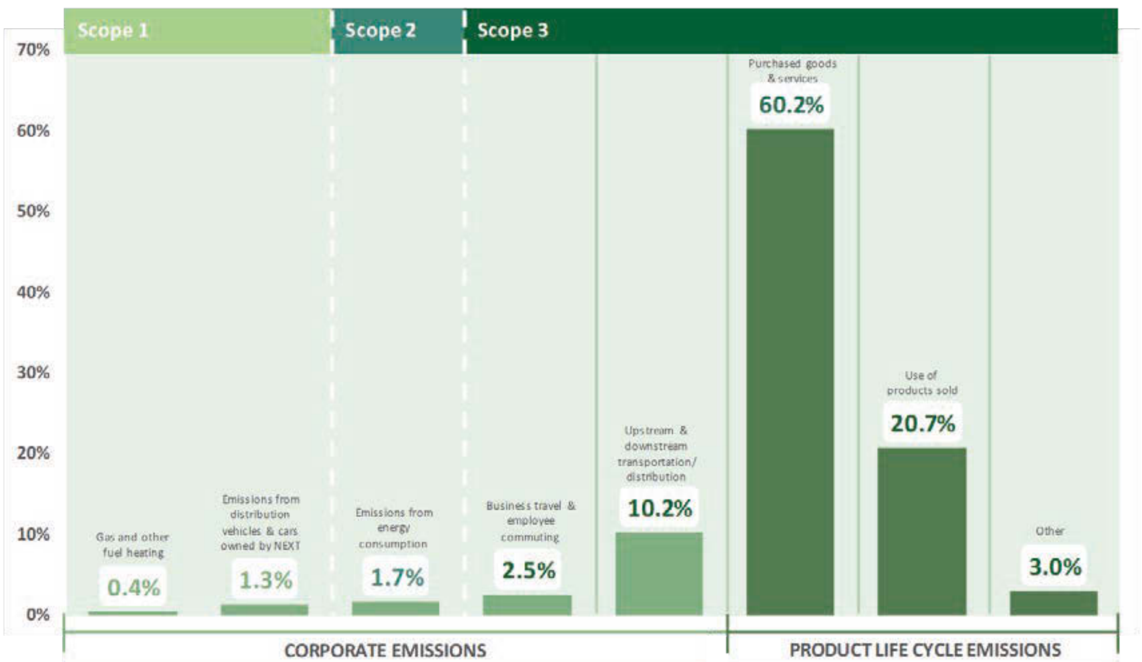
Strategy

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

- The direct and potential impact of climate change on our operations, identified through assessing our risks and opportunities in the short, medium and long term and also climate change scenario analysis.
- Our commitment to reducing our Scope 1, 2 and 3 emissions, which have been set to align with the GHG (Greenhouse Gas) Protocol. Our Scope 1 and 2 targets are consistent with achieving a 1.5 degree reduction in line with the SBTi pathway. We also commit to reduce Scope 3 emissions by 40% per £1m of sales and Scope 3 emissions from indirect use of sold products by 40% per £1m of sales by 2030. We gained SBTi approval for our targets in July 2021.
- Industry trends with a potential environmental impact.
- Regulation, guidance and stakeholder expectations.

Our Scope 1, 2, 3 and GHG emissions are disclosed on pages 80 to 82. A further breakdown of our 2024/25 emissions is set out in the chart below.

Breakdown of our 2024/25 emissions



CORPORATE RESPONSIBILITY

Climate Transition Plan

Whilst not yet mandated, we recognise that having a Transition Plan to Net Zero is likely to be required in the next few years. By Net Zero, we mean setting corporate net zero targets to reduce our Scope 1, 2, 3 and residual emissions in line with the SBTi Corporate Net Zero Standard. We are continuing with our work in setting out our objectives and priorities which make up our ambition for achieving Net Zero. This year we undertook a double materiality assessment as part of the groundwork for setting our Transition Plan to Net Zero. Understanding our most significant risks and opportunities should enable us to ensure our transition plan is realistic, credible and deliverable when we are required to publish it.

We are a signatory to the British Retail Consortium's Climate Action Roadmap, a framework to guide the industry to net zero emissions by 2040. Through the Roadmap we commit to working with other retailers, suppliers, Government and other stakeholders, and to support customers to collectively deliver to the industry's net zero ambition.

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

Packaging and recycling

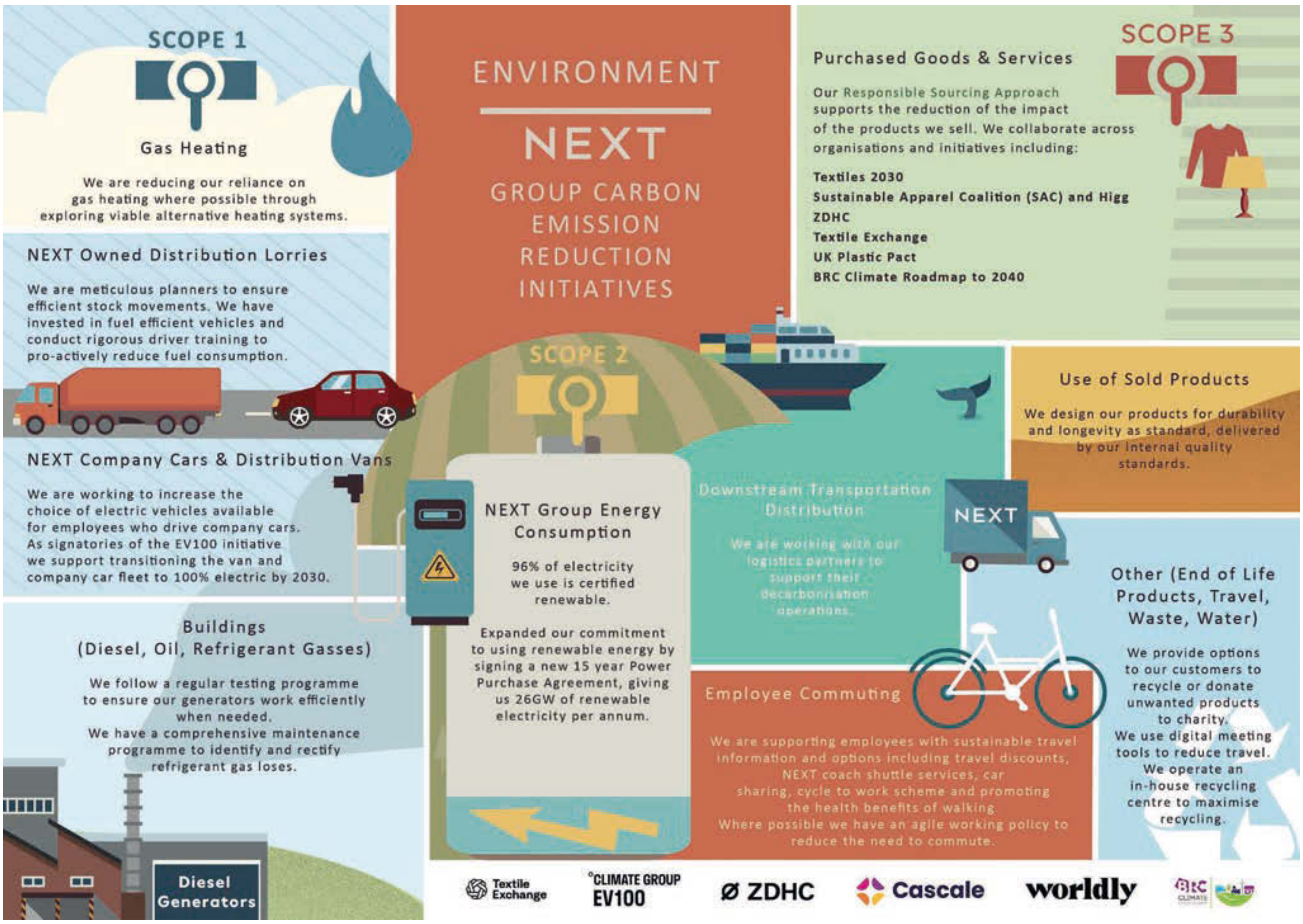
Collection points for consumers to return their plastic packaging for recycling are now in all our stores, our warehouses and our Head Office. This has contributed to the 2,517 tonnes of plastic we have collected this year. We continue to work on methods to improve the efficiency of this method of packaging take-back. We are working with our UK packaging suppliers to reuse the collected materials which are appropriate for use in new packaging.

All our packaging is recyclable with 100% recycled content carrier bags (excluding the handles) in our retail stores. We recycle any bags returned to us by our customers.

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

In addition, we reuse or recycle all hangers used in our retail stores, and accept back unwanted hangers from our customers for recycling. The recycled hangers are either reprocessed for reuse or made into new hangers. In 2024, we collected 602 tonnes of hangers for reprocessing for reuse within the supply chain or to be remade into new hangers.

We will be within scope of the Extended Producer Responsibility regulations, details of which will be included in next year's report. It is anticipated to have an immaterial impact on cash flow.



OUR PEOPLE

Our commitment

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

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

Our approach

We aim to deliver on our commitment by focussing on the following elements:

- Health, safety and wellbeing.
- Equal opportunities and diversity.
- Reward, fair pay and employee share ownership.
- Training and development.

Health, safety and wellbeing

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

Actions during the year

Health and Safety: We review our Company safety statement and objectives every three years, including programmes for each division of the business. 2024 marked the end of this three-year cycle and we will be compiling a new statement and supporting programmes for 2025-2028, including closer integration with Joules and other TP partner brands.

Wellbeing:

- Our Mental Wellbeing Charter, available on our wellbeing site, encourages an environment where mental wellbeing is discussed openly to eliminate stigma, fear and discrimination.
- We have an established Mental Health First Aider (MHFA) network of 175 trained colleagues in all divisions who help provide a supportive workplace environment.
- Additional online tools and support for employees include Digicare+ Workplace, providing access to a Digital GP, annual health checks, a suite of lifestyle and health information and our Employee Assistance Programme offering independent counselling. We continue to provide five lifestyle checkpoint machines which move across our different sites.
- An extensive series of online and in-person wellbeing events and activities continues to be offered year-round to engage and inform our employees at Head Office, retail, online and warehouse locations, including face to face events to engage and showcase the services available to colleagues at team events, meetings and conferences. A new onsite GP service provided by BUPA was established at Head Office this year as part of our employee benefit offer.
- Offered a free flu vaccination programme for all employees.
- We have provided our employees with financial education sessions, focussing on early careers, retirement planning and share schemes to improve understanding and help them make well-informed decisions.

Equal opportunities and diversity

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

Actions during the year

- A new inclusion diagnostic survey to better understand the maturity and employee perceptions of our culture of inclusion and to identify opportunities to improve.
- Engaging with new employees to understand the value of our employee-led networks and to receive feedback on shaping these communities through listening circles run with Business in the Community and our Together We Are NEXT teams.
- Launching a new monthly series of online Equality Diversity and Inclusion training - 'Knowledge Bites'. This is in addition to the diversity and inclusion awareness training sessions for managers and e-learning sessions which are available for the wider employee population.
- Partnering with The Sunflower Network, MicroLink and Language Line to help support a disability inclusive culture for our colleagues and customers.
- A continuing partnership with GenM to champion an open culture of menopause awareness, education and support across the business.
- FatFace have signed the Wellbeing of Women menopause pledge and launched a Menopause Policy – including paid time off for managing symptoms - and monthly support group, 'Taking Charge of Change', for employees.
- We are a Level 2: Disability Confident Employer. The Disability Confident Scheme supports employers to make the most of the talents that disabled people can bring to the workplace. Our employee network "Able at NEXT" gives a voice to disabled people, people who care for someone with a disability and to those who support our aims within the organisation.
- We continued to partner with Carers UK. We have signed up to the Employers for Carers digital platform to provide employees with access to dedicated resources for carers.
- Held our Annual Business Review meetings, which you can read more about on pages 100 to 101.

CORPORATE RESPONSIBILITY

NEXT is an equal opportunities employer and we offer career opportunities without discrimination. Job vacancies are filled by the candidates who have the most relevant skills and competencies to succeed. Our policy is to treat all employees fairly and equally regardless of gender, sexual orientation, marital status, race, colour, nationality, religion, ethnic or national origin, age, disability or union membership status. Further details of our diversity policy are included in our Nomination Committee Report on page 118.

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

We continue to look at ways to improve gender diversity. Women are well represented throughout the Group, with a third of our Board being female at the financial year end. In relation to our senior management and their direct reports, NEXT was ranked third in the 2024 FTSE Women Leaders Review, Achieving Gender Balance.

Recognising that women can be disproportionately affected by childcare commitments, our Head Office (where over 4,800 of our colleagues are based) has a purpose-built nursery onsite. This is part of our ongoing commitment to support our employees with their pre-school childcare arrangements.

Gender equality is a fundamental human right and is another SDG that we focus on. Gender equality continues to be particularly challenging in less developed countries and we are looking at ways to support improvements in the areas we source from. See page 99 for more details.

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

	2025[2]		2024	
	Male	**Female**	Male	Female
Directors of NEXT plc	**8**	**4**	7	4
Operational directors and other senior managers[1]	**40**	**15**	37	18
Total employees	**15,442**	**35,503**	15,787[3]	36,842[3]

1. Other directors of the Company's subsidiary undertakings comprise 22 male and 5 female employees.
2. Reiss, FatFace and Joules are now consolidated in our reporting and appear in the figures for 2025.
3. Restated to include employees of controlled subsidiaries.

Reward, fair pay and employee share ownership

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

We operate a Sharesave scheme to encourage employees to own shares in NEXT. All UK employees have the opportunity to save money over three or five years to buy NEXT plc shares at a discounted price. We also operate a share option incentive scheme which extends to more than 2,000 participants.

Around 12,300 employees (circa 26% of our total UK and Irish employees) held options or awards at the end of January 2025. These options or awards were held in respect of 6.8m shares in NEXT, being 5.5% of the total shares then in issue. NEXT's Employee Share Ownership Trust (ESOT) purchases shares for issue to employees when their options are exercised or awards vest. At the year end the ESOT held 6.2m shares. The ESOT Trustee does not vote on any resolution at General Meetings.

Pension provision

Details of the pension benefits we provide to participating employees are set out in the Remuneration Report and in Note 21 to the financial statements. At January 2025, there were over 25,000 UK active members of the Group's various defined contribution schemes (2024: around 24,000).

Training and development

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

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

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

OUR SUPPLIERS

Our commitment

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

Our approach

In common with other retailers, NEXT's product supply chain is both diverse and dynamic. During the year, NEXT products were manufactured in 35 countries through over 700 suppliers. Diversity of supply provides us with a cost-effective supply chain and an extensive range of products for our customers. It also increases the risk of sourcing from unethical suppliers, particularly in the lower tiers of the supply chain where visibility is more limited.

Payment practices

NEXT calculates and uploads relevant supplier data onto the UK Government portal under the 'Duty to report on payment practices and performance' legislation under section 3 of the Small Business, Enterprise and Employment Act 2015.

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

Ethical trading

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

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

- Working with our suppliers to ensure they understand our requirements and COP Principle Standards.
- Holding regular meetings with individual suppliers to share information and develop relationships.
- Our in-house global COP team which comprises 53 employees that administer our COP programme based on the Ethical Trading Initiative Base Code (ETI) and International Labour Organisation Conventions.

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

CORPORATE RESPONSIBILITY

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

Actions during the year

During the year, the COP team:

- Carried out over 2,400 audits. Of the audits conducted, 87% related to Tier 1 suppliers and 13% related to Tier 2 suppliers.
- Supported 33 factories to successfully remediate critical issues found. A further 38 sites are participating in an active remediation process.
- Disengaged with 51 factories that refused to satisfactorily rectify their critical non-compliance with our COP Principle Standards.
- Carried out 70 audits for JoJo Maman Bébé, 94 for Reiss, 57 for Joules and 36 for Fatface as part of the roll out of the NEXT COP approach with our Total Platform partners. We expanded the global COP team to reflect these broader responsibilities.

Traceability

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

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

Tier 1 and Tier 2 suppliers are contractually bound by our COP Principle Standards that apply to all their declared sites from which they operate and source. These standards cover workers' safety, human rights, employment and working conditions. Our contracts mean we can visit a supplier (even unannounced) to undertake an audit to ensure it is, and remains, compliant.

Actions during the year

We have updated our lists of our Tier 1 and Tier 2 supplier manufacturing sites which produce NEXT branded products and Tier 3 suppliers and published these on our corporate website, nextplc.co.uk. We have extended our NEXT Tier 1 list to include male/female worker split and whether there is a union or worker committee on site.

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

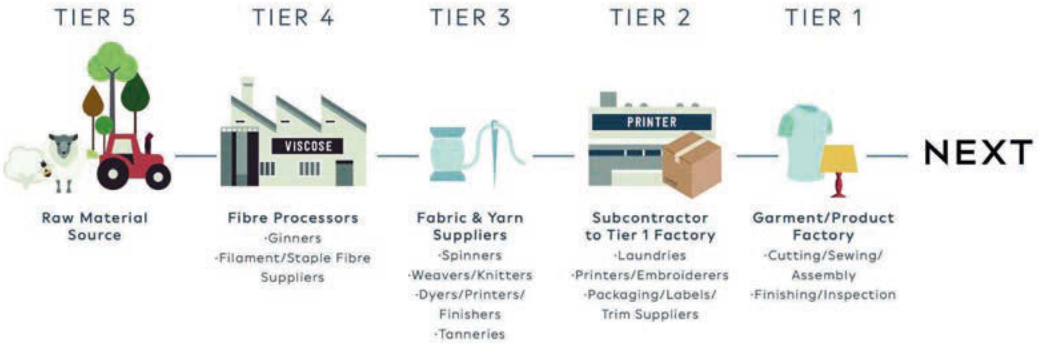
Responsible sourcing

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

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

Actions during the year

- Maintained Brand Certification with Textile Exchange, to ensure traceable chain of custody of our certified products.
- Joined the Traceable Better Cotton Programme to further enhance traceability of our cotton supply chain.
- Continued to support teams with internal data tracking with live benchmarking and visibility by division showing progress against our fibre targets and priorities. Using this interactive Responsible Sourcing Progress dashboard, our Product teams have the ability to see their progress against targets. This enables teams to understand the impact of their sourcing decisions without waiting for a formal report.
- Increased focus on sustainably sourced cotton, wool and manmade cellulosic fibres with revised targets to 2028 and 2030.



Environmental collaborative initiatives

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

Zero Discharge of Hazardous Chemicals (ZDHC) Roadmap to Zero	NEXT is a signatory to the ZDHC Roadmap to Zero programme which promotes industry-wide change in responsible chemical management in textile, leather and MMCF production processes (dyeing, printing and laundering of textiles, and tanning and dyeing of leather and viscose production - 'wet processors') to protect workers, customers and the environment. In the most recent year NEXT was ranked as 'Champion', the highest score available. NEXT has its own Restricted Substances Standards which ban or state the limits for harmful chemicals used in or during the manufacture of our products and also adopts the ZDHC Manufacturers Restricted Substance Standards for chemicals formulation. We work closely with our key fabric mills and wet processors to help them adopt the ZDHC tools and requirements in order to reduce and eliminate the discharge of hazardous chemicals from production processes into the environment.
Better Cotton (BC)	NEXT joined BC in 2017 and in 2024/25 sourced 69% (2023/24: 78%) of its cotton as Better Cotton. Our target is to source 100% of cotton from certified sources including BC, recycled or Certified Organic cotton by 2030. NEXT bans the use of cotton from Uzbekistan, Turkmenistan and the Xinjiang region of China in our textile products due to concerns over the mistreatment of the Uyghur people, child labour and working conditions in these territories.
Changing Markets Foundation's Roadmap Towards Responsible Viscose and Modal Fibre Manufacturing	This roadmap focuses on engaging with viscose production facilities and encouraging them to adopt best practices in order to minimise the effects of harmful chemicals used in the viscose manufacturing process. NEXT works with its viscose and modal manufacturers to help them adopt closed-loop production systems to ensure emissions controls and chemical recovery rates are in line with the EU Best Available Technique standards and the ZDHC Man-made Cellulosic Fibre (MMCF) Guidelines.
CanopyStyle	NEXT is working with Canopy through its CanopyStyle initiative to ensure wood based fabrics are responsibly sourced. By this we mean it is our Policy to use man-made cellulosic fibres from producers that have achieved Canopy Green Shirt rating. Canopy risk assess each fibre producer to ensure that they do not use cellulose from ancient and endangered forests, endangered species or illegal sources and that the rights and wishes of indigenous communities are respected.
Cascale (formerly Sustainable Apparel Coalition (SAC))	In 2021, NEXT joined the SAC, a global non-profit alliance of more than 250 members working together to reduce the environmental and social impacts of the apparel, footwear and textile supply chains. Cascale's work includes the development of the Higg Index, a suite of tools to measure environmental and social performance of suppliers in a standardised way. We encourage our suppliers to adopt the Higg Index which allows NEXT to monitor and improve standards at factory level. NEXT has rolled out the Higg Facility Environment Module to our supply chain.
Timber sourcing	We are preparing for the new EU Deforestation Regulation (EUDR) to be implemented from the end of 2025. Our internal EUDR Working Group is developing and deploying EUDR compliance policies and processes, including building a robust online system to enable us to track data in a compliant way. We will be reviewing our Timber Policy in 2025.
The Microfibre Consortium (TMC)	In 2018, NEXT joined TMC to collaborate on solutions to minimise microfibre release into the environment. NEXT provides resources from its in-house laboratory, to test fabrics and report fibre shedding results which are helping TMC to conduct in-depth analysis of industry data and work towards robust solutions in design, development, and manufacture.
Waste Resources Action Plan – The UK Plastics Pact	The UK Plastics Pact brings together businesses across the entire plastics supply chain, the UK Government and NGOs to tackle plastic waste. It is striving to create a circular economy for plastics, capturing their value by keeping them in the economy and out of the natural environment. Pact members are committed to eliminating problematic plastics, reducing the total amount of packaging and helping to build a stronger recycling system in the UK. NEXT has been an associate member since October 2020 and by the end of 2025 we aim to eliminate avoidable plastics in product packaging. We are also investigating opportunities to reduce packaging throughout our operations.
Waste Resources Action Plan – Textiles 2030	Textiles 2030 is a UK textile sector collaboration making rapid, science-based progress on circularity and climate action. Launched in April 2021, the voluntary agreement builds on the learning and success of the Sustainable Clothing Action Plan 2020 and has over 140 signatories across the retail, recycling and reuse sectors. As a founding signatory partner, by 2030 NEXT aims to reduce its combined greenhouse gas emissions by 50%, sufficient to limit global warming to 1.5°C in line with the UN trajectory to reduce climate change. We collectively also aim to reduce the water footprint of new products sold by 30%, and develop a clear pathway to improve the sustainability of textiles across their entire life cycle.

CORPORATE RESPONSIBILITY

OUR CUSTOMERS AND PRODUCT

Our commitment

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

Our approach

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

Continuing our journey to a circular economy

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

As part of our Responsible Sourcing Strategy, we recognise we must work to reduce the environmental impact of our business activities. This will be achieved by supporting the transition to a more circular economy by designing, producing and selling products which limit pollution and waste and help to keep materials in use for longer. Examples of our activities include:

- With the launch of our new premium branded website 'Seasons' in late 2024, we created a new offering of 'pre-loved' designer handbags. These are authenticated and resold to our customers. We adhere to our animal welfare policies to ensure that introducing circular business models does not inadvertently create new demand: for example, for endangered or exotic animal skins.
- We have a number of long-standing initiatives which keep products in use: we repair products in one of our UK Distribution Centres; we have staff shops to sell products not able to be sold in stores; we have take-back boxes for flexible plastics in our Head Office, and warehouses; and a mattress recycling programme and help for customers to donate unwanted furniture for reuse. We recognise there is much more to do and that collaboration across the industry is vital.

We are one of the founding signatories of WRAP's Textile 2030 initiative. Signatories have committed to a collaborative approach to accelerate progress towards a circular economy for textiles as well as working to reduce the climate impact of the industry. We will consider the impact our designs and product development can have on the environment and what positive choices we can make when developing our products, such as:

- Product durability and longevity.
- Responsibly sourced materials.
- Safe processing to protect workers and the environment.

The framework will provide a practical tool to support our Product teams and help to set future product category specific circular economy plans.

Product safety and legislation compliance

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

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

Chemical management

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

Actions during the year

- Helped to research methods of monitoring and benchmarking materials' durability across the industry through our membership of Textile 2030 Durability group.
- Achieved 'Champion Level' in the ZHDC Brands to Zero Leader Programme and met key milestones of the Roadmap to Zero Programme and fulfilled selected KPIs determined by ZDHC.

COMMUNITY

Our commitment

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

Our approach

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

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

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

Community Support through Gifts in Kind

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

Actions during the year

- Established four new 'Together with NEXT' collaborations selling unique clothing and homeware items to raise funds for key charity partners.
- Made total NEXT charitable contributions of over £2.8m.

During the year, we provided financial support to registered charities totalling £1.29m (2024: £1.17m).

This support was supplemented by the following additional activities:

	2025 £000	2024 £000
Gifts in kind – product donations	**1,288**	1,488
Charity-linked sales	**207**	164
Employee fundraising	**29**	29

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

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

CORPORATE RESPONSIBILITY

HUMAN RIGHTS AND MODERN SLAVERY

Our commitment

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

Our approach

Respect for human rights is a cornerstone of any responsible business. The violation of human rights in our operations is unacceptable and we deal firmly with any infringements identified in our supply chain.

Human rights abuse and modern slavery are complex issues which can take many forms. To help us prioritise our efforts, we focus on our salient human rights – those human rights that stand out because they are at risk of the most severe negative impact through our activities or business relationships. We identify our salient human rights taking into account the severity and scale of the risk and how difficult it would be for us to put right any harm, as set out in the UN Guiding Principles Reporting Framework.

The key human rights are:

Salient issue	Why it is important to NEXT
Freedom of association	In a number of countries that we source from, the freedom to join an independent trade union is restricted by law or is not recognised by management attitudes and practices. This restricts the ability for workers to have a voice within their place of work.
Health & Safety	Fire and industrial accidents are a risk within our extended supply chain, impacted by the quality and management of building design and structure, fire prevention, machinery, chemicals and abrasives.
Children's rights	Use of child labour is a risk in some areas of our supply chain. As part of new supplier inductions, we carry out training on child labour risks and explain our approach to managing any cases, our Child Labour Policy and supplier guidelines, to ensure we help to minimise the risk of child labour within our extended supply chain.
Modern slavery	Some of our sourcing countries hire migrant workers from overseas and such workers can be vulnerable to the risks of exploitation, such as forced labour or retention of wages by employers.
Wage levels	All workers in our supply chain should be entitled to fair wages for the work they do.
Harassment and discrimination	Women represent the majority of workers in our supply chain. In many countries, the risk of discrimination against women is significant in relation to equal opportunities, age or marital status.
Water, sanitation and health	We source products from places which frequently encounter periods of water scarcity. This can lead to an increased risk that communities may not have access to clean, safe water. Our extended supply chain includes operations such as laundries, mills, dye houses and tanneries; these facilities carry a particularly high risk of water contamination where untreated effluent can be discharged into rivers used by local communities.
Working hours	We rely on the workforce of our suppliers to meet order requirements, and those workers want to work to earn money. These factors can lead to excessive working hours that can impact workers' wellbeing.

In our work on human rights, we:

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

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

Code of Practice

The standards expected of our suppliers which are integral to our ethical trading are clearly set out in our COP Principle Standards and Auditing Standards, further details of which can be found on pages 93 to 94 and our corporate website at nextplc.co.uk/corporate-responsibility/code-of-practice.

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

Actions during the year

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

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

- Following successful trials in Pakistan, India and Myanmar, we continued to expand the implementation of grievance mechanisms including TIMBY (This is My Back Yard) App, to provide channels for workers to raise concerns. New territories for 2024 include UAE, Morocco, Turkey, Vietnam, Cambodia and Sri Lanka.
- We have carried out in-person supplier presentations in Morocco, Sri Lanka, Vietnam, Cambodia, China and the UK. We will continue this approach of contact with our suppliers in-country throughout 2025.
- We held 21 one-to-one meetings with our top suppliers to discuss common supply chain issues and agree collaborative solutions. This was an opportunity for open dialogue to remind suppliers of our ethical standards and expectations. We also discussed the tools we have available to support suppliers and factories in maintaining those standards.
- Establishing a flagship Gender Empowerment Programme in Morocco, Bangladesh and Turkey. Work in Morocco has already commenced with our partner NGO including baseline assessments.

Freedom of Association (FoA)

During the year, our COP team investigated claims that FoA rights were not being adhered to in six Turkish factories. We collaborated with other brands using the same suppliers to investigate the claims and agree next steps. To help us get better at managing such issues, we developed a decision making flowchart which was reviewed for robustness by an industrial relations expert through our membership of the ETI, a coalition improving the lives of workers who make consumer goods. We also developed a new policy on FoA with the ETI team which surpasses the requirements set out in our Code of Practice and Auditing Standards. Additionally, a joint supplier conference was held in Turkey with another retailer to outline expectations and ways of working on FoA challenges.

Gender Empowerment Programme

Since 2023, together with BCC, a local NGO, we have been delivering an innovative gender empowerment programme in three supplier factories in Morocco. After positive feedback, courses evolved to include soft skills training, legal literacy and financial literacy. Most popular were literacy courses. Enabling women to read and write for the first time enhances the quality of their everyday lives, such as being able to read mobile phone messages and support their children's homework. Highlights include:

- 71 beneficiaries of literacy workshops
- 52 beneficiaries of legal rights training
- 42 beneficiaries of financial literacy workshops
- 57 children of female factory workers benefited from additional educational support via tutoring.

SECTION 172 STATEMENT

This section describes how we have engaged with and considered the interests of our key stakeholders when exercising our duty to promote the success of the Company under section 172(1) of the Companies Act 2006. The principles underpinning section 172 are not only considered at Board level, they are embedded throughout NEXT. Sometimes decisions must be made based on competing priorities of stakeholders. We describe below how the Board seeks to understand what matters to stakeholders and carefully considers all the relevant factors when selecting the appropriate course of action.

Our stakeholders

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

Our workforce - see page 100 to 101

The strength of our business is built on the hard work and dedication of all of NEXT's people. We also consider the interests of former employees who are members of a Group pension scheme - we explore this further in the case study on page 101.

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

Customers - see page 102

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

Communities - see page 102

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

Investors - see page 103

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

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

Suppliers - see page 102

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

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

Regulators - see page 102

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

Our workforce

Our current executive directors have a combined service of over 120 years in the NEXT Group. This gives them extensive knowledge of the business as well as an acute insight into the mood, culture and views of their colleagues. All of our executive directors have a high degree of personal oversight and engagement in the business. This is complemented by active engagement between our colleagues and non-executive directors and regular workforce updates to the Board, ensuring a well rounded view of the workforce. The Board also engages in the following ways:

- Annual Business Review Meetings, described further on pages 100 to 101.
- Reviewing the output of employee engagement surveys and agreeing follow up actions.
- Presentations on performance and business priorities from the Chief Executive and the Chief Financial Officer to our workforce following the announcements of our key trading results. Where possible, the directors present to the business in person, but a video link is sent to remote employees.
- Visits to stores and warehouses, providing an opportunity to meet a wide range of our workforce.
- Online performance, development and feedback tools.

Business Review Meetings

Our Business Review Meetings form the workforce advisory panels as referred to in the UK Corporate Governance Code and focus on specific business outputs such as efficiencies and ideas to improve engagement. Dame Tristia Harrison and Venetia Butterfield, two of our non-executive directors, attended the meetings along with the Chief Executive, our HR Director and workforce representatives for each division of the business. These meetings offer our employees the chance to voice their opinions on the issues that are important to them. Following discussion on the key issues in different parts of the business, actions were agreed and feedback was reviewed by the Board. Agreed actions from matters raised in 2024 included:

- Further training on handling challenging customers safely and increasing the visibility and impact of our 'Respect in Retail' initiative.
- Reviewing the questions of the employee engagement survey to elicit responses to which management can take action, as well as providing additional support to management to enable them to respond to comments.

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

Employee engagement surveys

Our Group wide employee engagement survey, 'Your Voice Counts', spans the majority of our business. The survey, conducted anonymously using a third-party tool, was sent to approximately 43,000 employees and response rates at 78% were improved from the year before. The overall engagement score for the whole NEXT Group was marginally higher than the prior year. Employees believe that our main strengths as a Group are recognition for performance and championing equality and health. Wellbeing remains an area of focus for our people and we encourage our managers to make it an every day part of their role, through promotions and campaigns as well as access to our wellbeing intranet site, which hosts a whole range of support and resources for all NEXT colleagues. The Board considered the results of the survey as well as the initiatives planned to address the matters raised.

Continuous performance management and feedback

Our online performance and development tool provides a forum for positive and constructive feedback by individuals, peers and managers. Our HR Director attended a meeting of the Board to brief the directors on employee-related matters, including workforce demographics, engagement activities, the results of employee engagement surveys, staff retention rates, diversity, whistleblowing, disciplinary and grievance procedures, learning and development activity, pay and reward including gender pay gap and HR initiatives. With a focus on developing great people, senior management attended workshops in 2024 aimed at maximising performance to bring out the best in their teams.

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

Case study: pension 'buy-in'

Context

Our defined benefit pension scheme was closed to new members in the year ended January 2001. In January 2024, the Pension Scheme Trustees, with the Company's support, purchased an insurance policy to safeguard all future DB pension payments (a 'buy-in'). In March 2024, the scheme was closed to future service accrual.

Stakeholder groups considered

Workforce; Investors; Regulators.

Decision taken

The Board approved the closure of the pension scheme. The decision-making process included monitoring the member consultation process to ensure the engagement with colleagues was considered fully, including union engagement. The consultation process included presentations and drop-in sessions, providing details of personal illustrations, which were all designed to engage with members and ensure transparency, clarity and that we reached an appropriate decision. Following consultation feedback, we made some changes to the original proposal to enhance death in service benefits - an important aspect to members. The Audit Committee also provided support by reviewing the accounting treatment of the exceptional non-cash cost arising, culminating in a full and transparent disclosure for investors and regulators in our financial statements.

Outcome

Through the consideration of multiple stakeholder groups, the Board has taken a decision which provides greater security for scheme members, through an insurance-backed pension, and greater certainty for the Company as it passes the obligation to fund the plan to the insurance company.

SECTION 172 STATEMENT

Our relationships with suppliers, customers and others

Suppliers

Throughout the year the Board approved major contract renegotiations and strategy with key suppliers, notably with the Group's lenders for the revolving credit facility, providers of warehouse services and certain landlords. We balanced the benefits of maintaining strong partnerships with key suppliers alongside the need to obtain value for money for our investors and excellent quality and service for our customers. Further details on how we engage with our suppliers can be found on pages 93 to 94.

Customers

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

Regulators

The business is subject to a wide range of regulations. Of particular note is our Finance business which is authorised and regulated by the Financial Conduct Authority (FCA) in respect of the provision of consumer credit. As a responsible authorised company, we seek always to co-operate and engage constructively with the FCA and meet its standards. The Audit Committee exercises independent oversight over the regulated Finance business that includes updates on matters under discussion with the FCA.

During the year we engaged with the FCA in relation to monthly 'cost of living' returns and other periodic returns including financial resilience and performance and complaint handling. We have responded positively to the Financial Ombudsman Service's annual plans and budget consultation in relation to the proposal to levy a charge on professional representatives.

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

Debt capital/credit facility providers and credit reference agencies

The Chief Financial Officer and the Company's Treasury team are responsible for managing the relationships with our banks, bond investors and credit rating agencies, and the management of the Group's cash/debt and financing activities. The Chief Financial Officer provides regular reports to the Board on these activities including the Company's access to liquidity, monitoring the headroom and maturity schedules of our primary credit facilities and future financing plans. The Board approves the Company's Treasury Policy annually.

Our impact on the community and the environment

We have a number of targets and initiatives aimed at reducing any adverse impact of our business on the environment and the communities in which we operate. How we engage with these communities is set out in more detail on page 97 of our Corporate Responsibility Report.

Doing the right thing - maintaining high standards of business conduct

Corporate governance

We have a robust corporate governance framework in place, details of which are set out in our Corporate Governance Report on pages 111 to 117. The Board receives regular updates on changes to the external corporate governance landscape.

Ethical trading and responsible sourcing

The Audit Committee exercises strong oversight over the Group's activities in these areas including reviewing the work of the Code of Practice team and receiving regular updates on Environmental, Social and Governance issues. It reports to the Board on these topics as appropriate. For further details on our approach to ethical trading and responsible sourcing, please see pages 93 to 94 as well as our Corporate Responsibility Report which is available on our corporate website.

Investors

The Company has just one class of share in issue and so all shareholders benefit from the same rights. The Board does not take any decisions or actions, such as selectively disclosing confidential or inside information, that would provide any shareholder or group of shareholders with any unfair advantage or position compared to shareholders as a whole.

How the Board engages:

- Regular calls and meetings between shareholders and the Chief Executive and Chief Financial Officer.
- Roadshows and conferences with institutional investors.
- Major Shareholders are invited to the full and half-year results presentations.
- Meetings and calls between major shareholders and the Chairman and Remuneration Committee Chairman on governance and remuneration matters.
- Regular communication with institutional investors by the Company Secretary and senior management, particularly on Environmental, Social and Governance matters.
- AGM.

Shareholder engagement

During 2024 we engaged with investors on a range of topics including:

- Governance including Board composition.
- Human rights and ethical trading.
- The environment, sustainability and responsible sourcing.
- Company performance against its business objectives.
- Workforce pay matters.
- Changes to executive remuneration - see page 127 for further details.

The Board receives regular information on investor views through a number of different channels:

- The Group's corporate broker provides written feedback on market reaction and investor views after full and half-year results announcements and investor roadshows.
- Reports from the Chairman and other non-executive directors who have direct dialogue with shareholders.
- Analyst/broker reports and views.
- Shareholder feedback reports and statements made by representative associations.

All shareholders have an opportunity to ask questions or represent their views formally to the Board at the AGM, or with directors after the meeting.

The interests of investors were considered as part of the Board's decisions throughout the year.

Long term decisions

Within the fast-moving fashion retail sector, the operational cycle is short and has become even shorter within recent years. Despite this, we are mindful that our strategic decisions can have long term implications for the business and its stakeholders and these implications are carefully assessed.

The most prevalent example of this is in the Board's decisions with regard to capital allocation. The Board balances:

- The expectations of long term investors on dividends and the return of capital to shareholders via the share buyback programme; with
- The increased need for capital expenditure on warehouses, systems, stores, and our Total Platform investments to support the growth of the business.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

In accordance with sections 414CA and 414CB of the Companies Act 2006, the following tables summarise where you can find further non-financial and sustainability information in our reporting.

Our policies	Our impact and related Principal Risks	Page reference
Environmental matters		
Environment Policy: we recognise that we have a responsibility and an obligation to work to reduce the direct impact of our business operations on the natural environment, both now and in the future. **Timber Sourcing and Protecting Forests Through Fabric Choices Policies***: we aim to reduce our impact and to increase social and environmental benefits by using only responsibly sourced timber and paper. This includes ensuring man made cellulosic fabrics used in the products we sell which come from timber are responsibly sourced. **Cotton Sourcing Policy***: we aim to reduce the social and environmental impacts of the main raw materials used in our products by, among other things, sourcing cotton fibre cultivated in a more sustainable way than conventional cotton. **Chemical Policy***: we ensure that all products manufactured for NEXT meet the strictest legal requirements or eliminate specific chemicals of concern. **Animal Welfare Policy***: we are committed to sourcing products responsibly and to working towards improving animal welfare in relation to the animal derived components used in our products.	• More information can be found in 'Our Principles' and 'Environment'. • Our 'Principal Risks' discusses our approach to environmental and climate change risks.	• 79 and 80 • 71 and 76
Employees		
Our colleagues are integral to our success. Their safety and wellbeing is always our top priority. **Staff Handbook**: our handbook sets out expectations of our people to create an environment where people have the skills and confidence to positively influence the business and contribute to their full potential. It includes our company HR policies for consistency and ease of reference. **Diversity and Inclusion Policy**: we are dedicated to supporting diversity and encouraging an inclusive culture. Our business is about people and being an employer for everyone in an environment where people feel respected, valued, able to fulfil their potential and be their very best. **Health and Safety Policy Statement***: we are committed to minimising the risk of injury or ill health to our employees and anyone who may be affected by our actions.	• Our commitment and approach to our people is detailed further in 'Corporate Responsibility'.	• 91 and 92 on Equal Opportunities
Social matters		
It is a key priority for us to ensure we trade ethically, source responsibly and work to assure the safety and human rights of the workers within our produce and services suppliers' global operation. **Code of Practice Principle Standards***: this is our ethical trading programme and forms an integral part of our business. It was first developed and implemented in 1998. We became a member of the Ethical Trading Initiative in 2022 and our Principle Standards are aligned to the ETI Base Code.	• More information can be found in 'Our Principles' and 'Environment'. • Our 'Principal Risks' explain how we consider 'Key suppliers and supply chain management' and 'Legal, regulatory and ethical standards compliance'.	• 79 and 80 • 73 and 76
Human rights		
Respect for human rights is a cornerstone of a responsible business. The violation of human rights in our operations is unacceptable and we deal firmly with any infringement identified in our supply chain. **Human Rights and Modern Slavery Policy***: we ensure we trade ethically, source responsibly and work to prevent modern slavery and human trafficking throughout our organisation and in our supply chain.	• Our approach to human rights is detailed further in 'Corporate Responsibility'. • Our Audit Committee oversees and receives updates on modern slavery training and awareness. • Our 'Key suppliers and supply chain management' Principal Risk considers the training of employees and communications with suppliers regarding our expectations in relation to human rights and modern slavery.	• 98 • 73

Our policies	Our impact and related Principal Risks	Page reference
Anti-bribery and anti-corruption		
Anti-Bribery and Anti-Corruption Policy*: this formalises our zero tolerance approach to combat the risks of bribery and corruption by our companies, employees, agents or third parties acting on our behalf. Our employees receive training on anti-bribery matters. **Whistleblowing Policy**: The Company's whistleblowing policy and procedures ensure that employees, suppliers and other third parties are able to raise concerns about possible improprieties on a confidential basis.	• Our Audit Committee oversees our whistleblowing procedures and receives updates on anti-bribery and awareness. • Our 'Key suppliers and supply chain management' Principal Risk considers the training of employees and communications with suppliers regarding our expectations in relation to anti-bribery and anti-corruption.	• 125 • 73
Business model		
Our Business Model includes non-financial inputs and outputs and creates value for our stakeholders in a responsible way.	• We describe our Business Model in full within this report.	• 64 to 65
Non-financial KPIs		
We continue to evolve a lower-carbon business model, have updated our Responsible Sourcing Approach and are continuing the groundwork to setting our Transition Plan to Net Zero.	• Our Section 172 statement sets out how we have regard to our impact on the community and environment. • Our approach to 'Environment', 'Our People' and 'Community' is explained further in our Corporate Responsibility section.	• 102 • 80 to 90 and 97

* The policies highlighted are available to view on our corporate website.

Further information regarding our employees, social, community, human rights and environmental matters is provided in our Corporate Responsibility Report available on our corporate website at nextplc.co.uk.

Details of our climate-related financial disclosures can be found on the pages of this Report as signposted below.

(a) Governance arrangements	
Climate Risk Legal, regulatory and ethical standards compliance Governance – Disclose the organisation's governance around climate-related risks and opportunities	• 71 • 76 • 84 to 85
(b) & (c) Risks and opportunities and risk management process	
Risk Management – describe how the organisation identifies, assesses and manages climate-related risks	• 88
(d) Principal climate-related risks and opportunities and time periods	
Climate Risk Legal, regulatory and ethical standards compliance Assessment of principal risks and uncertainties Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	• 71 • 76 • 72 and 88 • 85
(e) & (f) Impacts on business model and strategy and resilience	
Climate Risk Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term Strategy – impacts of climate-related risks and opportunities	• 71 • 85 • 85 to 87
(g) & (h) Targets and key performance indicators	
Greenhouse gas emissions – SECR and Carbon footprint – including Scope 3 Metrics and Targets – metrics and targets used to assess and manage climate-related risks and opportunities Strategy towards achieving a lower carbon business model Transition Plan to Net Zero and Packaging and recycling	• 80 to 81 • 88 to 89 • 89 • 90

On behalf of the Board

Jonathan Blanchard
Chief Financial Officer

27 March 2025

GOVERNANCE

DIRECTORS' BIOGRAPHIES
Directors and Officers

Committee key:

- Ⓐ Audit Committee
- Ⓝ Nomination Committee
- Ⓡ Remuneration Committee
- ● Chair

	Michael Roney CHAIRMAN Ⓡ Ⓝ	Lord Simon Wolfson of Aspley Guise CHIEF EXECUTIVE Executive Director	Jonathan Blanchard CHIEF FINANCIAL OFFICER Executive Director
Key Experience	Michael joined the Board as Deputy Chairman in February 2017 and became Chairman in August 2017. Michael brings significant international leadership experience to the Board; he was previously the Chief Executive of Bunzl plc from 2005 until his retirement in April 2016, Chief Executive of Goodyear Dunlop Tires Europe BV and non-executive director of Johnson Matthey plc.	Simon has deep knowledge of all areas of the NEXT business, together with strong leadership and strategic expertise, having led as Chief Executive since 2001. He joined the Group in 1991 and was appointed Retail Sales Director in 1993. He became responsible for NEXT Directory in 1995 and was appointed to the Board in 1997 with additional responsibilities for Systems. Simon was appointed Managing Director of the NEXT Brand in 1999 before his appointment as Chief Executive.	Jonathan qualified as a Chartered Certified Accountant in 1994 and has 25 years of experience at Board level in private equity backed businesses, all of which were in the retail/consumer sectors. Jonathan has a wealth of experience implementing rigorous financial and capital controls; he has also managed several successful private equity transactions. His previous role was Chief Financial Officer and Chief Operating Officer of the Reiss Group, where he played a critical role, not least in negotiating and implementing the transition to Total Platform.
Principal External Appointments	• Non-Executive Director of Brown-Forman Corporation (US firm)	None	None
Appointed to the Board	February 2017	February 1997	July 2024

	Jane Shields GROUP SALES, MARKETING AND HR DIRECTOR Executive Director	Richard Papp GROUP MERCHANDISE AND OPERATIONS DIRECTOR Executive Director	Jeremy Stakol GROUP INVESTMENTS, ACQUISITIONS AND THIRD PARTY BRANDS DIRECTOR Executive Director
Key Experience	Jane has a profound understanding of NEXT's operations, having joined NEXT Retail in 1985 as a sales assistant in one of our London stores. Jane worked her way through store management to be appointed Sales Director in 2000, responsible for all store operations and training. In 2006 Jane was given additional responsibility for Retail Marketing and in 2010 was appointed Group Sales and Marketing Director, adding Directory and Online Marketing to her portfolio. She assumed responsibility for Human Resources and the Customer Service Contact Centre in August 2020.	Richard has a wealth of operational and merchandising experience. He joined NEXT in 1991 as a merchandiser and worked his way through management, becoming Menswear Product Director in 2001. In 2005 he gained valuable experience in a similar role at another retailer. Richard returned to NEXT in 2006 as Group Merchandise Director, responsible for NEXT's Merchandising function, Product Systems, International Franchise, and Clearance operations. On appointment to the Board, Richard took on additional responsibility for Warehousing, Logistics and Technology within the Group.	Jeremy holds a Masters in Professional Accounting and spent his early career in the finance department of a large media company. Jeremy joined as Managing Director of Lipsy which was acquired by NEXT in 2006. In more recent years Jeremy has successfully led many of the new investment deals and related Total Platform opportunities (such as Joules, Victoria's Secret, Gap and others).
Principal External Appointments	None	None	None
Appointed to the Board	July 2013	May 2018	April 2023

Jonathan Bewes

Senior Independent Non-Executive Director

A N R

After qualifying as a Chartered Accountant with KPMG, Jonathan spent 25 years as an investment banking adviser, with Robert Fleming, UBS and Bank of America Merrill Lynch. As a senior banker, he provided advice to the boards of many UK and overseas companies on a wide range of financial and strategic issues, including financing, M&A, shareholder engagement and corporate governance. Jonathan is a Fellow of the Institute of Chartered Accountants of England and Wales.

- Chair of MONY Group plc
- Non-Executive Director and Chair of the Audit and Risk Committee of The Sage Group plc
- Non-Executive Director and Chair of the Audit and Risk Committee of the Bank of England

October 2016

Tom Hall

Independent Non-Executive Director

A N R

Tom worked at Apax, the global private equity firm, from 1998 until the end of 2024. He led several investments over his two-and-a-half decades at Apax - principally into online marketplaces and retailers - and served on the Boards of those (and of other businesses) in his time there. He has considerable experience, therefore, of working with management teams as they deal with a wide variety of business issues - including capital allocation choices. Prior to joining Apax, Tom worked at S.G. Warburg and Deutsche Bank.

- Non-Executive Director of Baltic Classifieds Group PLC
- Supervisory Board Director of Wehkamp

July 2020

Dame Tristia Harrison

Independent Non-Executive Director

A N R

Tristia was most recently Chief Executive Officer of TalkTalk Telecom Group Limited and as such has experience of running a large-scale consumer and B2B facing company and knowledge of digital and cyber security. Tristia was Managing Director of TalkTalk's consumer business when it demerged from Carphone Warehouse, which she joined in 2000 and held a number of senior management and executive positions. Tristia is also Chair of the national homelessness charity Crisis.

- Trustee at Crisis
- Trustee at Ambitious about Autism

September 2018

Soumen Das

Independent Non-Executive Director

A N R

Soumen is Chief Financial Officer of SEGRO plc, the largest UK and European Real Estate Investment Trust and a constituent of the FTSE 100. He has over 15 years' board level experience with listed companies, having been Managing Director and Chief Financial Officer of Capital & Counties Properties plc prior to joining SEGRO, and was previously an executive director with UBS within the investment bank. Soumen is also Co-Chair of the Parker Review.

- Chief Financial Officer of SEGRO plc

September 2021

Amy Stirling

Independent Non-Executive Director

A N R

Amy is Chief Financial Officer of Hargreaves Lansdown, the UK's largest savings and investment platform and the UK's biggest retail stockbroker. Amy has significant strategic and financial experience in client facing businesses across the telecommunications and financial services sectors. She has considerable transformation and M&A experience at both executive and non-executive level and is a qualified chartered accountant.

- Chief Financial Officer of Hargreaves Lansdown

April 2024

Venetia Butterfield

Independent Non-Executive Director

A N R

Venetia is Managing Director of Cornerstone, the largest adult division of Penguin Random House. She brings experience as an accomplished business leader and experienced marketing professional. She was previously responsible for setting up the imprint HarperPerennial in her role at HarperCollins and has led the marketing operations for both HarperCollins and Collins Educational.

- Managing Director of Cornerstone, part of the Penguin Group

April 2024

Seonna Anderson

COMPANY SECRETARY

Past Directors

Amanda James

Group Finance Director

APPOINTED TO THE BOARD

April 2015

RETIRED FROM THE BOARD

July 2024

Dame Dianne Thompson

Non-Executive Director

APPOINTED TO THE BOARD

January 2015

RETIRED FROM THE BOARD

May 2024

DIRECTORS' RESPONSIBILITIES STATEMENT

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted International Accounting Standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are also responsible for the maintenance and integrity of the NEXT plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's position and performance, business model and strategy.

Each of the current directors, whose names and functions are listed on pages 108 to 109, confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- The Parent Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Lord Wolfson of Aspley Guise
Chief Executive

Jonathan Blanchard
Chief Financial Officer

27 March 2025

CORPORATE GOVERNANCE REPORT

Chairman's introduction

On behalf of the Board, I am pleased to introduce our Corporate Governance Report for the year ended 25 January 2025. This report sets out our approach to effective corporate governance and explains the key features of the Group's governance structure.

Good corporate governance runs along the foundations of a well run organisation and the external governance landscape, guides and rules continue to evolve. NEXT continues to prioritise doing the right thing to promote the success of the Company, and through its governance structure, it always seeks to do so in the right way.

Stakeholder engagement

The Board has been required to exercise its judgement on numerous occasions during the year to ensure that the Group's stakeholders are treated as fairly as possible.

Key engagement pieces this year have been with shareholders in relation to workforce pay, our changes to executive remuneration and Environmental, Social and Governance (ESG) matters, and with members of a Group pension scheme, shareholders, and regulators in relation to the buy-in of that scheme.

Further details on how we have engaged with our stakeholders can be found on pages 100 to 103.

Board effectiveness

It is important that the Board, its Committees and individual directors rigorously review their performance and embrace the opportunity to develop where necessary. This year's annual effectiveness review of our Board and Committees was facilitated externally by Lintstock. The review positively concluded that the Board continues to operate effectively; further details can be found on pages 116 to 117.

Board appointments and diversity

After 29 years of service at NEXT our Group Finance Director, Amanda James, stepped down from the Board in July 2024. Our succession planning enabled us to announce Amanda's replacement, Jonathan Blanchard, with sufficient time to avoid any unnecessary disruption to the business. Jonathan was appointed to the Board in July 2024, supported by an orderly handover and thorough induction.

In May 2024, we said farewell to Dame Dianne Thompson as she completed nine years on the Board.

Amy Stirling and Venetia Butterfield joined the Board as non-executive directors with effect from 2 April 2024.

Amy is the Chief Financial Officer of Hargreaves Lansdown, a financial services company and until March 2025 a constituent of the FTSE 100. Amy has significant financial and strategic leadership experience in client facing businesses across the telecommunications and financial services sectors.

Venetia is part of the Penguin Group leadership team and is Managing Director of the Cornerstone Publishing House. Venetia brings to the Board experience as an accomplished business leader and experienced marketing professional. Her successful leadership of an independent business within a larger group will be particularly helpful as NEXT steadily increases the number of businesses it takes on within the Group through its Total Platform initiatives.

Our Board composition provides a combination of skills, experience and knowledge to support the overriding financial objective to deliver long term sustainable growth in Earnings Per Share; to support our growth avenues; and to fit our culture which allows our colleagues to thrive.

The Company has once again taken part in the Parker Review and the FTSE Women Leaders Review in relation to its gender and ethnic diversity.

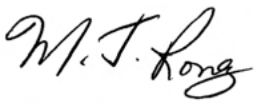
You can read more about the Board appointment process and Board diversity in the Nomination Committee Report on page 118.

Continuing governance commitment

Our governance framework, described on page 114, is designed to be straightforward, without bureaucracy, to support the delivery of our business objectives. We believe that good governance provides the framework for stronger long term value creation for all our stakeholders. We apply corporate governance in a way that is relevant and meaningful to our business and consistent with our culture and values.

We welcome the new UK Corporate Governance Code 2024 and work is underway to implement new provisions as appropriate. We will report against the new Code in our next Annual Report.

ESG remains a key area of focus for stakeholders who want to work for, shop with or invest in companies who do business responsibly. Our ESG metrics, targets and reporting have been reviewed, and in particular we continue to formulate our ambition so we can share our actions and demonstrate our accountability for how we will decarbonise as part of a Net Zero Transition Plan. You can read our Corporate Responsibility Report on pages 79 to 99 and our Corporate Governance Code statement of compliance and supporting disclosures on pages 112 to 117.



Michael Roney
Chairman

27 March 2025

CORPORATE GOVERNANCE REPORT

Corporate Governance Statement

The statement below, together with the rest of the Corporate Governance Report, provides information on how NEXT has applied the principles in the UK Corporate Governance Code 2018 (the Code), which is the version of the Code that applies to its 2024/25 financial year.

For the year ended 25 January 2025, the Board considers that it has complied in full with the provisions of the Code (available at www.frc.org.uk). Given the external interest in pension alignment as recommended by provision 38 of the Code, the Board notes that the majority of executive directors at NEXT have very long service at the Company. Whilst the pension provision offered to new joiners has changed over time (which is consistent with wider market practice), the Board considers it more relevant to consider the alignment of the pension contribution rates of the executives in the context of members of the workforce recruited at the same time. Each executive director is provided with pension contributions no more generous than those provided to colleagues recruited at the same time. Full details of the pension arrangements of the executive directors are given on page 139 of the Directors' Remuneration Report.

Disclosures required by the Disclosure Guidance and Transparency Rules (DTR) 7.2.6 with regard to share capital are presented in the Directors' Report on page 156. Disclosures required by DTR 7.2.8A relating to diversity policy are presented in the Nomination Committee Report on page 118.

Directors' biographies and membership of Board Committees are set out on pages 108 to 109.

Board leadership and company purpose

The Board's role is to promote the long term sustainable success of the Company. It does this through:

- Discussions with the executive directors and other members of the senior management team on industry trends.
- Evaluating business development proposals and considering how these will support and strengthen components of the business model.
- A policy of continuous identification and review of principal business risks, including identifying key and emerging risks, determining control strategies and considering how those risks may affect the achievement of business objectives, taking into account risk appetite, as detailed on pages 68 to 76.
- Our annual viability assessment which is undertaken by reference to the business model, strategy and the principal risks and mitigating factors as well as the current financial position and historical financial performance and forecasts – see pages 77 to 78.

In particular, during 2024/25 the Board:

- Reviewed the approach to assessing potential acquisitions and investment opportunities, having regard to strict financial criteria.
- Provided oversight to the defined benefit pension scheme 'buy-in' and monitored the member consultation process - see page 101 for further detail.
- Provided oversight to the share buyback programme and approved the terms of the irrevocable, non-discretionary programme to purchase shares for cancellation, aligned with our rigorous financial discipline which includes the return of surplus cash to shareholders.
- Reviewed and approved the purchase of a proportion of the Group's annual energy requirements under a long term Power Purchase Agreement.
- Reviewed and monitored the scope for a significant finance system modernisation project approved last year.
- Agreed the assessment period for the statement of viability at the recommendation of the Audit Committee – see page 123.

At its heart, the purpose of the Company is to source and trade excellent quality clothing, homeware and beauty products in order to make a profit for its shareholders. We aim to do this in a responsible way and to do the right thing by our employees, our customers, our suppliers and our wider stakeholders. Our Corporate Responsibility Report on pages 79 to 99 sets out the way in which we fulfilled our responsibilities this year.

Culture

The directors are responsible for ensuring a healthy and supportive culture within the Group. We monitor this through direct employee engagement activities (see pages 100 to 101) and discussions with the executive directors, the HR Director and other members of management. We assess and monitor this in the following ways and it is through these activities we ensure that the Company's culture aligns with its purpose, value and strategy:

- Engaging directly with employees during site visits.
- Dedicated time at Board meetings, supported by our HR Director, to hold discussions on culture and employee/workforce matters.
- Reviewing the results of the Group's employee engagement surveys.
- Monitoring the levels and nature of whistleblowing reports and grievance and disciplinary hearings.
- Monitoring absenteeism and employee turnover.
- Reporting by Internal Audit on fraud and compliance monitoring to the Audit Committee.
- Overseeing management's plans to respond to matters raised by the workforce.
- Reviewing the Group's key policies and HR initiatives.

During the year we continued with our employee engagement activities, in particular the workforce Business Review Meetings.

Our values are set out in the Corporate Responsibility Report on page 79 and the Non-Financial Information and Sustainability Statement summarises the Company's supporting policies on pages 104 to 105. Our Whistleblowing Policy encourages workers to report concerns or suspicions about any wrongdoing or malpractice, and provides a number of ways to do this, including via the confidential NEXT Integrity line (managed by Crimestoppers). The Audit Committee Report contains more details of the Company's whistleblowing procedures and the Audit Committee's oversight.

Our Board members also strive, through their own behaviours, to set the tone from the top in conducting themselves appropriately and in line with the Group's values.

Information on the Company's approach to investing in and rewarding its workforce is set out in the Strategic Report on pages 91 to 92.

Resourcing

The Board ensures that the necessary resources are in place for the Company to meet its objectives and measure performance against them. It has an integral role in setting and approving the Company's budget and capital allocation processes and in monitoring the availability of debt capital facilities and the Company's credit ratings. In regard to people, the Board receives reports from management on any development gaps in key roles and the plans to address these.

Risk management and internal controls

The Board maintains a balanced approach to risk within a framework of effective controls and takes into account the interests of a diverse range of stakeholders. It is responsible for keeping the effectiveness of the systems of risk management and internal controls under review – see page 117.

Engagement with shareholders

Significant time and effort are invested in providing detailed and transparent information to shareholders and maintaining regular and effective dialogue. Rather than delegation to an investor relations team, Lord Wolfson and Jonathan Blanchard, as Chief Executive and Chief Financial Officer respectively, engage directly with investors regularly throughout the year. Full year and other public announcements are presented in a consistent format and are made as meaningful, understandable, transparent and comparable as possible. This information is also made publicly available on the Company's corporate website nextplc.co.uk.

Our Section 172 Statement on page 103 details how the views of shareholders have been taken into account during the year.

In 2024, we wrote to our 34 largest shareholders, at the time representing around 50% of our issued share capital, and proxy agencies, about changes made to executive remuneration. Further details on this engagement can be found on page 127.

Engagement with other stakeholders

With regard to engagement with the workforce, the Board uses various methods including attendance by non-executive directors at our workforce advisory panel meetings. The Board considers that taken together, these arrangements deliver an effective means of ensuring the Board stays alert to the views of the workforce. The views of other providers of capital and key stakeholders are also considered. Our Section 172 Statement on pages 100 to 103 provides more details on how the Board considers the views of these various stakeholders in its decision making.

Division of responsibilities

Chairman and Chief Executive

There is a clear division of responsibilities between the Chairman and Chief Executive which is set out in writing and agreed by the Board. The Chairman manages the Board to ensure that:

- The Group has appropriate objectives and an effective strategy.
- There is a high calibre Chief Executive with a team of executive directors able to implement the strategy.
- There are procedures in place to inform the Board of performance against objectives.
- The Group is operating in accordance with a high standard of corporate governance.

The Chief Executive reports at each Board meeting all material matters affecting the Group and its performance.

The Chairman sets the Board's agenda and is also responsible for promoting a healthy culture of openness, challenge and scrutiny, and ensuring constructive relations between executive and non-executive directors.

Independence of non-executive directors

Over half of the directors at our financial year end, excluding the Chairman, are non-executive directors. The Board considers that all of its non-executive directors, except for the Chairman, are independent when assessed against the requirements of the Code and their knowledge, diversity of experience and other business interests continue to enable them to contribute significantly to the work of the Board. Michael Roney, the Chairman, met the independence requirements set out in the Code on his appointment in 2017.

Directors' conflicts of interest

In accordance with the Company's Articles of Association, the Board has a formal process in place for situational conflicts to be authorised by non-conflicted directors. In deciding whether to authorise a situational conflict, the non-conflicted directors take into account their general duties under the Companies Act 2006. Limits or conditions can be imposed when giving an authorisation or subsequently if considered appropriate. Any situational conflicts considered by the Board, and any authorisations given, are recorded in the Board minutes and in a register of conflicts which is reviewed annually by the Board.

Senior Independent Director (SID)

Jonathan Bewes is the Company's Senior Independent Director. In this role Jonathan is available to provide a sounding board for the Chairman and to serve as an intermediary for the other directors and shareholders. He also meets with each of the directors to appraise the Chairman's performance.

CORPORATE GOVERNANCE REPORT

Governance framework

The structure of the Board and its governance framework is set out below. The Board believes that it facilitates the operation of an open and straightforward culture without complex hierarchies and over-delegation of responsibilities, allowing the Company to deliver its objectives effectively.

Board

Provides effective leadership by setting business strategy and overseeing delivery in a way that delivers long term growth for the benefit of NEXT's shareholders.

Committee Terms of Reference are agreed by the Board and regularly reviewed. These are available on the corporate website nextplc.co.uk

The Chairman, Chief Executive and SID's role descriptions are summarised on the preceding page.

Nomination Committee – see Committee report on pages 118 to 119

- Keeps under review the composition, size, structure and diversity of the Board and its Committees.
- Evaluates the balance of skills, experience and diversity of the Board.
- Provides succession planning for the Board and senior management.
- Leads the process for new Board appointments.

Audit Committee – see Committee report on pages 120 to 126

- Reviews and monitors the integrity of the Group's financial and narrative statements.
- Reviews and monitors the adequacy and effectiveness of the risk management framework and the systems of internal controls (including whistleblowing and anti-fraud procedures).
- Reviews and monitors the effectiveness and independence of the external and internal auditors.

Remuneration Committee – see Committee report on pages 127 to 155

- Responsible for setting the Remuneration Policy for all executive directors and the Chairman, including pension rights and any compensation payments.
- Recommends and monitors the level and structure of remuneration for senior management.
- Reviews the ongoing appropriateness and relevance of the Remuneration Policy when setting remuneration.

Chief Executive

Responsible for the day-to-day running of the Group's business and performance, and the development of and implementation of business strategy.

Other Governance Steering Groups

The below steering groups, comprising representatives from executive/senior operational management, held meetings during the year to review and monitor specific risks, activities and incidents:

- Risk Steering Group – risk identification and risk management activities.
- Treasury – Group's treasury policy, treasury operations and funding activities.
- Consumer Credit Risk Committee - Consumer Credit risk and monitoring.
- Information Security & Data Protection – Group's information security and cyber related activities.
- Health & Safety – Group's health and safety activities.
- ESG Steering Group – ESG risk monitoring and setting of ESG priorities.

Executive/operational management

The Chief Executive has delegated authority for the day-to-day management of the business to operational management comprising other executive directors and senior management who have responsibility for their respective areas.

This includes important weekly NEXT Brand trading and capital expenditure meetings, which consider the performance and development of the NEXT Brand through its different distribution channels. This and other meetings also focus on risk management of business areas in respect of the NEXT Brand, including product, sales, customer experience, property and stores, warehousing, systems and personnel.

Noting of directors' concerns

The Chairman encourages openness and debate at Board meetings to enable better decision making. Any director who has concerns about the operation of the Board or the management of the Company that cannot be resolved would ordinarily (and especially if requested by that director or the Chairman) be recorded in the minutes of the relevant meeting. If, on resignation, any non-executive director had any such concerns they would be invited to provide a written statement to the Chairman that would be circulated to the Board. No concerns have been raised in the year.

Review of directors' performance

As Senior Independent Director, Jonathan Bewes led the appraisal of Michael Roney's performance as Chairman in the year through individual discussions with the other directors. Michael Roney appraised the performance of Lord Wolfson as Chief Executive.

The performance of the executive directors is monitored throughout the year by the Chief Executive and the Chairman. The Chairman also monitors the performance of the non-executive directors. Appropriate feedback is provided where necessary. For more information on the Board effectiveness evaluation process, please see pages 116 to 117.

At each Board meeting the Board receives reports from the Chief Executive on the performance of the business. This includes scrutiny of performance against clear financial objectives.

Matters reserved for the Board

There is a formal schedule of matters reserved for the Board. These include investments, significant items of capital expenditure, share buybacks, dividend and treasury policies.

The Board is also responsible for:

- The long term success of the Company, setting and executing the business strategy and overseeing its delivery.
- Providing effective leadership.
- Setting and monitoring the Group's risk appetite and the system of risk management and internal control.
- Monitoring implementation of its policies by the Chief Executive.
- Approving semi-annual Group budgets and regular review of performance against budget. Forecasts for each half year are revised and reviewed monthly.

Certain other matters are reported weekly or monthly including sales, treasury operations and capital expenditure programmes.

Board attendance

The table below shows the attendance at Board and Committee meetings during the year to 25 January 2025. All independent non-executive directors are members of the Nomination, Audit and Remuneration Committees. This allows the non-executive directors to deepen their understanding of the NEXT business, control and risk environment and enhance their contribution to the Board and its Committees.

The Board is satisfied that each of the directors is able to allocate sufficient time to the Company to discharge their responsibilities effectively. Contracts and letters of appointment of directors are made available at the AGM, and are available for inspection at the Company's registered office during normal business hours or on request.

Directors	Role	Board	Nomination	Audit	Remuneration
Number of meetings held in the year		8	3	5	7
Lord Wolfson	Chief Executive	8/8	-	-	-
Jonathan Blanchard[1,2]	Chief Financial Officer	5/5	-	-	-
Amanda James[1,2]	Group Finance Director	3/3	-	-	-
Richard Papp	Group Operations & Merchandising Director	8/8	-	-	-
Jane Shields	Group Sales, Marketing & HR Director	8/8	-	-	-
Jeremy Stakol	Group Investments & Acquisitions Director	8/8	-	-	-
Michael Roney[2]	Chairman	8/8	3/3	-	7/7
Jonathan Bewes	Senior Independent Director	8/8	3/3	5/5	7/7
Venetia Butterfield[3]	Non-executive director	7/7	2/2	4/4	6/6
Soumen Das	Non-executive director	8/8	3/3	5/5	7/7
Tom Hall	Non-executive director	8/8	3/3	5/5	7/7
Dame Tristia Harrison	Non-executive director	8/8	3/3	5/5	7/7
Amy Stirling[4]	Non-executive director	7/7	2/2	3/4	5/6
Dame Dianne Thompson[5]	Non-executive director	2/2	1/1	1/1	2/2

1. Amanda James stepped down from, and Jonathan Blanchard was appointed to, the Board in July 2024.
2. Michael Roney and Amanda James (and subsequently Jonathan Blanchard) are not members of the Audit Committee, however they attended all Audit Committee meetings during the year by invitation.
3. Venetia Butterfield was appointed to the Board in April 2024.
4. Amy Stirling was appointed to the Board in April 2024. She was unable to attend one Audit Committee meeting and one Remuneration Committee meeting due to a prior commitment; she received all Committee papers and provided comments to the Committees prior to the meeting.
5. Dame Dianne Thompson stepped down from the Board after the AGM in May 2024.

CORPORATE GOVERNANCE REPORT

Board Committees

As detailed in the diagram on page 114, the Board has appointed Committees to carry out certain aspects of its duties. Each is chaired by a different director and each Committee Chairman reports regularly to the Board on how that Committee has discharged its responsibilities.

External appointments during the year

During the year, the Board approved Jonathan Bewes' appointment as Chair Designate of MONY Group plc with effect from 1 July 2024, and as Chair from 1 January 2025. After confirming that there were no conflicts of interest and considering the likely time commitment required to fulfil this role, the Board was satisfied that this appointment would not inhibit Jonathan's ability to continue to effectively discharge his duties and responsibilities as a non-executive director of NEXT. The Board also approved Amanda James' appointments as non-executive director of Auto Trader Group plc and The British Land Company PLC with effect from 1 July 2024, noting that the very short overlap with her executive role at NEXT would not inhibit Amanda's ability to effectively discharge her duties and responsibilities.

Information and support

There is a regular flow of information between all directors. The Company Secretary attended all Board meetings; she advised the Board on corporate governance matters and facilitated the flow of information within the Board.

The Company has an open culture; its non-executive directors meet on a formal and informal basis with a broad range of NEXT management and have unrestricted access to the business and its employees.

If directors decide it is necessary to seek independent advice about the performance of their duties with the Company, they are entitled to do so at the Company's expense. Details of professional assistance in relation to Remuneration Policy matters are shown on page 148.

Composition, succession and evaluation

Board composition

At the financial year end the Board comprised six independent non-executive directors (including the Senior Independent Director), the Chairman and five executive directors who all bring considerable knowledge, skills and experience to the Group. The Board is continually assessed and periodically refreshed to ensure it maintains an appropriate balance of skills and experience.

Director appointments and the Nomination Committee

We have seen a number of planned changes to the Board in 2024, which are explained in further detail in the Chairman's introduction on page 111.

During the year we welcomed Venetia Butterfield and Amy Stirling to the Board, who bring a good deal of experience and commitment to their roles. The Board is mindful of its need for greater gender diversity following the departure of Dame Dianne Thompson and Amanda James during 2024, and this will be considered in future appointments.

The Nomination Committee Report on page 118 contains information on the procedure for the appointment of new directors to the Board, succession planning for Board and senior management positions and information on the Company's diversity position and approach.

Re-election and election of directors

Under the Company's Articles of Association, directors are required to stand for re-election at least once every three years. However, in accordance with the Code, all directors stand for election or re-election at each AGM.

The specific reasons why the Board considers that each director's contribution is, and continues to be, important to the Company's long term sustainable success are set out in the directors' biographies on pages 108 to 109.

Board induction and development

On joining the Board, new members receive a personalised induction, tailored to their experience, background and understanding of the Group's operations and environment. During the year, Amy Stirling and Venetia Butterfield completed a comprehensive induction programme, which comprised:

- Visits to warehouses and stores.
- Attendance at key operational meetings.
- Meetings with operational directors and senior managers, giving an overview of all aspects of the business.
- Meetings with the Chairs of each of the Board and its Committees and the external audit partner.
- A briefing from the Company Secretary, the Group's corporate broker and external lawyers on the duties of a public company director.
- Access to past Board, Committee and other key governance papers.

Jonathan Blanchard received a personalised induction, incorporating the above plus a detailed handover with the outgoing Group Finance Director to ensure an orderly transition.

Individual training and development needs are reviewed as part of the annual Board evaluation process and training is provided where appropriate, requested or a need is identified. All directors receive frequent updates on a variety of issues relevant to the Group's business, including legal, regulatory and governance developments, with visits to stores and warehouse operations organised periodically to help directors' understanding of the operational aspects of the business.

Board effectiveness review

Every year there is a review of the performance, composition and effectiveness of the Board, its Committees, the Chairman and individual directors. An outcome of the 2023/24 internal Board review identified opportunities to develop the Board's effectiveness further. Opportunities included extending Board composition to external skills in cyber and ESG and succession planning to include greater exposure of senior managers to non-executive directors. These themes were reviewed by the Board throughout the year and used to inform the 2024/25 performance review.

Our Board performance review is externally facilitated every three years. During the year, Lintstock Limited (Lintstock) were engaged to undertake our review for the first time, following a thorough review of potential facilitators. It was overseen by the Chairman and comprised a short questionnaire, individual interviews with Lintstock and attendance at our Board and Committee meetings to observe and provide feedback. Views were also sought from the Company Secretary, external auditor and the Company's broker.

The review considered the effectiveness of the Board, as well as that of each Board Committee and the individual directors. The areas of focus included Board composition and succession planning, quality of information received, Board dynamics and support, management and focus of meetings, Board Committees, business development oversight, risk management and mitigation, internal control, oversight of sustainability and Board relations. A report, with action points and recommendations for the Board to consider, was distributed to the directors and results of the review were subsequently discussed by the Board at its January 2025 meeting.

Key themes identified through the performance review included the need to focus on conducting regular reviews of M&A activities, succession planning and in-depth review of the global risk landscape.

Lintstock is independent of and has no other connection with the Company or its directors in connection with the performance review. The Board has followed the CGI principles for Good Practice for Listed Companies Using External Board Reviewers.

In addition, the Chairman's performance was considered by the SID with input from the non-executive directors and discussed following the December and January Board meetings without the Chairman present. The discussion concluded that the Chairman continued to devote sufficient time to his role and continued to lead the Board constructively, demonstrating objective judgement and encouraging a culture of openness and debate.

Audit, risk and internal control

Audit Committee and independent auditor

For further information on the Company's compliance with the Code provisions relating to the Audit Committee and auditors, please refer to the Audit Committee Report on pages 120 to 126. The independent auditors' responsibilities are set out on page 165 and the Board's statement as to the Annual Report and Accounts being fair, balanced and understandable can be found on page 110.

Going concern and viability assessment

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, which also describes the Group's financial position, cash flows and borrowing facilities. Further information on these areas is detailed in the financial statements. Information on the Group's financial management objectives and how derivative instruments are used to hedge its capital, credit and liquidity risks is provided in Note 30 of the financial statements.

The directors report that, having reviewed current performance and forecasts, they have a reasonable expectation that the Group has adequate resources to continue its operations for a period of at least 12 months. For this reason, they have continued to adopt the going concern basis in preparing the financial statements. The directors have also assessed the prospects of the Company over a three year period. Further details of the viability assessment are provided on pages 77 to 78.

Risk management and internal control

The Board is responsible for the Group's risk management process and delegates responsibility for its implementation to the Chief Executive and senior management best qualified in each area of the business. The Board sets guidance on the general level of risk which is acceptable and has a considered approach to evaluating risk and reward and promoting a risk aware culture throughout the business.

Risk management and internal control is a continuous process and has been considered by the Board on a regular basis throughout the year (see the description of the Group's risk management and internal control framework on page 68 for more information). This includes identifying and evaluating principal and emerging risks, determining control strategies and considering how they may impact on the achievement of business objectives.

The Board has carried out a robust assessment of the principal and emerging risks facing the Company and has also conducted an annual review of the effectiveness of the systems of internal control during the year – see page 70 in the Strategic Report for further information.

The Board promotes the development of a strong control culture within the business. The Audit Committee regularly reviews strategic and operational risks and the Audit Committee and Board have reviewed the principal risks (described on pages 72 to 76) and the associated financial, operational and compliance controls and mitigating factors. The Audit Committee discusses these risks with the relevant directors and senior management.

The Board considers that the Group's management structure and continuous monitoring of key performance indicators can promptly identify any material areas of concern. Business continuity plans and procedure manuals are maintained in respect of specific risk areas and business processes. The management of business risk is an integral part of Group policy and the Board will continue to develop risk management and internal controls where necessary.

The use of a Group accounting manual and prescribed reporting procedures for finance teams throughout the Group ensures that the Group's accounting policies are clearly established and consistently applied. Information is appropriately reviewed and reconciled as part of the reporting process and the use of a standard reporting software package by all entities in the Group ensures that information is presented consistently to facilitate the production of the consolidated financial statements.

During the year, the Audit Committee has considered work to formalise and document the Company's material controls as part of the preparation for assessment of the effectiveness of material controls in line with the new UK Corporate Governance Code.

Remuneration

The Company's remuneration policies and practices are designed to support strategy and promote long term sustainable success. They are aligned to the Company's purpose and values and linked to the successful delivery of the Company's long term strategy. You can read about the Company's Remuneration Policy including considerations taken on board and the work of the Remuneration Committee in the Remuneration Report on pages 127 to 155.

The Remuneration Report also contains information on the Company's compliance with the Code provisions relating to remuneration.

NOMINATION COMMITTEE REPORT

Membership and meetings

Members
Michael Roney (Committee Chairman)
Jonathan Bewes
Venetia Butterfield
Soumen Das
Tom Hall
Dame Tristia Harrison
Amy Stirling

The Committee member attendance table is shown on page 115. Lord Wolfson also attends the Nomination Committee meetings by invitation. In addition to formal meetings during the year, there were regular informal discussions on succession plans and appointments at the senior leadership team level.

The Committee's roles and responsibilities are covered in its terms of reference which are available on our corporate website nextplc.co.uk.

Our annual evaluation of the Nomination Committee's performance was undertaken as part of the externally facilitated Board evaluation process. Further details are set out on pages 116 to 117.

Committee activities in 2024/25

Board appointments

The Committee adopts a formal and transparent procedure for the appointment of new directors to the Board.

External consultants are used to assist in identifying suitable candidates for non-executive roles, as well as for executive roles where no suitable internal candidate has been identified. A written specification is produced for each appointment. The Chairman is responsible for providing a shortlist of candidates for consideration by the Nomination Committee which then makes its recommendation to the Board for final approval. The Nomination Committee is led by the Senior Independent Director when dealing with the appointment of a successor to the Board chairmanship.

Following an extensive search exercise in 2023 and early 2024, the Board approved the appointment of Amy Stirling and Venetia Butterfield as non-executive directors with effect from 2 April 2024. Heidrick & Struggles was appointed to help identify suitable external candidates for the non-executive director roles and has no other connection with the Company. A comprehensive candidate specification was agreed and aligned the role briefs to the desired Board and Committee composition with reference to our Board skills matrix and diversity policy.

In October 2023, the Company announced the appointment of Jonathan Blanchard as Chief Financial Officer designate for appointment in the 2024/25 financial year. Jonathan was formerly CFO at Reiss which first became part of the NEXT Group in 2021. He moved to NEXT in November 2023 and joined the Board as Chief Financial Officer in July 2024. NEXT has a good track record of internal promotions to the Board and has not made an external appointment of an executive director for over 35 years.

Succession planning

During the year, the Committee considered the succession arrangements for the Board and the operational directors below Board level. We reviewed a skills matrix which captured the core skills, knowledge, experience and diversity represented by the Board members. This provides a framework for considering the skills we wish to focus on when preparing role specifications and evaluating potential new Board candidates. Our current Board members each bring a broad range of individual skills, knowledge and experience. A summary of the skills of our directors is shown below.

Skills and experience	Number of directors
Retail/Commercial/Operational	9
Listed market experience and governance	7
Finance/Accounting	5
Brand marketing	4
CEO experience	3
Cyber risk/Digital	3
Property	2

The Committee recognises that governance is an ethos rather than a tick-box exercise, and in this increasingly complex governance arena, we occasionally need to balance conflicting governance requirements. The Committee is mindful that Jonathan Bewes and Michael Roney will complete nine years of service in the next twelve months, specifically in October 2025 and February 2026, respectively. During this same period, we will be conducting our external audit tender process, potentially resulting in the onboarding of a new external auditor, while also beginning the search for a new Chair. These key processes are led by the Audit Committee Chair and SID, both roles currently held by Jonathan Bewes. Our expectation is that we will request Jonathan to remain in post beyond the nine years to provide continuity and assist with these processes.

Crisis situation succession

During the year, we also considered crisis situation succession arrangements in the event of sudden changes in the availability of executives and key operational director personnel. The business has a strong history of successful internal promotions to both operational director and executive director positions, and we were able to clearly identify potential candidates to immediately cover for key personnel should the need arise.

Diversity and inclusion

Appointments to the Board and its Committees, as with other positions within the Group, are made on merit according to the balance of skills and experience offered by prospective candidates. As a company, we acknowledge the benefits of diversity in terms of business experience and individual appointments are made irrespective of personal characteristics such as race, religion or gender. The Committee will always seek to appoint the candidate with the most appropriate skills and experience.

NEXT's Diversity & Inclusion Policy sets out our support for diversity and encourages an inclusive culture. We actively support a culture of inclusion, to ensure that all our employees are valued, and are treated with dignity and respect. We recognise that for the business to continue to be successful we must ensure that we can recruit from as wide a pool of talent as possible. This policy is to treat all employees fairly and equally, regardless of gender, sexual orientation, marital status, race, colour, nationality, religion, ethnic or national origin, age, disability or union membership status and we do not have a separate formal policy for the Board and its Committees as the all employee policy is applicable. We satisfy the Parker Review recommendation to have at least one Board director from an ethnic minority background.

We are pleased to have been recognised in the FTSE Women Leaders Review: Achieving Gender Balance (February 2025) again this year. We were placed third in the FTSE 100 Rankings 2024 Women on Boards and in Leadership, having remained in the top three since 2017. Currently, women represent 33.3% of our Board, below the Board diversity target set out in the UK Listing Rules. The NEXT Board has undergone significant change in recent years and is set for further change, as noted under succession planning. The Board will keep its gender balance under review and this will be considered in future appointments.

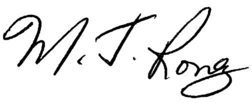
Further analysis of employees by gender is given in the Strategic Report on page 92.

The Company met one of the three targets on board diversity set out in UKLR 6.6.6(9) as at the year end as set out below.

1. The Company has not met the target that at least one of the required senior positions on its Board of directors is to be held by a woman.
2. At least one individual on the Board of directors is from a minority ethnic background.
3. At the financial year end, 33.3% of the Board of directors were women, therefore the Company did not meet the target for 40% of its Board to be women.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Gender identity					
Men	8	67%	4	21	64%
Women	4	33%	0	12	36%
Not specified/prefer not to say	0	0	0	0	0
Ethnic Background					
White British or other White (including minority-white groups)	11	92%	4	31	94%
Mixed/Multiple ethnic groups	0	0	0	0	0
Asian/Asian British	1	8%	0	2	6%
Black/African/Caribbean/Black British	0	0	0	0	0
Other ethnic group	0	0	0	0	0
Not specified/prefer not to say	0	0	0	0	0

Approach to collating diversity data: data is from our employee database containing all permanent colleague details as at 25 January 2025. Diversity information for ethnicity is based on voluntary self-declaration.



Michael Roney
Chairman of the Nomination Committee
27 March 2025

AUDIT COMMITTEE REPORT

Chairman's Introduction

On behalf of the Audit Committee, I am pleased to present the Audit Committee's report for the year ended 25 January 2025. This report explains the Committee's responsibilities and how it has discharged them over the year.

On the following page is a summary of the activities undertaken by the Committee during the year, which broadly fall into four categories: (i) financial reporting; (ii) external audit; (iii) internal control, risk management and internal audit; and (iv) governance and other matters. The Committee assists the Board through overseeing, challenging and monitoring the Company's frameworks and disclosures, along with management's judgements in these areas.

This year, the Committee completed preparatory work for the competitive tender process for its external auditor. The Committee agreed on the tender process timetable, prepared assessment criteria to ensure a fair evaluation of each firm, identified suitable firms to participate, and invited engagement from shareholders. Further information may be found on page 124.

The Committee is pleased with the progress made during the year to further reinforce the Company's robust environment of internal controls. The Committee has overseen the strengthening of the anti-fraud framework, and has received updates from the Anti-Fraud Steering Group. Work has also been underway regarding the risk management and internal control provision of the new UK Corporate Governance Code, which will be effective from the beginning of the financial year ending January 2027.

The Committee has also monitored progress of a new financial system, which will further enhance the Company's control environment and support the growth of the business.

All that remains is for me to thank the management team at NEXT and all Committee members for their valuable contributions which support the work of the Committee.

Jonathan Bewes
Chairman of the Audit Committee
27 March 2025

Role of the Committee

The Committee's roles and responsibilities are covered in its terms of reference which are available on our corporate website at nextplc.co.uk. These terms of reference were most recently reviewed by the Board in December 2024.

The Committee focuses on ensuring the integrity of the financial reporting and audit processes and the maintenance of sound internal control and risk management systems to safeguard shareholder interests. In particular, it focuses on monitoring and/or reviewing:

- The integrity of financial and narrative reporting, and reviewing significant financial judgements.
- The going concern and viability statements.
- NEXT's systems of risk management and internal control.
- The activities and effectiveness of the Internal Audit function.
- The effectiveness of whistleblowing and anti-fraud arrangements.
- The effectiveness of the external audit process and the appropriateness of the relationship with the external auditor.

Membership and meetings

During the year the Committee comprised the following independent non-executive directors:

Member
Jonathan Bewes (Committee Chairman)
Venetia Butterfield (from April 2024)
Soumen Das
Tom Hall
Dame Tristia Harrison
Amy Stirling (from April 2024)
Dame Dianne Thompson (until May 2024)

The Committee held five scheduled meetings during the year. The meeting attendance table is shown on page 115. In advance of each meeting, the Committee Chairman met with the Central Finance Director, the Company Secretary, and separately with the external audit partner to discuss their reports and any other relevant issues. The Committee Chairman also had regular meetings with the Head of Internal Audit where the Group's internal controls, governance framework and the progress of the internal audit work programme are reviewed. The Committee Chairman routinely reported to the Board on the Committee's activities and matters of particular relevance, following the Committee meetings.

The Board Chairman attended all meetings by invitation. The Chief Financial Officer attended all meetings since his appointment, and his predecessor attended until her resignation, both by invitation. Operational directors and senior managers are invited to attend and present at Committee meetings regularly to reinforce a strong culture of risk management and to keep the Committee up to date with events in the business. The Committee meets without management present regularly and meets privately with the Head of Internal Audit and the external auditor as necessary and at least annually.

Details of the directors' skills, experience and qualifications can be found in the biographies on pages 108 to 109. The Committee's wide range of financial and commercial skills and experience serves to provide the necessary knowledge and ability to work as an effective committee and to robustly challenge the Board and senior management as and when appropriate. The Committee Chairman, Soumen Das and Amy Stirling all possess recent and relevant financial experience, and the Committee as a whole continues to have competence relevant to the sector. None of the Committee's members has a connection to PwC, the external auditor.

Committee effectiveness

During the year, the Committee's performance was assessed as part of the annual Board performance review. This year's assessment was conducted externally and concluded that the Committee continues to operate effectively. Further details of this year's review can be found on pages 116 to 117.

Summary of key Committee activities during the year

Financial reporting

- Reviewed the annual report and interim financial statements.
- Reviewed the going concern and viability statements and management's process and assumptions for assessing viability.
- Agreed the application of the key accounting judgements and estimates and considered whether the Annual Report and Accounts are fair, balanced and understandable.
- Reviewed the appropriateness and implementation of the accounting policies.
- Reviewed the appropriateness, application and disclosure of Alternative Performance Measures (APMs).
- Reported and made recommendations to the Board on financial reporting matters.
- Reviewed correspondence between the Company and the FRC regarding the FRC's review of the 2024 Annual Report and Accounts.
- Received reports from management on the progress of the finance transformation project to replace the core finance systems.

Internal control, risk management and internal audit

- Provided oversight of the risk management systems.
- Reviewed and considered the appropriateness of the principal risks.
- Considered risk reviews from various business areas including information security, tax, data protection, FCA compliance and treasury.
- Approved the Internal Audit plan, including amendments to the plan during the year.
- Reviewed the results of Internal Audit's work and proposed remediation plans.
- Met with Internal Audit without management.
- Assessed the effectiveness of the Internal Audit function.
- Reviewed fraud risk and mitigation, including the implementation of a new anti-fraud framework .
- Reviewed the assurance mapping matrix, which documents the levels of assurance undertaken for various reports and submissions.
- Considered work undertaken to formalise and document the Company's material internal controls.

External audit

- Reviewed audit approach, scope and planning.
- Reviewed audit findings and challenged management on its views and actions to address the findings.
- Assessed external auditor effectiveness and independence.
- Approved the audit and non-audit fee policy and fees.
- Received auditor views on management and controls.
- Reported to the Board on the audit process, the effectiveness of the external auditor, the results of the external audit, and made a recommendation to the Board on the re-appointment of the external auditor.
- Undertook preliminary work for the external audit re-tender, which is due to take place in 2025.

Governance and other matters

- Received reports and presentations from senior management in other significant business areas such as health and safety, pensions, payroll, legal, and taxation.
- Considered regular updates on ESG matters, including Task Force on Climate-related Financial Disclosures ("TCFD") requirements, the new Corporate Sustainability Reporting Directive, climate-related risks and Code of Practice.
- Reviewed the adequacy and security of whistleblowing processes and received regular reports on matters reported.
- Assessed NEXT's compliance with the 2018 UK Corporate Governance Code and monitored progress towards compliance with the 2024 UK Corporate Governance Code.

Financial reporting

FRC Reporting Review

During the year, the FRC's Corporate Reporting Review team completed a review of our 2024 Annual Report and Accounts covering reporting issues of a particular relevance to retail companies. It enquired into the Group's approach to impairment testing of plant, property and equipment and related Retail assets. As a result of the review, no changes to the reported numbers were required. However, we have expanded the disclosure in relation to the cash generating units identified for purposes of impairment testing. This change provides further information on our approach to impairment testing but had no impact on the process or results of such testing.

The FRC's enquiries regarding this matter are now complete. The FRC has asked that we make clear the inherent limitations of its review; it does not benefit from detailed knowledge of NEXT's business or an understanding of the underlying transactions entered into. Accordingly, it provides no assurance that the Annual Report and Accounts are correct in all material respects.

Review of financial statements

The Committee reviews the financial statements of the Group, assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. To assist with this review the Committee requested that management present detailed papers explaining and substantiating the basis for the Group's accounting policies, APMs and key areas of judgement and estimation. These papers included a sensitivity analysis of key estimates so that the potential impact of these could be viewed in the context of the financial statements as a whole.

The Committee recognises the importance of the views of the external auditor and consequently made enquiries to ensure that suitably robust challenges and audit procedures had been performed on these judgements during the audit. There were ultimately no significant differences in views between management and the external auditor.

Having reviewed management's papers and considered the procedures and findings of the external auditor, the Committee is satisfied that the judgements are reasonable, and that suitable accounting policies have been adopted and disclosed in the Annual Report and Accounts.

AUDIT COMMITTEE REPORT

Significant matters and judgements for the year ended 25 January 2025

The following areas of significance were all subject to review and challenge by the Committee and were discussed and addressed with our external auditor throughout the external audit process.

Area of focus	Details of Committee review	Reference to financial statements
1. Online customer receivables and related allowance for expected credit losses (ECL)	This represents the largest asset class on the Group's Balance Sheet (2025: Gross value £1.6bn and allowance for expected credit losses of £182m). Based on detailed reports and thorough discussions with management and the external auditor, including the appropriate ECL model specialists, the Committee reviewed the basis and level of provisions under IFRS 9 "Financial instruments" and the sensitivity of key judgements. The Audit Committee reviewed the key risk indicators included within the model, including the disclosure within the financial statements which explain the impact of forecast UK unemployment rates, real wage growth and the continued pressure caused by UK inflation rates. Sensitivity analysis on the key assumptions, including management overlays to the base ECL model, has also been reviewed and, where significant, has been disclosed in the Annual Report and Accounts. The Committee is satisfied that the judgements made, and the sensitivities disclosed in the Annual Report and Accounts, are reasonable and appropriate.	Page 187 and Note 14
2. Closure of pension scheme	In March 2024 NEXT announced that it was closing its defined benefit plan to future accrual. This resulted in a curtailment loss including related expenses of £14.5m. This loss has been recognised as an exceptional loss in the Group Income Statement. The Committee was provided with accounting papers setting out how this loss was calculated and considered whether the presentation of this item, as an exceptional loss, was appropriate. Given the loss was significant, non-cash and not related to the underlying trade of the core business the Committee concluded that it was appropriate to separately present this as an exceptional item. Having concluded this was appropriate, careful consideration was then given to how this amount was disclosed and explained in the Annual Report and Accounts. In particular, the Committee considered whether the disclosure was sufficient and appropriate to enable a user of the Annual Report and Accounts to know whether performance metrics included or excluded the loss. Regarding the Group Balance Sheet it shows a funding surplus of £30.8m (2024: £59.3m), comprising £617.3m assets and £586.5m defined benefit pension schemes' obligation. The Committee reviewed the actuarial assumptions underlying the calculations, discussed with the auditor its view on these assumptions, and was satisfied that they are reasonable.	Notes 6 & 21
3. Equal pay claim	In August 2024 the first tier Employment Tribunal issued its decision on an Equal Pay case brought against NEXT by both current and former employees. NEXT has carefully reviewed the findings of the Tribunal and, following advice from legal Counsel, has appealed the decision. The legal advice we have received suggests that we have good prospects of success with the appeal. As such, it remains the view of the Board that the likelihood of any payment remains possible, but not probable. Therefore, at this time, no provision has been made in the accounts pending the appeal process. In addition, there remains significant uncertainty in the total number of claims that may be received and the outcome from the appeals process (and timing) is unknown. Finally, the Committee agreed that any estimate of the potential liability is not disclosed as doing so could be prejudicial to NEXT's position.	Note 36

Going concern and viability statement

The Committee reviewed the appropriateness of preparing the Annual Report and Accounts on a going concern basis and the viability assessment for the business. To inform its assessment of these, the Committee:

- Received a presentation from management which set out the Group's financial position and performance, its three year cash projections and the Group's available borrowing facilities and covenants, including the repayment profile of its existing debt structure.
- Reviewed the process behind the preparation of the cash projections, assessing the completeness of the inputs and appropriateness of key assumptions made by management.
- Reviewed the stress testing and reverse stress test prepared by management. The stress tests included the possible cash impact of a 'black swan' event such as the temporary closure of all the warehouses and retail stores.
- Took into consideration recent updates they had received on the Group's principal and emerging risks.
- Noted that the Group had generated significant cash in the year, which had enabled it to continue its share buyback activity, while also reducing its net debt by £40m. Furthermore, the Group continued to have access to significant cash levers which it could utilise if required to support the viability of the business.
- Received an update from management setting out how it was managing its cash and net debt so that it retained flexibility over its ability to settle or replace the bond due to mature in 2025.

Further details of the scenario testing, including the cash levers available to the business, are provided in the Viability Statement on page 78.

Based on these procedures the Committee approved the disclosures in relation to both the going concern and viability assessment and recommended to the Board the preparation of the financial statements on a going concern basis.

Fair, balanced and understandable

In March 2025, the Committee reviewed the Annual Report and Accounts. The Committee concluded that the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess NEXT's position, performance, business model and strategy. It also considered the TCFD report (pages 83 to 89) and the potential impact on forward-looking assumptions supporting going concern and viability assessments. In reaching its conclusion, the Committee considers the Annual Report and Accounts in line with the steps set out in the diagram below.

Detailed consideration was given to the following items by the Committee:

- Reporting of the exceptional item of £14.5m in the Consolidated Income Statement as a result of the closure of the defined benefit plan in March 2024. This 'curtailment' loss is as a result of the difference between the pre and post closure estimates of the pension liability. As it is one off in nature and non cash, it is recognised in the income statement within exceptionals.
- The Reporting of Group Sales within the Chief Executive's Review which is an APM. This APM records sales on the basis of the percentage held in the businesses acquired by NEXT. The rationale for this approach and reconciliation to the statutory revenue has been considered and disclosed within the Annual Report and Accounts.
- The use of an APM for profit before tax in the Chief Executive's Review. This APM removes the impact of non-controlling interests, amortisation relating to brand acquisitions and the exceptional item on the pension curtailment. The rationale for this approach and reconciliation to the statutory profit before tax has been considered and disclosed within the Annual Report and Accounts.
- Other APMs and segmental analysis (Note 1) were also considered and the Committee was satisfied these had also been disclosed and explained appropriately in the Annual Report and Accounts.

Fair, balanced and understandable assessment

Step 1

Management accounts and KPIs are considered at Board meetings to ensure that business performance is appropriately assessed, reported and understood.

Step 2

The reporting is led by a small team of management which coordinates the input into the Annual Report. Senior management reviews the Report as a whole to ensure that the information provided is accurate and the narrative is consistent with the fact pattern.

Step 3

The Committee reviews the Annual Report during the drafting process and receives regular updates on progress. By facilitating input at an early stage, there is adequate time for review and amendments.

Step 4

The Internal Audit function and internal specialists undertake a review of material components of the financial statements, verifying information within the Annual Report.

Step 5

Management provides the Committee with a report on the steps taken to ensure that the report is fair, balanced and understandable. The Committee discusses this with management and challenges any significant judgements or estimations made, as well as the use of any APMs.

Step 6

The Committee considers the views of the external auditor and recommends the Annual Report and Accounts to the Board for approval.

AUDIT COMMITTEE REPORT

Risk management, internal control and internal audit

Risk management

While the Board retains ultimate responsibility for risk management, the Committee reviews the overall effectiveness of risk management within the business regularly and at least annually. At each meeting during the year, the Committee received presentations from management detailing risks and risk management in various business areas. More information about the Committee's risk oversight during the year can be found below.

Further details regarding NEXT's risk framework and approach to risk management, together with details of the principal risks and risk assessment can be found on pages 68 to 76.

The Committee's risk management activities during the year

IT systems, cyber security and data privacy

- The Committee received progress reports on IT control observations made by the external auditor during the 2024/25 audit.
- At every meeting, the Committee received updates from the Information Security Manager on cyber security, including IT ransomware defence and recovery work.
- Management presented to the Committee on work being done to enhance information security processes and procedures.
- The Committee reviewed information security and data privacy (GDPR) key risk indicators, key controls dashboards, and enhancement plans.

Consumer credit

- During the year the Committee received regular briefings on the Finance business, including reporting on the financial outlook, work on new customer management scorecards and affordability assessments and updates on credit account fraud.
- The Committee received updates on payment and default rates, bad debt, and arrears.
- The Committee oversees the credit business' FCA conduct risk dashboard and has the opportunity to challenge management as appropriate.

Other risk activities

The Committee also:

- Reviewed the key current and emerging risks (including ESG risks), together with the associated controls and mitigating factors.
- Considered management's scoring of inherent and residual risks, and challenged assumptions and methodology to ensure these are appropriate and robust.
- Reviewed the 2024/25 risk governance schedule.
- Reported to the Board on its evaluation of the effectiveness of the Group's systems of internal control and risk management, informed by reports from Internal Audit and PwC.
- Received regular updates on fraud prevention and detection activity and reviewed the oversight and governance framework in place.
- Received updates on material legal matters.
- Received updates from the operations team on key projects such as the Finance Transformation project, including consideration of the associated risks.

Internal audit

The Internal Audit function is an integral feature of the Group's control framework. The work undertaken by the team provides invaluable insight into the practices, processes, systems and controls of the business. As such, the internal audit plan is approved by the Committee annually, and the Head of Internal Audit provides a detailed update to the Committee at each meeting. This update provides insight into the results of audits, including proposed improvement plans where relevant.

The Committee has oversight of the Internal Audit function's resources, experience and expertise. The Committee as a whole and the Committee Chairman each meet with the Head of Internal Audit without management present regularly to allow for open discussion.

The Committee is satisfied that the Internal Audit function has continued to perform effectively during the year.

External audit

The Committee is responsible for recommending to the Board the appointment, re-appointment, remuneration and removal of the external auditor. A resolution to propose the re-appointment of PwC was approved by shareholders at the 2024 AGM. When considering whether to recommend the re-appointment of the external auditor, the Committee considers a range of factors, including the effectiveness of the external audit, the period since the last audit tender was conducted, and the ongoing independence and objectivity of the external auditor.

Audit Tender and Minimum Standard

PwC conducted its first audit of NEXT's financial statements in 2018, following a competitive tender process. The Committee conducts an audit services tender at least every ten years as required by law, to ensure that the independence of the external auditor is safeguarded.

When considering the appropriate time to conduct an audit tender, the Committee takes into account a range of matters, including the benefit of an incumbent firm with deep knowledge of the Group's operations enabling an efficient and high quality audit, the independence and objectivity of the appointed auditor and audit partner and the results of the assessment of audit effectiveness.

The tender process for audit services to begin in the year ending January 2028 is in its early stages and is expected to be completed by the end of H1 2025/26. During the financial year, the Committee undertook preparatory work for the tender process, including setting the tender process timetable, agreeing assessment criteria to ensure fair evaluation of each firm, identification of suitable firms to participate, and inviting engagement from shareholders.

The Committee is mindful of conducting the audit tender process in accordance with best practice, including the FRC's External Audit: Minimum Standard. A report on the tender process and outcome will be provided in next year's Annual Report and Accounts.

Independence and objectivity

PwC has reported to the Committee that, in its professional judgement, it is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff is not impaired. Mark Skedgel was first appointed as the Lead Audit Partner for the 2022/23 audit and has now completed his third year of the maximum term of five annual audit cycles.

The Audit Committee has assessed the independence of the auditor by considering, amongst other things, the length of tenure of the audit firm and the audit partner, the value of non-audit fees provided by the external auditor, the relationship with the auditor as a whole, and management responses to the independence questions in the questionnaire conducted at the end of the audit process. It also considers the external auditors' own assessment of its independence. The Committee is satisfied that PwC meets the required standard of independence to safeguard the objectivity and integrity of the audit.

The Committee confirms its compliance with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year ended 25 January 2025.

Non-audit work carried out by the external auditor

In accordance with the FRC's Ethical Standard and in order to maintain the continued independence and objectivity of the Group's external auditor, NEXT has a policy governing the provision of non-audit services by the external auditor.

- The Committee's approval is required in advance of any non-audit services to be provided by the external auditor.
- In any one year the aggregate non-audit fees will not exceed £400,000.
- Over a rolling three-year period, non-audit fees are limited to 50% of the average audit fee paid in the previous three years.
- Only permitted non-audit services may be provided by the auditor.

The policy was most recently reviewed and updated in March 2025. The Committee reviews PwC's audit and non-audit fees twice a year. These procedures also ensure that the regulatory cap on permitted non-audit services of 70% of the average Group audit fee paid on a rolling three-year basis is not exceeded.

Proposed assignments of non-audit services with anticipated fees over £175,000 are generally subject to competitive tender and decisions on the award of work are made based on competence and cost-effectiveness. A tender process may not be undertaken where existing knowledge of the Group enables the auditor to provide the relevant services more cost-effectively than other parties. The external auditor is prohibited from providing any services that would conflict with their statutory responsibilities or which would otherwise compromise their objectivity or independence.

During the year, PwC's audit fee amounted to £2.9m (2024: £2.7m). PwC non-audit fees were £0.2m (2024: £0.3m). In line with the above policy, appropriate advance approval was obtained from the Committee. Non-audit fees included services to provide limited assurance over parts of our corporate responsibility reporting from PwC as it has existing knowledge of the Company and was able to provide the services in a cost-effective manner. Further details are provided in Note 3 to the financial statements.

Effectiveness

The Committee Chairman attended the audit close meeting between the external auditor and management to ensure that he was fully aware of:

- The issues that arose during the audit and their resolution.
- The level of errors identified during the audit.
- The interaction between management and the auditor.
- The views of the external auditor's technical specialists and NEXT's subject area experts.

The external auditor attended all of this year's Committee meetings.

Based on these reviews, the Committee concluded that PwC had applied appropriately robust challenge and professional scepticism throughout the audit, that it possessed the skills and experience required to fulfil its duties effectively and efficiently, and that the audit was effective.

Having reviewed the auditor's independence and objectivity, the audit quality and the auditor's performance, the Committee was satisfied with PwC's independence and objectivity and recommended its re-appointment for the year ending 31 January 2026. A resolution to re-appoint PwC and give authority to the Committee to determine its remuneration will be submitted to shareholders at the 2025 AGM

Other matters

ESG

ESG is a standing item on the Audit Committee's agenda and during the year the Committee:

- Reviewed the proposed TCFD disclosures.
- Received updates on new regulatory developments and significant environmental initiatives within the business.
- Had presentations from the Code of Practice team, which works with NEXT's suppliers worldwide to uphold and improve labour standards in our supply chain.
- Received updates at every meeting from the Head of Sustainability on ESG governance matters.

Whistleblowing

The Company's whistleblowing procedures ensure that employees, suppliers and other third parties can raise concerns about possible improprieties on a confidential basis. Concerns can be raised via telephone or online directly to NEXT or an independently provided third-party service. The policy also provides for concerns to be reported directly to the Committee Chairman.

During the year, the Committee received updates at every meeting of reported issues, investigation details and follow up actions. The Committee also received updates in relation to anti-bribery and modern slavery training and awareness programmes.

AUDIT COMMITTEE REPORT

Effectiveness

It is the Committee's responsibility to assess the effectiveness of the external audit.

The Committee kept the effectiveness of the external audit under continuous review throughout the year. It did this through:

1. Reviewing audit plans early in the planning stages and discussing audit planning, audit quality, fees, accounting policies, audit findings and internal control with PwC.

2. Reviewing the findings from the FRC's annual audit inspection and the actions PwC was taking as a consequence of the inspection, particularly in relation to the audit of retail companies.

3. Reviewing PwC's report on its own internal quality procedures.

4. Attendance by the Committee Chairman at the audit close meeting (see above).

5. Considering the manner in which the audit was conducted and the audit areas in which most time was spent.

6. Reviewing the results of a detailed survey completed by NEXT management on their experience with the external auditor in respect of areas such as audit strategy, professional scepticism, technical strength, communication and planning.

7. Considering the areas in which PwC had challenged management's assumptions in key areas of judgement and the number and nature of the accounting and control observations raised by the auditor.

REMUNERATION REPORT

Contents

Remuneration compliance

This report complies with Schedule 8 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations, the UK Corporate Governance Code (Code) and the Listing Rules.

Part 1: Annual Statement

As Chairman of the Remuneration Committee and on behalf of the Board, I am pleased to present our report on directors' remuneration for 2024/25.

Changes to executive directors' salary and bonus structure

At the May 2024 AGM we proposed inflation-linked pay rises for all executive directors (including the CEO) and modest changes to the bonus arrangements of the executive directors other than the CEO. Subsequently, in July 2024 the Committee implemented a further set of changes to both salaries and bonus structures for the executives other than the CEO. These changes were necessitated by evolving circumstances.

With hindsight, the Committee would have preferred to propose these at the 2024 AGM. Still, our duty is to the business and its shareholders, and this in turn requires adaptability to evolving circumstances. It had become clear to us that the changes below were necessary and well within normal bounds. I wrote on behalf of the Committee to our 34 largest shareholders, who collectively at that time held around 50% of our issued shares, along with their representative bodies, to inform them about the changes to the executive directors' salary and bonus structure and held follow up meetings with a number of them (see Shareholder Engagement section below).

Changes to salaries and bonuses

- For Richard Papp (Group Merchandise and Operations Director) and Jane Shields (Group Sales, Marketing and HR Director), base salary increased from £557k to £700k.
- For Jeremy Stakol (Group Investments, Acquisitions and Third Party Brands Director) and Jonathan Blanchard (new Chief Financial Officer), base salary increased from £499k and £575k respectively to £600k.
- The maximum bonus for those four executives will remain capped at 150% (the increase from a cap of 100% to 150% was disclosed in my Statement last year), but we aligned the bonus mechanism with that of the Chief Executive (who is also capped at 150%). When increasing the bonus level for FY25, we originally planned that the Chief Executive would receive a higher percentage payout of salary than the other Executive Directors for the same performance above budgeted NEXT Group pre-tax profit EPS. Now, all Executive Directors will earn the maximum bonus at the same performance level. Any bonus exceeding 100% will be paid in shares, which must be held for two years.
- We did not change anything in the mechanics of the LTIP scheme.
- We also increased the salary of outgoing Group Finance Director, Amanda James, who retired from the business after 29 years of service in September 2024, to £700k (i.e. in line with Richard Papp and Jane Shields). Given we think it is the right thing for the business - and its shareholders - to increase the pay of Richard Papp and Jane Shields, we considered that it would be highly inequitable for Amanda, after 29 years of service, not to receive the benefit of this change for her last remaining months in the business. During the year and until she departed from the business, Amanda demonstrated exceptional diligence managing the transition of her extensive responsibilities to our new CFO, Jonathan Blanchard. Amanda chose to retire from the business and has not received any severance pay.

We backdated these pay arrangements to the start of the financial year, although we did not increase the first half LTIP grant which was based on the base salaries before the changes outlined above.

Context and rationale for the changes

Whilst these changes are material, we would point out that:

- NEXT has, for many years, maintained a very conservative approach to overall pay levels. This remains the case and the Remuneration Committee strongly believes that these changes are appropriate, not excessive, and in the interests of our investors. These changes ensure that we retain and motivate our highly experienced and long serving executive team in the context of a highly competitive market for management talent and the need for stability in the senior team, especially given Amanda's departure and the fact that Richard (58) and Jane (61), are likely to retire at some point in the coming years, necessitate these changes.
- The executive directors' responsibilities have expanded significantly over recent years, driven by organic initiatives such as Total Platform and LABEL, along with successful acquisitions like Reiss; these initiatives taken together now play a substantial role in the Company's overall performance.
- While no changes were made to the Chief Executive's arrangements, for completeness, his package is at or below the lower quartile of the various benchmarks.

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- Reliable comparable data for the Chief Financial Officer position shows that his overall compensation package remains materially below the median. Jonathan's base salary is below both the lower quartile for FTSE 50 CFOs and below the median for FTSE 100 CFOs overall. The overall package is also lower than both groups due to significantly lower variable pay. The combined bonus and LTIP opportunity is 375% of salary, compared to a FTSE 100 retailer median of 450% and a FTSE 50 median of 495%.
- It is hard to benchmark Richard, Jeremy and Jane, given that a good majority of public companies now place only their Chief Executive and Chief Financial Officer on their Boards. We believe there is considerable merit to including executives from different areas of the business on the Board as they bring a variety of viewpoints and expertise, and this diversity leads to more well-rounded decision-making. Shareholders also benefit from the increased transparency of the pay arrangements for the most senior leadership in the Company. Overall, we consider the size of Richard, Jeremy and Jane's roles to be comparable with those of the Chief Financial Officer and Richard and Jane's base salary remains around the line of best fit of FTSE 100 retailer data and below the median for FTSE 50 CFOs. Their overall package remains lower against all groups as variable pay is much lower as indicated in the preceding bullet. Jeremy's overall package clearly benchmarks at a rather lower level.
- Due to the relatively modest pay arrangements and the strong commercial advantages to retaining a high-performing executive team for longer than we might otherwise do, a phased approach to these salary increases was not considered appropriate.

Future plans

While the Committee regrets not proposing these changes at the May 2024 AGM, they were not anticipated at the time (and were permitted under our policy). With these changes made, we do not intend to make any material changes to pay arrangements for any of the Executive Directors until the next Policy Review in May 2026, with the exception that we may, between now and then, and subject to their performance, increase somewhat the salaries of Jeremy Stakol and Jonathan Blanchard, such that they are closer to, or indeed equivalent to, the salaries of Richard and Jane. This is consistent with NEXT's long-standing approach to salary progression for those Executive Directors who are appointed to the Board from an internal senior managerial position of starting the executive's salary at a below benchmark level and increasing this as they prove their performance and contribution at Board level over time, or their area of responsibility grows.

The Committee remains vigilant of the competitive landscape and will conduct a thorough review during the Policy Review process.

Pay and performance outcome for 2024/25

Total remuneration

Our 2023 Remuneration Policy, tabled at our AGM in May 2023 for its three year renewal, was supported by 84% of the shareholders who voted. The Policy kept pay arrangements at NEXT unchanged. They are simple, have been broadly consistent over many years and – in part as a consequence of this consistency – are well understood by the executive team, the wider workforce and shareholders. Although the Remuneration Policy is explicitly for executive directors, the principles which underlie it are used more widely in the business, at the operational director level and below.

Pay arrangements at NEXT are moderate. They are also objective: variable pay is a result only of clear and objective financial performance measures, without any subjective or personal component. Consequently, these arrangements serve shareholders well; there is a long track record of their variable element paying out when performance is good, and not paying out when performance is weaker.

As outlined in our Strategic Report, NEXT performed very strongly during the year and the business overall materially outperformed our initial expectations in the year. This led us to upgrade our guidance four times and the executive directors oversaw the delivery of record NEXT Group profit before tax (excluding brand amortisation) of £1,011m (+10.1% versus 2023/24) and NEXT Group pre-tax profit EPS of 845.2p (+11.6% versus 2023/24).

Annual bonus

The 2024/25 annual bonus was calculated with reference to NEXT Group pre-tax profit EPS, as described on page 133. Under the bonus formula, a bonus of 108% of salary was earned by the executive directors. This compares to the bonuses in 2023/24 of 150% for Lord Wolfson and 100% for the other executive directors. Any element of bonus above 100% for an executive director is payable in shares deferred for two years, and those shares are subject to forfeiture in the event of voluntary resignation before the end of that period.

Long Term Incentive Plan (LTIP)

LTIP awards are granted twice a year, each grant at 112.5% of base salary for executive directors; vesting is a function of NEXT's total shareholder return (TSR) relative to a comparator group of 18 or 19 other quoted UK retailers, as described on page 151.

Two LTIP awards, made in September 2021 and March 2022, reached the end of their three year performance period during the year. Of these, the first vested at 100% as NEXT's TSR ranked 3rd out of 20 companies in the comparator group and the second also vested at 100% as NEXT's TSR ranked 3rd in the comparator group of 19 companies.

Key remuneration decisions

In addition to the changes to executive directors' salaries and bonuses outlined above, the Committee addressed the following matters during the year:

Committee assessment of performance-related remuneration

The Committee is mindful of the need to ensure that executive pay is inextricably linked to performance. While mathematical outcomes can give a strong indication of the appropriate remuneration, it is the Committee's role to assess this in the context of the wider environment in which the Company operates. In allowing the executives' performance-related pay to vest without adjustment, the Committee took into account the following:

- Our executive directors are high performing, with an excellent track record in delivering strong and resilient Company performance and growth, as evidenced by the results this year and a TSR of 84% over ten years.
- The strong performance of the business is driven by the continued success of our executive directors in enhancing NEXT's product ranges, fostering the growth of third-party brands, and advancing our technology. As a result, NEXT has successfully navigated the long term challenges and opportunities brought by the structural shift of consumer spending from physical stores to online. Additionally, the executives have been instrumental in the development of our Overseas business whose growth has continued to accelerate.
- That it was consistent with the approach to performance-related remuneration across the wider workforce.

The Committee believes in consequence that the executive directors' remuneration earned this year is proportionate and aligned to business performance and, therefore, approved the formulaic outcomes without the exercise of any discretion.

Annual base salary review for 2025/26

The Committee reviewed and set the remuneration for the Chairman, executive directors and senior management. Whilst the wider workforce's base salary increase was on average 6.8%, the executive directors will receive a pay increase of 2.8%.

EPS and performance measurement

Each year the Committee reviews the performance measures used for the annual bonus and LTIP. The performance measure for the annual bonus continues to be based on underlying NEXT Group pre-tax profit EPS before exceptionals. The principal reasons for using EPS are:

- It is consistent and transparent to participants and shareholders.
- The primary financial objective of the Group is to deliver long term, sustainable returns to shareholders through a combination of growth in EPS (including from the impact of share buybacks) and payment of cash dividends.
- The use of EPS is complemented by the application of relative TSR for the LTIP.

As set out in previous years, we consider it right that the impact of share buybacks on EPS (or adjustments for special dividends) should be included in performance measurement, as share buybacks (and special dividends) have been one of NEXT's primary strategies in delivering value to shareholders. Share buybacks or special dividends are regularly considered by the Board. Shares are only bought when the Board is satisfied that the ability to invest in the business and to grow the ordinary dividend will not be impaired.

ESG metrics in performance measurement

The Committee is acutely aware of the significant attention ESG (Environmental, Social, and Governance) issues receive from the investment community and the broader importance they hold in society. The Company itself places substantial focus on ESG, particularly in areas such as the working conditions of factories where NEXT's garments are produced. Pages 79 to 99 provide detailed information on the extensive initiatives NEXT undertakes in this space.

In the Committee's view, these initiatives are comprehensive, well-integrated, and deeply embedded in the Company's day-to-day operations. Therefore, the Committee feels it unnecessary to introduce an ESG metric into the bonus structure to incentivise behaviours that are already advanced and widespread. Additionally, selecting one or two specific ESG metrics for evaluating and rewarding management seems arbitrary, given the broad and multifaceted nature of ESG considerations.

The Committee values pay arrangements based on clear and objective financial performance measures and does not see the introduction of specific ESG metrics as a sensible step. As such, while ESG metrics are not explicitly included in the pay structure, the behaviours they seek to encourage are already implicit in how the Company operates. The Committee also retains the discretion to reduce bonus and LTIP payments in the event of significant ESG failures.

It is worth noting that in other companies, ESG metrics and personal objectives often lead to higher payouts than financial measures. By choosing not to include these metrics, the Committee acknowledges that executive pay levels at NEXT may be lower than they might be if ESG measures were incorporated.

Malus and clawback

The triggers for malus and clawback have sufficient scope to capture circumstances in which the Committee may wish to exercise these rights, including discretion to reduce variable pay at the point of determination which is in the executive directors' service agreements (as set out on page 155). The Committee considered these provisions at the year end as part of its normal review and concluded that it was not appropriate to exercise such provisions.

Pension entitlements

Until April 2024 NEXT operated a Defined Benefit ("DB") pension scheme for a limited number of current and former employees. Whilst this scheme was closed to new members in 2000, there remained a potential liability to NEXT shareholders due to the combination of (a) financial market fluctuations, (b) changes in the lifespan of scheme members and (c) the fact that active members of the scheme i.e. those members who are still employees, earned the right to additional pension benefits with each completed month of service. NEXT had been investigating ways of reducing shareholders' exposure to this liability for some time and, in conjunction with the scheme Trustees, agreed to an arrangement which achieves this objective. The key elements are that active members ceased to accrue additional service benefits from April 2024, and the benefits of all members (including deferred and pension members), are now underwritten by a third-party insurance company, not by NEXT shareholders.

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Pension members who were previously accruing service became deferred members and their accrued pension is revalued each year on a basis linked to inflation. To help ensure that these members do not receive a lower overall pension due to the closure of the DB scheme, the Company either makes contributions into a defined contribution (DC) scheme and/or pays a salary supplement. This contribution or salary supplement totals 5% of the member's pensionable earnings as of October 2012. This is in addition to any existing DC fund contributions already available to these members.

Lord Wolfson had been accruing service in an unfunded, unapproved supplementary pension arrangement. The scheme also closed to future service accrual (from 1 April 2024) and Lord Wolfson became a deferred member at that time. The obligations under this supplementary pension arrangement are not covered by a third-party insurance company. In March 2024 the Committee considered the changes outlined above and concluded that it was appropriate to treat Lord Wolfson's pension arrangements in a way that is consistent with the previously active members of the main approved DB scheme. As noted on page 139, Lord Wolfson has twice agreed to take a material reduction in terms of his pension and the Committee concluded that it would not be reasonable to treat him differently to other employees impacted by the changes to the DB schemes. Therefore, with effect from April 2024, Lord Wolfson receives a Company contribution into a DC scheme and/or salary supplement which in total is 5% of his pensionable earnings as of October 2012 (being an annual contribution of £35k), instead of his former DB service accrual. This contribution is in addition to the 15% salary supplement paid to Lord Wolfson since 2012 which is in lieu of past changes to his pension. The total of Lord Wolfson's Company contribution and salary supplement is 18% of his 2024/25 salary, 6 percentage points lower than the previous capped DB pension accrual plus salary supplement of 24% which he received.

Wider employee considerations and employee engagement

The Committee reviews remuneration arrangements across the Group and considers pay and employment conditions to ensure that differences for executive directors are justified. This includes performance-related pay which is designed to attract and retain high quality employees as well as ensure that all employees have the potential to benefit from the success of NEXT. The Committee is responsible for approving the remuneration of the Group's senior management. It is also responsible for determining the targets for performance-related pay schemes, approving any award of the Company's shares under employee share option or incentive schemes, and overseeing any major changes in employee benefit structures.

Rewarding our workforce

There are bonus structures throughout NEXT and employee share ownership is strongly encouraged. Market value options over NEXT shares are granted each year to approximately 2,300 middle management in our Head Office, call centres and warehouses, as well as senior store staff. Participation in our Sharesave scheme is open to all our UK employees.

Around 12,300 employees (circa 26% of our total UK and Eire employees) held options or awards in respect of 6.8 million shares in NEXT at the financial year end.

Knowing our workforce

Our annual employee forum meetings for our Head Office, Warehousing & Distribution, Retail and Online divisions were held in 2024. Lord Wolfson (CEO), Dame Tristia Harrison and Venetia Butterfield (non-executive directors), our HR Director and a cross-section of workforce representatives from the relevant business divisions with operational director sponsors, attended the meetings.

For further details regarding the feedback to the Board on employee views, please see page 100.

Along with the employee forum feedback, earlier this year the Committee reviewed and discussed a range of 'dashboard' information on important employee matters such as pay and reward, bonuses, benefits, diversity, equality of pay, internal promotions, culture and behaviours (including data on staff turnover by business division, absences, redundancies, disciplinaries and grievances), and learning and development. The remuneration framework works best when decisions are made in the context of the workforce as a whole rather than in isolation, and so the Committee considered the output of the workforce dashboard to ensure the executive directors' pay policy is aligned with the Company's strategy and, where relevant, to performance-related pay for managers below Board level. I have made a letter available to all our employees setting out our approach to executive pay and inviting them to email me with any queries or comments they have.

Shareholder engagement

In July 2024, I wrote on behalf of the Committee to our 34 largest shareholders, who collectively at that time held around 50% of our issued shares, along with their representative bodies, to invite them to engage about the changes to the executive directors' salary and bonus structure. We held follow-up meetings with six of these shareholders and two proxy advisors. The questions raised during these discussions focused on the timing and process behind the Committee's decision. Overall, shareholders were supportive of the changes and understood the commercial reasons behind them.

For further details regarding the feedback to the Board on shareholder views, please see page 103.

2025 AGM

The Committee has continued to be mindful of the requirements of the Code when determining the Remuneration Policy and practices. It considers that the simplicity and transparency of our remuneration arrangements and their consistent application have contributed positively to NEXT's management team delivering positive and resilient performance over many years. The Remuneration Policy structure continues to provide a strong and transparent link between pay and performance and has operated as intended. We hope that this report provides clear insight into the Committee's decisions and look forward to receiving your support at the 2025 AGM for our 2024/25 Directors' Annual Remuneration Report, together with my Annual Statement.

Tom Hall

Tom Hall
Chairman of the Remuneration Committee

27 March 2025

REMUNERATION REPORT

Part 2: Annual Remuneration Report

This Annual Remuneration Report comprises a number of sections:

Annual Remuneration Report

This Annual Remuneration Report, together with the Annual Statement on pages 127 to 131, will be put to shareholders for an advisory (non-binding) vote at the AGM to be held on 15 May 2025. Sections which have been subject to audit are noted accordingly.

Implementation of Remuneration Policy

The Committee has implemented the Remuneration Policy approved by shareholders at the AGM in May 2023. The table below sets out the way that the Policy was implemented in 2024/25 and any significant changes in the way it will be implemented in 2025/26.

Element of remuneration	Policy implemented during 2024/25 and changes in 2025/26
Base salary	See page 127 for details on the changes made to the 2024/25 executive directors' base salaries. Base salaries for the executives in the year ahead will increase by 2.8% compared with base salary increases on average of 6.8% for the wider Company award.

The base annual salaries for the executive directors for 2025/26, effective from 1 April 2025, are:

£000	**2025/26**	2024/25
Lord Wolfson	**971**	944
Richard Papp	**720**	700
Jane Shields	**720**	700
Jeremy Stakol	**617**	600
Jonathan Blanchard	**617**	600

The figures for 2024/25 are after the adjustments explained on page 127 of this report.

Element of remuneration	Policy implemented during 2024/25 and changes in 2025/26
Annual bonus	See page 127 for details on the changes made to the 2024/25 executive directors' bonus structure. For the year to January 2025, performance targets were set based on requiring NEXT Group pre-tax profit EPS of at least 805.3p (+6.4% on 2023/24), adjusted for special dividends and excluding exceptionals. At this threshold, 30% of salary was payable. A maximum bonus of 150% of salary was payable if NEXT Group pre-tax profit EPS growth was +14.4% (866.9p). These targets apply to all executive directors. It was originally envisaged that this target range would only apply to the chief executive with other directors earning a 20% bonus at the same threshold EPS growth and earning a maximum bonus of 150% of salary if NEXT Group pre-tax profit EPS growth was +19.4% (905.4p). NEXT Group pre-tax profit EPS growth achieved in the year was +11.6% versus 2023/24, being 845.2p. In accordance with the bonus formula, a bonus of 108% of salary was earned which the Committee considered appropriate and approved without adjustment. For the year to January 2026, the bonus structure will remain unchanged. Bonus performance targets for the year ahead (which remain based on NEXT Group pre-tax profit EPS) have been set but are not disclosed in advance for reasons of commercial sensitivity. The targets and performance will be disclosed in next year's Remuneration Report and, the Committee ensures that a mechanism exists so that executive directors are not incentivised to recommend share buybacks to the Board in preference to special dividends, or vice versa. This is achieved by making a notional adjustment to EPS growth for special dividends, on the basis that the cash distributed had instead been used to purchase shares at the prevailing share price on the day of the special dividend payment.
LTIP	No change. See Note 4 to the single total figure of remuneration table for details of LTIP vestings in the year. LTIP grants in 2025/26 will be made on the same basis as the 2024/25 grants, with any changes to the TSR comparator group considered immediately before each grant. Consistent with market practice, the LTIP awards increase to reflect dividends paid over the period to vesting (assuming reinvestment at the prevailing share price). See page 151 for details of the performance conditions applied to LTIPs. Although the normal approach is to grant awards over shares worth 112.5% of salary in 6-monthly instalments, no top-up awards were made to the first half award to reflect the mid-year salary adjustments.
Recovery and withholding provisions	No change. The Committee previously introduced recovery and withholding provisions in the service contracts of all executive directors to cover the bonus and LTIP, with the latter covered for five years from the date of the initial grant (comprising the three year vesting period and a two year holding period for any shares that vest, net of tax, under the relevant grant). See page 155 for details of the malus and clawback provisions in the service contracts of the executive directors.
Chairman and non-executive director fees	The fees of the Chairman and non-executive directors will be increased by 2.8% from 1 April 2025. The Chairman, Michael Roney, will be paid an annual fee of £408,025 (2024/25: £396,911). The basic non-executive director fee for 2025/26 will increase to £78,580 (2024/25: £76,440), with a further £22,452 (2024/25: £21,840) paid to the Chairman of each of the Audit and Remuneration Committees respectively, and £13,471 (2024/25: £13,104) paid to the Senior Independent Director.
Pension	With effect from 1 April 2024, Lord Wolfson receives a salary supplement at 5% of his pensionable earnings as of October 2012 (being a contribution of £35k). This is in addition to the 15% salary supplement paid to Lord Wolfson since 2012 which is in lieu of past changes to his pension. The total of Lord Wolfson's Company contribution and salary supplement was 18% of his 2024/25 salary, 6 percentage points lower than the previous capped DB pension accrual plus salary supplement of 24% he received before 2024/25. The value of overall pension provision is consistent with the wider workforce for each director compared with colleagues with an equivalent length of service.
Shareholding requirement	No change.
Post cessation shareholding requirement	No change.
Other benefits	No change.
Save As You Earn scheme (Sharesave)	No change.

Single total figure of remuneration (audited information)

Directors' remuneration

£000	Fixed Remuneration								Variable Remuneration									
	Salary/fees		Benefits[1]		Pension[2]		Total fixed		Annual bonus[3]		LTIP[4]		Sharesave		Total variable		Total remuneration	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Chairman																		
Michael Roney	**397**	382	**5**	4	**-**	-	**402**	386	**-**	-	**-**	-	**-**	-	**-**	-	**402**	386
Executive directors																		
Lord Wolfson	**944**	908	**46**	36	**171**	136	**1,161**	1,080	**1,020**	1,362	**2,546**	2,182	**-**	6	**3,566**	3,550	**4,727**	4,630
Jonathan Blanchard[a]	**310**	-	**269**	-	**9**	-	**588**	-	**335**	-	**-**	-	**3**	-	**338**	-	**926**	-
Amanda James[b]	**339**	553	**15**	24	**17**	28	**371**	605	**366**	553	**762**	1,328	**-**	-	**1,128**	1,881	**1,499**	2,486
Richard Papp	**700**	536	**32**	24	**35**	27	**767**	587	**756**	536	**1,503**	1,287	**-**	-	**2,259**	1,823	**3,026**	2,410
Jane Shields	**700**	536	**11**	11	**105**	80	**816**	627	**756**	536	**1,503**	1,287	**-**	5	**2,259**	1,828	**3,075**	2,455
Jeremy Stakol[c]	**600**	400	**29**	19	**1**	1	**630**	420	**648**	400	**577**	406	**-**	-	**1,225**	806	**1,855**	1,226
Non-executive directors																		
Jonathan Bewes	**111**	107	**1**	-	**-**	-	**112**	107	**-**	-	**-**	-	**-**	-	**-**	-	**112**	107
Venetia Butterfield[d]	**64**	-	**4**	-	**-**	-	**68**	-	**-**	-	**-**	-	**-**	-	**-**	-	**68**	-
Soumen Das	**76**	74	**1**	-	**-**	-	**77**	74	**-**	-	**-**	-	**-**	-	**-**	-	**77**	74
Tom Hall	**98**	95	**1**	-	**-**	-	**99**	95	**-**	-	**-**	-	**-**	-	**-**	-	**99**	95
Tristia Harrison	**76**	74	**1**	-	**-**	-	**77**	74	**-**	-	**-**	-	**-**	-	**-**	-	**77**	74
Amy Stirling[d]	**64**	-	**3**	-	**-**	-	**67**	-	**-**	-	**-**	-	**-**	-	**-**	-	**67**	-
Dame Dianne Thompson[e]	**22**	74	**2**	6	**-**	-	**24**	80	**-**	-	**-**	-	**-**	-	**-**	-	**24**	80
	4,501	3,739	**420**	124	**338**	272	**5,259**	4,135	**3,881**	3,387	**6,891**	6,490	**3**	11	**10,775**	9,888	**16,034**	14,023

a. Jonathan Blanchard became CFO in July 2024, also joining the Board of NEXT plc at that time. Save for the relocation allowance he received, the table above shows his remuneration only for the period he was on the Board.

b. Amanda James stepped down from the Board on 26 July 2024 and retired from the business on 26 September 2024. The table shows her fixed remuneration and annual bonus only for the period she remained on the Board. The LTIP values relate to the period up until she retired from the business. No compensation for loss of office was paid to her.

c. Jeremy Stakol was appointed to the Board as an executive director on 3 April 2023. Values disclosed for salary, benefits, pension and bonus in 2023/24 relate only to the period of his executive directorship. Jeremy Stakol was granted phantom LTIP awards before joining the Board, see page 142 for further information. These mirror the conditional LTIP awards in all respects, save for being cash settled.

d. Venetia Butterfield and Amy Stirling joined the Board on 2 April 2024.

e. Dame Dianne Thompson stepped down from the Board on 16 May 2024. No compensation for loss of office was paid to her.

Total emoluments paid to directors (salary/fees, benefits, salary supplements and annual bonus) for the year to January 2025 were £9,134,000 (2024: £7,515,000).

Note 1: Benefits

£000	Car/chauffeur charges/cash allowance 2024/25	Car/chauffeur charges/cash allowance 2023/24	Fuel 2024/25	Fuel 2023/24	Medical insurance and NEXT clothing allowance 2024/25	Medical insurance and NEXT clothing allowance 2023/24	Relocation allowance 2024/25	Relocation allowance 2023/24	Total 2024/25	Total 2023/24
Michael Roney	-	-	-	-	1	-	-	-	1	-
Lord Wolfson	41	30	1	2	4	4	-	-	46	36
Jonathan Blanchard	17	n/a	-	n/a	2	n/a	250	n/a	269	n/a
Amanda James	14	21	-	1	1	2	-	-	15	24
Richard Papp	27	21	1	-	4	3	-	-	32	24
Jane Shields	6	6	2	2	3	3	-	-	11	11
Jeremy Stakol	26	17	1	-	2	2	-	-	29	19

The one-off relocation allowance paid to Jonathan Blanchard was in respect of him relocating to our Leicester Head Office to take up his role as CFO.

The benefit amounts relating to Non-Executive Directors not shown in the Benefits table above represent travel and subsistence costs incurred in attending NEXT plc Board and associated meetings. These costs were borne by the Company.

Note 2: Pension

Until 1 April 2024, Lord Wolfson was accruing pensionable service under the defined benefit supplemental pension arrangement. Consistent with other staff participating in the plans, Lord Wolfson's salary was frozen for DB pension purposes in October 2012 although he continued to accrue service related benefits until April 2024. See page 139 for details of changes to Lord Wolfson's pension arrangements during 2024.

The DB pension entitlement of Lord Wolfson accrued during the year until 1 April 2024 is as follows:

	Age at January 2025	Years of pensionable service	Accrued annual pension £000	Change in accrued annual pension £000	Change in accrued annual pension net of inflation £000
Lord Wolfson	57	29	505	9	(24)

As Lord Wolfson's change in accrued pension net of inflation is negative, the value in the single figure of remuneration table in respect of this is zero.

Directors' DB pension arrangements are subject to the same actuarial reduction as other employees on termination or early retirement.

Amanda James, Jonathan Blanchard and Jeremy Stakol were members of NEXT defined contribution schemes during the year. For Jeremy, the Company contributes 3% of his salary into an auto-enrolment scheme, subject to an upper earnings threshold. Amanda and Jonathan made a contribution equal to 5% and 3% respectively of their salary into their pension plans for just over two months of this year, which was matched by the Company (Amanda in 2023/24: two months of that year). At the point Amanda and Jonathan had reached the annual pension allowance limit (i.e. the total amount of contributions that can be paid to defined contribution pension schemes and the total amount of benefits that can build up in DB pension schemes each year, for UK income tax relief purposes), they opted to receive an equivalent cash supplement in lieu of this Company contribution. This is consistent with the Remuneration Policy and with the pension provision and alternatives available to other members of the same defined contribution schemes who have exceeded the annual limits.

Supplements of 15% of base salary are paid to Lord Wolfson and Jane Shields in lieu of past changes to their pension arrangements. Jane Shields has received this supplement from 2011 and Lord Wolfson from 2012. As noted on page 139, with effect from April 2024, Lord Wolfson also receives an additional salary supplement of 5% of his pensionable earnings as of October 2012. Richard Papp is a deferred member of both the defined benefit scheme and a NEXT defined contribution pension scheme and receives a supplement of 5% of base salary.

Note 3: Annual bonus

For the year to January 2025, performance targets were set based on requiring NEXT Group pre-tax profit EPS of at least 805.3p (+6.4% on 2023/24), adjusted for special dividends. At this threshold, a 30% of salary was payable. A maximum bonus of 150% of salary was payable if NEXT Group pre-tax profit EPS growth was +14.4% (866.9p). See page 133 for EPS target ranges originally envisaged at the start of the year. NEXT Group pre-tax profit EPS growth achieved in the year was +11.6% versus 2023/24, being 845.2p. In accordance with the bonus formula, 108% bonus was earned which the Committee considered to be appropriate and approved without adjustment, for the reasons set out on page 129.

Annual bonus over 100% of base salary is payable in shares, deferred for two years and subject to forfeiture if the director voluntarily resigns.

Note 4: LTIP

Two awards reached the end of their performance periods during the financial year and the vesting results are shown in the tables overleaf. The Committee concluded that the indicative formulaic levels of vesting were appropriate and allowed such vesting without adjustment. The executives are required to retain LTIP shares that vest, net of any tax, for two years.

Note 4 continued overleaf.

REMUNERATION REPORT

LTIP vesting outturn

TSR compared with the comparator group for performance period ended	Threshold (20%)	Maximum (100%)	Actual position in comparator group	Vesting percentage	Share price at vest
July 2024	Median	Upper quintile	3/20	100%	£97.82
January 2025	Median	Upper quintile	3/19	100%	£97.22[1]

1. This is the average NEXT share price over the final three months of the financial year and has been used in the single figure table to estimate the value of this award as it has not yet vested.

LTIP vesting outturn - value of awards

	Total number of awards granted	Value of award at grant (£000)	End of performance period	Vesting percentage	Number of awards vesting	Vesting date	Value attributable to share price movement (£000)	Value of LTIP shares vesting (£000)	Value of dividend equivalents (£000)	Value of LTIP award (single figure) (£000)
Simon Wolfson	11,615	926	July 2024	100%	11,615	Sept 2024	210	1,136	116	1,252
	12,245	973	January 2025	100%	12,245	March 2025	217	1,190	104	1,294
Amanda James	7,073	564	July 2024	100%	7,073	Sept 2024	128	692	70	762
Richard Papp	6,856	547	July 2024	100%	6,856	Sept 2024	124	671	68	739
	7,228	574	January 2025	100%	7,228	March 2025	129	703	61	764
Jane Shields	6,856	547	July 2024	100%	6,856	Sept 2024	124	671	68	739
	7,228	574	January 2025	100%	7,228	March 2025	129	703	61	764
Jeremy Stakol	2,632	210	July 2024	100%	2,632	Sept 2024	48	258	26	284
	2,775	220	January 2025	100%	2,775	March 2025	49	269	24	293

LTIP values included in the single figure table for the 2023/24 comparative figures have been updated to reflect the actual market values of the LTIP awards that vested on 8 April 2024 of £88.30 per share.

Total remuneration

The Committee's objective is to ensure that the remuneration paid to senior executives is appropriate in both amount and structure, is directly linked to the Company's annual and longer term performance, and is aligned with the interests of shareholders.

UK Corporate Governance Code – Provision 40 disclosure

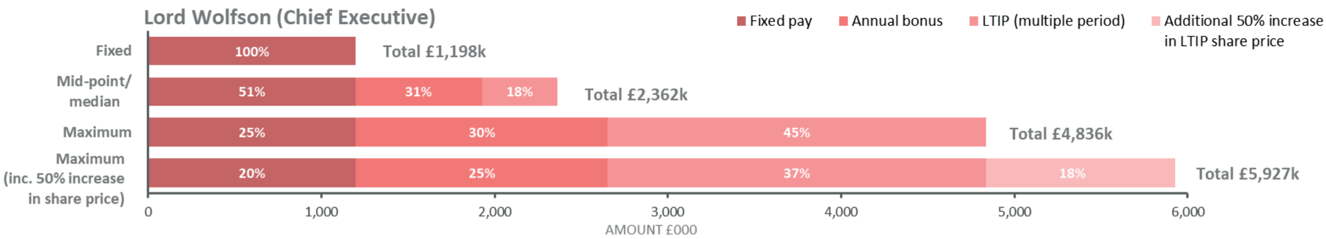
When developing the remuneration policy and considering its implementation, the Committee was mindful of the UK Corporate Governance Code 2018 and considered that the executive remuneration framework appropriately addresses the following factors:

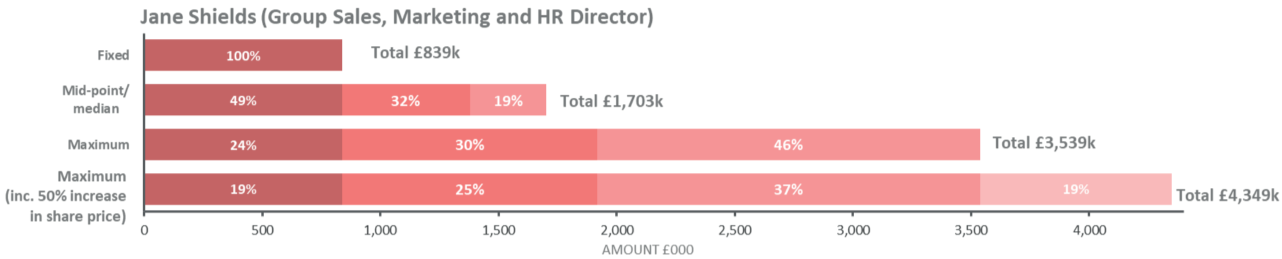
- **Clarity** – NEXT's incentive pay arrangements are based entirely on objective financial performance targets. This provides clarity to all stakeholders on the relationship between pay and performance.
- **Simplicity** – Remuneration arrangements for our executives are simple and the principles which underpin them are applied at management levels below the Board and are well understood by both participants and shareholders. Careful consideration is given to ensuring there is an appropriate balance in the remuneration structure between annual and long term rewards, as well as between cash and share-based payments.
- **Risk** – The Committee considers that the incentive arrangements do not encourage inappropriate risk-taking. Malus and clawback provisions are in the service contracts of all executive directors and apply to annual bonuses and LTIP awards. The Committee also has overarching discretion to adjust formulaic outcomes to ensure that they are appropriate.
- **Predictability and proportionality** – Our policy provides for potential total remuneration below the median levels for companies of our size and has a strong history of delivering value when performance merits this and of nil payouts when performance has been weaker. Variable pay is linked to measures which are aligned with the Company's long term strategy and objectives.
- **Alignment to culture** – The remuneration performance targets set by the Committee are designed to drive the right behaviours across the business. The arrangements encourage our executives to focus on making the right decisions for the creation of long term shareholder value.

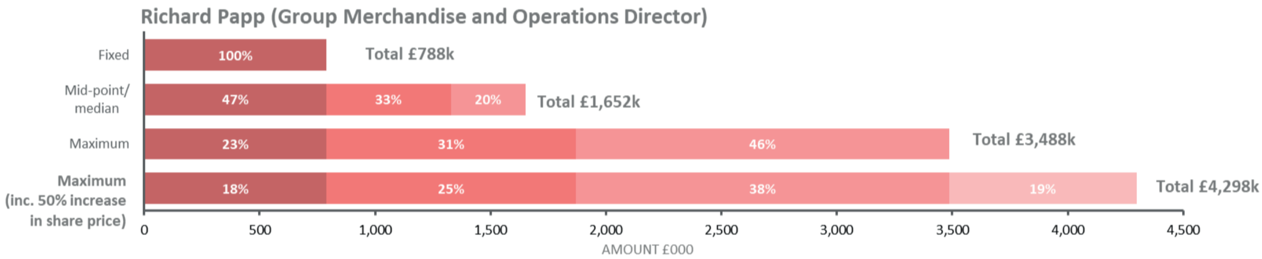
Total remuneration opportunity

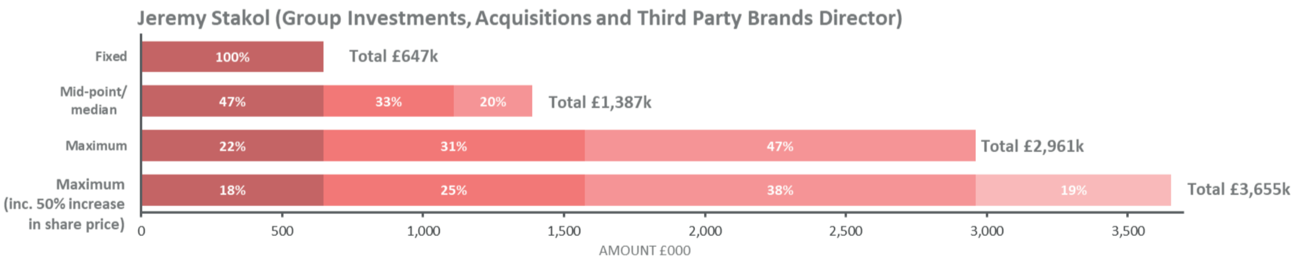
The Committee's objective is to ensure that the remuneration paid to senior executives is appropriate in both amount and structure, is directly linked to the Company's annual and longer term performance and is aligned with the interests of shareholders. Careful consideration is given to ensuring there is an appropriate balance in the remuneration structure between annual and long term rewards, as well as between cash and share-based payments.

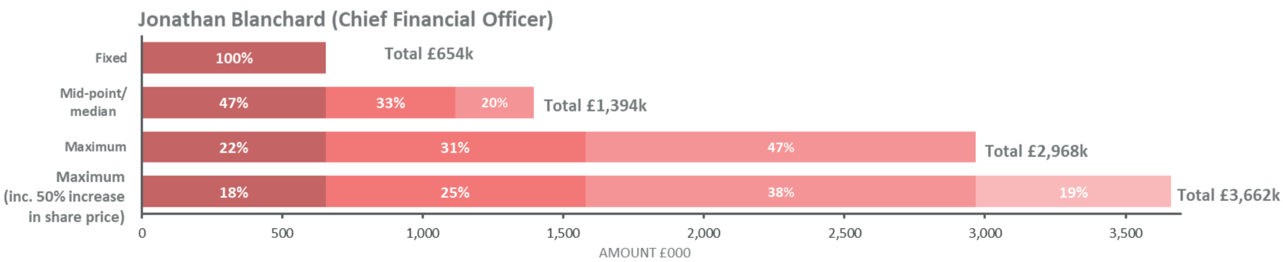
The following charts indicate the level of remuneration that could be received by each executive director in accordance with the Directors' Remuneration Policy at different levels of performance. The overall level of executive director pay remains modest compared with that available at other equivalently sized FTSE 100 companies and the maximum remuneration indicated in the charts below reflects the Committee's conservative approach to executive pay.











REMUNERATION REPORT

In the charts on page 137, the following assumptions have been made:	
Fixed/minimum	Base salaries and salary supplement values as at 2025/26, and benefits values as shown in 2024/25 single figure of remuneration, excluding relocation allowances. The pension value for Lord Wolfson has been assumed at 19% of his salary (see pages 133 and 139).
Mid-point/median	Includes the performance-related pay a director would receive in the scenario where: ● 50% of the maximum annual bonus is earned. ● LTIP performance results in a median TSR ranking and therefore 20% of the maximum award would vest.
Maximum	Includes the performance-related pay a director would receive in the scenario where performance equalled or exceeded maximum targets: ● Maximum bonus at 150% of salary. ● LTIP performance results in an upper quintile TSR ranking and therefore 100% of the maximum award would vest.
Maximum inc. 50% growth in share price across relevant performance period	As for the maximum scenario above, plus an increase in the value of the LTIP of 50% across the relevant performance period to reflect possible share price appreciation. Consistent with the reporting regulations, this does not separately include the impact of dividend accrual.

Executive directors’ external appointments

No current executive director holds any non-executive directorships outside the Group.

Pension entitlements (audited information)

Pension entitlements for the Executive Directors are set out below:

- Lord Wolfson, Jane Shields and Richard Papp are deferred members of the defined benefit 2013 Plan, which has been approved by HMRC.
- Richard Papp is also a deferred member of a defined contribution scheme.
- Amanda James was an active member of a defined contribution scheme until she retired from the business.
- Jeremy Stakol and Jonathan Blanchard are active members of defined contribution schemes.
- Until 1 April 2024, Lord Wolfson was accruing service in an unfunded, unapproved supplementary pension arrangement (see below).

Shortly after joining NEXT in 1991, Lord Wolfson became a member of the DB pension scheme, as was normal practice at NEXT and across the market more widely at the time. In 2012, the value of Lord Wolfson’s DB pension benefits was reduced when his salary was frozen for DB pension purposes and he began to receive a 15% salary supplement as part of a renegotiation of terms by the Company. From February 2020, in addition, Lord Wolfson volunteered to cap the service accrual under his DB pension annually so that the single figure value attributed to the DB portion of his pension was no more than 9% of salary (giving a single figure of DB pension and salary supplement in aggregate of up to 24% of salary).

Effective from 1 April 2024, Lord Wolfson became a deferred member of the DB pension scheme and received a salary supplement at 5% of his pensionable earnings as at October 2012 (being a contribution of £35k), which is consistent with the treatment of other colleagues who ceased to accrue DB benefits. This is in addition to the 15% salary supplement paid to Lord Wolfson since 2012 which is in lieu of past changes to his pension. The total of Lord Wolfson’s Company contribution and salary supplement was 18% of his 2024/25 salary, 6 percentage points lower than the previous capped DB pension accrual plus salary supplement of 24% he received before 2024/25.

Under the terms of the DB scheme, Lord Wolfson was entitled, on retirement at age 65, to receive a pension equal to two thirds of his pensionable earnings as at October 2012. The pension accrued uniformly throughout his pensionable service, subject to completion of at least 20 years’ pensionable service by age 65. Following the change to being a deferred member, Lord Wolfson's pension entitlement on retirement at age 65 is based on the pensionable service up to April 2024, and thereafter grows based on an inflation linked index. This is consistent with the terms agreed with all other active members of the 2013 defined benefit plan which was closed to future service accrual in April 2024.

The deferred defined benefit pensions for Jane Shields and Richard Papp are based on their pensionable earnings at the time they became deferred pensioners and accrued uniformly throughout their pensionable service.

All the executive directors are on pension arrangements no more generous than those offered to the wider colleague population recruited at the same time as them so that the pension proposals align with the relevant all-employee populations. Our executive directors receive pension contributions and/or salary supplements which are consistent with the levels available to staff at the time they joined and, therefore, consistent with the benefits enjoyed by other staff with an equivalent length of service. For many years, employees promoted to the Board have not received any enhancement to their pension provision upon joining the Board.

Currently, the DB Plan provides a lump sum death in service benefit and dependants’ pensions on death in service or following retirement. In the case of ill-health retirement, only the accrued pension is payable. All benefits are subject to 2013 Plan limits. Increases to pensions in payment are at the discretion of the Trustee although pensionable service post 1997 is subject to limited price indexation. From 2006, sales and profit related bonuses were excluded from pensionable earnings and the normal retirement age was increased from 60 to 65. There are no additional benefits payable to directors in the event of early retirement.

Further information on the Group’s DB and defined contribution pension arrangements is provided in Note 21 to the financial statements.

REMUNERATION REPORT

Directors' shareholding and share interests (audited information)

Directors' interests

Directors' interests in shares (including those of their connected persons) at the beginning and end of the financial year were as follows:

	Ordinary shares		Deferred Bonus Shares[1]		LTIP[2]		Sharesave[3]	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Lord Wolfson[4]	**1,119,313**	1,391,790	**4,978**	6,938	**85,379**	85,200	**270**	270
Jonathan Bewes	**1,750**	1,750	**-**	-	**-**	-	**-**	-
Jonathan Blanchard	**54,037**	n/a	**-**	n/a	**15,513**	n/a	**194**	n/a
Venetia Butterfield	**22**	n/a	**-**	-	**-**	-	**-**	-
Soumen Das	**1,289**	1,289	**-**	-	**-**	-	**-**	-
Tom Hall	**10,000**	10,000	**-**	-	**-**	-	**-**	-
Dame Tristia Harrison	**1,000**	1,000	**-**	-	**-**	-	**-**	-
Amanda James[5]	**30,629**	26,468	**-**	-	**22,312**	51,879	**-**	38
Richard Papp	**18,141**	17,216	**-**	-	**52,156**	50,292	**-**	139
Michael Roney	**54,821**	54,821	**-**	-	**-**	-	**-**	-
Jane Shields	**67,528**	59,493	**-**	-	**52,156**	50,292	**262**	262
Jeremy Stakol[6]	**106,317**	165,770	**-**	-	**35,195**	20,752	**208**	186
Amy Stirling	**nil**	n/a	**-**	-	**-**	-	**-**	-
Dame Dianne Thompson	**nil**	nil	**-**	-	**-**	-	**-**	-

1. Full details of the basis of allocation and terms of the deferred bonus are set out on page 150.
2. The LTIP amounts above are the maximum potential conditional share awards that may vest, subject to performance conditions described on page 151.
3. Executive directors can participate in the Company's Sharesave scheme (see details on page 153) and the amounts above are the options which will become exercisable at maturity.
4. The connected persons of Lord Wolfson include The Charles Wolfson Charitable Trust which held 164,058 shares as at 25 January 2025 (2024: 164,058).
5. Amanda James stepped down from the Board in July 2024. In the table above the ordinary shares held are as at the date she stepped down, the LTIP and Sharesave amounts in the table above are as at 25 January 2025.
6. Includes shares held jointly with spouse.

There have been no changes to the directors' interests in the shares of the Company from the end of the financial year to 27 March 2025.

Share ownership guidelines

The minimum shareholding is 225% of salary for all executive directors. An executive director has up to five years from the date of appointment to acquire the minimum shareholding. Shares in which the executive director, their spouse/civil partner or minor children have a beneficial interest count towards the shareholding.

As at the 2024/25 financial year end, the shareholdings of the executives, based on the average share price over the preceding three months, were as follows:

	Date of appointment to Board	Shareholding % of base salary as at year end	Shareholding guidelines achieved
Lord Wolfson	February 1997	9,833%	Yes
Jonathan Blanchard	July 2024	876%	Yes
Amanda James[1]	April 2015	425%	Yes
Richard Papp	May 2018	252%	Yes
Jane Shields	July 2013	938%	Yes
Jeremy Stakol	April 2023	1,723%	Yes

1. Amanda James stepped down from the Board in July 2024 and the shareholding percentage is based on the shares she held at the date she stepped down.

Post-cessation shareholding guidelines apply to all executive directors. Directors must hold a minimum of 225% of their salary for one year post-cessation. The Committee will have the normal discretion to disapply this in exceptional circumstances. The post-cessation guidelines apply and are enforced through the retention of any (after-tax) shares vesting in respect of LTIP grants into an escrow account until an amount equal to 225% of salary is held.

The table below shows share awards held by directors and movements during the year. LTIPs and Deferred Bonus are conditional share awards, and Sharesaves are options. All awards are subject to performance conditions except for Sharesave options and Deferred Bonus. LTIP awards granted to executive directors which vest must be taken in shares and the net shares (after payment of tax and NIC) must be held for a minimum period of two further years.

	Date of award	Maximum receivable at start of financial year	Awarded during the year	Dividend accrual shares awarded in the year	Shares vested/ exercised in the year	Lapsed	Maximum receivable at end of financial year	Calculated price at award date[1] £	Option/ award price £	Market price on date of vesting/ exercise £	Vesting date/ exercisable dates[2]
Lord Wolfson											
LTIP	Apr 2021	13,178	-	1,168	(12,896)	(1,450)	-	70.32	nil	88.30	Jan 2024
	Sept 2021	11,615	-	1,182	(12,797)	-	-	79.78	nil	97.82	Jul 2024[3]
	Mar 2022	12,245	-	-	-	-	**12,245**	79.46	nil	-	Jan 2025[3]
	Sept 2022	15,581	-	-	-	-	**15,581**	62.45	nil	-	Jul 2025
	Mar 2023	17,387	-	-	-	-	**17,387**	58.76	nil	-	Jan 2026
	Sept 2023	15,194	-	-	-	-	**15,194**	67.24	nil	-	Jul 2026
	Mar 2024	-	13,315	-	-	-	**13,315**	79.80	nil	-	Jan 2027
	Sept 2024	-	11,657	-	-	-	**11,657**	91.15	nil	-	Jul 2027
		85,200					**85,379**				
Deferred bonus	Apr 2022	6,938	-	434	(7,372)	-	-	59.36	nil	91.20	Apr 2024
	Apr 2024	-	4,978[4]	-	-	-	4,978	91.20	nil	-	Apr 2026
		6,938					**4,978**				
Sharesave	Oct 2023	**270**	-	-	-	-	**270**	-	58.50	-	Dec 2028 - Jun 2029
Jonathan Blanchard											
LTIP	Mar 2024	-	8,108	-	-	-	**8,108**	79.80	nil	-	Jan 2027
	Sept 2024	-	7,405	-	-	-	**7,405**	91.15	nil	-	Jul 2027
		-					**15,513**				
Sharesave	Oct 2024	-	194	-	-	-	**194**	-	80.80	-	Dec 2029 - Jun 2030
Amanda James[5]											
LTIP	Apr 2021	8,024	-	711	(7,852)	(883)	-	70.32	nil	88.30	Jan 2024
	Sept 2021	7,073	-	719	(7,792)	-	-	79.78	nil	97.82	Jul 2024[3]
	Mar 2022	7,456	-	-	-	(1,225)	**6,231**	79.46	nil	-	Jan 2025[3]
	Sept 2022	9,487	-	-	-	(3,194)	**6,293**	62.45	nil	-	Jul 2025
	Mar 2023	10,587	-	-	-	(5,313)	**5,274**	58.76	nil	-	Jan 2026
	Sept 2023	9,252	-	-	-	(6,129)	**3,123**	67.24	nil	-	Jul 2026
	Mar 2024	-	8,108	-	-	(6,717)	**1,391**	79.80	nil	-	Jan 2027
		51,879					**22,312**				
Sharesave	Oct 2021	**38**	-	-	(38)	-	-	-	64.53	102.10	Dec 2024 - Jun 2025

REMUNERATION REPORT

	Date of award	Maximum receivable at start of financial year	Awarded during the year	Dividend accrual shares awarded in the year	Shares vested/ exercised in the year	Lapsed	Maximum receivable at end of financial year	Calculated price at award date[1] £	Option/ award price £	Market price on date of vesting/ exercise £	Vesting date/ exercisable dates[2]
Richard Papp											
LTIP	Apr 2021	7,779	-	688	(7,611)	(856)	-	70.32	nil	88.30	Jan 2024
	Sept 2021	6,856	-	696	(7,552)	-	-	79.78	nil	97.82	Jul 2024[3]
	Mar 2022	7,228	-	-	-	-	**7,228**	79.46	nil	-	Jan 2025[3]
	Sept 2022	9,197	-	-	-	-	**9,197**	62.45	nil	-	Jul 2025
	Mar 2023	10,263	-	-	-	-	**10,263**	58.76	nil	-	Jan 2026
	Sept 2023	8,969	-	-	-	-	**8,969**	67.24	nil	-	Jul 2026
	Mar 2024	-	7,859	-	-	-	**7,859**	79.80	nil	-	Jan 2027
	Sept 2024	-	8,640	-	-	-	**8,640**	91.15	nil	-	Jul 2027
		50,292					**52,156**				
Sharesave	Oct 2021	**139**	-	-	(139)	-	-	-	64.53	102.10	Dec 2024 - Jun 2025
Jane Shields											
LTIP	Apr 2021	7,779	-	688	(7,611)	(856)	-	70.32	nil	88.30	Jan 2024
	Sept 2021	6,856	-	696	(7,552)	-	-	79.78	nil	97.82	Jul 2024[3]
	Mar 2022	7,228	-	-	-	-	**7,228**	79.46	nil	-	Jan 2025[3]
	Sept 2022	9,197	-	-	-	-	**9,197**	62.45	nil	-	Jul 2025
	Mar 2023	10,263	-	-	-	-	**10,263**	58.76	nil	-	Jan 2026
	Sept 2023	8,969	-	-	-	-	**8,969**	67.24	nil	-	Jul 2026
	Mar 2024	-	7,859	-	-	-	**7,859**	79.80	nil	-	Jan 2027
	Sept 2024	-	8,640	-	-	-	**8,640**	91.15	nil	-	Jul 2027
		50,292					**52,156**				
Sharesave	Oct 2021	41	-	-	-	-	**41**	-	64.53	-	Dec 2026 - Jun 2027
	Oct 2023	221	-	-	-	-	**221**	-	58.50	-	Dec 2028 - Jun 2029
		262					**262**				
Jeremy Stakol											
LTIP	Apr 2021[6]	2,986	-	265	(2,923)	(328)	-	70.32	nil	88.30	Jan 2024
	Sept 2021[6]	2,632	-	269	(2,901)	-	-	79.78	nil	97.82	July 2024[3]
	Mar 2022[6]	2,775	-	-	-	-	**2,775**	79.46	nil	-	Jan 2025[3]
	Sept 2022	3,531	-	-	-	-	**3,531**	62.45	nil	-	Jul 2025
	Mar 2023	9,190	-	-	-	-	**9,190**	58.76	nil	-	Jan 2026
	Sept 2023	8,031	-	-	-	-	**8,031**	67.24	nil	-	Jul 2026
	Mar 2024	-	7,038	-	-	-	**7,038**	79.80	nil	-	Jan 2027
	Sept 2024	-	7,405	-	-	-	**7,405**	91.15	nil	-	Jul 2027
		29,145					**37,970**				
Sharesave	Oct 2022	186	-	-	-	-	**186**	-	38.69	-	Dec 2025 - Jun 2026
	Oct 2024	-	22	-	-	-	**22**	-	80.80	-	Dec 2027 - Jun 2028
		186					**208**				

1. The calculated LTIP price at the award date is NEXT's average share price over the three months before the start of the performance period.

2. For LTIP awards, the date in this column is the end of the three year performance period. Actual vesting will be the date on which the Committee determines whether any performance conditions have been satisfied, or shortly thereafter.
3. See page 135 for details of the performance conditions and vesting levels applicable to the LTIP schemes with performance periods ending in the financial year 2024/25. Awards are increased to reflect dividends paid over the period from grant to vesting (assuming reinvestment at the prevailing share price) with such shares added on vesting.
4. The face value of the April 2024 deferred bonus award to Lord Wolfson equated to £454k, being the portion of his annual bonus for the year to January 2024 over 100% of base salary. The share price used to determine the award was the closing NEXT plc share price on 26 April 2024, which was the date the cash element of the bonus was paid.
5. Amanda James stepped down as Group Finance Director with effect from 26 July 2024. She remained an employee of the Company until 26 September 2024. Amanda's outstanding awards under the LTIP were treated in accordance with the rules of the Plan and as a 'good leaver', her entitlement is time pro-rated proportionately to her actual period of service. In the table above her LTIP and Sharesave interests are as at the end of the financial year.
6. Jeremy Stakol was granted phantom LTIP awards before joining the Board. These mirror the conditional LTIP awards in all respects save for being cash settled.

The aggregate gains of directors arising from any exercise of options granted under the Sharesave scheme that vested in the 2024/25 year totalled £5k (2023/24: £32k). At the end of the year there were no options that had vested but not yet been exercised.

Scheme interests awarded during the financial year ended January 2025 (audited information)

LTIP

Face value

In respect of the LTIP conditional share awards granted during the year 2024/25, the maximum "face value" of awards (i.e. the maximum number of shares that would vest if all performance measures are met, multiplied by the average share price used to determine the award) is summarised below. Awards are granted twice a year at 112.5% of base salary. The first half LTIP grant was based on the executive's base salaries before the increase to base salaries outlined on page 127.

	Mar 2024 £000	Sept 2024 £000	Total £000
Lord Wolfson	1,062	1,062	2,124
Jonathan Blanchard	n/a	675	675
Amanda James	647	n/a	647
Richard Papp	627	788	1,415
Jane Shields	627	788	1,415
Jeremy Stakol	562	675	1,237

Vesting if minimum performance achieved

20% of the entitlement will be earned for relative TSR at median. Full vesting requires relative TSR in the upper quintile.

Performance period

March 2024 grant: three years to January 2027.

September 2024 grant: three years to July 2027.

Performance measures

Performance is measured over three years. Currently, performance is measured based on NEXT's TSR against a group of other UK listed retail companies.

Relative performance	Percentage vesting
Below median	0%
Median	20%
Upper quintile	100%

If no entitlement has been earned at the end of a three year performance period then that award will lapse; there is no retesting. The companies in the TSR comparator group for awards granted during the financial year are in the table on page 144.

Dividend roll-up

The award will be increased to reflect dividends paid over the period from grant to vesting (assuming reinvestment at the prevailing share price).

Deferred bonus (audited information)

In addition to the scheme interests detailed above, any annual bonus over 100% of base salary is payable in shares, deferred for two years and subject to forfeiture if the executive voluntarily resigns before the end of that period. The award may be increased to reflect dividends paid over the period to vesting (assuming reinvestment at the prevailing share price) with such shares added on vesting. The value of the 2024/25 deferred bonus payable to the executives is included in the single total figure of remuneration on page 134.

REMUNERATION REPORT

Performance targets for outstanding LTIP awards (audited information)

Details of the comparator groups for the LTIP three year performance periods commencing August 2021 are shown below.

	Performance period commencing:						
Comparator Group Companies	**Aug 21**	**Feb 22**	**Aug 22**	**Feb 23**	**Aug 23**	**Feb 24**	**Aug 24**
AO World	✔	✔	✔	✔	✔	✔	✔
ASOS	✔	✔	✔	✔	✔	✔	✔
B&M European Value Retail	✔	✔	✔	✔	✔	✔	✔
Boohoo	✔	✔	✔	✔	✔	✔	✔
Burberry	✔	✔	✔	✔	✔	✔	✔
Currys	✔	✔	✔	✔	✔	✔	✔
DFS	✔	✔	✔	✔	✔	✔	✔
Dr Martens	X	X	✔	✔	✔	✔	✔
Dunelm	✔	✔	✔	✔	✔	✔	✔
Halfords	✔	✔	✔	✔	✔	✔	✔
J Sainsbury	✔	✔	✔	✔	✔	✔	✔
JD Sports Fashion	✔	✔	✔	✔	✔	✔	✔
Kingfisher	✔	✔	✔	✔	✔	✔	✔
Marks and Spencer	✔	✔	✔	✔	✔	✔	✔
N Brown[1]	✔	✔	✔	✔	✔	X	X
Pets at Home	✔	✔	✔	✔	✔	✔	✔
Studio Retail Group[2]	✔	X	X	X	X	X	X
Tesco	✔	✔	✔	✔	✔	✔	✔
Watches of Switzerland	✔	✔	✔	✔	✔	✔	✔
WH Smith	✔	✔	✔	✔	✔	✔	✔

1. N Brown delisted in February 2025. Following our established practice, it was removed from the comparator group for awards where less than 18 months of the performance period had elapsed (i.e. performance periods commencing February 2024 and August 2024).
2. Studio Retail Group went into administration in February 2022, for all in-flight schemes its TSR was set to -100%.

Payments to retired director (audited information)

Amanda James stepped down as Group Finance Director with effect from 26 July 2024 and retired from the business on 26 September 2024. She received no compensation payments in lieu of notice or otherwise. As a 'good leaver', her entitlement to outstanding LTIP awards was time pro-rated proportionately to her actual period of service. The value of Amanda's LTIP which vested in September 2024 is included in the single figure of remuneration table on page 134. Amanda was also treated as a good leaver with respect to her outstanding Sharesave options. Amanda's outstanding time pro-rated LTIP awards are on page 141.

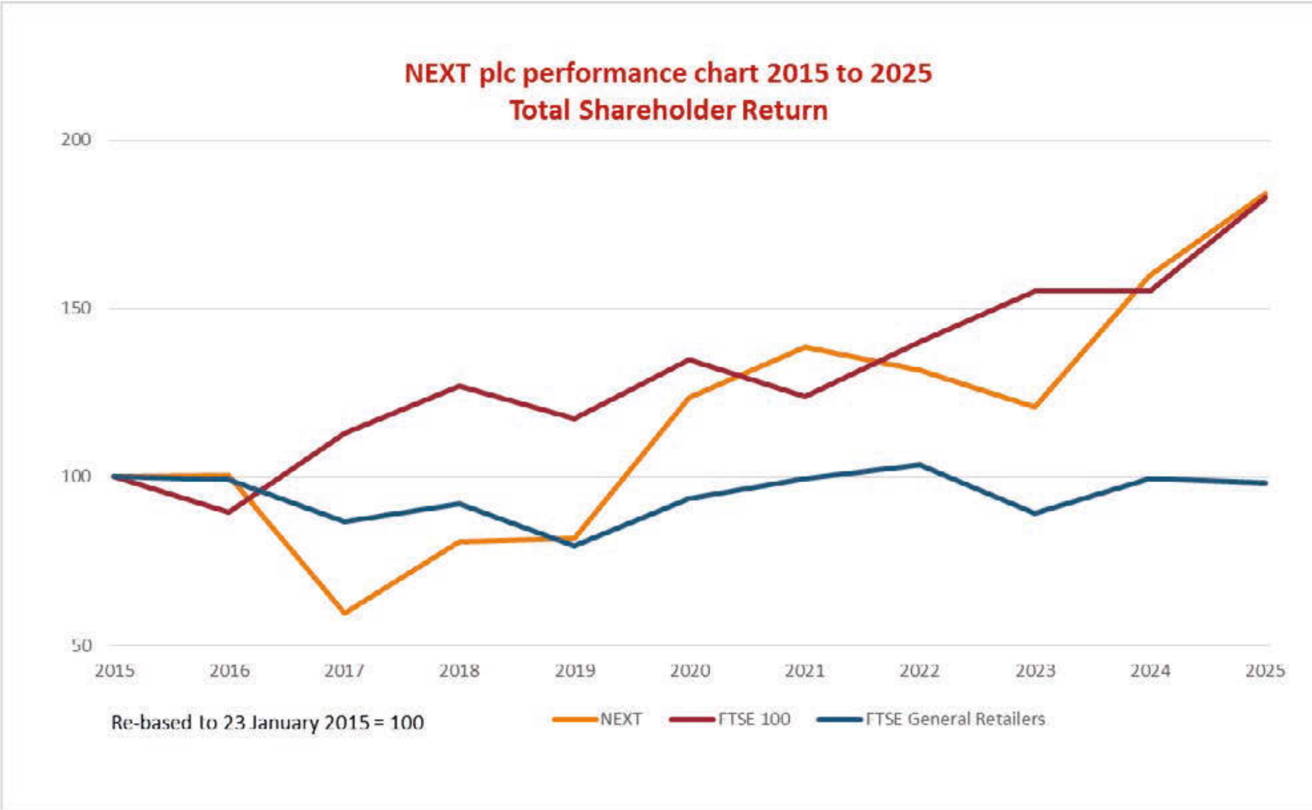
Payments for loss of office and to past directors (audited information)

Other than described in the section Payments to retired directors above, there were no other payments for loss of office or to past directors.

Performance and CEO remuneration comparison

Performance graph

The graph below illustrates the TSR performance of the Company when compared with the FTSE 100 and FTSE General Retailers indices. These have been selected to illustrate the Company's total shareholder return performance against a wide UK index and a sector specific index over the ten years ended January 2025.



Analysis of Chief Executive's pay over 10 years

The table below sets out the remuneration for Lord Wolfson who has been the Chief Executive throughout this period.

Financial year to January	Single figure of total remuneration £000	Annual bonus pay-out against maximum opportunity[1]	LTIP pay-out against maximum opportunity
2016	4,295	45%	Two semi-annual awards vested at 76% and 77%
2017	1,831	0%	Two semi-annual awards vested at 61% and 20%
2018	1,153	0%	Two semi-annual awards vested at nil
2019	1,327	13%[2]	Two semi-annual awards vested at 20% and nil
2020	2,639	29%	Two semi-annual awards vested at 67% and 100%
2021	3,582	0%	Two semi-annual awards vested at 90% and 100%
2022	4,148	100%	Two semi-annual awards vested at 83% and 80%
2023	2,529	54%	Two semi-annual awards vested at 62% and 30%
2024	4,630	100%	Two semi-annual awards vested at 63% and 89%
2025	4,727	72%	Two semi-annual awards vested, both at 100%

1. The maximum bonus for the Chief Executive is 150% of salary.
2. Lord Wolfson waived his entitlement to a portion of his annual bonus. Had he not done so, his bonus pay-out against maximum opportunity would have been 40% and his total remuneration would have been £1,642k for the financial year to January 2019.

REMUNERATION REPORT

Annual change in remuneration of each director compared to employees

The table below shows the year on year percentage changes in the directors' remuneration (i.e. salary, taxable benefits and annual bonus) over the last five years. There are no other employees of NEXT plc.

	Base salary					Taxable benefits					Bonus				
	2024/25	2023/24	2022/23	2021/22	2020/21[1]	**2024/25**	2023/24	2022/23	2021/22	2020/21	**2024/25**	2023/24	2022/23	2021/22	2020/21
Executive directors															
Lord Wolfson	**4%**	5%	5%	6%	-3%	**28%**	-31%	-1%	26%	-13%	**-25%**	94%	-43%	100%	-100%
Jonathan Blanchard[2]	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Amanda James	**27%**	5%	5%	6%	-3%	**26%**	1%	5%	-	-8%	**37%**	94%	-43%	100%	-100%
Richard Papp	**31%**	5%	5%	6%	-3%	**32%**	-	1%	-	-	**41%**	94%	-43%	100%	-100%
Jane Shields	**31%**	5%	5%	6%	-3%	**4%**	4%	14%	-78%	-	**41%**	94%	-43%	100%	-100%
Jeremy Stakol	**25%**	n/a	n/a	n/a	n/a	**28%**	n/a	n/a	n/a	n/a	**35%**	n/a	n/a	n/a	n/a
Non-executive directors															
Michael Roney	**4%**	5%	5%	6%	-3%	**32%**	-	-	-	-	**-**	-	-	-	-
Venetia Butterfield[2]	**n/a**	n/a	n/a	n/a	n/a	**n/a**	-	-	-	-	**-**	-	-	-	-
Jonathan Bewes[3]	**4%**	5%	28%	18%	-3%	**1252%**	-	-	-	-	**-**	-	-	-	-
Soumen Das[4,6]	**4%**	5%	18%	n/a	n/a	**371%**	-	-	-	-	**-**	-	-	-	-
Tom Hall[5,6]	**4%**	5%	33%	21%	n/a	**184%**	-	-	-	-	**-**	-	-	-	-
Tristia Harrison	**4%**	5%	18%	6%	-3%	**104%**	-	-	-	-	**-**	-	-	-	-
Amy Stirling[2]	**n/a**	n/a	n/a	n/a	n/a	n/a	-	-	-	-	**-**	-	-	-	-
Dame Dianne Thompson[7]	**4%**	5%	18%	6%	-3%	**-71%**	-	-	-	-	**-**	-	-	-	-

1. The directors took a 20 per cent voluntary reduction in salary/fees during the initial COVID lockdown period between April and June 2020.
2. Jonathan Blanchard, Venetia Butterfield and Amy Stirling were all appointed to the Board during 2024/25.
3. Jonathan Bewes was appointed Senior Independent Director during 2021/22.
4. Soumen Das was appointed to the Board as a non-executive director on 1 September 2021.
5. Tom Hall was appointed Remuneration Committee Chairman during 2021/22.
6. The 2021/22 percentage changes in base salary for Tom Hall and Soumen Das are calculated on an annualised basis.
7. Dame Dianne Thompson retired from the Board in May 2024. The 2024/25 percentage changes in base salary is calculated on an annualised basis.

Pay ratios

Set out below are ratios which compare the total remuneration of Lord Wolfson (as included in the single total figure of remuneration table on page 134) to the remuneration of the 25th, 50th and 75th percentile of our UK employees. We expect the pay ratio to vary from year to year, driven largely by the variable pay outcome for Lord Wolfson, which will significantly outweigh any other changes in pay at NEXT.

Year	Method	25th percentile pay ratio	50th percentile (median) pay ratio	75th percentile pay ratio
2024/25	Option B	219:1	200:1	130:1
2023/24	Option B	232:1	207:1	155:1
2022/23	Option B	127:1	114:1	80:1
2021/22	Option B	265:1	232:1	190:1
2020/21	Option B	203:1	188:1	168:1
2019/20	Option B	151:1	148:1	106:1

We have used Option B in the legislation to calculate the full-time equivalent remuneration for the 25th, 50th and 75th percentile UK employees, leveraging the analysis completed as part of our most recent UK gender pay gap reporting as at 5 April 2024. As we have a very significant employee base, NEXT has chosen to calculate its Chief Executive pay ratio using this data as it was felt to be the simplest and most robust way to identify representative employees in the organisation at lower quartile, median and upper quartile.

The employees at the median, 25th and 75th percentile were identified using the 5 April 2024 gender pay gap data and were also in employment at the year end in January 2025. We have used their base contract salaries for the 2024/25 financial year, grossed up to the full-time equivalents, to which we have added actual benefits, bonuses, long term incentives and pension (if applicable). The data points are reflective of our Company structure and types of roles across the organisation and accordingly the Committee believes the median pay ratio for 2024/25 to be consistent with the pay, reward and progression policies for the Group's UK employees taken as a whole as at the reference date. We consider that these ratios are broadly appropriate in the context of comparison with other retailers.

The base salary and total remuneration received during the financial year by the indicative employees on a full-time equivalent basis used in the above analysis are set out below. The reference date for determining the pay and benefits figures is the year end date.

	25th percentile	50th percentile (median)	75th percentile
Base salary	£21,571	£23,320	£35,101
Total remuneration	£21,571	£23,646	£36,450

The ratio trends disclosed above are affected by the following factors:

- Of our UK workforce of 45,000, around 88% work in our retail stores, customer contact centres and warehouses where, in line with the retail sector more generally, rates of pay will not be as high as management grades and those employees based at our Head Office in more technical roles. The three indicative employees used in the calculations are either retail sales consultants or a driver in our Distribution division.
- A substantial proportion of the Chief Executive's total remuneration is performance related. The ratios will, therefore, depend significantly on his annual bonus and LTIP outcome and may fluctuate significantly year to year and is considered by the Committee to appropriately reflect performance over the period.
- The median pay ratio for 2024/25 is slightly lower than the figure reported for 2023/24, which is largely attributable to relative changes in base salary. In last year's report, we disclosed that Lord Wolfson had been awarded an annual pay increase of 4%, whilst the wider workforce's base salary increase was on average 8.8%.

Relative importance of spend on pay

The table below shows the total remuneration paid to or receivable by all employees in the Group together with other significant distributions and payments (i.e. for share buybacks and dividends).

Year	Total wages and salaries £m	Buybacks £m	Dividends £m
2024/25	1,016.5	360.2	257.8
2023/24	907.4	177.3	248.3
% change	12.0%	103.2%	3.8%

Dilution of share capital by employee share plans

The Company monitors and complies with dilution limits in its various share scheme rules and has not issued new or treasury shares in satisfaction of share schemes in the last 10 years. Share-based incentives are in most cases satisfied from shares purchased and held by the ESOT (refer to Note 27 to the financial statements).

Consideration of matters relating to directors' remuneration

Remuneration Committee

During the year, the Committee comprised the following independent non-executive directors and the Chairman:

Member
Tom Hall (Committee Chairman)
Jonathan Bewes
Venetia Butterfield (from April 2024)
Soumen Das
Dame Tristia Harrison
Michael Roney
Amy Stirling (from April 2024)
Dame Dianne Thompson (until May 2024)

Attendance at Committee meetings is shown on page 115.

Role and work of Remuneration Committee

The Committee determines the remuneration of the Group's Chairman and executive directors, and approves that of senior executives (consistent with the Code). It is also responsible for determining the targets for performance-related pay schemes, approving any award of the Company's shares under share option or incentive schemes to employees, and overseeing any major changes in employee benefit structures. The Committee members have no conflicts of interest arising from cross-directorships and no director is permitted to be involved in any decisions as to his or her remuneration. The remuneration of non-executive directors is decided by the Chairman and executive

REMUNERATION REPORT

directors of the Board. The Committee's terms of reference are available on our corporate website nextplc.co.uk or on request from the Company Secretary.

Assistance to the Committee

During the period, the Committee received input from the Chief Executive and the Chief Financial Officer. The Committee engaged FIT Remuneration Consultants LLP and FIT Remuneration Implementation LLP (together FIT) to provide independent external advice, including updates on legislative requirements, best practices, and other matters of a technical nature and related to share plans. FIT has no other connection with the Company. Deloitte LLP provided independent verification services of total shareholder returns for NEXT and the comparator group of companies under the LTIP. Deloitte provides other consultancy services to the Group on an ad hoc basis. FIT and Deloitte were appointed by the Committee based on their expertise in the relevant areas of interest.

During the year FIT was paid circa £32k and Deloitte was paid circa £6k for the services described above, charged at their standard hourly rates. Both are members of the Remuneration Consultants Group, the body that oversees the Code of Conduct in relation to executive remuneration consulting in the UK and have confirmed to us that they adhere to its Code. Based on the nature of the advice, and the relatively modest fees, the Committee was satisfied that the advice received was objective and independent.

Voting outcomes at General Meetings

	AGM	Votes for	% for	Votes against	% against	Total votes cast	% of shares on register	Votes withheld
To approve the Remuneration Policy	18 May 2023	82,611,467	84	15,751,694	16	98,363,161	77	65,153
To approve the 2023/24 Remuneration Report	16 May 2024	83,634,990	88	11,118,835	12	94,753,825	75	130,459

Service contracts

Executive directors

The Company's policy on notice periods and in relation to termination payments is set out in the Policy table on page 154. Apart from their service contracts, no director has had any material interest in any contract with the Company or its subsidiaries.

The executive directors' service contracts do not contain fixed term periods.

Non-executive directors

Letters of appointment for the Chairman and non-executive directors do not contain fixed term periods; however, they are appointed with the expectation that they will serve for a minimum of six years, subject to satisfactory performance and re-election at Annual General Meetings.

Dates of appointment and notice periods for directors are set out below:

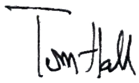
	Date of appointment to Board	Notice period where given by the Company	Notice period where given by the director
Chairman			
Michael Roney	14 February 2017*	12 months	6 months
Executive directors			
Lord Wolfson	3 February 1997	12 months	6 months
Jonathan Blanchard	26 July 2024	12 months	6 months
Richard Papp	14 May 2018	12 months	6 months
Jane Shields	1 July 2013	12 months	6 months
Jeremy Stakol	3 April 2023	12 months	6 months
Non-executive directors			
Jonathan Bewes	3 October 2016	1 month	1 month
Venetia Butterfield	2 April 2024	1 month	1 month
Soumen Das	1 September 2021	1 month	1 month
Tom Hall	13 July 2020	1 month	1 month
Dame Tristia Harrison	25 September 2018	1 month	1 month
Amy Stirling	2 April 2024	1 month	1 month

* Appointed Chairman on 2 August 2017

Part 3: Remuneration Policy Table

The following table summarises the Company's policies with regard to each of the elements of remuneration for existing directors, as approved by shareholders on 18 May 2023 and is provided for ease of reference only. This is an extract of the policy report and has not been amended in any way. However, as noted earlier in this report (see pages 127 to 128) and as permitted under the policy, the Committee has decided to increase the bonus opportunity for the executive directors to 150%. See also page 129 for details of changes to Lord Wolfson's pension arrangements. The full Remuneration Policy is set out in the January 2023 Annual Report, pages 138 to 149, which is available on our corporate website nextplc.co.uk.

A shareholder vote on the Remuneration Policy is not required in 2025.



Tom Hall
Chairman of the Remuneration Committee

27 March 2025

Remuneration Policy table, as approved in 2023. For clarity, where the policy table includes page cross references, these references have been updated to this year's Remuneration Report.

Base salary

Purpose and link to strategy

To attract, motivate and retain high calibre individuals, while not overpaying. To provide a satisfactory base salary within a total package comprising salary and performance- related pay.

Performance-related components and certain benefits are calculated by reference to base salary. The level of salary broadly reflects the value of the individual, their role, skills and experience.

Operation

Normally reviewed annually, generally effective 1 February. The Committee focuses particularly on ensuring that an appropriate base salary is paid to directors and senior managers. The Committee considers salaries in the context of overall packages with reference to individual experience and performance, the level and structure of remuneration for other employees, the external environment and market data. External benchmarking analysis is only occasionally undertaken and the Committee has not adopted a prescribed objective of setting salaries by reference to a particular percentile or benchmark.

Maximum opportunity

There is no guaranteed annual increase. The Committee considers it important that base salary increases are kept under tight control given the multiplier effect of such increases on future costs. In the normal course of events, increases in executive directors' salaries would be in line with the wider Company cost of living awards.

The Committee reserves flexibility to grant larger increases where considered appropriate. For instance, where a new executive director, being an internal promotion, has been appointed to the Board with an initial salary which is considered below the normal market rate, then the Committee may make staged increases to bring the salary into line as the executive gains experience in the role. Also if there have been significant changes in the size and scope of the executive's role then the Committee would review salary levels accordingly.

Under the reporting regulations, the Company is required to specify a maximum potential value for each component of pay. Accordingly, for the period of this Policy, no base salary paid to an executive director in any year will exceed £850,000 subject to the amount of the maximum base salary that may be paid to an executive director in any year increasing in line with the growth in RPI from the date of approval of that limit in accordance with the Remuneration Policy approved in 2017.

Performance measures and targets

Not applicable.

Key changes to last approved policy

No change.

REMUNERATION REPORT

Annual bonus

Purpose and link to strategy

To incentivise delivery of stretching annual goals.

To provide focus on the Company's key financial objectives.

To provide a retention element in the case of the Chief Executive as any annual bonus in excess of 100% of base salary is payable in shares, deferred for a period of two years and subject to forfeiture if he voluntarily resigns prior to the end of that period.

Operation

Performance measures and related performance targets are set at the commencement of each financial year by the Committee. Company policy is to set such measures by reference to financial measures (such as pre-tax EPS) but the Committee retains flexibility to use different performance measures during the period of this Policy if it considers it appropriate to do so, although at least 75% of any bonus will continue to be subject to financial measures.

At the threshold level of performance, no more than 20% of the maximum bonus may be earned (the Committee will determine the appropriate percentage each year and recent awards have been set at a lower level). Typically, a straight sliding scale of payments operates for performance between the minimum and maximum levels. There is no in-line target level although, for the purposes of the scenario charts on page 137, 50% of maximum bonus has been assumed.

Dividend accruals (both in respect of special and ordinary dividends) may be payable on any deferred bonus awards which vest.

The Company has the flexibility within the rules of the Deferred Share Bonus Plan to grant nil cost options as an alternative to conditional share awards or exceptionally to settle in cash.

Maximum opportunity

At present, Company policy is to provide a maximum bonus opportunity of 150% of salary for the Chief Executive and 100% of salary for other executive directors.

Although the Committee has no current plan to make any changes, for the period of this Policy the Committee reserves flexibility to:

- Increase maximum bonus levels for executive directors in any financial year to 200% of salary. This flexibility would be used only in exceptional circumstances and where the Committee considered any such increase to be in the best interests of shareholders and after appropriate consultation with key shareholders.
- Lessen the current differentials in bonus maximums which exist between the Chief Executive and other executive directors.
- Introduce or extend an element of compulsory deferral of bonus outcomes if considered appropriate by the Committee.

Performance measures and targets

Currently performance is assessed against pre-tax EPS targets set annually, which take account of factors including the Company's budgets and the wider background of the UK economy. Pre-tax EPS has been chosen as the basic metric to avoid executives benefiting from external factors such as reductions in the rate of corporation tax. The Committee reserves flexibility to apply discretion in the interests of fairness to shareholders and executives by making adjustments it considers appropriate.

The Committee reserves flexibility to apply different performance measures and targets in respect of the annual bonus for the period of this Policy but a financial measure will continue to be used for at least 75% of the award. The Committee will consult with major shareholders before any significant changes are made to the use of performance measures.

The basis of performance measurement incorporates an appropriate adjustment to EPS growth to reflect the benefit to shareholders from special dividends paid in any period in lieu of share buybacks.

Key changes to last approved policy

No change.

Long Term Incentive Plan (LTIP)

Purpose and link to strategy

To incentivise management to deliver superior total shareholder returns (TSR) over three year performance periods relative to a selected group of retail companies, and align the interests of executives and shareholders.

Retention of key, high calibre employees over three year performance periods and encouraging long term shareholding, through post vesting holding requirement, and commitment to the Company.

Operation

A variable percentage of a pre-determined maximum number of shares can vest, depending on the achievement of performance conditions.

The maximum number of shares that may be awarded to each director is a percentage of each director's base salary at the date of each grant, divided by NEXT's average share price over the three months prior to the start of the performance period.

LTIP awards are made twice a year to reduce the volatility inherent in any TSR performance measure and to enhance the portfolio effect for participants of more frequent, but smaller, grants.

The Company has the flexibility within the rules of the LTIP to grant nil cost options as an alternative to conditional share awards and to settle vested LTIP awards in cash.

Dividend accruals (both in respect of special and ordinary dividends) may be payable on any vested LTIP awards.

Maximum opportunity

The maximum possible aggregate value of awards granted to all executive directors will be 225% of annual salary (i.e. typically 112.5% every six months) and up to 300% in exceptional circumstances.

The Committee reserves the right to vary these levels within the overall annual limits described above. In addition, awards granted to executive directors which vest must be taken in shares and the net shares (after payment of tax and NIC) must be held for a minimum period of two further years. The Committee reserves the right to lengthen (but not reduce) the performance period and to further increase the holding period or to introduce a retention requirement.

Performance measures and targets

Performance is measured over a period of three years. Currently performance is measured based on NEXT's TSR against a group (currently 19 other UK listed retail companies) which are, in the view of the Committee, broadly comparable with NEXT in size or nature of their business. Comparison against such a group is more likely to reflect the Company's relative performance against its peers, thereby resulting in awards vesting on an appropriate basis.

Relative performance	Percentage vesting
Below median	0%
Median	20%
Upper quintile	100%

If no entitlement has been earned at the end of a three year performance period then that award will lapse; there is no retesting. The Committee may set different performance conditions for future awards subject to consulting with major shareholders before any significant changes are made.

Key changes to last approved policy

No change.

REMUNERATION REPORT

Pension

Purpose and link to strategy

To provide for retirement through Company sponsored schemes or a cash alternative for personal pension planning and therefore assist attraction and retention.

Operation

Lord Wolfson, Jane Shields and Richard Papp are deferred members of the defined benefit (DB) section of the 2013 NEXT Group Pension Plan (the Plan).

In addition to being a deferred member of the DB section of the Plan, Lord Wolfson is accruing service (subject to a cap, see opposite) in an unfunded, unapproved supplementary pension arrangement (SPA), described on page 139. His future pension is calculated by reference to his October 2012 salary, rather than his final earnings, and any future salary changes will have no effect.

Jane Shields and Richard Papp ceased to contribute to the Plan in 2011 and 2004 respectively. Their DB pensions are no longer linked to salary and will increase in line with statutory deferred revaluation only (i.e. in line with CPI).

Lord Wolfson and Jane Shields receive salary supplements of 15% in lieu of past changes to their pension arrangements. This arrangement was in line with other senior employee members of the DB section of the Plan.

Amanda James participates in a defined contribution pension scheme and the Company currently makes a contribution equal to 5% of her salary into her pension plan. Amanda James can opt to receive an equivalent cash supplement in lieu of this Company contribution. Richard Papp is a deferred member of the same defined contribution pension scheme and receives a 5% cash equivalent supplement. The arrangements for Amanda James and Richard Papp are consistent with the pension provision and alternatives available to employees who joined the DC scheme at a similar time. The 5% cash equivalent supplement is only available to members who have exceeded the Annual or Lifetime Allowance limits.Bonuses are not taken into account in assessing pensionable earnings in the Plan.

New employees of the Group can join the auto enrolment pension plan.

Maximum opportunity

Under the DB section and the SPA, the maximum potential pension is only achieved on completion of at least 20 years of pensionable service at age 65, when two thirds of the executive director’s annual pensionable salary at October 2012 (plus any element of pension which was accrued on bonus payments made prior to 2006, when bonus was removed from the definition of pensionable earnings) could become payable.

The lump sum payable on death in service is four times base salary under the SPA, three times base salary under the DB and DC sections and one times base salary under the auto enrolment plan.

No DC contributions, or equivalent cash supplement payments, will be made to an executive director in any year that will exceed the level offered to the wider colleague population recruited at or about the same time as them.

Lord Wolfson has volunteered to cap the service accrual under his DB pension annually so that the single figure attributed to the DB portion of his pension is no more than 9% of salary (giving single figure of DB pension and salary supplement in aggregate of up to 24% of salary).

Any newly appointed executive directors, whether internal or external appointments, will be invited to join a NEXT Defined Contribution pension arrangement at the prevailing rate for staff across NEXT at the time. This is currently an employer pension contribution of 3% of pensionable salary.

Performance measures and targets

Not applicable.

Key changes to last approved policy

No change.

Other benefits

Purpose and link to strategy

To provide market competitive non-cash benefits to attract and retain high calibre individuals.

Operation

Executive directors receive benefits which may include the provision of a company car or cash alternative, private medical insurance, subscriptions to professional bodies and staff discount on Group merchandise. A driver is also made available to the executive directors.

The Committee reserves discretion to introduce new benefits where it concludes that it is in the interests of NEXT to do so, having regard to the particular circumstances and to market practice, and reserves flexibility to make relocation related payments.

Whilst not considered necessarily to be benefits, the Committee reserves the discretion to authorise attendance by directors and their family members (at the Company's cost if required) at corporate events and to receive reasonable levels of hospitality in accordance with Company policies.

Reasonable business-related expenses will be reimbursed (including any tax thereon).

Maximum opportunity

During the Policy period, the value of benefits (other than relocation costs) paid to an executive director in any year will not exceed £150,000. In addition, the Committee reserves the right to pay up to £250,000 relocation costs in any year to an executive director if considered appropriate to secure the better performance by an executive director of their duties. Relocation benefits would normally only be available for up to 12 months and the Committee would make appropriate disclosures of any provided.

During the Policy period, the actual level of taxable benefits provided will be included in the single total figure of remuneration.

Performance measures and targets

Not applicable.

Key changes to last approved policy

No change.

Save As You Earn Scheme (Sharesave)

Purpose and link to strategy

To encourage all employees to make a long term investment in the Company's shares.

Operation

Executive directors can participate in the Company's Sharesave scheme which is HMRC approved and open to all employees in the UK. Option grants are generally made annually, with the exercise price discounted by a maximum of 20% of the share price at the date an invitation is issued. Options are exercisable three or five years from the date of grant. Alternatively, participants may ask for their contributions to be returned.

Maximum opportunity

Investment is currently limited to a maximum amount of £250 per month. The Committee reserves the right to increase the maximum amount in line with limits set by HMRC (currently £500 per month).

Performance measures and targets

Not applicable.

Key changes to last approved policy

No change.

REMUNERATION REPORT

Termination payments

Purpose and link to strategy

Consistent with market practice, to ensure NEXT can recruit and retain key executives, whilst protecting the Company from making payments for failure.

Operation

The Committee will consider the need for and quantum of any termination payments having regard to all the relevant facts and circumstances at that time.

Future service contracts will take into account relevant published guidance.

Maximum opportunity

Each of the executive directors has a rolling service contract. Dates of appointment and notice periods are disclosed on page 148. The contract is terminable by the Company on giving one year's notice and by the individual on giving six months' notice. For directors appointed prior to the 2017 Remuneration Policy, the Company has reserved the right to make a payment in lieu of notice on termination of an executive director's contract equal to their base salary and contractual benefits (excluding performance-related pay). For directors appointed after that time, any payment in lieu of notice is limited to their base salary only.

For directors appointed prior to the date of approval of the 2017 Remuneration Policy, if notice of termination is given immediately following a change of control of the Company, the executive director may request immediate termination of his/her contract and payment of liquidated damages equal to the value of his/her base salary and contractual benefits. Liquidated damages provisions will not be present in any service contract for executive directors appointed after that date and any service contract since that time will include provision for any termination payments to be made on a phased basis.

In normal circumstances executive directors have no entitlement to compensation in respect of loss of performance bonuses and all share awards would lapse following resignation. However, under certain circumstances (e.g. "good leaver" or change in control), and solely at the Committee's discretion, annual bonus payments may be made and would ordinarily be calculated up to the date of termination only, based on performance. In addition, awards made under the LTIP would in those circumstances generally be time pro-rated and remain subject to the application of the performance conditions at the normal measurement date. The Committee also has a standard discretion to vary the application of time pro- rating in such cases. "Good leaver" treatments are not automatic.

In the event of any termination payment being made to a director (including any performance-related pay elements), the Committee will take full account of that director's duty to mitigate any loss and, where appropriate, may seek independent professional advice and consider the views of shareholders as expressed in published guidance prior to authorising such payment.

Consistent with market practice, in the event of removal from office of an executive director, the Company may pay a contribution towards the individual's legal fees and fees for outplacement services as part of a negotiated settlement and such other amounts as the Committee considers to be necessary, having taken legal advice, in settlement of potential claims. Any such fees would be disclosed with all other termination arrangements. The Committee reserves the right, if necessary, to authorise additional payments in respect of such professional fees if not ascertained at the time of reporting such termination arrangements up to a maximum of £10,000.

A departing gift may be provided up to a value of £10,000 (plus related taxes) per director.

Performance measures and targets

Not applicable.

Key changes to last approved policy

No change.

Recovery and withholding provisions

Purpose and link to strategy

To ensure the Company can recover any payments made or potentially due to executive directors under performance- related remuneration structures.

Operation

Recovery and withholding provisions are in the service contracts of all executive directors and will be enforced where appropriate to recover or withhold performance-related remuneration which has been overpaid due to: a material misstatement of the Company's accounts; errors made in the calculation of an award; a director's misconduct; insolvency of any group company; or circumstances that would lead to a sufficiently significant negative impact on the reputation and likely financial strength of the Company. These provisions allow for the recovery of sums paid and/or withholding of sums to be paid.

Maximum opportunity

Not applicable.

Performance measures and targets

Not applicable.

Key changes to last approved policy

No change.

Chairman and non-executive director fees

Purpose and link to strategy

To ensure fees paid to the Chairman and non-executive directors are competitive and comparable with other companies of equivalent size and complexity so that the Company attracts non-executive directors who have a broad range of experience and skills to oversee the implementation of our strategy.

Operation

Remuneration of the non-executive directors is normally reviewed annually and determined by the Chairman and the executive directors. The Chairman's fee is determined by the Committee (excluding the Chairman).

Additional fees are paid to non-executive directors who chair the Remuneration and Audit Committees, and act as the Senior Independent Director. The structure of fees may be amended within the overall limits.

External benchmarking is undertaken only occasionally and there is no prescribed policy regarding the benchmarks used or any objective of achieving a prescribed percentile level.

If the Chairman or non-executive directors are required to spend time on exceptional Company business significantly in excess of the normal time commitment, the Chairman will be paid £1,500 and the non-executive directors £1,000 for each day spent. These are subject to an annual review by the Board. Reasonable business related expenses will be reimbursed (including any tax thereon).

Maximum opportunity

The total of fees paid to the Chairman and the non-executive directors in any year will not exceed the maximum level for such fees from time to time prescribed by the Company's Articles of Association (currently £1,000,000 per annum).

Performance measures and targets

Non-executive directors receive the normal staff discount on Group merchandise but do not participate in any of the Group's bonus, pension, share option or other incentive schemes.

Key changes to last approved policy

No change.

The policies as set out above would apply to the promotion of an existing Group employee to the Board.

DIRECTORS' REPORT

Information contained in the Strategic Report

As permitted by section 414C of the Companies Act 2006, certain information required to be included in the Directors' Report has been included in the Strategic Report. Specifically, this relates to:

- Information in respect of employee matters (including actions taken to introduce, maintain or develop arrangements aimed at employees, details on how the directors have engaged with employees and had regard to employee interests, our approach to investing in and rewarding the workforce, employee diversity and the employment, training and advancement of disabled persons) (see page 91).
- Likely future developments.
- Risk management (see pages 68 to 76).
- Details on how the directors have had regard to the need to foster business relationships with stakeholders (see page 100).
- Greenhouse gas emissions (see page 80 for our Streamlined Energy and Carbon Reporting (SECR) disclosures and page 82 for our GHG Emissions).

Financial instruments

Information on financial instruments and the use of derivatives is given in Notes 28 to 31 to the financial statements.

Annual General Meeting

The 2025 Annual General Meeting (AGM) of NEXT plc will be held at Leicester Marriott Hotel, Smith Way, Grove Park, Leicester LE19 1SW on Thursday 15 May 2025 at 9.00 am. The Notice of Annual General Meeting, which includes the business to be transacted at the meeting, is set out from page 257.

Dividends

Information regarding dividends during 2024/25 is provided in the Strategic Report on page 54.

The Trustee of the NEXT ESOT has waived dividends paid in the year on the shares held by it. Please refer to Note 27 to the financial statements for further information.

Share capital and major shareholders

Details of the Company's share capital are shown in Note 23 to the financial statements.

The Company was authorised by its shareholders at the 2024 AGM to purchase its own shares. During the financial year the Company purchased and cancelled 3,780,954 ordinary shares with a nominal value of 10 pence each (none of which were purchased off-market), at a cost of £360m and representing 2.97% of its issued share capital at the start of the year.

At the financial year end 25 January 2025, the Company had 123,643,347 shares in issue. Subsequent to the end of the financial year the Company purchased for cancellation 445,003 of its own shares at a cost of £44m and as at 25 March 2025 the number of shares in issue was 123,198,344.

As at 25 January 2025, the Company had been notified under the Disclosure and Transparency Rules (DTR 5) of the following notifiable interests in the Company's issued share capital. The information provided below was correct at the date of notification. These holdings are likely to have changed since the Company was notified; however, notification of any change is not required until the next notifiable threshold is crossed.

Notifications received as at 25 January 2025

	No. of voting rights at date of notification	% of voting rights at date of notification	Nature of holding	Date of notification
BlackRock, Inc.	12,691,696	9.68	Indirect interest	17 May 2022
Invesco Limited	6,378,187	4.97	Indirect interest	24 May 2023
FMR LLC (Fidelity)	6,278,493	4.92	Indirect interest	14 November 2023
NEXT plc Employee Share Option Trust	6,261,137	5.00	Direct interest	5 November 2024
The Capital Group Companies, Inc.	6,181,783	4.94	Indirect interest	4 November 2024
Norges Bank	3,862,059	2.99	Direct interest	21 October 2022

No changes to major shareholdings were disclosed to the Company after 25 January 2025 up to 25 March 2025

Additional information

Shareholder and voting rights

All members who hold ordinary shares are entitled to attend and vote at the AGM. Voting on all resolutions at the 2025 AGM will be by way of a poll. On a poll, every member present in person or by proxy has one vote for every ordinary share held or represented. The Notice of Meeting specifies the deadlines for exercising voting rights.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and voting rights. There are no restrictions on the transfer of ordinary shares in the Company other than certain restrictions imposed by laws and regulations (such as insider trading laws and market requirements relating to closed periods) and requirements of internal rules and procedures whereby directors and certain employees of the

Company are required to hold certain shares for a set period and also prior approval to deal in the Company's securities.

The Company's Articles may only be amended by a special resolution at a General Meeting. Directors are elected or re-elected by ordinary resolution at a General Meeting; the Board may appoint a director but anyone so appointed must be elected by ordinary resolution at the next General Meeting. Under the Articles, directors retire and may offer themselves for re-election at a General Meeting at least every three years. However, in line with the provisions of the UK Corporate Governance Code, all directors stand for re-election annually.

Change of control

The Company is not party to any significant agreements which take effect, alter or terminate solely upon a change of control of the Company. However, in the event of a change of control of the Company or NEXT Group plc, NEXT Group plc's medium term borrowing facilities will be subject to early repayment in full if a majority of the lending banks give written notice, or in part if a lending bank gives written notice following a change of control. In addition, the holders of NEXT Group plc's corporate bonds will be entitled to call for redemption of the bonds by NEXT Group plc or the Company as guarantor at their nominal value together with accrued interest in the following circumstances:

- Should a change of control cause a downgrading in the credit rating of the corporate bonds to sub-investment grade and this is not rectified within 120 days after the change of control, or
- If already sub-investment grade, a further credit rating downgrade occurs and this is not rectified within 120 days after the change of control, or
- If the bonds at the time of the change of control have no credit rating and no investment grade rating is assigned within 90 days after the change in control.

The Company's share option plans and its Long Term Incentive Plan contain provisions regarding a change of control. Outstanding options and awards may vest on a change of control, subject to the satisfaction of any relevant performance conditions.

Directors' service contracts are terminable by the Company on giving one year's notice. There are no agreements between the Company and its directors or employees providing for additional compensation for loss of office or employment (whether through resignation, redundancy or otherwise) that occurs because of a takeover bid.

Branches

NEXT, through various subsidiaries, has established branches in a number of different countries in which the business operates.

Political donations

No donations were made for political purposes during the year (2024: £nil).

Corporate governance

The corporate governance statement as required by the UK Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR 7.2.6) comprises the Additional Information section of this Directors' Report and the Corporate Governance statement included in this Annual Report.

The following disclosures are required under UK Listing Rule 6.6.1 R:

Publication of unaudited financial information	On 7 January 2025, NEXT published a Group profit before tax (GPBT) guidance forecast for the year to January 2025 of £1,010m. Actual GPBT for the period was £1,011m.
Shareholder waivers of dividends	The NEXT Employee Share Ownership Trust typically waives its rights to receive dividends during the year.

No further UK Listing Rule 6.6.1 disclosures are required.

In the case of each director in office at the date the Directors' Report is approved:

- So far as the director is aware, there is no relevant audit information of which the Group and Parent Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Parent Company's auditors are aware of that information.

This Directors' Report, comprising pages 108 to 157, has been approved by the Board and is signed on its behalf by

Jonathan Blanchard
Chief Financial Officer

27 March 2025

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXT PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- NEXT plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 25 January 2025 and of the group's profit and the group's cash flows for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: consolidated and parent company balance sheets as at 25 January 2025; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and parent company statements of changes in equity and the consolidated cash flow statement for the period then ended; the group accounting policies; and the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 3 to the consolidated financial statements, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We conducted an audit of the complete financial information of one component and audited certain financial information over a further three components.
- All in-scope components were audited by the UK group engagement team.
- In addition, the group engagement team performed audit procedures over centralised functions and financial statement line items including goodwill, intangible assets, leases, taxation, treasury, post-retirement benefits, equity accounted investments, the group consolidation and financial statement disclosures.
- The components on which full scope audits, targeted specified procedures and centralised work was performed accounted for 86% of revenue.

Key audit matters

- The application of key judgements and assumptions in relation to expected credit loss (ECL) provisioning for customer receivables (group)
- Net realisable valuation of inventories (group)
- Equal pay claim (group)
- Recoverability of investments (parent company)

Materiality

- Overall group materiality: £50,000,000 (2024: £45,400,000) based on 5% of profit before tax before exceptional items.
- Overall parent company materiality: £25,500,000 (2024: £27,000,000) based on 1% of total assets.
- Performance materiality: £37,500,000 (2024: £34,000,000) (group) and £19,100,000 (2024: £20,250,000) (parent company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Equal pay claim is a new key audit matter this year. Valuation of acquired intangible assets & pensions assumptions, which were key audit matters last year, are no longer included because of the valuation of acquired intangible assets solely related to the acquisitions of Reiss and Fatface in the prior year. Pension assumptions has also been removed as the level of estimation uncertainty has reduced following transaction activity in the year. Otherwise, the key audit matters below are consistent with last year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXT PLC

Key audit matter	How our audit addressed the key audit matter
The application of key judgements and assumptions in relation to expected credit loss (ECL) provisioning for customer receivables **Group** Refer to the audit committee report, the major sources of estimation uncertainty and judgement within the group accounting policies and note 14 for customer and other receivables. The determination of Expected Credit Loss (ECL) provisions is inherently subjective and requires the establishment of assumptions based on historical data while also incorporating forward-looking information that reflects the group's perspectives on potential future economic events. This can lead to heightened estimation uncertainty, particularly in the context of the UK's inflationary and interest rate environment, which impacts affordability. After evaluating the economic outlook and recognizing the limitations of any provisioning model and macro overlay in fully capturing the inherent risks of the current economic environment, the group has implemented several post-model adjustments. These include an adjustment related to customer affordability. These adjustments increase provision coverage for customers identified as being at the highest risk of default, as well as other factors not accounted for by the underlying model. We consider the following elements of the determination of modelled ECL for customer receivables to be significant: • The application of forward-looking unemployment assumptions used in the models and the weightings assigned to those scenarios; and • The completeness and appropriateness of post-model adjustments that are recorded to take into account latent risks and known model limitations, in particular those addressing the risk associated with customer affordability.	With the support of our financial services and credit risk modelling specialists, we performed the procedures below. We critically assessed the appropriateness of the model methodologies against IFRS 9 standards.Further we have assessed the mathematical accuracy of the models used by management by assessing its implementation and critically assessed data inputs into the models. We have evaluated the implementation of the ECL model and its parameters (Probability of Default, Loss Given Default and Exposure At Default) by replicating them on a sample basis. Additionally, we have reviewed the code for all model parameters to ensure accurate and correct implementation. We have assessed the reasonableness and likelihood of the forward looking economic assumptions and weightings assigned to the scenarios using a benchmarking tool. We assessed their reasonableness against known or likely economic, political and other relevant events. The severity and magnitude of the unemployment forecasts were compared to external forecasts and data from historical economic downturns. Based on our knowledge and understanding of the limitations in management's models and emerging industry risks, we evaluated the appropriateness and completeness of the post model adjustments proposed by management. We conducted an aggregate evaluation of the macro overlay and post-model adjustments by rigorously assessing the applied methodology, judgements and testing the supporting evidence for the underlying assumptions used in the calculations. Additionally, we have replicated some of the PMAs and performed sensitivity analysis to assess the materiality of these to different inputs. For the most material PMA related to customer affordability, we independently developed a challenger model, based on our own assessment of latent and inherent credit risk to evaluate its appropriateness and assessing it against a range of reasonable outcomes. We tested the ECL disclosures made by management to assess compliance with accounting standards. We found that the provisions recorded were materially consistent with the evidence obtained.

Key audit matter	How our audit addressed the key audit matter
Net realisable valuation of inventories **Group** Refer to the Inventories accounting policy within the group accounting policies. The valuation of inventory involves judgement in the recording of provisions for obsolescence and inventory that may have a lower net realisable value than cost.	We validated the integrity of the provision model and inputs and ensured that it was using the underlying data correctly and calculating provision amounts accurately. We assessed rates against actual profits observed on clearance stock in the financial period to assess whether these rates are consistent with the key assumptions used in the inventory provision calculation at the year end. We tested sales price post year-end and compared this to cost, to assess whether inventory items were held at the lower of cost and net realisable value. We recalculated the provision based on coverage levels seen in previous years and benchmarked against other retailers. We challenged management on the inclusion of specific judgemental parts of the provisions, in excess of calculations from recent trading results. We have performed sensitivity analysis over key judgements taken by management and assessed the impact of this sensitivity analysis on the provision value. We found that the provisions recorded were materially consistent with the evidence obtained.
Equal pay claim **Group** Refer to the audit committee report, the other areas of estimation uncertainty and judgement within the group accounting policies and note 35 for contingent liabilities. The recognition of a potential liability as a provision, or disclosure as a contingent liability, requires judgment in concluding whether there is a "probable outflow of economic resources". No disclosure has been made of the estimate of the potential liability as management believes this could be prejudicial to NEXT's position.	We have held meetings with the NEXT legal team to understand the rationale for recognition as a contingent liability and challenge the evidence for this position. We have engaged PwC's in-house legal team, as well as an external KC, to review the relevant documents to determine if recognition as a contingent liability is reasonable, including tribunal judgements and minutes; and counsel opinion. We have obtained and reviewed legal filings, correspondence and updates on the case, through to the date of our audit opinion. We have reviewed the financial statements disclosures, including assessing whether use of the prejudicial exemption is appropriate. After considering the balance of evidence, we consider the position taken by management to recognise a contingent liability, and the related disclosures, are consistent with the evidence obtained.
Recoverability of investments **Parent Company** Refer to note C2 of the parent company financial statements for Investments. In accordance with IAS 36, the parent company's investments balance should be carried at no more than its recoverable amount, being the higher of fair value less costs to sell and its value in use.	We evaluated whether there were any indicators of an impairment trigger in relation to the parent company's investments balance, with specific consideration given to the following: • the market capitalisation of the group, which is significantly in excess of the investments balance, noting that substantially all of the market capitalisation is considered to be in relation to one indirect subsidiary (NEXT Retail Limited) of the parent company; • the trading results of NEXT Retail Limited, which are no worse than expected and are not expected to be worse in future periods; and • any significant changes with an adverse impact in relation to the technological, market, economic or legal environment in which NEXT Retail Limited operates, noting that there were no such changes. We consider management's conclusion that there are no indicators of impairment to be appropriate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXT PLC

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

Our scoping is based on the group's consolidation structure. We define a component as a single reporting unit which feeds into the group consolidation. Of the group's 57 components, we identified one component which, in our view, required an audit of its complete financial information both due to its size and risk characteristics (it forms the majority of the NEXT Retail, NEXT Online and NEXT Finance segments).

We also performed testing over three other components which held balances of significance to the group financial statements.

The group engagement team performed audit procedures over centralised functions and financial statement line items including goodwill, intangible assets, leases, taxation, treasury, post-retirement benefits, equity accounted investments, the group consolidation and financial statement disclosures. The Group engagement team also performed analytical procedures on non-significant components that were not inconsequential.

The testing as described above resulted in an audit scope which accounted for 86% of revenue.

The parent company is comprised of one reporting unit which was subject to a full scope audit by the group engagement team for the purposes of the parent company financial statements.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process adopted to assess the extent of the potential impact of climate risk on the financial statements.

Our risk assessment was based on these enquiries as well as review of NEXT's most recent corporate responsibility reporting and climate-related commitments.

As detailed in the group accounting policies, management considers that the impact of climate risk does not give rise to a material financial statement impact.

We evaluated management's disclosures based on our knowledge of the business, including from our testing of goodwill, intangible assets, right-of-use assets and property plant and equipment, which were considered to be the assets at most risk of the effects of climate change.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the year ended 25 January 2025.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - Group	Financial statements - parent company
Overall materiality	£50,000,000 (2024: £45,400,000)	£25,500,000 (2024: £27,000,000)
How we determined it	5% of profit before tax before exceptional items	1% of total assets
Rationale for benchmark applied	Profit before tax before exceptional items is a commonly used benchmark in assessing the performance of profit-oriented groups	The parent company does not trade and therefore total assets is considered to be the most appropriate benchmark

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £20,000,000 to £46,500,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £37,500,000 (2024: £34,000,000) for the group financial statements and £19,100,000 (2024: £20,250,000) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £2,500,000 (group audit) (2024: £2,260,000) and £1,275,000 (parent company audit) (2024: £1,350,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's going concern assessment which included a base case and other scenarios including a reverse stress test;
- We ensured the base case was consistent with Board approved budgets and we assessed the appropriateness of this budget and other assumptions during the going concern period;
- We assessed the mathematical accuracy of the calculations for liquidity headroom for the base case and reverse stress test scenarios. We also tested the forecast covenant compliance for the base case;
- We have evaluated management's ability to budget based on historical budgets / forecasts and the resulting performance;
- We considered the mitigating actions available to NEXT to increase liquidity, if required, with the key actions being reductions in stock purchases, capex and share purchases, as well as cessation of dividends;
- We assessed management's reverse stress test and were satisfied it was a scenario that, in our view, was not plausible;
- We reviewed the going concern disclosures within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXT PLC

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 25 January 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic Report and Governance section is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and parent company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law and consumer credit regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to manipulate revenue and/or profits and management bias in significant accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit, internal legal counsel, compliance managers and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- Assessment of matters reported on the group's whistle-blowing log and the results of management's investigation of such matters;
- Review of filings and correspondence with the Financial Conduct Authority and tax authorities;
- Searches for news articles which would highlight potential non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Challenging significant assumptions, estimates and judgements made by management; and
- Review of board minutes which may highlight any potential non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXT PLC

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 18 May 2017 to audit the financial statements for the year ended 27 January 2018 and subsequent financial periods. The period of total uninterrupted engagement is eight years, covering the years ended 27 January 2018 to 25 January 2025.

Other matter

The parent company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Mark Skedgel (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

27 March 2025

GROUP FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Notes	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Continuing operations			
Revenue (including credit account interest)	1, 2	**6,118.1**	5,491.0
Cost of sales		**(3,456.5)**	(3,034.5)
Impairment losses on customer and other receivables	14	**(19.4)**	(36.0)
Gross profit		**2,642.2**	2,420.5
Distribution costs		**(878.8)**	(794.1)
Administrative expenses		**(670.6)**	(657.7)
Other gains	3	**3.4**	12.3
Trading profit		**1,096.2**	981.0
Share of results of associates and joint ventures	13	**6.7**	6.9
Impairment in associates and joint ventures	13	**(13.0)**	-
Curtailment loss - exceptional items	6	**(14.5)**	-
Operating profit	3	**1,075.4**	987.9
Gain on Reiss transaction - exceptional items	6	**-**	108.6
Finance income	5	**8.2**	6.8
Finance costs	5	**(96.6)**	(87.5)
Profit before taxation		**987.0**	1,015.8
Taxation	7	**(243.8)**	(215.3)
Profit for the year		**743.2**	800.5
Profit/(loss) attributable to:			
- Equity holders of the Parent Company		**736.1**	802.3
- Non-controlling interests		**7.1**	(1.8)
		743.2	800.5
Earnings Per Share			
Basic	9	**615.1p**	661.6p
Diluted	9	**605.5p**	655.9p

Notes 1 to 36 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Profit for the period		**743.2**	800.5
Other comprehensive income and expenses:			
Items that will not be reclassified to profit or loss			
Actuarial loss on defined benefit pension scheme	21	**(13.8)**	(103.6)
Tax relating to items which will not be reclassified	7	**3.5**	25.9
Subtotal items that will not be reclassified		**(10.3)**	(77.7)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(2.2)**	(3.8)
Foreign currency and commodity cash flow hedges:			
- fair value movements	30	**20.8**	1.7
Cost of hedging:			
- fair value movements	30	**(0.6)**	(0.9)
Tax relating to items which may be reclassified	7	**(5.1)**	(0.2)
Subtotal items that may be reclassified		**12.9**	(3.2)
Other comprehensive income/(expense) for the period		**2.6**	(80.9)
Total comprehensive income for the period		**745.8**	719.6
Total comprehensive income attributable to:			
- Equity holders of the Parent Company		**738.7**	721.4
- Non-controlling interests		**7.1**	(1.8)
		745.8	719.6

CONSOLIDATED BALANCE SHEET

	Notes	25 January 2025 £m	27 January 2024 £m
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	**686.4**	687.5
Intangible assets	11	**735.4**	757.2
Right-of-use assets	12	**737.3**	734.6
Associates, joint ventures and other investments	13	**32.7**	38.0
Defined benefit pension asset	21	**30.8**	59.3
		2,222.6	2,276.6
Current assets			
Inventories		**865.2**	769.0
Customer and other receivables	14	**1,508.4**	1,452.8
Right of return asset		**34.8**	30.7
Other financial assets	15	**31.8**	6.9
Current tax assets		**9.3**	-
Cash and short term deposits	16	**200.4**	188.3
		2,649.9	2,447.7
Total assets		**4,872.5**	4,724.3
Current liabilities			
Bank loans and overdrafts	17	**(60.6)**	(58.7)
Corporate bonds	20	**(250.0)**	-
Trade payables and other liabilities	18	**(1,076.7)**	(991.8)
Lease liabilities	12	**(170.8)**	(167.8)
Other financial liabilities	19	**(8.3)**	(18.8)
Current tax liabilities		**-**	(8.6)
		(1,566.4)	(1,245.7)
Non-current liabilities			
Bank loans and overdrafts	17	**-**	(29.5)
Corporate bonds	20	**(543.8)**	(790.8)
Provisions	22	**(55.7)**	(52.4)
Lease liabilities	12	**(843.6)**	(869.9)
Other financial liabilities	19	**(39.1)**	(37.4)
Other liabilities	18	**(11.5)**	(11.7)
Deferred tax liabilities	7	**(58.1)**	(48.1)
		(1,551.8)	(1,839.8)
Total liabilities		**(3,118.2)**	(3,085.5)
NET ASSETS		**1,754.3**	1,638.8
TOTAL EQUITY		**1,754.3**	1,638.8

The financial statements were approved by the Board of directors and authorised for issue on 27 March 2025. They were signed on its behalf by:

Lord Wolfson of Aspley Guise
Chief Executive

Jonathan Blanchard
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent Company											
	Share capital £m	Share premium account £m	Capital redemption reserve £m	ESOT reserve £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Foreign currency translation £m	Other reserves (Note 24) £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 28 January 2023	**12.9**	**0.9**	**17.0**	**(396.7)**	**(11.3)**	**0.4**	**(3.7)**	**(1,443.8)**	**2,984.8**	**1,160.5**	**4.6**	**1,165.1**
Profit for the period	-	-	-	-	-	-	-	-	802.3	**802.3**	(1.8)	**800.5**
Other comprehensive income/(expense) for the period	-	-	-	-	1.3	(0.7)	(3.8)	-	(77.7)	**(80.9)**	-	**(80.9)**
Total comprehensive income/(expense) for the period	-	-	-	-	1.3	(0.7)	(3.8)	-	724.6	**721.4**	(1.8)	**719.6**
Shares issued in the year (Note 23)	0.1	53.3	-	-	-	-	-	-	-	**53.4**	-	**53.4**
Share buybacks and commitments (Note 23)	(0.3)	-	0.3	-	-	-	-	-	(177.3)	**(177.3)**	-	**(177.3)**
ESOT share purchases (Note 27)	-	-	-	(116.3)	-	-	-	-	-	**(116.3)**	-	**(116.3)**
Shares issued by ESOT (Note 27)	-	-	-	125.7	-	-	-	-	(31.7)	**94.0**	-	**94.0**
Share option charge	-	-	-	-	-	-	-	-	31.9	**31.9**	-	**31.9**
Reclassified to cost of inventory	-	-	-	-	7.1	-	-	-	-	**7.1**	-	**7.1**
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	**-**	124.1	**124.1**
Fair value on put options	-	-	-	-	-	-	-	-	(26.1)	**(26.1)**	-	**(26.1)**
Tax recognised directly in equity (Note 7)	-	-	-	-	(1.8)	-	-	-	13.4	**11.6**	-	**11.6**
Equity dividends (Note 8)	-	-	-	-	-	-	-	-	(248.3)	**(248.3)**	-	**(248.3)**
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**
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**
Share buybacks and commitments (Note 23)	(0.3)	-	0.3	-	-	-	-	-	(360.2)	**(360.2)**	-	**(360.2)**
ESOT share purchases (Note 27)	-	-	-	(126.8)	-	-	-	-	-	**(126.8)**	-	**(126.8)**
Shares issued by ESOT (Note 27)	-	-	-	86.4	-	-	-	-	(16.7)	**69.7**	-	**69.7**
Share option charge	-	-	-	-	-	-	-	-	40.9	**40.9**	-	**40.9**
Reclassified to cost of inventory	-	-	-	-	10.9	0.8	-	-	-	**11.7**	-	**11.7**
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	8.5	**8.5**	(8.5)	**-**
Fair value on put options	-	-	-	-	-	-	-	-	(13.6)	**(13.6)**	-	**(13.6)**
Tax recognised directly in equity (Note 7)	-	-	-	-	(2.7)	(0.2)	-	-	16.0	**13.1**	-	**13.1**
Equity dividends (Note 8)	-	-	-	-	-	-	-	-	(257.8)	**(257.8)**	-	**(257.8)**
Gain on disposal of investment	-	-	-	-	-	-	-	-	0.2	**0.2**	-	**0.2**
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	**-**	0.5	**0.5**
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	**-**	(8.0)	**(8.0)**
Recycled to retained earnings	-	-	-	-	-	-	-	(5.1)	5.1	**-**	-	**-**
At 25 January 2025	**12.4**	**54.2**	**17.6**	**(427.7)**	**19.1**	**(0.2)**	**(9.7)**	**(1,448.9)**	**3,419.5**	**1,636.3**	**118.0**	**1,754.3**

CONSOLIDATED CASH FLOW STATEMENT

	Notes	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Cash generated from operations	33	**1,376.5**	1,313.6
Corporation taxes paid		**(242.6)**	(193.3)
Net cash from operating activities		**1,133.9**	1,120.3
Cash flows from investing activities			
Additions to property, plant and equipment		**(122.9)**	(160.9)
Movement in capital accruals		**(6.4)**	23.9
Payments to acquire property, plant and equipment		**(129.3)**	(137.0)
Proceeds from sale of property, plant and equipment		**2.6**	2.0
Proceeds from sale and leaseback transactions		**-**	3.3
Purchase of intangible assets		**(28.2)**	(51.2)
Amounts loaned to joint ventures and associates		**(0.9)**	-
Investment in subsidiaries		**(24.2)**	(153.2)
Investment in associates and joint ventures		**(1.2)**	(0.9)
Dividend from jointly controlled entity		**-**	2.6
Net cash from investing activities		**(181.2)**	(334.4)
Cash flows from financing activities			
Repurchase of own shares		**(360.2)**	(177.3)
Purchase of shares by ESOT		**(126.8)**	(116.3)
Disposal of shares by ESOT		**77.0**	97.8
Purchase of equity from non-controlling interests		**(5.0)**	-
Issue of shares in subsidiaries to non-controlling interests		**0.5**	-
Repayment of loan		**(2.4)**	(2.5)
Incentives received for leases within the scope of IFRS 16		**1.0**	-
Lease payments		**(164.6)**	(156.1)
Interest paid (including lease interest)		**(93.3)**	(79.2)
Proceeds from sale and leaseback transactions		**-**	18.6
Dividends paid to owners of NEXT plc	8	**(257.8)**	(248.3)
Dividends paid to non-controlling interests in subsidiaries	25	**(8.0)**	-
Net cash from financing activities		**(939.6)**	(663.3)
Net increase in cash and cash equivalents		**13.1**	122.6
Opening cash and cash equivalents		**124.3**	2.7
Exclude bank loans		**33.9**	-
Effect of exchange rate fluctuations on cash held		**-**	(1.0)
Closing cash and cash equivalents	32	**171.3**	124.3

GROUP ACCOUNTING POLICIES

General Information

NEXT plc and its subsidiaries (the "Group") is a UK based retailer selling beautifully designed, excellent quality clothing, homeware and beauty products which are responsibly sourced and accessibly priced. The Company is a public limited company, which is listed on the London Stock Exchange and incorporated in England and Wales and domiciled in the UK. The address of the registered office is Desford Road, Enderby, Leicester LE19 4AT.

Basis of Preparation

The consolidated financial statements of NEXT plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on the historical cost basis except for certain financial instruments, pension assets and liabilities and share-based payment liabilities which are measured at fair value. As is common in the retail sector, the Group operates a weekly accounting calendar and this year the financial statements are for the 52 weeks to 25 January 2025 (last year 52 weeks to 27 January 2024).

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. 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 52 weeks ended 25 January 2025 (see also the Going Concern and Viability Statements in the Annual Report and Accounts).

These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of NEXT plc (the "Company") and its subsidiary undertakings. Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Associates and joint ventures are all entities over which the Group has significant influence, or joint control but not sole control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control of those policies. Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the change in net assets of the associate or joint venture after the acquisition date.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Fair Value Measurement

The Group measures financial instruments such as derivatives and non-listed equity investments at fair value at each Balance Sheet date.

The fair value is the price that would have been received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described in Note 29.

GROUP ACCOUNTING POLICIES

Foreign Currencies

The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency. The Group includes foreign entities whose functional currencies are not Sterling. On consolidation, the assets and liabilities of those entities are translated at the exchange rates at the Balance Sheet date and income and expenses are translated at weighted average rates during the period. Translation differences are recognised in other comprehensive income.

Transactions in currencies other than an entity's functional currency are recorded at the exchange rate on the transaction date, whilst assets and liabilities are translated at exchange rates at the Balance Sheet date. Exchange differences are recognised in the Income Statement.

Revenue

Revenue represents the fair value of amounts receivable for goods and services and is stated net of discounts, value added taxes and returns. Revenue is recognised when control of the goods or services are transferred to the customer i.e. the customer accepts delivery of those goods.

Goods sold through our Retail stores and websites

It is the Group's policy to sell its products to the retail customer with a right to return within 28 days. The Group uses the expected value method to estimate the value of goods that will be returned because this method best predicts the amounts of variable consideration to which the Group will be entitled. A separate right of return asset is recognised on the face of the Balance Sheet which represents the right to recover product from the customer. The refund liability due to customers on return of their goods is recognised either as a component of trade payables and other liabilities (for cash payments) or as a deduction from customer receivables (for purchases using the 'nextpay' credit facility).

Where third-party goods are sold on a commission basis and NEXT are acting as the agent, only the commission receivable is included in statutory revenue. To aid comparability, "total NEXT sales" are disclosed in the Strategic Report and in Note 1 of the financial statements. Total NEXT sales is an APM used by management and includes the full customer sales value of commission based sales and interest income, excluding VAT.

Finance credit interest

Online credit account interest is accrued on a time basis by reference to the principal outstanding, the provision held (where credit impaired) and the effective interest rate. This is in accordance with IFRS 9.

Royalty income

Royalty income is recognised as income in line with the underlying sales and when the group has a contractual right to the income in accordance with the substance of the relevant agreements (provided it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Rental income

Rental income is measured at the fair value of the consideration received or receivable. It is recognised on a straight line basis over the period of the lease. This is in accordance with IFRS 16.

Service revenue

Revenue from our Total Platform services is measured at the fair value of the consideration received or receivable and represents amounts receivable for the provision of services (for example the delivery of stock from the warehouse to retail stores) in the normal course of business, net of discounts, value added tax and other sales-related taxes. Revenue is recognised only when the related performance obligation is satisfied.

Loyalty programme and gift cards

The Group does not operate any loyalty programmes. Deferred income in relation to gift card redemptions is estimated on the basis of historical redemption rates. Revenue from gift cards is recognised when the customer redeems the gift card.

Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends (which include special dividends) are recorded in the period in which they are declared by the directors and paid.

Dividend income is recognised when the right to receive payment is established.

Exceptional Items

In these financial statements, the Group has used the term 'exceptional items'. The Group exercises judgement in assessing whether items should be classified as exceptional items. This assessment covers the nature of the item, cause of occurrence and scale of impact of that item on the reported performance. In determining whether an item should be presented as exceptional items, the Group considers items which are significant because of either their size and/or their nature. In order for an item to be presented as exceptional items, it should typically meet at least one of the following criteria:

- It is unusual in nature or outside the normal course of business and significant in value.
- Items directly incurred as a result of either a significant acquisition or a divestment, or arising from a major business change or restructuring programme which of itself has significant impact on the Income Statement.

The separate reporting of items, which are presented as exceptional items within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's trading performance in the normal course of business. It is also consistent with how management has assessed performance in the period.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Depreciation is charged so as to write down the cost of assets to their estimated residual values over their remaining useful lives on a straight-line basis. Estimated useful lives and residual values are reviewed at least annually.

Estimated useful lives are summarised as follows:

• Freehold and long leasehold property	50 years
• Plant and equipment	6 – 25 years
• Leasehold improvements	the period of the lease, or useful life if shorter
• Assets under the course of construction	not depreciated

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. Goodwill is initially measured at cost, being the excess of the acquisition cost over the Group's interest in the assets and liabilities recognised. Goodwill is not amortised, but is tested for impairment annually or whenever there is an indication of impairment. For the purposes of impairment testing, goodwill acquired is allocated to the Cash Generating Unit (CGU) that is expected to benefit from the synergies of the combination. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration paid in a business combination is measured at fair value with acquisition-related costs recognised in profit or loss as incurred. When the consideration paid includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

At the acquisition date, the identifiable assets and liabilities acquired are recognised at their fair value, with the exception of any associated deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements which are recognised in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

GROUP ACCOUNTING POLICIES

Software

Capitalised software costs include both external direct costs of goods and services, and internal payroll-related costs for employees who are directly associated with the software project.

Development costs are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it is available for use.
- Management controls and intends to complete the software for use in the business.
- There is an ability to use or sell the software.
- It can be demonstrated how the software will generate probable economic benefits in the future.
- Adequate technical, financial and other resources are available to complete the project.

Directly attributable software development costs in relation to the configuration and customisation of cloud computing arrangements, including Software-as-a-Service ('SaaS') are only capitalised to the extent they give rise to an asset controlled by the Group. When control cannot be demonstrated, expenditure in relation to such costs are expensed alongside the expected useful life of the solution.

Capitalised software development costs are amortised on a straight-line basis over their expected economic lives, normally between 3 and 8 years. Computer software under development is held at cost less any recognised impairment loss and presented as "asset under the course of construction". Any impairment in value is recognised within the income statement.

Other Intangible Assets

Other intangible assets relate to brand names and customer relationships obtained on acquisition which were initially recognised at fair value. They are amortised on a straight-line basis over their expected useful lives of:

- Brand names and trademarks 15 – 25 years
- Customer relationships 5 – 8 years

Investments in Subsidiaries (Parent Company only)

Investments in subsidiary companies (Parent Company only) are stated at cost, less any impairment.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Whereas joint ventures are entities over which the Group has joint control over such policies.

The Group's share of the results of associates and joint ventures is included in the Group income statement and Group statement of comprehensive income using the equity method of accounting. Investments in associates and joint ventures are carried in the Group Balance Sheet at cost plus post-acquisition changes in the Group's share of the net assets of the entity, less any dividends received and impairment in value. If the Group's share of losses in an associate or joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the associate or joint venture.

Dividends received from associates and joint ventures with nil carrying value are recognised in the Group income statement as part of the Group's share of post-tax profits/(losses) of associates and joint ventures. Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture, the difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of its new shareholding is included in the determination of the gain or loss on disposal of the associate or joint venture.

Impairment – Non-Financial Assets

The carrying values of non-financial assets (excluding goodwill) are reviewed quarterly to determine whether there is any indication of impairment. If any impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the difference is recognised in the Income Statement. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An asset's recoverable amount is the higher of an asset or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The material CGUs are:

- **Retail:** Within the Retail segment, the lowest level CGU are the individual stores with the associated right-of-use asset and property, plant and equipment then included in any impairment testing. The Retail segment itself is also deemed a CGU for impairment testing purposes.
- **Online and Finance**: The Online business has been assessed as a CGU. The main assets which fall within this segment for impairment testing are the warehouses and intangible assets associated with the warehouse operations and website.
- **Total Platform**: Within the Total Platform segment are the Reiss, Joules and FatFace businesses. Each of these is assessed as a CGU. The lowest level CGU within each business are the individual stores with the associated right-of-use asset and property, plant and equipment then included in any impairment testing.

Inventories

Inventories (stocks) are valued at the lower of standard cost or net realisable value. Standard cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to the present location and condition. Net realisable value is based on estimated selling prices less further costs to be incurred to disposal. Where hedge accounting applies, an adjustment is applied such that the cost of stock reflects the hedged exchange rate.

Financial Instruments – Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL). The classification is based on two criteria:

- the Group's business model for managing the assets; and
- whether the instrument's contractual cash flows represent "Solely Payments of Principal and Interest" on the principal amount outstanding (the "SPPI criterion").

A summary of the Group's financial assets is as follows:

Financial assets	Classification under IFRS 9
Derivatives not designated as hedging instruments	Fair Value through Profit or Loss
Derivatives designated as hedging instruments	Fair value – hedging instrument
Preference shares	Amortised cost – hold to collect business model and SPPI met
Customer and other receivables	Amortised cost – hold to collect business model and SPPI met
Cash and short term deposits (excluding money market funds)	Amortised cost
Non-listed equity instruments	Fair Value through Profit or Loss
Call options over non-controlling interests	Fair Value through Other Equity

GROUP ACCOUNTING POLICIES

Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

Financial assets (continued)

Under IFRS 9 the Group initially measures a financial asset at its fair value plus directly attributable transaction costs, unless the asset is classified as FVPL. Transaction costs of financial assets carried at FVPL are expensed in the Income Statement. Further details on the accounting for customer and other receivables is included in Note 14.

For details on hedge accounting refer to Note 30.

Subsequent measurement

A summary of the subsequent measurement of financial assets is set out below.

Financial assets at FVPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the Income Statement.
Financial assets at amortised cost	Subsequently measured at amortised cost using the effective interest rate (EIR) method. The amortised cost is reduced by impairment losses. Interest income, impairment or gain or loss on derecognition are recognised in the Income Statement.
Equity instruments at FVPL	These assets are subsequently measured at fair value. Dividends are recognised as income in the Income Statement unless the dividend clearly represents recovery of part of the cost of investments in which case they are recognised against the cost of investment. Other net gains and losses are recognised in the Income Statement.
Call options over non-controlling interests	These assets are subsequently measured at fair value. Gains and losses are recognised in Other Equity.

Derecognition

A financial asset is derecognised primarily when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a "pass-through" arrangement; and either a) the Group has transferred substantially all the risks and rewards of the asset, or b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or
- the Group has taken actions not to pursue collection, for example in instances of bankruptcy or individual voluntary arrangement.

Impairment – financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. The most significant financial assets of the Group are its trade receivables, which are referred to as "customer and other receivables". ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate (EIR). For further details on the accounting for ECLs on customer and other receivables refer to Note 14.

Financial liabilities

Initial recognition and measurement

The Group has classified its financial liabilities as follows:

Financial liabilities	Classification under IFRS 9
Derivatives not designated as hedging instruments	Fair Value through Profit or Loss
Derivatives designated as hedging instruments	Fair value – hedging instrument
Interest-bearing loans and borrowings:	
Corporate bonds	Amortised cost – designated in hedge relationships
Bank loans and overdrafts	Amortised cost
Trade and other payables	Amortised cost
Put options over non-controlling interests	Fair Value through Other Equity

Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

A summary of the subsequent measurement of financial liabilities is set out below.

Financial liabilities at FVPL	Subsequently measured at fair value. Gains and losses are recognised in the Income Statement.
Loans and borrowings	Subsequently measured at amortised cost using the EIR method. The EIR amortisation is included in finance costs in the Income Statement.
Corporate bonds	Subsequently measured at amortised cost and adjusted where hedge accounting applies (see interest rate derivatives in Note 30). Accrued interest is included within other creditors and accruals.
Put options over non-controlling interests	Subsequently measured at fair value. Gains and losses are recognised in Other Equity.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Customer and Other Receivables

Customer receivables are outstanding customer balances less an allowance for impairment. Customer receivables are recognised when the Group becomes party to the contract which happens when the goods are dispatched. They are derecognised when the rights to receive the cash flows have expired, e.g. due to the settlement of the outstanding amount or where the Group has transferred substantially all the risks and rewards associated with that contract. Other trade receivables are stated at invoice value less an allowance for impairment. Customer and other receivables are subsequently measured at amortised cost as the business model is to collect contractual cash flows and the debt meets the SPPI criterion.

Impairment

In accordance with the accounting policy for impairment – financial assets, the Group recognises an allowance for ECLs for customer and other receivables. IFRS 9 requires an impairment provision to be recognised on origination of a customer advance, based on its ECL.

The Group has taken the simplification available under IFRS 9 paragraph 5.5.15 which allows the loss amount in relation to a trade receivable to be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. This simplification is permitted where there is either no significant financing component (such as customer receivables where the customer is expected to repay the balance in full prior to interest accruing), or where there is a significant financing component (such as where the customer expects to repay only the minimum amount each month), but the directors make an accounting policy choice to adopt the simplification. Adoption of this approach means that Significant Increase in Credit Risk (SICR) and Date of Initial Recognition (DOIR) concepts are not applicable to the Group’s ECL calculations.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

GROUP ACCOUNTING POLICIES

Customer and Other Receivables (continued)

ECL is the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), discounted at the original EIR. The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. The forward looking aspect of IFRS 9 requires considerable judgement as to how changes in economic factors might affect ECLs. The ECL model applies four macroeconomic scenarios including a base case which is viewed by management to be the most likely outturn, together with an upside, downside and extreme scenario. A 45% weighting is applied to the base case and 5% to the upside scenario, 35% to the downside scenario and 15% to the extreme scenario.

IFRS 9 “Financial instruments” paragraph 5.5.20 ordinarily requires an entity to not only consider a loan, but also the undrawn commitment and the ECL in respect of the undrawn commitment, where its ability to cancel or demand repayment of the facility does not limit its exposure to the credit risk of the undrawn element. However, the guidance in IFRS 9 on commitments relates only to commitments to provide a loan (that is, a commitment to provide financial assets, such as cash) and excludes from its scope rights and obligations from the delivery of goods as a result of a contract with a customer within the scope of IFRS 15 “Revenue from contracts with customers” (that is, a sales commitment). Thus, the sales commitment (unlike a loan commitment) is not a financial instrument, and therefore the impairment requirements in IFRS 9 do not apply until delivery has occurred and a receivable has been recognised.

Impairment charges in respect of customer receivables are recognised in the Income Statement within “Impairment losses on customer and other receivables”.

Delinquency is taken as being in arrears and credit impaired is taken as being the loan has defaulted, which is considered to be the point at which the debt is passed to an internal or external Debt Collection Agency (DCA) and a default registered to a Credit Reference Agency (CRA), or any debt 90 days past due. Delinquency and default are relevant for the estimation of ECL, which segments the book by customer indebtedness, banded into 4 risk bands by arrears stage (see Note 30).

Financial assets are written off when there is no reasonable expectation of recovery, such as when a customer fails to engage in a repayment plan with the Group. If recoveries are subsequently made after receivables have been written off, they are recognised in the Income Statement.

The key inputs into the ECL calculation are:

PD: “Probability of Default” is an estimate of the likelihood of default over the expected lifetime of the debt. NEXT has assessed the expected lifetime of customer receivables and other trade receivables, based on historical payment practices. The debt is segmented by arrears stage, Experian’s Consumer Indebtedness Index (a measure of customers’ affordability) and expected time of default.

EAD: “Exposure at Default” is an estimate of the exposure at that future default date, taking into account expected changes in the exposure after the reporting date, i.e. repayments of principal and interest, whether scheduled by the contract or otherwise and accrued interest from missed payments. This is stratified by arrears stage, Experian’s Consumer Indebtedness Index and expected time of default.

LGD: “Loss Given Default” is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that NEXT would expect to receive, discounted at the original EIR. It is usually expressed as a percentage of the EAD. NEXT includes all cash collected over five years from the point of default.

The Group uses probability weighted economic scenarios that are integrated into the model, in order to evaluate a range of possible outcomes as is required by IFRS 9. An analysis of historical performance suggests that the expected performance of the book is most closely aligned to the forecast change in unemployment rate. However, management considers that the inputs and models used for the ECLs may not always capture all characteristics of the market at the Balance Sheet date. To reflect this qualitative adjustments or overlays are made, based on external data, historical performance and future expected performance.

Other Financial Assets and Liabilities

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments ("derivatives") are used to manage risks arising from changes in foreign currency exchange rates relating to the purchase of overseas sourced products, overseas sales, changes in commodity prices of certain purchases and changes in interest rates relating to the Group's debt. In accordance with its treasury policy, the Group does not enter into derivatives for speculative purposes. Foreign currency, commodity and interest rate derivatives are stated at their fair value, being the estimated amount that the Group would receive or pay to terminate them at the Balance Sheet date based on prevailing foreign currency and interest rates.

The Group designates certain derivatives as either:

a. Hedges of fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
b. Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

Hedge documentation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an "economic relationship" between the hedged item and the hedging instrument.
- The effect of the credit risk does not "dominate the value changes" that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged items that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

Interest rate derivatives – fair value hedges

The Group uses interest rate derivatives to hedge part of the interest rate risk associated with the Group's corporate bonds. The carrying values of the relevant bonds are adjusted only for changes in fair value attributable to the interest rate risk being hedged. The adjustment is recognised in the Income Statement and is offset by movements in the fair value of the derivatives.

For fair value hedges relating to items carried at amortised cost, any adjustment to the carrying value is amortised through the Income Statement over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the Income Statement.

Foreign currency derivatives & commodity derivatives – cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Income Statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency and option contracts as hedges of its exposure to foreign currency and commodity price risk in forecast transactions and firm commitments. Where forward contracts are used to hedge forecast transactions, the Group designates the change in fair value relating to both the spot and forward components as the hedging instrument. The ineffective portion relating to foreign currency contracts is recognised as other gains/losses in the Income Statement.

The fair value of option contracts are divided into two portions:

- the intrinsic value – which is determined by the difference between the strike price and the current market price of the underlying; and
- the time value – which is the remaining value of the option which reflects the volatility of the price of the underlying and the time remaining to maturity.

GROUP ACCOUNTING POLICIES

Other Financial Assets and Liabilities (continued)

In accordance with IFRS 9 "Financial instruments", the Group designates the intrinsic value of foreign currency options as hedging instruments for hedging relationships entered into. The intrinsic value is determined with reference to the relevant spot market exchange rate. Changes in the time value of the options that relate to the hedged item are deferred in the cost of hedging reserve and recognised against the related hedge transaction when it occurs.

The amounts accumulated in the cash flow hedge reserve are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost for the carrying amount of the hedged asset or liability. The deferred amounts are ultimately recognised in the Income Statement as the hedged item affects the Income Statement (e.g. when inventory impacts cost of sales). This is not a reclassification adjustment and will not be recognised in OCI for the period.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to the Income Statement as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the Income Statement.

Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, credit card receipts and bank overdrafts. Amounts held in money market funds are held at fair value through the profit and loss and are valued using Level 1 inputs. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet. Refer to Note 32 of the financial statements.

Pension Arrangements

The Group provides pension benefits which include both defined benefit and defined contribution arrangements. Pension assets are held in separate trustee administered funds and the Group also provides other unfunded, pension benefits to certain members.

The cost of providing benefits under the defined benefit and unfunded arrangements are determined separately for each plan using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date by external actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. A net pension asset is only recognised to the extent that it is expected to be recoverable in the future through a cash refund or a reduction in future payments.

The current service cost of the defined benefit plan is recognised in the Income Statement as an employee benefit expense. Any curtailment gains and losses are recognised within the Income Statement during the year they are incurred. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

The cost of defined contribution schemes is recognised in the Income Statement as incurred. The Group has no further payment obligations once the contributions have been paid.

Share-based Payments

The fair value of employee share options is calculated when they are granted using a Black-Scholes model and the fair value of equity-settled Long Term Incentive Plan ("LTIP") awards is calculated at grant using a Monte Carlo model. The resulting cost is charged in the Income Statement, as an employee benefit expense, over the vesting period of the option or award together with a corresponding increase in equity. The cumulative expense recognised is the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Income Statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-service performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions that have not been met. When awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are met.

The social security contributions payable in connection with the grant of the share options or LTIP award is considered an integral part of the grant itself, and the charge is treated as a cash-settled transaction. For cash-settled awards, the fair value of the liability is determined at each Balance Sheet date and the cost is recognised in the Income Statement over the vesting period.

Within the Parent Company accounts, share-based payments are recharged to the relevant Group undertaking to which the employee provides their services to.

Taxation

Taxation, comprised of current and deferred tax, is charged or credited to the Income Statement unless it relates to items recognised in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax liabilities are measured at the amount expected to be paid, based on tax rates and laws that are enacted or substantively enacted at the Balance Sheet date.

Deferred tax is accounted for using the Balance Sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts. It is calculated using rates of taxation enacted or substantively enacted at the Balance Sheet date which are expected to apply when the asset or liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised in respect of investments in subsidiaries and associates where the reversal of any taxable temporary differences can be controlled and are unlikely to reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

Tax provisions are recognised when there is a potential exposure to an uncertain tax position. Management uses professional advisers and in-house tax experts to determine the amounts to be provided.

During the year the Group continued to adopt the amendments to IAS 12. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a mandatory temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

GROUP ACCOUNTING POLICIES

Share Buybacks

The Group has regularly returned surplus cash to shareholders through share buybacks. Shares purchased for cancellation are deducted from retained earnings at the total consideration paid or payable. The Company also uses contingent share purchase contracts and irrevocable closed period buyback programmes; the obligation to purchase shares is recognised in full at the inception of the contract, even when that obligation is conditional on the share price. Any subsequent reduction in the obligation caused by the expiry or termination of a contract is credited back to equity at that time. No gain or loss is recognised in the Income Statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Share issue

The issue of ordinary shares is recognised on its settlement date (i.e. the date the proceeds are received and the shares are issued). Upon issuance, the shares are recorded at their fair value, being the fair value of the proceeds received. Those proceeds are allocated first to the par value of the shares (if any), with any excess over par value allocated to share premium.

Shares Held by ESOT

The NEXT Employee Share Ownership Trust (ESOT) provides for the issue of shares to Group employees, principally under share option schemes. Shares in the Company held by the ESOT are included in the Balance Sheet at cost, including any directly attributable incremental costs, as a deduction from equity.

Provisions

A provision is recognised where the Group has a present obligation (legal or constructive) as a result of a past event and it is *probable* that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is disclosed where the Group has a present obligation (legal or constructive) as a result of a past event and it is *possible* that an outflow of economic benefits will be required to settle the obligation. Where the Group has a contingent liability the nature, timing and related information on the potential liability is explained. The value of any contingent liability is disclosed (but not recognised) and measured at the present value of the expenditures which may be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the potential obligation. In rare cases where it is not possible to form a reliable estimate of the potential obligation, or the disclosure of such a value would be considered prejudicial to the business, a value is not disclosed and this assessment is disclosed.

Lease Accounting

Group as lessee

At inception of a contract the Group assesses whether the contract is or contains a lease. A lease is present where the contract conveys, over a period of time, the right to control the use of an identified asset in exchange for consideration. Where a lease term ends and the Group remains within the site on holdover terms, the rental costs associated with this arrangement are recognised in the Income Statement as incurred.

Where a lease is identified the Group recognises a right-of-use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

Lease liability – initial recognition

The lease liability is initially measured at the present value of the lease payments which are to be made over the lease term. The lease payments are discounted at the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments such as those that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options where the Group is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease Accounting (continued)

In some cases, at the end of the lease term, the Group will continue to occupy the premises under "hold over" terms. The assessment of the lease term does not include any potential payments for hold over periods. When a lease is in hold over, it is deemed short term and any charges are expensed to the Consolidated Income Statement over the period to which it relates. This charge is included within our disclosure of "Expense on short term and low value leases" within Note 12.

The lease liability is presented as a separate line in the Consolidated Balance Sheet, split between current and non-current liabilities.

Lease liability – subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability – remeasurement

The lease liability is remeasured where:

- there is a change in the assessment of exercise of an option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

When the lease liability is remeasured, an equivalent adjustment is made to the right-of-use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in the Income Statement.

Where the lease liability is denominated in a foreign currency it is retranslated at the Balance Sheet date with foreign exchange gains and losses recognised in the Income Statement.

Right-of-use asset – initial recognition

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease incentives received, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the Group has an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use asset is presented as a separate line in the Balance Sheet.

Right-of-use asset – subsequent measurement

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

Impairment

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment – non-financial assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Short term leases and low value assets

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

GROUP ACCOUNTING POLICIES

Lease Accounting (continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Sale and leaseback

A sale and leaseback transaction is where the Group sells an asset and reacquires the use of the asset by entering into a lease with the counterparty. A sale is recognised when control of the underlying asset passes to the counterparty. The asset sold is derecognised and a lease liability and right-of-use asset recognised in relation to the lease. Where the rights to the asset have been transferred to the counterparty, a gain or loss is then recognised associated to the proportion of the asset where the Group no longer has control.

Climate change

In preparing the financial statements we have considered the potential impact of climate change. Given the identified risks are expected to be present in the medium to long term, our focus has been on the non-current assets within the Balance Sheet.

Specifically, for the material non-current assets, we note the following:

- The plant, property and equipment associated with our stores have relatively short useful lives (in line with the store lease terms which average less than 5 years) and hence would not be at risk in the medium to long term. Furthermore, based on our current lease profile, we expect any potential future store refurbishments to be phased over several years and therefore any changes in the requirements associated with climate change would not have a material impact in any given year.
- For the right-of-use assets associated with our warehouse and head office, and the machinery in our E3 warehouse, the risk from climate change is not considered material. The warehouse and head office sites are located in areas which we would not expect to be physically impacted by climate change, while the risk of impairment on such assets, for example due to the introduction of environmental taxes, is considered remote given the strong operational margins generated by the Online business which they support.
- The intangible assets, which consist of goodwill, brands and internally generated software, are assessed annually for indicators of impairment. As part of this assessment consideration is given to the impact of potential climate change related regulations, capital expenditure or other items. As at the year end no material climate related change matters have been identified.
- The associates, joint ventures and other investments comprise our equity investments. These businesses also operate in the retail and online fashion sector and consequently have a similar asset and risk profile to NEXT. There is no indication of any specific climate related risks to their assets or business that would represent a material risk to the carrying value of these investments.
- Defined benefit pension assets primarily relate to insurance contracts. The value of these contracts is linked to the financial strength of the insurance company. Their financial strength and environmental credentials were reviewed and there was no indication of material risk from climate change.

The other non-current assets were also reviewed and no risk identified. Current assets, by their nature, are expected to be fully utilised within the business in the short term and no climate risk has been identified in this time horizon.

As a consequence there has been no material impact on the financial reporting judgements and estimates applied in the preparation of the 2025 Annual Report and Accounts. Please see page 84 of the Annual Report and Accounts for further detail on our climate change assessment.

Major Sources of Estimation Uncertainty and Judgement

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

In applying the Group's accounting policies described above, the directors have identified that the following areas are the key estimates that have a significant risk of resulting in a material adjustment to the carrying value of assets and liabilities in the next financial year.

Expected credit losses on Online customer and other receivables (estimation)

The allowance for ECL (Note 14) is calculated on a customer-by-customer basis, using a combination of internally and externally sourced information, including expected future default levels (derived from historical defaults, overlaid by arrears and indebtedness profiles, and third party macro-economic forecasts) and future predicted cash collection levels (derived from past trends and future projections).

Prior to default, the greatest sensitivity relates to the ability of customers to afford their payments (impacting the Probability of Default (PD) and, to a lesser extent, the Exposure at Default (EAD)). Once a customer receivable has defaulted, there is limited sensitivity in expected recoveries due to the lack of significant variability in cash collection levels post default.

Of the total ECL (Note 14), £71.1m (2024: £94.1m) relates to defaulted debt (without significant uncertainty) and £110.2m (2024: £113.0m) is for non defaulted debt, where significant estimation uncertainty exists. The remainder of this section relates to non defaulted debt.

• Macroeconomic Uplift

The first main area of major estimation uncertainty in calculating the ECL is the impact of a change in unemployment. Management use an independent forecast of unemployment, provided by Experian, and weights the effect of the expected (base case), upside, downside and extreme scenarios in the proportions 45/5/35/15. The expected scenario assumes a central unemployment rate peaking at 4.6% in Q4 2025. This weighted view adds £11.3m (2024: £9.6m) to the underlying model ECL. A sensitivity assessment on the unemployment scenarios has been performed by management and the impact of a significant but plausible change would not be material.

The second main area of major estimation uncertainty in calculating the ECL is the impact of macroeconomic factors that are not included in the "macroeconomic uplift" calculation, due to it being solely based on changes in unemployment rate. Management have reviewed independent forecasts of real wage growth, along with recent worsening in job vacancies data, and continued signs of upward pressure on inflation (including mortgage costs) and has considered the potential negative effects these factors may have on customer payment behaviour. In order to reflect the underlying risk in the loan book, the following adjustment has been incorporated into the provision:

• Recognition of the ongoing risk of an increased ECL for customers who have shown recent indicators of distress and considered to be at higher risk of default

With consumer prices in the UK still elevated following an extended period of high inflation, along with the continued high interest rate, disposable income is likely to be constricted as mortgage rate rises continue to flow through into household budgets and energy bills remain elevated. In addition, whereas in recent years, pay deals have led to real terms wage growth, along with a buoyant jobs market providing opportunities for consumers to boost their incomes; both of these indicators have weakened in recent statistics and updated independent forecasts. Management believe this may adversely impact the recoverability of customer receivables, specifically customers who are modelled to have a low income, high mortgage repayment or are renting. A further overlay to increase the provision coverage of these customers has been applied, which forms £38.8m of the total ECL. We are not explicitly predicting that these customers will move towards a higher level of indebtedness (per the CII) but we are using this model mechanism to apply an appropriate and understood multiplier on the risk levels of these particular customers.

• Sensitivity to the Probability of Default

Following application of the above overlays, management believes that there is adequate provision for ECL based on a stressed, but realistic level of payments. The primary area of estimation uncertainty which could have a material impact to the provision is the probability of default. If the probability of default were to double, this would increase the provision by £50.2m.

GROUP ACCOUNTING POLICIES

Other areas of estimation uncertainty and judgement

In addition, in applying the Group's accounting policies described above, the directors have identified the following areas as key estimates and judgements that relate to balances which the directors consider to be of particular importance to understanding the nature of the Balance Sheet. A significant change in these estimates could result in a *significant* (but not material) adjustment to the carrying value of assets and liabilities in the next financial year.

Impairment of Goodwill and Other Intangible Assets (estimation)

Goodwill is allocated to the cash-generating units ('CGUs'), that are expected to benefit from the business combination from which goodwill was recognised. Other intangible assets arising on acquisition, such as brand names and customer relationships are also allocated to the same CGUs. The recoverable amount of an asset or Group CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or Group CGU. See Note 11 for further detail.

Equal Pay (judgement)

In August 2024 the first tier Employment Tribunal issued its decision on an Equal Pay case brought against NEXT by both current and former employees. The Board has reviewed this decision and obtained further legal advice on the implications of this decision. Having carefully considered this advice the Board has exercised judgement regarding the likely success of the appeals process and concluded that it is more likely than not that NEXT would be successful on Appeal. Our position was informed by internal legal advice and external Counsel. See Note 36 for further details.

Adoption of new accounting standards, interpretations and amendments

The Group has applied the following interpretations and amendments for the first time in these financial statements:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The application of these new interpretations and amendments did not have a material impact on the financial statements.

The Group has enhanced the detail in its segmental reporting to present details of the material costs that are included in the segment measure of profit that is reviewed by the chief operating decision maker. This is in response to the IFRIC Agenda Decision on IFRS 8 Operating Segments, issued in July 2024.

Certain 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 and on foreseeable future transactions.

Alternative performance measures (APMs)

Management exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive suitable APMs. As set out on page 66 and 67, APMs are used as management believe these measures provide additional useful information on the trends, performance and position of the Group. These measures are used for performance analysis by the Board. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, IFRS measurements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segmental Analysis

The Group's operating segments are determined based on the Group's internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be the Group Chief Executive, with support from the Board.

The Group's reportable segments have been identified as the following:

- NEXT Online - note that within the Chief Executive's Review, this segment is split further into NEXT Online (UK) and NEXT Online (International)
- NEXT Retail
- NEXT Finance
- Total Platform which represents the sales, profit and related assets from the Total Platform business which includes Reiss, FatFace and Joules alongside our equity investments.
- Other Business Activities (all other segments) which includes the Property Management segment which holds properties and property leases which are recharged to other segments and external parties and 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.

"Total NEXT Trading sales" as reported within the "Total NEXT sales excluding VAT" column represents the full customer sales value of NEXT owned product sales, third-party commission based sales and NEXT Finance interest income. 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. The CODM uses the Total NEXT sales as an important metric in assessing segment performance; accordingly, this is presented in this note and then reconciled to the statutory revenue.

The adjustments 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 for customer delivery charges, promotional discounts, Interest Free Credit commission costs and expired gift card balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segmental Analysis (continued)

Segment sales and revenue

	52 weeks to 25 January 2025						
	Total NEXT sales excluding VAT £m	Revenue from acquired businesses and brands £m	Commission sales adjustment £m	Other IFRS 15 adjustments £m	External revenue £m	Internal revenue £m	Total segment revenue £m
NEXT Online	**3,470.6**	**-**	**(361.5)**	**92.1**	**3,201.2**	**-**	**3,201.2**
NEXT Retail	**1,848.7**	**-**	**(32.4)**	**4.9**	**1,821.2**	**1.3**	**1,822.5**
NEXT Finance	**300.3**	**-**	**-**	**0.7**	**301.0**	**-**	**301.0**
Total NEXT Trading Sales	**5,619.6**	**-**	**(393.9)**	**97.7**	**5,323.4**	**1.3**	**5,324.7**
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 NEXT Sales	**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**

	52 weeks to 27 January 2024						
	Total NEXT sales excluding VAT £m	Revenue from acquired businesses and brands £m	Commission sales adjustment £m	Other IFRS 15 adjustments £m	External revenue £m	Internal revenue £m	Total segment revenue £m
NEXT Online	3,159.7	-	(334.6)	76.3	2,901.4	10.5	2,911.9
NEXT Retail	1,864.9	-	(22.5)	1.3	1,843.7	0.9	1,844.6
NEXT Finance	292.7	-	-	-	292.7	-	292.7
Total NEXT Trading Sales	5,317.3	-	(357.1)	77.6	5,037.8	11.4	5,049.2
Total Platform	52.5	308.5	-	2.8	363.8	-	363.8
Other business activities (all other segments)	89.4	-	-	-	89.4	646.8	736.2
Total NEXT Sales	5,459.2	308.5	(357.1)	80.4	5,491.0	658.2	6,149.2
Eliminations	-	-	-	-	-	(658.2)	(658.2)
Total	5,459.2	308.5	(357.1)	80.4	5,491.0	-	5,491.0

In the Chief Executive's Review, NEXT Online is separated between NEXT Online (UK) Total NEXT sales £2,540.4m (2024: £2,428.6m) and NEXT Online (International) Total NEXT sales of £930.2m (2024: £731.1m), whereas these are aggregated within this note.

1. Segmental Analysis (continued)

Segment profit

Transactions between operating segments are made on an arm's length basis in a manner similar to those with third-parties. Segment revenue and segment profit include transactions between business segments which are eliminated on consolidation. The substantial majority of NEXT Sourcing's revenues and profits are derived from sales to NEXT Retail and NEXT Online. Further detail on the segment performance is provided in the Chief Executive's Review.

	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
NEXT Online (1)	**587.6**	517.1
NEXT Retail	**236.8**	244.7
NEXT Finance	**181.7**	163.4
Profit from Trading	**1,006.1**	925.2
Total Platform (2)	**66.2**	31.2
Other business activities (all other segments) (3)	**(42.0)**	(18.8)
Recharge of interest (4)	**59.6**	50.3
Curtailment loss - exceptional items	**(14.5)**	-
Operating profit	**1,075.4**	987.9
Gain on Reiss transaction - exceptional items	**-**	108.6
Finance income	**8.2**	6.8
Finance costs	**(96.6)**	(87.5)
Profit before tax	**987.0**	**1,015.8**

(1) **NEXT Online £587.6m** (2024: £517.1m): Within the Chief Executive's Review, the Online segment is separated between NEXT Online (UK) £456.6m (2024: £421.1m) and NEXT Online (International) £131.0m (2024: £96.0m), whereas these are aggregated within this note.

(2) **Total Platform (TP) £66.2m** (2024: £31.2m): 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 Joules and FatFace which, as noted below, are reported within Central and Other costs.

The Total Platform segment within the Chief Executive's Review:
1) excludes the operating profit of the non-controlling interest of £10.2m (2024: profit of £2.6m);
2) 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 £19.0m (2024: £9.8m).

(3) **Other Business Activities (all other segments) £42.0m cost** (2024: £18.8m cost): This segment includes the following:
- **Property management cost of £1.7m** (2024: profit of £1.7m)
- **Franchise and wholesale profit of £7.5m** (2024: profit of £5.8m)
- **Sourcing profit of £31.4m** (2024: profit of £27.4m)
- **Central and other costs of £79.2m cost** (2024: £53.7m cost) comprises the following:
  a) Central costs of £23.4m (2024: £18.5m);
  b) Share option charge of £38.7m (2024: £31.9m);
  c) Unrealised foreign exchange gains of £2.3m (2024: gain of £12.3m);
  d) 100% of non-recurring TP implementation costs associated with FatFace of £6.4m (2024: £15.6m relating to Joules and FatFace). Note that the Chief Executive's Review excludes the non controlling interest element of these costs; and
  e) an impairment in our investment in JoJo Maman Bébé of £13.0m (2024: Nil).

(4) **Recharge of interest £59.6m** (2024: £50.3m): In the current year, the recharge of interest of £59.6m (2024: £50.3m) includes £9.3m (2024: £2.5m) of interest that has been reallocated to Total Platform. The remaining element is the cost of funding relating to the NEXT Finance segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segmental Analysis (continued)

Profit from Trading includes the following significant costs:

	52 weeks to 25 January 2025			52 weeks to 27 January 2024		
	NEXT Online £m	NEXT Retail £m	NEXT Finance £m	NEXT Online £m	NEXT Retail £m	NEXT Finance £m
Bought-in costs	**1,255.7**	**720.3**	**-**	1,155.1	725.6	-
Store costs	**-**	**565.0**	**-**	-	567.0	-
Warehouse and logistics	**774.6**	**127.4**	**-**	702.0	128.9	-
Bad debt charge (Note 14)	**1.9**	**-**	**17.5**	3.8	-	32.2
Cost of funding	**-**	**-**	**50.2**	-	-	47.8

The costs set out in the table above are aligned to the grouping used by the CODM and board in their review of segment performance. See the Chief Executive's Review for further details including margin analysis.

Bought in costs relate to the costs directly attributable to the selling of goods. It will include the cost of the stock, shrinkage and related costs. Store costs include the rental costs on the Retail stores, payroll costs for our Retail employees and related costs such as rates. Warehouse and logistic costs include the costs for running our warehouse operations, distribution activity and related spend.

Segment assets, capital expenditure and depreciation

	Property, plant, equipment and software		Right-of-use assets		Capital expenditure inc. software		Depreciation and amortisation	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
NEXT Online	**465.8**	481.3	**194.5**	153.1	**54.3**	86.8	**76.9**	54.7
NEXT Retail	**226.2**	210.6	**458.3**	488.7	**85.1**	73.7	**165.3**	163.1
NEXT Finance	**-**	-	**-**	-	**-**	-	**-**	-
Total Platform	**22.7**	24.0	**81.1**	90.0	**10.4**	5.4	**66.1**	28.4
Other business activities (all other segments)	**54.1**	55.2	**3.4**	2.8	**1.2**	37.7	**3.2**	2.6
Total	**768.8**	771.1	**737.3**	734.6	**151.0**	203.6	**311.5**	248.8

These assets are allocated based on the operations of the segment and the physical location of the asset. Depreciation and amortisation includes depreciation from property, plant and equipment and right-of-use assets, as well as amortisation of brands, customer relationships and software.

Analyses of the Group's external revenues (by customer location) and non-current assets (by geographical location) are detailed below. Non current assets include plant, property and equipment and intangible assets. It does not include right-of-use assets (disclosed separately), investments or financial assets.

	External revenue		Non-current assets		Right-of-use assets	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
United Kingdom	**4,995.0**	4,600.6	**1,384.0**	1,408.9	**710.6**	704.3
Rest of Europe	**663.9**	521.9	**3.9**	3.5	**16.4**	21.6
Middle East	**295.8**	255.0	**4.3**	4.3	**-**	-
Asia	**46.8**	41.9	**28.2**	28.0	**2.6**	2.8
Rest of World	**116.6**	71.6	**1.4**	-	**7.7**	5.9
Total	**6,118.1**	5,491.0	**1,421.8**	1,444.7	**737.3**	734.6

For the geographical split of non current assets all of the brand and goodwill has been allocated to the United Kingdom segment.

2. Revenue

The Group's disaggregated revenue recognised under contracts with customers relates to the following categories and operating segments:

	52 weeks to 25 January 2025					
	Sale of goods £m	Credit account interest £m	Royalties £m	Rental income £m	Service income £m	Total £m
NEXT Online	**3,201.2**	-	-	-	-	**3,201.2**
NEXT Retail	**1,821.2**	-	-	-	-	**1,821.2**
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**

	52 weeks to 27 January 2024					
	Sale of goods £m	Credit account interest £m	Royalties £m	Rental income £m	Service income £m	Total £m
NEXT Online	2,901.4	-	-	-	-	2,901.4
NEXT Retail	1,843.7	-	-	-	-	1,843.7
NEXT Finance	-	292.7	-	-	-	292.7
Total Platform	346.7	-	-	-	17.1	363.8
Other business activities (all other segments)	58.1	-	9.8	21.5	-	89.4
Total	5,149.9	292.7	9.8	21.5	17.1	5,491.0

Service income of £10.2m (2024: £17.1m) relates to our Total Platform services to non controlled entities. It excludes the value of Total Platform services to our *controlled* (ie consolidated) entities Joules, Reiss and FatFace. In the CEO report, the service income in relation to both controlled and non controlled entities are reported within the Total Platform segment.

Included within Sale of goods is £168.8m (2024: £134.4m) related to sales made through the redemption of gift cards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Operating Profit

Group operating profit is stated after charging/(crediting):

	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Depreciation on property, plant and equipment	**114.5**	94.9
Depreciation on right-of-use assets	**144.6**	117.7
Loss on disposal of property, plant and equipment	**-**	0.7
Gain on sale and leasebacks	**-**	(1.6)
Impairment charge on property, plant and equipment	**3.4**	1.7
Net impairment charge/(reversal) on right-of-use assets	**(1.7)**	(5.9)
Amortisation and impairment of intangible assets (excluding software)	**22.6**	8.3
Amortisation, impairment and loss on software	**32.6**	30.1
Gain on lease modifications and early exit	**(5.0)**	(2.5)
Gain on financial instruments	**(3.4)**	(12.3)
Cost of inventories recognised as an expense	**1,909.3**	1,809.2
Write-down of inventories to net realisable value	**153.4**	125.8
Total	**2,062.7**	1,935.0

Cost of inventories recognised as an expense consists of those costs which are directly attributable to goods sold in the year, including packaging and inbound freight costs.

Gains on financial instruments of £3.4m (2024: gains of £12.3m) relate to derivative contracts which do not qualify for hedge accounting under IFRS 9.

During the year the Group obtained the following services from the Company's auditor and its associates, including expenses:

	52 weeks to 25 January 2025 £000	52 weeks to 27 January 2024 £000
Auditor's remuneration		
Audit of the financial statements	**1,491**	1,473
Audit of subsidiaries	**1,386**	1,251
Total audit fees	**2,877**	2,724
Tax compliance services	**-**	193
Tax advisory services	**-**	57
Other assurance services	**194**	99
Total	**3,071**	3,073

Non audit services totalled £194,000 in the year (2024: £349,000). The work related to Corporate Responsibility reporting. In the prior year the work included Corporate Responsibility reporting as well as tax services which were initiated by Reiss and FatFace prior to acquisition. In accordance with regulatory requirements these tax services were completed within 3 months of acquisition.

4. Staff Costs and Key Management Personnel

Total staff costs were as follows:

	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Wages and salaries	**1,016.5**	907.4
Social security costs	**86.3**	72.6
Other pension costs	**25.5**	42.1
	1,128.3	1,022.1
Share-based payment expense - equity settled	**35.9**	31.5
Share-based payment expense - cash settled	**0.2**	0.2
Total	**1,164.4**	1,053.8

In the prior year, £21.5m of pension contributions made through salary sacrifice were netted off Wages and salaries and presented within Other pension costs. In the current year, such costs are presented in Wages and salaries. Prior year has not been restated on grounds of materiality.

Share-based payments comprise Management, Sharesave and Share Matching Plan options and LTIP share awards, details of which are given in Note 26.

Total staff costs excluding share-based payment expense by business segment were made up as follows:

	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
NEXT Online, Retail and Finance	**965.3**	922.8
Total Platform	**113.8**	54.2
Other business activities (all other segments)	**49.2**	45.1
Total	**1,128.3**	1,022.1

	Average employees		Full-time equivalents	
	2025 Number	2024 Number	2025 Number	2024 Number
NEXT Online, Retail and Finance	**42,028**	42,272	**26,139**	26,741
Total Platform	**4,771**	2,313	**2,852**	1,381
Other business activities (all other segments)	**3,944**	3,832	**3,940**	3,825
Total	**50,743**	48,417	**32,931**	31,947

Included within "Total Platform" staff costs and employee numbers are the Reiss, Joules and FatFace subsidiaries. The movement year on year is primarily due to Reiss and Fatface only being included from the date of acquisition in the prior year.

The aggregate amounts charged in the financial statements for key management personnel (including employer's National Insurance contributions), being the directors of NEXT plc, were as follows:

	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Short term employee benefits	**9.1**	7.5
Share-based payments	**3.8**	2.9
Total	**12.9**	10.4

Directors' remuneration is detailed in the Remuneration Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Finance Income and Costs

	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Interest on bank deposits	**7.2**	2.5
Other interest receivable	**1.0**	4.3
Finance income	**8.2**	6.8
Interest on bonds and other borrowings	**41.6**	39.1
Discount unwind	**0.2**	0.5
Finance costs on lease liability	**54.8**	47.9
Finance costs	**96.6**	87.5

Online account interest from our Finance business is presented as a component of revenue.

6. Exceptional Items

	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
- Curtailment loss on pension scheme (1)	**(14.1)**	-
- One-off costs associated with the closure of the pension scheme (1)	**(0.4)**	-
- Exceptional gain on acquisition of subsidiary previously presented as a joint venture (2)	**-**	110.1
- One-off costs associated with acquisitions (3)	**-**	(1.5)
Exceptional items	**(14.5)**	108.6

(1) 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.

   This is a non-recurring and non-cash item. Given its nature this has been recognised within exceptional items alongside the associated costs.

(2) In the prior year, an exceptional gain was recognised on the step-acquisition of Reiss which equates to the fair value of our joint venture shareholding less the carrying value as at the date of the step-acquisition.

(3) There were one-off costs related to professional fees associated with the step-acquisition of Reiss in the prior year.

7. Taxation

Tax charge for the period

Our tax charge for the period is shown below. Tax is made up of current and deferred tax. Current tax is the amount payable on the taxable income in the period and any adjustments to tax payable in previous years. Deferred tax is explained on page 198.

	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Current tax:		
Current tax on profits for the year	**238.2**	191.5
Adjustments in respect of prior years	**(6.3)**	11.5
Total current tax	**231.9**	203.0
Deferred tax:		
Origination and reversal of temporary differences	**6.6**	28.6
Adjustments in respect of prior years	**5.3**	(16.3)
Total deferred tax	**11.9**	12.3
Tax expense reported in the Consolidated Income Statement	**243.8**	215.3

The adjustments in respect of prior years relate to true-ups following the submission of the final tax returns.

The prior year adjustment in 2024 relates to the correction of capital gains tax on property disposals and the true-up of deferred tax balances related to IFRS 16 leases.

Factors affecting the tax charge in the period

The tax rate for the current period varied from the standard rate of corporation tax in the UK due to the following factors:

	52 weeks to 25 January 2025 %	52 weeks to 27 January 2024 %
UK corporation tax rate	**25.0**	24.0
Non-taxable income	**(0.2)**	(3.2)
Non deductible expenses	**0.9**	1.0
Overseas tax	**(0.6)**	(0.6)
Adjustments in respect of prior years	**(0.1)**	(0.4)
Tax losses for which (deferred tax asset is recognised) / no deferred tax is recognised	**(0.3)**	0.4
Statutory effective tax rate	**24.7**	21.2
Non-taxable exceptional income	-	2.5
Effective tax rate before exceptionals	**24.7**	23.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Taxation (continued)

Tax recognised in other comprehensive income and equity

In addition to the amount charged to the Income Statement, tax movements recognised in other comprehensive income and in equity were as follows:

	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Deferred tax:		
Pension benefit obligation	**(3.5)**	(25.9)
Fair value movements on derivative instruments	**5.1**	0.2
Tax charge/(credit) in other comprehensive income	**1.6**	(25.7)

	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Current tax:		
Share-based payments	**(6.5)**	(6.7)
Deferred tax:		
Fair value movements on derivative instruments	**2.9**	1.8
Share-based payments	**(9.5)**	(6.7)
Total tax credit in the Statement of Changes in Equity	**(13.1)**	(11.6)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences that arise when the carrying value of assets and liabilities differ between accounting and tax treatments. Deferred tax assets represent the amounts of income taxes recoverable in the future in respect of those differences, while deferred tax liabilities represent the amounts of income taxes payable in the future in respect of those differences.

The deferred tax liability is made up of:

	Intangible assets £m	Accelerated capital allowances £m	Derivatives to fair value £m	Pension benefit obligation £m	Share-based payments £m	IFRS 16 leases £m	Other temporary differences £m	TOTAL £m
At 28 January 2023	**-**	**6.0**	**7.9**	**(37.8)**	**16.5**	**33.6**	**7.1**	**33.3**
Recognised in:								
- Income Statement	1.6	(24.2)	(3.0)	(2.8)	3.1	7.8	5.2	**(12.3)**
- Other Comprehensive Income	-	-	(0.2)	25.9	-	-	-	**25.7**
- Statement of Changes in Equity	-	-	(1.8)	-	6.7	-	-	**4.9**
Acquisition of subsidiary	(111.0)	2.0	-	-	-	1.2	8.1	**(99.7)**
At 27 January 2024	**(109.4)**	**(16.2)**	**2.9**	**(14.7)**	**26.3**	**42.6**	**20.4**	**(48.1)**
Recognised in:								
- Income Statement	(8.0)	(13.1)	(0.4)	3.5	4.1	(6.9)	8.9	**(11.9)**
- Other Comprehensive Income	-	-	(5.1)	3.5	-	-	-	**(1.6)**
- Statement of Changes in Equity	-	-	(2.9)	-	9.5	-	-	**6.6**
Acquisition of subsidiary	-	1.0	-	-	-	-	(4.1)	**(3.1)**
At 25 January 2025	**(117.4)**	**(28.3)**	**(5.5)**	**(7.7)**	**39.9**	**35.7**	**25.2**	**(58.1)**

7. Taxation (continued)

The deferred tax asset of £35.7m in relation to IFRS 16 leases primarily relates to the transitional adjustment arising from the initial implementation of IFRS 16.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. No recognition has been made of the following deferred tax assets:

	Unrecognised		Unrecognised	
	Gross value 2025 £m	Deferred tax 2025 £m	Gross value 2024 £m	Deferred tax 2024 £m
Trading losses	**14.6**	**3.7**	14.3	3.6
Capital losses	**28.9**	**7.2**	-	-

The capital losses this year have arisen from the finalisation of gain calculations in the submitted tax returns. The benefit of unrecognised capital losses will only accrue if taxable profits are realised on future disposals of the Group's capital assets. The trading losses have not been recognised and do not expire.

Factors affecting tax charges in future years

Deferred taxes reflected in these financial statements have been measured using the enacted tax rates at the Balance Sheet date. Deferred tax balances materially relate to UK assets and liabilities. Therefore they have been measured at the UK headline rate of 25%, the rate at which they are expected to unwind in the future.

Provisions, which are immaterial to the financial statements, have been recognised in relation to uncertain tax positions. These relate to the interpretation of tax legislation, including changes arising from the OECD's Base Erosion and Profit Shifting project, which impact our NEXT Sourcing operation in its ordinary course of business.

NEXT manages its tax affairs responsibly and proactively to comply with tax legislation. We seek to build solid and constructive working relationships with all tax authorities.

Income Tax - Pillar Two

As part of the Organisation for Economic Co-operation and Development (OECD)/G20 Base Erosion and Profit Shifting (BEPS) project, the OECD has introduced the Pillar Two model rules. The Group is within the scope of these OECD Pillar Two model rules. Pillar Two legislation was enacted in the United Kingdom, the jurisdiction in which NEXT Plc is incorporated, and came into effect for accounting periods starting on or after 31 December 2023, therefore this is the first accounting period to which these rules apply for the Group. Under the legislation, the Group is liable to pay a top-up tax for the difference between their Global Anti-base Erosion Rules (GloBE) effective tax rate per jurisdiction and the 15% minimum rate. Pillar Two Income Taxes could be payable in the UK, or the local jurisdiction if it has introduced a Qualifying Domestic Minimum top-up Tax.

In the year ended January 2025, the impact of Pillar Two on the Group's tax charge is immaterial for the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Dividends

Year to 25 January 2025	Paid	Pence per share	Cash Flow Statement £m	Statement of Changes in Equity £m
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**

Year to 27 January 2024	Paid	Pence per share	Cash Flow Statement £m	Statement of Changes in Equity £m
Final ordinary dividend for the year to Jan 2023	1 Aug 2023	140p	168.4	168.4
Interim ordinary dividend for the year to Jan 2024	3 Jan 2024	66p	79.9	79.9
			248.3	248.3

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 year ended 25 January 2025 of 158p per share. If approved, it will be paid on 1 August 2025 to shareholders who are on the register of members on 4 July 2025. The proposed dividend is subject to approval by shareholders at the Annual General Meeting to be held on 15 May 2025 and has not been included as a liability in the financial statements.

9. Earnings Per Share

	52 weeks to 25 January 2025	52 weeks to 27 January 2024
Basic Earnings Per Share	**615.1p**	661.6p
Diluted Earnings Per Share	**605.5p**	655.9p

Basic Earnings Per Share is based on the profit for the period attributable to the equity holders of the Parent Company divided by the net of the weighted average number of shares ranking for dividend less the weighted average number of shares held by the ESOT during the period.

Diluted Earnings Per Share is calculated by adjusting the weighted average number of shares used for the calculation of Basic Earnings Per Share as increased by the dilutive effect of potential ordinary shares. Dilutive shares primarily arise from employee share option schemes where the exercise price is less than the average market price of the Company's ordinary shares during the period. Their dilutive effect is calculated on the basis of the equivalent number of nil cost options. Where the option price is above the average market price, the option is not dilutive and is excluded from the diluted EPS calculation. In addition, there are put and call options over the non-controlling interest shareholding in Reiss, FatFace and Joules. The Company has the option to settle these options in NEXT plc shares and therefore are dilutive in nature. Their dilutive effect is calculated based on the potential number of shares that could be issued using an option formula as prescribed in the respective shareholder agreement.

There were 950,885 non-dilutive share options in the current year (2024: 2,632,665).

The table below shows the key variables used in the Earnings Per Share calculations:

	52 weeks to 25 January 2025	52 weeks to 27 January 2024
Profit after tax attributable to equity holders of the Parent Company (£m)	**736.1**	802.3
Weighted average number of shares (millions)		
Weighted average shares in issue	**126.0**	127.8
Weighted average shares held by ESOT	**(6.3)**	(6.5)
Weighted average shares for basic EPS	**119.7**	121.3
Weighted average dilutive potential shares	**1.9**	1.1
Weighted average shares for diluted EPS	**121.6**	122.4

As detailed in the Remuneration Report, the 2024/25 annual bonus for executive directors, was based on NEXT Group pre-tax Profit Earnings per Share of 845.2p. The NEXT Group Profit before tax on a 52 week basis of £1,011.4m is divided by the net of the weighted average number of shares in issue less the weighted average number of shares held by the ESOT during the period. A definition of NEXT Group Profit before tax (or NEXT Group pre tax profit) is included in the Glossary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Property, Plant and Equipment

	Freehold property £m	Leasehold property £m	Plant and equipment £m	Assets under the course of construction £m	Total £m
Cost					
At January 2023	**39.8**	**1.3**	**2,085.7**	**14.5**	**2,141.3**
Exchange movement	-	-	(0.9)	-	(0.9)
Arising from acquisitions	-	-	18.6	-	18.6
Additions	13.8	-	124.2	22.9	160.9
Reclassification from assets under the course of construction	37.1	-	-	(37.1)	-
Disposals	(37.3)	-	(51.4)	-	(88.7)
At January 2024	**53.4**	**1.3**	**2,176.2**	**0.3**	**2,231.2**
Exchange movement	-	-	0.4	-	0.4
Additions	-	-	122.8	0.1	122.9
Transfer to intangible assets	-	-	(4.3)	-	(4.3)
Disposals	(0.1)	(1.3)	(26.9)	-	(28.3)
At January 2025	**53.3**	**-**	**2,268.2**	**0.4**	**2,321.9**
Depreciation					
At January 2023	**0.5**	**0.1**	**1,495.9**	**-**	**1,496.5**
Exchange movement	-	-	(0.8)	-	(0.8)
Provided during the year	0.1	-	94.8	-	94.9
Net impairment charge	1.1	-	0.6	-	1.7
Disposals	-	-	(48.6)	-	(48.6)
At January 2024	**1.7**	**0.1**	**1,541.9**	**-**	**1,543.7**
Exchange movement	-	-	0.6	-	0.6
Provided during the year	0.2	-	114.3	-	114.5
Net impairment charge	-	-	3.4	-	3.4
Transfer to intangible assets	-	-	(1.0)	-	(1.0)
Disposals	-	(0.1)	(25.6)	-	(25.7)
At January 2025	**1.9**	**-**	**1,633.6**	**-**	**1,635.5**
Carrying amount					
At January 2025	**51.4**	**-**	**634.6**	**0.4**	**686.4**
At January 2024	51.7	1.2	634.3	0.3	687.5
At January 2023	39.3	1.2	589.8	14.5	644.8

As at January 2025, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £19.2m (2024: £33.3m). Plant and equipment includes leasehold improvements.

The assets under the course of construction in the prior year related to the build of the Dearne Valley warehouse extension.

During the year, £4.3m of assets that were previously categorised as plant and equipment, have been re-categorised to software (see Note 11).

11. Intangible Assets

	Goodwill £m	Brand names and trademarks £m	Customer relationships £m	Software £m	Software assets under the course of construction £m	Total £m
Cost						
At January 2023	**57.3**	**14.8**	**-**	**63.3**	**23.8**	**159.2**
Additions	-	8.5	-	33.0	9.7	51.2
Arising from acquisitions	169.9	430.5	13.5	3.0	-	616.9
Reclassified from assets under the course of construction	-	-	-	17.5	(17.5)	-
Transfer between categories	-	3.4	-	(3.4)	-	-
Disposals	-	-	-	(2.0)	-	(2.0)
Fair value adjustment	(9.7)	-	-	-	-	(9.7)
At January 2024	**217.5**	**457.2**	**13.5**	**111.4**	**16.0**	**815.6**
Additions	-	0.1	-	24.6	3.5	28.2
Reclassified from assets under the course of construction	-	-	-	8.4	(8.4)	-
Transfer from property, plant and equipment	-	-	-	4.3	-	4.3
Disposals	-	-	-	(9.4)	(1.7)	(11.1)
Fair value adjustment	1.9	-	-	-	-	1.9
At January 2025	**219.4**	**457.3**	**13.5**	**139.3**	**9.4**	**838.9**
Amortisation and Impairment						
At January 2023	**1.8**	**4.6**	**-**	**15.7**	**-**	**22.1**
Amortisation provided during the year	-	7.6	0.6	28.0	-	36.2
Impairment	-	-	-	1.3	-	1.3
Disposals	-	-	-	(1.2)	-	(1.2)
At January 2024	**1.8**	**12.2**	**0.6**	**43.8**	**-**	**58.4**
Amortisation provided during the year	-	20.5	2.1	29.8	-	52.4
Transfer from property, plant and equipment	-	-	-	1.0	-	1.0
Disposals	-	-	-	(8.3)	-	(8.3)
At January 2025	**1.8**	**32.7**	**2.7**	**66.3**	**-**	**103.5**
Carrying amount						
At January 2025	**217.6**	**424.6**	**10.8**	**73.0**	**9.4**	**735.4**
At January 2024	215.7	445.0	12.9	67.6	16.0	757.2
At January 2023	55.5	10.2	-	47.6	23.8	137.1

Assets under the course of construction relate to internally developed software that is not yet complete. Once complete it will be transferred to "software" and amortised over its useful economic life (see Group Accounting Policies for more detail).

Intangible assets arising from acquisitions in the prior year relate to Reiss and FatFace brand names and customer relationships of £444.0m, goodwill arising from acquisitions of £169.9m and software intangibles of £3.0m. In the current year, goodwill in relation to Reiss and FatFace has been adjusted by £1.9m. See Note 35 for further details on acquisitions.

In the prior year, the Group acquired the Cath Kidston brand name for a consideration of £8.5m.

During the year, £4.3m of assets that were previously categorised as plant and equipment, have been re-categorised to software (see Note 10).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Intangible Assets (continued)

The carrying amount of goodwill is allocated to the following cash generating units:

	2025 £m	2024 £m
NEXT Sourcing	**30.5**	30.5
Lipsy	**12.1**	12.1
NEXT Beauty	**1.3**	1.3
Joules	**1.9**	1.9
Reiss	**140.1**	140.6
FatFace	**31.7**	29.3
Total	**217.6**	215.7

Goodwill is tested for impairment at the Balance Sheet date on the basis of value in use calculations. The assumptions and basis for the impairment testing on the significant goodwill balances is set out below.

NEXT Sourcing

The key assumptions in testing the goodwill for impairment are the future sourcing requirements of the Group and the ability of NEXT Sourcing to meet these requirements based on past experience. In assessing the recoverable amount of goodwill, internal budgets for the next year were used and extrapolated for five years using an operating profit growth rate of 0% (2024: 0% growth rate) with a terminal value of 0% applied thereafter. The cash flows were then discounted at a pre-tax rate of 9.7% (2024: 8.0%). In management's assessment, no reasonable change in assumptions would have resulted in an impairment of the goodwill.

Reiss

The key assumptions in testing the goodwill for impairment are the forecast sales for the Reiss products through their Retail, Online and wholesale channels. In assessing the recoverable amount of goodwill, internal budgets for next year and a five year forecast with an operating profit growth of 2% (2024: 5%) were used, with a long term, terminal value growth at 2% (2024: 2%). The cash flows were then discounted at a pre-tax rate of 11.7% (2024: 8%). In management's assessment, no reasonable change in assumptions would have resulted in an impairment of the goodwill.

FatFace

The key assumptions in testing the goodwill for impairment are the forecast sales for the FatFace products through their Retail, Online and wholesale channels. In assessing the recoverable amount of goodwill, internal budgets for next year and a five year forecast with an operating profit growth of 2% (2024: 2%) were used, with a long term, terminal value growth at 2% (2024: 2%). The cash flows were then discounted at a pre-tax rate of 12.0% (2024: 8%). In management's assessment, no reasonable change in assumptions would have resulted in an impairment of the goodwill.

12. Leases

Right-of-use assets

The right-of-use assets are comprised of:

	2025 £m	2024 £m
Buildings - stores	**410.7**	455.0
Buildings - warehouses, head office and others	**313.1**	264.2
Equipment	**0.5**	0.7
Vehicles	**13.0**	14.7
Total	**737.3**	734.6

The right-of-use assets movement in the year is as follows:

	2025 £m	2024 £m
At the beginning of the year	**734.6**	662.0
Additions	**130.8**	40.2
Arising from acquisitions	**-**	80.5
Disposals	**(18.5)**	(4.9)
Modifications and amendments	**33.3**	68.6
Depreciation	**(144.6)**	(117.7)
Reversal of impairment	**1.7**	5.9
At the end of the year	**737.3**	734.6

Additions to right-of-use assets include new leases and new contracts for leases previously on hold over.

Modifications and the amendments relate to changes to the lease payments and lease terms after the inception of the lease.

The income from subleasing right-of use assets under operating leases is £21.3m (2024: £21.4m).

Lease liability

The lease liability movement in the year is as follows:

	2025 £m	2024 £m
At the beginning of the year	**(1,037.7)**	(1,023.3)
Additions	**(131.9)**	(40.1)
Arising from acquisitions	**-**	(84.7)
Modifications and amendments	**(32.9)**	(52.9)
Payments	**219.4**	204.0
Interest	**(54.8)**	(47.9)
Disposals	**23.1**	6.3
Foreign exchange movement	**0.4**	0.9
At the end of the year	**(1,014.4)**	(1,037.7)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Leases (continued)

Lease liability	2025 £m	2024 £m
Less than 1 year	**(170.8)**	(167.8)
More than 1 year	**(843.6)**	(869.9)
Total	**(1,014.4)**	(1,037.7)

The weighted average remaining lease is 6.7 years (2024: 7.2 years). Whether or not management exercise options to extend lease terms is assessed on a case by case basis.

Amounts recognised in the Consolidated Income Statement

Depreciation on right-of-use assets	2025 £m	2024 £m
Buildings - stores	**116.1**	94.1
Buildings - warehouses, head office and others	**22.3**	16.5
Equipment	**0.3**	0.5
Vehicles	**5.9**	6.6
Total	**144.6**	117.7

	2025 £m	2024 £m
Finance costs on leases	**(54.8)**	(47.9)
Expense on short term and low value leases	**(7.3)**	(6.3)
Expense on variable leases and concession-related rent	**(63.5)**	(60.1)
Gain on sale and leasebacks	-	1.6

During the prior year, the Group received proceeds of £21.9m in relation to the completion of the sale and leaseback of its Dearne Valley warehouse. The gain on completion of £1.6m was recognised in the Income Statement.

13. Associates, Joint Ventures and Other Investments

	Interest in associates and joint ventures £m	Other investments £m	Total £m
Cost			
At January 2023	**114.3**	**1.9**	**116.2**
Additions	0.9	-	0.9
Retained profit	6.9	-	6.9
Interest on preference shares	3.2	0.2	3.4
Dividend received	(2.6)	-	(2.6)
Disposal of interest in joint venture (see note below)	(84.3)	-	(84.3)
At January 2024	**38.4**	**2.1**	**40.5**
Additions	1.2	-	1.2
Retained profit	6.7	-	6.7
Interest on preference shares	-	0.3	0.3
At January 2025	**46.3**	**2.4**	**48.7**
Amortisation/Impairment			
At January 2023	**1.6**	**-**	**1.6**
Provided during the year	0.9	-	0.9
At January 2024	**2.5**	**-**	**2.5**
Provided during the year	0.5	-	0.5
Impairment	13.0	-	13.0
At January 2025	**16.0**	**-**	**16.0**
Carrying amount			
At January 2025	**30.3**	**2.4**	**32.7**
At January 2024	35.9	2.1	38.0
At January 2023	112.7	1.9	114.6

Current year
During the year, the carrying value of JoJo Maman Bébé was impaired by £13.0m to £nil.

Prior year - Disposal of interest in Reiss as a Joint Venture / Acquisition of controlling interest in Reiss
In the prior year, NEXT acquired a further 21% interest in the Reiss group (“Reiss”) thus increasing its existing shareholding from 51% to 72%. As NEXT gained control over Reiss’ operational and financial activities, it was consolidated into the NEXT plc Group and therefore was presented as a disposal of our investment within this note and then as an acquisition of a subsidiary in Note 35.

Within the line “interest on preference shares” there was £3.4m relating to interest on NEXT’s share of preference shares in the Reiss group’s ultimate holding company. This was recognised within the Finance income line of the Income Statement. However, following the acquisition of the additional 21% in the prior year, the finance income is now eliminated upon consolidation (see Note 35 for further details on the acquisition).

Aggregate information of associates and joint ventures that are not individually material
The aggregate carrying amount of the individually immaterial associates and joint ventures is £30.3m (2024: £35.9m) with the Group’s share of their profit from continuing operations in the current period being £6.7m (2024: £4.6m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Customer and Other Receivables

The following table shows the components of net receivables:

	2025 £m	2024 £m
Gross customer receivables excluding Interest Free Credit receivable	**1,546.5**	1,550.7
Interest Free Credit receivable	**9.3**	-
Gross customer receivables	**1,555.8**	1,550.7
Less: refund liabilities*	**(51.5)**	(72.9)
Net customer receivables	**1,504.3**	1,477.8
Less: allowance for expected credit losses	**(181.6)**	(207.4)
	1,322.7	1,270.4
Other trade receivables	**47.9**	64.9
Less: allowance for doubtful debts	**(1.4)**	(2.0)
	1,369.2	1,333.3

Presentation of the above, split by total receivables and allowances:

	2025 £m	2024 £m
Net customer receivables	**1,504.3**	1,477.8
Other trade receivables	**47.9**	64.9
	1,552.2	1,542.7
Less: allowance for expected credit losses and doubtful debts	**(183.0)**	(209.4)
	1,369.2	1,333.3
Prepayments	**68.3**	63.6
Other debtors	**58.7**	43.8
Amounts due from associates and joint ventures	**12.2**	12.1
	1,508.4	1,452.8

*Refund liabilities represent the potential liability the Group has to pay out associated with customer returns. In the prior year, this included a provision for credit returns of £51.1m and cash returns of £21.8m. In the current year, the provision for cash returns of £26.6m has been reclassified into other creditors. Note that the prior year has not been restated on grounds of materiality.

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% (2024: 24.9%) at the year-end date, except for £95.6m (2024: £72.9m) of balances on the “pay in 3” product (previously “next3step”) which bears interest at 29.9% (2024: 29.9%) at the year end date.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, other trade receivables have been allocated to the Risk band 1 (defined in Note 30), representing management’s view of the risk and the days past due. The expected credit losses incorporate forward looking information.

The fair value of customer receivables and other trade receivables is approximately £1,340m (2024: £1,310m). This has been calculated based on future cash flows discounted at an appropriate rate for the risk of the debt. The fair value is within Level 3 of the fair value hierarchy (refer to the Fair Value Hierarchy table in Note 29).

Expected irrecoverable amounts on balances with indicators of impairment are provided for based on past default experience, adjusted for expected behaviour. Receivables which are impaired, other than by age or default, are separately identified and provided for as necessary.

The ECL allowance against other debtors and amounts due from associates and joint ventures is immaterial in the current and prior year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset.

14. Customer and Other Receivables (continued)

An analysis of changes in the gross carrying amount in relation to customer receivables and other trade receivables is as follows:

Gross carrying amount	Lifetime ECL £m	Credit impaired £m	Total £m
At January 2023	**1,403.4**	**96.4**	**1,499.8**
New assets originated/recoveries	93.2	(14.5)	78.7
Transfers from lifetime ECL to credit impaired	(46.3)	46.3	-
Financial assets derecognised during the period	-	(20.7)	(20.7)
Amounts written off	(9.3)	(6.0)	(15.3)
At January 2024	**1,441.0**	**101.5**	**1,542.5**
New assets originated/recoveries	80.8	(15.3)	65.5
Transfers from lifetime ECL to credit impaired	(38.5)	38.5	-
Financial assets derecognised during the period	-	(42.9)	(42.9)
Amounts written off	(7.6)	(5.3)	(12.9)
At January 2025	**1,475.7**	**76.5**	**1,552.2**

An analysis of the changes in the impairment allowance for customer receivables and other trade receivables is as follows:

Loss allowance	Lifetime ECL £m	Credit impaired £m	Total £m
At January 2023	**(114.7)**	**(87.8)**	**(202.5)**
New assets originated/recoveries	(3.5)	13.3	9.8
Transfers from lifetime ECL to credit impaired	3.8	(42.5)	(38.7)
Change in the allowance for expected credit losses	(1.7)	(1.6)	(3.3)
Financial assets derecognised during the period	-	19.0	19.0
Amounts written off	0.8	5.5	6.3
At January 2024	**(115.3)**	**(94.1)**	**(209.4)**
New assets originated/recoveries	(2.7)	13.9	11.2
Transfers from lifetime ECL to credit impaired	2.9	(35.1)	(32.2)
Change in the allowance for expected credit losses	2.6	0.1	2.7
Financial assets derecognised during the period	-	39.3	39.3
Amounts written off	0.6	4.8	5.4
At January 2025	**(111.9)**	**(71.1)**	**(183.0)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Customer and Other Receivables (continued)

	Lifetime ECL £m	Credit impaired £m	Total £m
At January 2023	**(114.7)**	**(87.8)**	**(202.5)**
Impairment	(4.9)	(32.6)	(37.5)
Amounts recovered	0.1	1.4	1.5
Charged to the Income Statement	(4.8)	(31.2)	(36.0)
Used during the year	4.2	24.9	29.1
Total movement	(0.6)	(6.3)	(6.9)
At January 2024	**(115.3)**	**(94.1)**	**(209.4)**
Impairment	(3.4)	(19.8)	(23.2)
Amounts recovered	3.0	0.8	3.8
Charged to the Income Statement	(0.4)	(19.0)	(19.4)
Used during the year	3.8	42.0	45.8
Total movement	3.4	23.0	26.4
At January 2025	**(111.9)**	**(71.1)**	**(183.0)**

The amount charged to the Income Statement of £19.4m (2024: £36.0m) differs to the bad debt charge of £17.5m (2024: £32.2m) in the Chief Executive's Review on page 40 due to the inclusion of other trade receivables within this note not included within the Chief Executive review.

Information on the Group's credit risk in relation to customer receivables is provided in Note 30.

15. Other Financial Assets

	2025 £m	2024 £m
Foreign exchange contracts	**31.8**	6.8
Commodity price contracts	-	0.1
	31.8	6.9

Foreign exchange contracts comprise forward contracts and options, the majority of which are used to hedge exchange risk arising from the Group's merchandise purchases (refer to Note 30). These instruments are primarily for US Dollars and Euros.

16. Cash and Short Term Deposits

	2025 £m	2024 £m
Cash at bank and in hand	**107.9**	139.3
Short term deposits	**92.5**	-
Money market funds	-	49.0
	200.4	188.3

Cash at bank represents the gross cash positions, of which the majority are part of the Group's bank account and interest and balance pooling arrangements. Short term deposits and money market funds are used to manage the short-term liquidity requirements of the Group and are highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

17. Bank Loans and Overdrafts

	2025		2024	
	Current £m	Non-current £m	Current £m	Non-current £m
Bank overdrafts and short term borrowings	**29.1**	-	30.1	-
Bank loans	**31.5**	-	5.0	28.9
Loan notes	-	-	23.6	0.6
	60.6	-	58.7	29.5

Bank overdrafts represent the gross overdraft positions, of which the majority are part of the Group's bank account interest and balance pooling arrangements. Bank overdrafts are repayable on demand and bear interest at a margin over bank base rates.

Bank loans represent facilities provided by external banks to Reiss on which the annual rate of interest is between 2.15% and 2.90% over SONIA based on net leverage. The loan is secured by a fixed and floating charge over the assets of the Reiss group, charges over credit balances held by Reiss and unlimited cross guarantees to NatWest Bank PLC from other companies within the Reiss group.

Loan notes were issued to management of Reiss and FatFace as part of their respective acquisitions. The Reiss loan notes of £23.6m and the FatFace loan notes of £0.6m were repaid in the current financial year. The loan notes are interest bearing on an arm's length basis.

18. Trade Payables and Other Liabilities

	2025		2024	
	Current £m	Non-current £m	Current £m	Non-current £m
Trade payables	**355.8**	-	297.1	-
Amounts owed to associates and joint ventures	**1.4**	-	1.1	-
Refund liabilities	**47.7**	-	11.1	-
Other taxation and social security	**123.0**	-	133.4	-
Deferred revenue from the sale of gift cards	**107.5**	-	99.0	-
Share-based payment liability	**0.2**	**0.2**	-	0.2
Other creditors and accruals	**441.1**	**11.3**	450.1	11.5
	1,076.7	**11.5**	991.8	11.7

Trade payables do not bear interest and are generally settled on 30 day terms. The year on year increase in trade payables and other liabilities is largely due to the acquisition of Reiss and FatFace, higher staff incentives and capital accruals.

Refund liabilities represent the potential liability the Group has to pay out associated with customer returns. In the prior year, the provision of cash returns of £21.8m was included within customer receivables. In the current year, the provision for cash returns of £26.6m has been reclassified into other creditors. Note that the prior year has not been restated on grounds of materiality.

Other creditors and accruals do not bear interest. Within other creditors and accruals are staff related accruals £75.7m (bonus, holiday pay and overtime) (2024: £93.8m), warehouse and duty related accruals of £120.0m (2024: £99.4m), property accruals £38.3m (2024: £48.0m), marketing accruals £15.1m (2024: £15.3m) and IT systems, utilities and deferred income on NEXT Unlimited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Other Financial Liabilities

	2025		2024	
	Current £m	Non-current £m	Current £m	Non-current £m
Foreign exchange contracts	**8.0**	**-**	18.5	-
Interest rate derivatives	**-**	**8.0**	-	11.3
Commodity price contracts	**0.3**	**-**	0.3	-
Put and call options	**-**	**31.1**	-	26.1
	8.3	**39.1**	18.8	37.4

Foreign exchange contracts comprise forward contracts and options, of which the majority are used to hedge exchange risk arising from the Group's merchandise purchases (Note 30). These instruments are primarily for US Dollars and Euros. Interest rate derivatives are used to manage the fixed and floating interest rate risk associated with the corporate bonds (Note 20).

Commodity price contracts are used to hedge against movements in the Group's purchases of diesel fuel (refer to Note 30).

Put and call options

Put and call options are in place over some of the remaining non-controlling interest shareholding in Reiss, FatFace and Joules. These put and call options are accounted for at fair value. This recognises put and call options over non-controlling interests in its subsidiary undertakings as a liability in the Consolidated Balance Sheet at the present value of the estimated exercise price of the put and call option.

Put and call options are entered into simultaneously, in contemplation of each other and are documented within a single agreement with the same counterparty in respect of each minority shareholding. The terms of the put and call are identical in respect of the valuation mechanic and the period on which they are derived, and therefore the underlying asset and risk associated to the put and call are considered to be the same. The only distinguishable difference between the put and the call, other than the party choosing to initiate the option, is the timing of the option window. There is a short period of time between the put option window commencing and the call option window commencing. Accordingly, the Group has assessed that the put and call options are to be accounted for as a single unit of account.

The present value of the exercise price of the put and call options is estimated using Board approved budget multiplied by an earnings ratio. The option formula is specific to each subsidiary and stated within the shareholder agreement. The forecast cash flows are discounted using a discount rate reflecting the current market assessment of the time value of money and any specific risk premiums relevant to the individual businesses involved. These discount rates are considered to be equivalent to the rates a market participant would use. Upon initial recognition of put and call options a corresponding entry is made to Other Equity, and for subsequent changes on remeasurement of the liability the corresponding entry is made to Other Equity.

The options relating to the 25 January 2025 total £31.1m (2024: £26.1m).

20. Corporate Bonds

	Balance Sheet value		Nominal value	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Corporate bond 3.000% repayable 2025	**250.0**	250.0	**250.0**	250.0
Corporate bond 4.375% repayable 2026	**243.8**	240.8	**250.0**	250.0
Corporate bond 3.625% repayable 2028	**300.0**	300.0	**300.0**	300.0
	793.8	790.8	**800.0**	800.0

The Group uses interest rate derivatives to manage the interest rate risk associated with its bonds, the profile of the post hedged interest rate which is shown below:

	2025		2024	
	Nominal value £m	**Aggregate interest rate**	Nominal value £m	Aggregate interest rate
2025 Bonds - Fixed	**250.0**	**3.000%**	250.0	3.000%
2026 Bonds - Floating	**250.0**	**SONIA + 1.7%**	250.0	SONIA + 1.7%
2028 Bonds - Fixed	**300.0**	**3.625%**	300.0	3.625%
Total	**800.0**		800.0	

Interest rate risk management is explained in Note 30.

The fair value of the corporate bonds held on the Balance Sheet is as follows:

	2025		2024	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
In hedging relationships	**243.8**	**251.6**	240.8	248.7
Not in hedging relationships	**550.0**	**546.8**	550.0	535.0
	793.8	**798.4**	790.8	783.7

The fair value of corporate bonds is based on market values which includes accrued interest and changes in credit risk and interest rate risk. The fair value is within Level 1 of the fair value hierarchy (refer to the Fair Value Hierarchy table in Note 29).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Pension Benefits

The Group's UK pension arrangements include the following:

- The NEXT Group Pension Plan (the "Original Plan")
- The 2013 NEXT Group Pension Plan (the "2013 Plan")
- Legal & General Master Trust and the NEXT Supplemental Pension Arrangement (the "SPA")
- NEXT contributes to the People's Pension which it uses for auto enrolment
- Reiss and FatFace operate separate defined contribution plans for their employees.

The Original Plan and the 2013 Plan are defined benefit schemes.

The trustee of the Original Plan and 2013 Plan is a limited company, NEXT Pension Trustees Limited (the "Trustee"). The Board of the Trustee currently comprises six directors. Three of these are members of the 2013 Plan, and one director (the Chair) is independent and has no other connection to NEXT. Two of these directors are member nominated directors and cannot be removed by NEXT. The other four directors, including the independent director, are appointed by and can be removed by NEXT. All directors of the Trustee receive a fee for their services, including those directors who are also employees of NEXT. No director of the Company is a director of the Trustee.

The Plans' investments are kept separate from the business of the NEXT Group and the Trustee holds them in separate trusts. Responsibility for investment of the Plans' funds has been delegated to professional investment managers. Further details on each plan are set out below.

Defined benefit arrangements

The Original Plan

The Original Plan comprises predominantly of members with pensions in payment, following the transfer of active and deferred members (and associated liabilities) to the 2013 Plan. The risks associated with the payment of pensions of the Original Plan have been largely mitigated by the purchase of two insurance contracts ("buy-ins") with Aviva in 2010 and 2012 to cover the liabilities of this Plan, although it remains the ultimate responsibility of the Company to provide members with benefits. The pensions and matching insurance contracts held by the Original Plan will be converted to buy-out in due course and the Original Plan will then be dissolved.

The 2013 Plan

The 2013 Plan was established in 2013 via the transfer of liabilities and assets from the Original Plan. The 2013 Plan defined benefit scheme was closed to new members in 2000 and since 2012, the accrual of pension benefits has been based on pensionable salary frozen at October 2012, rather than final earnings. Those employees affected by the change to pensionable salary in 2012 could also elect to receive up to a 15% salary supplement or additional contributions to the defined contribution section. The 2013 Plan defined benefit scheme currently provides members with a retirement benefit of one sixtieth or one eightieth (depending on the member's chosen contribution rate) of pensionable earnings at October 2012 for each year of pensionable service. In March 2024, the 2013 Plan was closed to future accrual.

As at January 2025 more than 90% of the 2013 Plan assets consist of two insurance contracts:

- In August 2018, the Trustees of the 2013 Plan undertook a buy-in in respect of certain pensioner members of the 2013 Plan, with a premium paid of £94m. As at 25 January 2025 this buy-in policy has a value of £51m (2024: £55m) within the pension scheme assets.
- In January 2024, the Trustees of the 2013 Plan undertook another buy-in in respect of all remaining members of the 2013 Plan, with a premium paid of £511m. As at 25 January 2025 this buy-in policy has a value of £441m (2024: £476m) within the pension scheme assets.

These insurance contracts provide members with enhanced security over their pension.

During the period and following a consultation process with affected employees, the Company closed its defined benefit plan to future service accrual. Pension members who were previously accruing service are now deferred members and their accrued pension will be revalued each year on a basis linked to inflation and not ongoing service. As a result of this closure, a curtailment loss has been recognised of £14.1m in the period.

The 2013 Plan provides for contingent and dependants' pensions, along with guaranteed pension benefits upon death. All life assurance benefits are handled through an excepted group life trust. In case of ill health retirement, only the accrued pension is payable. All benefits are subject to 2013 Plan limits. Increases to pensions in payment are at the discretion of the Trustee although pensionable service post 1997 is subject to limited price indexation. From 2006, sales and profit related bonuses were excluded from pensionable earnings and the normal retirement age under the Original Plan was increased from 60 to 65.

21. Pension Benefits (continued)

Certain members whose accrued or projected pension fund value exceeds their personal lifetime allowance are provided with benefits through an unfunded, unapproved supplementary pension arrangement. The relevant members contribute towards the additional cost of providing these benefits by a payment of 5% on all pensionable earnings to the 2013 Plan. Since April 2011, where existing members have reached either the annual or lifetime pension contributions limits, the Company has offered those members the choice of leaving the 2013 Plan defined benefit section and either joining the Legal and General Master Trust (with an enhanced Company contribution) or taking a salary supplement, in both cases equal to 10% or 15% of their salary (depending on their existing contributions and benefits).

Virgin Media case

The Virgin Media case concerned the validity of amendments to defined benefit pension schemes, specifically whether actuarial confirmation was required for amendments to be valid. In light of the recent ruling we have reviewed all the relevant scheme changes and assessed the potential impact on the Next 2013 Plan and Original Plan. Having carefully considered the ruling and sought appropriate advice, the Company is satisfied that the schemes are not significantly impacted. The Company will continue to monitor relevant legal and regulatory developments.

Defined contribution arrangements

Legal and General Master Trust

The defined contribution section is administered by a Legal & General Master Trust which enables the pension scheme members to benefit from lower running costs, greater flexibility of retirement options and improved range of online tools and advice to support members in decisions they may make about their financial plans. The Master Trust is run by a board of independent trustees who are responsible for ensuring that the Trust is run in accordance with the law and that funds are invested properly. Members pay 5% of their pensionable earnings which is matched by the Company. For death prior to retirement, a lump sum of three times the member's base salary at the previous April is payable along with the current value of the member's fund.

Other

The NEXT Group also operates an auto-enrolment scheme which is open to all employees to which employees contribute 5% of their pensionable earnings and the Group contributes 3%.

Reiss and FatFace operate separate defined contribution plans for their employees.

Principal risks

As at January 2025, the Group held buy-in insurance contracts with Aviva, PIC and JUST. These insurance contracts provide the 2013 and the Original Plan with an income flow which materially offsets the principal risks usually expected in a DB scheme. For completeness the risks which are now mitigated by the insurance contract are set out below.

Investment risk	The present value of defined benefit liabilities is calculated using a discount rate set by reference to high quality corporate bond yields. If plan assets underperform corporate bonds, this will create a deficit.
Interest rate risk	A fall in corporate bond yields would increase the value of the liabilities.
Inflation risk	Pensions in payment are increased annually in line with RPI or CPI for Guaranteed Minimum Pensions built up since 1988. Pensions built up since 2005 are capped at 2.5% and pensions built up between 1997 and 2005 are capped at 5%. When discretionary increases have been awarded for pensions built up before 1997, they too have tended to take inflation into account. Therefore an increase in inflation would increase the value of pension liabilities.
Longevity risk	The present value of the defined benefit liabilities is calculated having regards to a best estimate of the mortality of plan members. If members live longer than this mortality assumption, this will increase liabilities.

As noted above each of the above risks has now been mitigated by the insurance contracts secured. The remaining risk relates to a potential insolvency or inability of the insurance company to meet its obligations. However, each insurer has a strong Balance Sheet and asset base with which to meet the obligations as they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Pension Benefits (continued)

Income statement

The components of the net defined benefit expense, recognised in the Consolidated Income Statement are as follows:

	2025				2024			
	2013 Plan £m	Original Plan £m	SPA £m	Total £m	2013 Plan £m	Original Plan £m	SPA £m	Total £m
Current service cost	0.6	-	-	0.6	3.0	-	-	3.0
Past service cost	-	-	-	-	2.4	-	-	2.4
Curtailment loss	13.3	-	0.8	14.1	-	-	-	-
Net interest	(2.7)	(0.1)	0.4	(2.4)	(7.6)	(0.1)	0.3	(7.4)
Administration costs	2.5	0.1	-	2.6	2.3	0.1	-	2.4
Net defined benefit expense	13.7	-	1.2	14.9	0.1	-	0.3	0.4

The curtailment loss has been recognised on the face of the Consolidated Income Statement as an exceptional item. All other components have been recognised within administrative expenses.

Other comprehensive income

The components of the net defined benefit expense recognised in other comprehensive income are as follows:

	2025				2024			
	2013 Plan £m	Original Plan £m	SPA £m	Total £m	2013 Plan £m	Original Plan £m	SPA £m	Total £m
Actuarial gains/(losses) due to liability experience	-	2.6	0.2	2.8	(7.6)	(1.1)	(0.4)	(9.1)
Actuarial gains due to liability assumption changes	38.8	3.2	0.4	42.4	30.6	3.9	0.5	35.0
	38.8	5.8	0.6	45.2	23.0	2.8	0.1	25.9
Return on plan assets less than discount rate	(53.0)	(6.0)	-	(59.0)	(126.5)	(3.0)	-	(129.5)
Actuarial gains/(losses) recognised in other comprehensive income	(14.2)	(0.2)	0.6	(13.8)	(103.5)	(0.2)	0.1	(103.6)

Balance Sheet valuation

The net defined benefit pension asset recognised in the Consolidated Balance Sheet is analysed as follows:

	2025				2024			
	2013 Plan £m	Original Plan £m	SPA £m	Total £m	2013 Plan £m	Original Plan £m	SPA £m	Total £m
Present value of benefit obligations	(498.1)	(81.0)	(7.4)	(586.5)	(512.7)	(89.5)	(6.9)	(609.1)
Fair value of plan assets	535.3	82.0	-	617.3	577.7	90.7	-	668.4
Net pension asset	37.2	1.0	(7.4)	30.8	65.0	1.2	(6.9)	59.3

The surplus in the scheme has moved from £59.3m as at January 2024 to £30.8m as at January 2025, mainly due to the curtailment loss recognised in the year.

A net asset has been recognised as the Trust Deeds of the Original and 2013 Plans provide the Group with an unconditional right to a refund assuming the gradual settlement of the Plans' liabilities over time until all members have left the Plans.

21. Pension Benefits (continued)

Plan obligations

Changes in the present value of defined benefit pension obligations are analysed as follows:

	2025				2024			
	2013 Plan £m	Original Plan £m	SPA £m	Total £m	2013 Plan £m	Original Plan £m	SPA £m	Total £m
Opening obligation	512.7	89.5	6.9	609.1	521.1	95.2	6.8	623.1
Current service cost	0.6	-	-	0.6	3.0	-	-	3.0
Past service cost	-	-	-	-	2.4	-	-	2.4
Curtailment loss	13.3	-	0.8	14.1	-	-	-	-
Interest cost	25.7	4.3	0.4	30.4	23.7	4.2	0.3	28.2
Employee contributions	-	-	-	-	0.1	-	-	0.1
Benefits paid	(15.4)	(7.0)	(0.1)	(22.5)	(14.6)	(7.1)	(0.1)	(21.8)
Actuarial (gains)/losses								
- financial assumptions	(25.2)	(3.2)	(0.4)	(28.8)	(19.5)	(3.9)	(0.4)	(23.8)
- experience	-	(2.6)	(0.2)	(2.8)	7.6	1.1	0.4	9.1
- demographic assumptions	(13.6)	-	-	(13.6)	(11.1)	-	(0.1)	(11.2)
Closing obligation	498.1	81.0	7.4	586.5	512.7	89.5	6.9	609.1

The present value of the defined benefit closing obligation of £586.5m (2024: £609.1m) was approximately 0% (2024: 20%) relating to active participants (due to closure of the 2013 Plan and SPA to future accrual during the year), 65% (2024: 43%) relating to deferred participants and 35% (2024: 37%) relating to pensioners.

Plan assets

Changes in the fair value of defined benefit pension assets were as follows:

	2025				2024			
	2013 Plan £m	Original Plan £m	SPA £m	Total £m	2013 Plan £m	Original Plan £m	SPA £m	Total £m
Opening assets	577.7	90.7	-	668.4	684.0	96.6	-	780.6
Employer contributions	0.1	-	0.1	0.2	5.7	-	0.1	5.8
Employee contributions	-	-	-	-	0.1	-	-	0.1
Benefits paid	(15.4)	(7.0)	(0.1)	(22.5)	(14.6)	(7.1)	(0.1)	(21.8)
Interest income on assets	28.4	4.4	-	32.8	31.3	4.3	-	35.6
Return on plan assets (excluding amounts included in interest)	(53.0)	(6.0)	-	(59.0)	(126.5)	(3.0)	-	(129.5)
Administrative costs	(2.5)	(0.1)	-	(2.6)	(2.3)	(0.1)	-	(2.4)
Closing assets	535.3	82.0	-	617.3	577.7	90.7	-	668.4

The fair value of defined benefit plan assets was as follows:

	2025				2024			
	2013 Plan £m	Original Plan £m	Total £m	%	2013 Plan £m	Original Plan £m	Total £m	%
Gilts	21.6	1.2	22.8	3.7	-	1.4	1.4	0.2
Insurance contracts	492.2	80.8	573.0	92.8	531.4	89.3	620.7	92.9
Cash and cash equivalents	21.5	-	21.5	3.5	46.3	-	46.3	6.9
	535.3	82.0	617.3	100.0	577.7	90.7	668.4	100.0

The fair values of the gilts are determined based on quoted prices in active markets.

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21. Pension Benefits (continued)

Principal assumptions

The IAS 19 (accounting) valuation of the defined benefit obligation was undertaken by an external qualified actuary as at January 2025 using the projected unit credit method. The principal actuarial assumptions used in the valuation were as follows:

	2025		2024	
	Original Plan	**2013 and SPA**	Original Plan	2013 and SPA
Discount rate	**5.55%**	**5.55%**	5.00%	5.00%
Inflation - RPI	**3.50%**	**3.10%**	3.30%	2.95%
Inflation - CPI	**2.50%**	**2.85%**	2.30%	2.65%
Salary increases	**n/a**	**n/a**	n/a	n/a
Pension increases in payment				
- RPI with a maximum of 5.0%	**3.25%**	**2.95%**	3.10%	2.80%
- RPI with a maximum of 2.5% and discretionary increases	**2.10%**	**1.95%**	2.05%	1.90%

	2025		2024	
	Pensioner aged 65	**Non-pensioner aged 45**	Pensioner aged 65	Non-pensioner aged 45
Life expectancy at age 65 (years)				
- Male	**21.2**	**22.7**	21.3	22.8
- Female	**23.3**	**25.2**	23.2	25.2

The discount rate has been derived as the single average discount rate appropriate to the term of the liabilities, based on the yields available on high quality Sterling corporate bonds. The expected average duration of the Original Plan's liabilities is 9 years, the SPA is 13 years and the 2013 Plan is 15 years.

The rate of retail price inflation (RPI) has been derived in a consistent way to the discount rate, so that it is appropriate to the term of the liabilities. The RPI assumption for the 2013 Plan and SPA allows for the inflation risk premium of 0.3% per annum. As in previous years, the Original Plan does not allow for an inflation risk premium because its assets and liabilities are almost fully matched.

The rate of consumer price inflation (CPI) is set lower than the assumption for retail price inflation, reflecting the long term expected gap between the two indices and takes into account the alignment of RPI to CPI from 2030.

For the 2013 Plan and the SPA, the base mortality assumptions reflect the best estimate output from a postcode mortality study. This results in an assumption in line with the standard SAPS Series 3 All Pensioner tables (with a multiplier of 105% for male and female pensioners and 107% for male non-pensioners and 103% for female non-pensioners). Future improvement trends have been allowed for, in line with the most recent CMI core projection model (CMI 2023) with a long term trend towards 1.5% per annum and a smoothing factor of 7.0.

The base mortality assumption for the Original Plan is in line with the standard SAPS Series 1 All Pensioner tables, with medium cohort improvements to 2009, and CMI 2013 improvements applied from 2009 with a long term trend towards 1.5% per annum.

21. Pension Benefits (continued)

Sensitivity analysis

The sensitivity of the pension asset and obligation to changes in the principal assumptions is:

	Sensitivity analysis	Impact on pension asset	Impact on pension obligation
Discount rate	0.5% decrease	£39.8m increase	£41.0m increase
Price inflation	0.5% increase to RPI and CPI	£25.1m increase	£26.0m increase
Price inflation	0.1% decrease to CPI (i.e. increase in the gap between RPI and CPI)	£1.4m decrease	£1.5m decrease
Mortality	Life expectancy increased by one year	£11.6m increase	£12.0m increase

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. Aside from the matching insurance contracts held in the Original Plan, no allowance has been made for any change in assets that might arise under any of the scenarios set out above. When calculating the sensitivity of the defined benefit obligation to changes in the significant assumptions, the same method has been applied as when calculating the pension liability recognised within the Consolidated Balance Sheet. The inflation assumption impacts the "pension increases in payment" and deferred pension calculations.

The sensitivities shown are just one possible outcome and should not be taken as an indication of the likelihood of a change occurring in the future. Market metrics used to derive the discount rate and price inflation assumptions could increase or decrease in the future, by more or less than the change set out.

Full actuarial valuation

An actuarial valuation of the 2013 Plan was undertaken as at 30 September 2022 by Mercer, who were the 2013 Plan Actuary to the Trustees at the time (LCP were recently appointed as Plan Actuary). The valuation showed a funding surplus on a Technical Provisions basis required by legislation of 114.1% or £85.4m at that date.

In March 2024, the 2013 Plan was closed to future accrual. Following this, no further contributions have been made into the Plan.

The next actuarial valuation is due as at 30 September 2025.

Contributions

The 2013 Plan closed to future accrual on 31 March 2024, therefore pension contributions ceased from 1 April 2024.

Contributions paid by the Group (including salary sacrifice contributions) during the year are set out below:

	2025 £m	2024 £m
Defined contribution	**26.3**	20.0
Automatic enrolment	**29.2**	21.4
Defined benefit	**0.2**	0.7
	55.7	42.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Provisions

	2025 £m	2024 £m
At the beginning of the year	**52.4**	33.8
Arising from acquisitions	**-**	13.1
Provisions made in the year	**7.9**	9.2
Utilisation of provisions	**(1.2)**	(4.1)
Release of provision	**(3.6)**	(0.1)
Unwind of discount	**0.2**	0.5
At the end of the year	**55.7**	52.4

Provision is made for the committed cost or estimated exit costs of properties occupied by the Group.

23. Share Capital

	2025 Shares '000	2024 Shares '000	2025 £m	2024 £m
Allocated, called up and fully paid				
Ordinary shares of 10p each				
At the start of the year	**127,424**	129,263	**12.7**	12.9
Issued in the year	**-**	746	**-**	0.1
Purchased for cancellation in the year	**(3,781)**	(2,585)	**(0.3)**	(0.3)
	123,643	127,424	**12.4**	12.7

The table below shows the movements in equity from share purchases and commitments during the year:

	2025		2024	
	Shares '000	Cost £m	Shares '000	Cost £m
Shares issued in the year	**-**	**-**	(746)	(53.4)
Shares purchased for cancellation in the year	**3,781**	**360.2**	2,585	177.3
Amount shown in Statement of Changes in Equity		**360.2**		123.9

During the prior year, 745,912 new ordinary shares were issued as part consideration for the acquisition of Fatface (see Note 35 for more detail). The shares had a nominal value of £0.10 and a share premium value of £71.51 per share. No amount was unpaid as at prior year end.

Subsequent to the end of the financial year, the Group entered into an irrevocable share purchase agreement with a total commitment value of £45.0m. As at 26 March 2025, none of the commitment was outstanding.

24. Other Reserves

Other reserves in the Consolidated Balance Sheet comprise the reserve created on reduction of share capital through a Scheme of Arrangement under Section 425 of the Companies Act 1985 of £1,460.7m less share premium account of £3.8m and capital redemption reserve of £8.7m at the time of a capital reconstruction in 2002, plus the accumulated amount of goodwill arising on acquisition after taking into account subsequent disposals of £0.7m.

25. Non-controlling Interests

The non-controlling interest in respect of Pink Holdco Limited is considered to be a material non-controlling interest. Pink Holdco is the parent company within the Reiss group (hereafter "Reiss"). Its principal place of business is the UK. During the year NEXT exercised a call option, increasing its equity interest by 2%. The non-controlling interest holds 26% (2024: 28%) of the ownership interest. Summarised financial information in respect of Reiss is set out below. The financial information in this note represents amounts before intragroup eliminations.

Summary Balance Sheet

	Reiss	
	2025 £m	2024 £m
Non-current assets	**536.0**	549.6
Current assets	**137.7**	141.1
Current liabilities	**(116.1)**	(108.1)
Non-current liabilities	**(113.0)**	(137.1)
Net assets	**444.6**	445.5
Equity attributable to owners of parent company	**328.5**	321.1
Non-controlling interest	**116.1**	124.4
	444.6	445.5

Summary Statement of Comprehensive Income

	Reiss	
	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Revenue	**370.4**	137.4
Profit after tax for the period	**28.2**	12.8
Other comprehensive income	**-**	-
Total comprehensive income	**28.2**	12.8
Profit attributable to non-controlling interest	**7.5**	3.6
Dividends paid to non-controlling interest	**7.8**	-

Reiss became a subsidiary of the Group from September 2023, therefore the comparative period relates to the financial performance post-acquisition only.

Summary cash flows

	Reiss	
	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Cash flow from operating activities	**62.3**	32.6
Cash flow from investing activities	**(30.5)**	(2.7)
Cash flow from financing activities	**(51.3)**	(8.1)
Net (decrease)/increase in cash and cash equivalents	**(19.5)**	21.8

Reiss became a subsidiary of the Group from September 2023, therefore the comparative period relates to the cash flows generated post-acquisition only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Share-based Payments

The Group operates a number of share-based payment schemes as follows:

Management share options

The NEXT Management Share Option Plan provides for options over shares, exercisable between three and ten years following their grant, to be allocated to Group employees at the discretion of the Remuneration Committee. This plan is primarily aimed at middle management and senior store staff. No options were granted to any directors or changes made to existing entitlements in the year under review. No employee is entitled to be granted options under the scheme if, in the same financial year, they have received an award under NEXT's Long Term Incentive Plan or Share Matching Plan.

The total number of options which can be granted is subject to limits. There are no cash-settlement alternatives and they are therefore accounted for under IFRS 2 as equity-settled awards. Option prices are set at the prevailing market price at the time of grant. The maximum total market value of shares (i.e. the acquisition price of shares) over which options may be granted to any person during any financial year of the Company is three times salary, excluding bonuses and benefits in kind. This limit may be increased to five times salary in circumstances considered by the Remuneration Committee to be exceptional, for example on the grant of options following recruitment. Grants are generally made annually.

Sharesave options

The Company's Save As You Earn (Sharesave) scheme is open to nearly all UK employees. Invitations to participate are generally issued annually and the scheme is subject to HMRC rules. The current maximum monthly savings for the schemes detailed below is £250. Options are granted at the prevailing market rate less a discount of 20% and are exercisable three or five years from the date of grant. Sharesave options are also accounted for as equity-settled awards under IFRS 2.

Management and Sharesave options

The following table summarises the movements in Management and Sharesave options during the year:

	2025		2024	
	No. of options	**Weighted average exercise price**	No. of options	Weighted average exercise price
Outstanding at beginning of year	**6,047,428**	**£58.29**	6,390,332	£54.04
Granted	**1,494,874**	**£88.42**	1,912,941	£63.24
Exercised	**(1,160,187)**	**£65.41**	(1,971,039)	£49.92
Forfeited	**(229,598)**	**£59.43**	(284,806)	£54.02
Outstanding at end of year	**6,152,517**	**£64.23**	6,047,428	£58.29
Exercisable at end of year	**791,723**	**£59.30**	1,061,154	£51.43

Options were exercised on a regular basis throughout the year and the weighted average share price during this period was £93.70 (2024: £72.95). Options outstanding at 25 January 2025 are exercisable at prices ranging between £38.69 and £89.86 (2024: £38.69 and £80.64) and have a weighted average remaining contractual life of 6.3 years (2024: 6.3 years), as analysed in the table below:

	2025		2024	
Exercise price range	**No. of options**	**Weighted average remaining contractual life (years)**	No. of options	Weighted average remaining contractual life (years)
£38.69-£41.09	**961,562**	**1.8**	1,074,356	2.8
£43.48-£58.50	**798,909**	**3.5**	1,252,595	4.5
£59.20-£61.86	**1,248,599**	**7.2**	1,307,884	8.2
£64.50	**1,399,628**	**8.2**	1,469,433	9.2
£64.53-£89.86	**1,743,819**	**7.8**	943,160	5.7
	6,152,517	**6.3**	6,047,428	6.3

26. Share-based Payments (continued)

Share Matching Plan (SMP)

The SMP is an equity-settled scheme open to a small number of senior executives below Board level. Executive directors are not granted SMP awards. Under the current awards participants who invest a proportion of any annual cash bonus in NEXT shares will receive up to a maximum of two times the original number of shares they purchase with their bonus. Any matching is conditional upon achieving performance measures over the following three years. The maximum matching ratio which is permitted under the SMP rules is 3:1, matching the pre-tax equivalent of the amount invested in shares. Participants are entitled to receive ordinary and special dividend accruals on any awards vesting under the SMP.

The Remuneration Committee's policy is to set performance measures by reference to underlying fully diluted pre-tax EPS but the Committee has flexibility to use different measures. Under the formulae, a notional adjustment is made to actual EPS achieved for special dividends, on the basis that the cash distributed had instead been used to purchase shares at the prevailing share price on the day of the special dividend payment.

The following table summarises the movements in nil cost SMP options during the year:

	2025 No. of options	2024 No. of options
Outstanding at beginning of year	**28,202**	31,698
Granted	**13,174**	7,980
Dividend accrual awarded in the year	**-**	868
Exercised	**-**	(10,672)
Forfeited	**(3,840)**	(1,672)
Outstanding at end of year	**37,536**	28,202
Exercisable at end of year	**-**	-

The weighted average remaining contractual life of these options is 8.2 years (2024: 8.5 years). During the year ending 25 January 2025 no SMP options were exercised. During the year ending 27 January 2024 SMP options were exercised at different times and the weighted average share price during this period was £73.06.

Long Term Incentive Plan (LTIP)

As explained in the Remuneration Report, the Group operates an equity-settled LTIP scheme for executive directors and other senior executives. Performance conditions for the LTIP awards are detailed in the Remuneration Report.

The following table summarises the movements in nil cost LTIP awards during the year:

	2025 No. of awards	2024 No. of awards
Outstanding at beginning of year	**559,691**	530,083
Granted	**195,844**	232,517
Dividend accrual awarded in the year	**14,376**	8,256
Vested	**(157,212)**	(105,877)
Forfeited	**(51,573)**	(105,288)
Outstanding at end of year	**561,126**	559,691

The weighted average remaining contractual life of these options is 1.4 years (2024: 1.5 years).

Put and call options

Share options are in place for the management teams of Reiss, FatFace and Joules. These are cash-settled schemes. The expense recognised in the year was £0.3m. See Note 19 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Share-based Payments (continued)

Fair value calculations

The fair value of Management, Sharesave and Share Matching Plan options granted is calculated at the date of grant using a Black-Scholes option pricing model. Expected volatility was determined by calculating the historical volatility of the Company's share price over a period equivalent to the expected life of the option. The expected life applied in the model is based on historical analyses of exercise patterns, taking into account any early exercises. The following table lists the inputs to the model used for options granted in the years ended 25 January 2025 and 27 January 2024 based on information at the date of grant:

Management share options	2025	2024
Share price at date of grant	**£89.86**	£64.50
Exercise price	**£89.86**	£64.50
Volatility	**33.17%**	38.90%
Expected life	**4 years**	4 years
Risk free rate	**4.16%**	3.43%
Dividend yield	**2.29%**	2.99%
Weighted average fair value per option	**£23.62**	£17.67

Sharesave plans	2025	2024
Share price at date of grant	**£101.00**	£73.12
Exercise price	**£80.80**	£58.50
Volatility	**31.75%**	33.53%
Expected life	**3.2 years**	3.2 years
Risk free rate	**3.81%**	4.78%
Dividend yield	**2.05%**	2.82%
Weighted average fair value per option	**£32.28**	£23.57

Share Matching Plan	2025	2024
Share price at date of grant	**£90.42**	£66.02
Exercise price	**Nil**	Nil
Volatility	**31.56%**	35.53%
Expected life	**3 years**	3 years
Risk free rate	**4.28%**	3.67%
Dividend yield	**Nil**	Nil
Weighted average fair value per option	**£90.42**	£66.02

26. Share-based Payments (continued)

The fair value of LTIP awards granted is calculated at the date of grant using a Monte Carlo option pricing model. Expected volatility was determined by calculating the historical volatility of the Company's share price over a period equivalent to the life of the award. The following table lists the inputs to the model used for awards granted in the year ended 25 January 2025 and 27 January 2024 based on information at the date of grant:

LTIP awards	2025		2024	
Grant date	**March**	**September**	March	September
Share price at date of grant	**£91.92**	**£99.76**	£65.40	£72.98
Award price	**Nil**	**Nil**	Nil	Nil
Volatility	**28.48%**	**28.00%**	35.22%	29.88%
Life of award	**3 years**	**3 years**	3 years	3 years
Risk free rate	**3.89%**	**3.68%**	3.47%	4.48%
Dividend yield	**0.00%**	**0.00%**	0.00%	0.00%
Fair value per award	**£38.32**	**£42.99**	£30.38	£31.81

For LTIP awards, dividend accruals (both in respect of special and ordinary dividends) may be payable on vested awards.

The charge to the Income Statement for all share option schemes is disclosed in Note 4.

27. Shares Held by ESOT

The NEXT 2003 ESOT has an independent trustee resident in Jersey and provides for the issue of shares to Group employees to satisfy awards which vest/are exercised in accordance with the terms of the various share-based schemes detailed in Note 26.

As at 25 January 2025, the ESOT held 6,238,649 (2024: 6,163,671) ordinary shares of 10p each in the Company, the market value of which amounted to £582.7m (2024: £524.4m). Details of outstanding share awards and options are shown in Note 26.

The consideration paid for the ordinary shares of 10p each in the Company held by the ESOT at 25 January 2025 and 27 January 2024 has been shown as an ESOT reserve and presented within equity for the Company and the Group. All other assets, liabilities, income and costs of the ESOT have been incorporated into the financial statements of the Company and the Group.

The table below shows the movements in equity from ESOT transactions during the year:

	2025		2024	
	Shares '000	**£m**	Shares '000	£m
Shares purchased by ESOT in the year	**1,382**	**126.8**	1,713	116.3
Shares issued in respect of employee share schemes	**1,307**	**69.7**	2,019	94.0

Exercises in the year totalled £76.6m (2024: £97.8m) on Management and Sharesave options. The amount shown in the Statement of Changes in Equity of £69.7m (2024: £94.0m) is after the issue of any nil cost LTIP, SMP and Deferred bonus shares. The weighted average cost of shares issued by the ESOT was £86.4m (2024: £125.7m).

During the year, £5.0m of ESOT purchases were used to part fund the acquisition of additional equity from a non-controlling interest in a Group company.

As at 26 March 2025, 80,742 employee share options had been exercised subsequent to the Balance Sheet date and had been satisfied by ordinary shares issued by the ESOT.

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28. Financial Instruments: Categories

	2025 £m	2024 £m
Financial assets		
Derivatives not designated as hedging instruments	**1.2**	0.7
Derivatives designated as hedging instruments	**30.5**	6.9
Customer and other receivables at amortised cost (1)	**1,439.2**	1,388.6
Cash, short term deposits (note 16)	**200.4**	188.3
Preference shares at amortised cost	**2.2**	2.0
Non-listed equity instruments designated at fair value through profit or loss / OCI	**0.2**	0.2
Financial liabilities		
Derivatives not designated as hedging instruments	**(2.8)**	(5.9)
Derivatives designated as hedging instruments	**(13.5)**	(24.2)
Lease liabilities at amortised cost	**(1,014.4)**	(1,037.7)
Interest bearing loans and borrowings:		
Corporate bonds at amortised cost adjusted for the fair value changes attributable to the risk being hedged	**(793.8)**	(790.8)
Bank loans and overdrafts at amortised cost	**(60.6)**	(88.2)
Put and call options over non-controlling interests	**(31.1)**	(26.1)
Trade and other payables at amortised cost (2)	**(825.4)**	(740.5)

(1) Prepayments of £68.3m (2024: £63.6m) and other debtors of £0.8m (2024: £0.5m) do not meet the definition of a financial instrument.
(2) Other taxation and social security payables of £123.0m (2024: £133.4m), deferred income of £107.5m (2024: £99.0m), share-based payment liabilities of £0.4m (2024: £0.2m) and other creditors of £31.9m (2024: £30.5m) do not meet the definition of a financial instrument.

29. Financial Instruments: Fair Values

The fair values of each category of the Group's financial instruments are based on the following assumptions:

Customer receivables	The fair value has been calculated based on future cash flows discounted at an appropriate rate for the risk of the debt. See Note 14 for further details.
Other trade receivables, trade payables, short term deposits, bank loans and overdrafts	The fair value approximates to the carrying amount because of the short maturity of these instruments.
Corporate bonds	The fair value is the market value which includes accrued interest and change in credit risk and interest rate risk. See Note 20 for further details.
Preference shares	The fair value approximates to the carrying amount because the percentage interest earned on the shares is equivalent to the effective interest rate used to calculate the amortised cost.
Non-listed equity instruments	The fair value approximates to the net assets of the investment given no observable market rates at the reporting date.
Bank loans - non-current	The fair value of bank loans and other borrowings approximates to the carrying value reported in the Balance Sheet as the majority are floating rate where interest rates are reset at intervals less than one year.
Derivative financial instruments	The fair value is determined as the net present value of cash flows using observable market rates at the reporting date.
Put and call options	The fair value is determined as the present value of the EBITDA forecasts multiplied by an earnings ratio which also equates to the carrying value. See Note 19 for details.

29. Financial Instruments: Fair Values (continued)

Fair Value Hierarchy

The fair values of financial instruments measured by reference to the following levels under IFRS 13 *"Fair value measurement"*:

Hierarchy level	Inputs	Financial instruments	Valuation methodology
Level 1	Quoted prices in active markets for identical assets or liabilities	Corporate bonds, Money Market Funds	Market value includes accrued interest and change in credit risk and interest rate risk, and is therefore different to the reported carrying amounts.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Derivative financial instruments	Valuation techniques include forward pricing and swap models using net present value calculation of future cash flows. The model inputs include the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, commodity price indices and interest rate curves.
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable market data)	Non-listed equity instruments at fair value through OCI and Put and Call options at fair value through other equity	The fair value of these non-listed equity investments has been estimated using a discounted cash flow model. The fair value of the put and call options have been estimated using a formula as stated within the relevant shareholder agreement. The inputs include management approved future cash flows and earnings ratios calculated from market quoted prices.

30. Financial Instruments: Financial Risk Management and Hedging Activities

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework and for establishing the Group's risk management policies.

The Group has exposure to the following risks arising from financial instruments:

- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Commodity price risk
- Credit risk
- Capital risk

Treasury function

NEXT operates a centralised treasury function which is responsible for managing the liquidity, interest, commodity and foreign currency risks associated with the Group's activities. As part of its strategy for the management of these risks, the Group uses financial instruments. In accordance with the Group's treasury policy, financial instruments are not entered into for speculative purposes. The treasury policy is reviewed and approved by the Board and specifies the parameters within which treasury operations must be conducted, including authorised counterparties, instrument types and transaction limits, and principles governing the management of liquidity, interest and foreign currency risks.

The Group's financial instruments also include cash, short term deposits, preference shares, bank overdrafts, loans and corporate bonds. The main purpose of these financial instruments is to raise finance for the Group's operations. In addition, the Group has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

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30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

Liquidity risk

The Group manages its cash and borrowing requirements centrally to minimise net interest expense within risk parameters agreed by the Board, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of its businesses. The forecast cash and borrowings profile of the Group is monitored to ensure that adequate headroom remains under committed borrowing facilities.

The table below shows the maturity analysis of the undiscounted remaining contractual cash flows (including interest) of the Group's financial liabilities, including cash flows in respect of derivatives:

2025	Less than 1 year £m	1 to 2 years £m	2 to 5 years £m	Over 5 years £m	Total £m
Bank loans and overdrafts	**61.1**	**-**	**-**	**-**	**61.1**
Lease liabilities	**210.9**	**177.6**	**369.8**	**711.6**	**1,469.9**
Trade and other payables	**793.3**	**2.8**	**-**	**-**	**796.1**
Corporate bonds	**279.3**	**271.8**	**321.8**	**-**	**872.9**
Put and call options	**-**	**8.6**	**33.1**	**-**	**41.7**
	1,344.6	**460.8**	**724.7**	**711.6**	**3,241.7**
Derivatives: net settled	**4.6**	**3.5**	**-**	**-**	**8.1**
Derivatives: gross settled					
Cash inflows	**(1,792.1)**	**-**	**-**	**-**	**(1,792.1)**
Cash outflows	**1,760.0**	**-**	**-**	**-**	**1,760.0**
Total cash flows	**1,317.1**	**464.3**	**724.7**	**711.6**	**3,217.7**

2024	Less than 1 year £m	1 to 2 years £m	2 to 5 years £m	Over 5 years £m	Total £m
Bank loans and overdrafts	37.6	29.4	-	-	67.0
Lease liabilities	205.7	175.9	366.1	735.0	1,482.7
Trade and other payables	703.8	2.8	-	-	706.6
Corporate bonds	29.3	279.3	593.6	-	902.2
Loan notes	23.6	0.6	-	-	24.2
Put and call options	-	-	26.1	-	26.1
	1,000.0	488.0	985.8	735.0	3,208.8
Derivatives: net settled	6.4	3.3	2.0	-	11.7
Derivatives: gross settled					
Cash inflows	(1,241.2)	-	-	-	(1,241.2)
Cash outflows	1,250.0	-	-	-	1,250.0
Total cash flows	1,015.2	491.3	987.8	735.0	3,229.3

Within lease liabilities greater than 5 years are leases on stores with cash flows in years 5-10 of £116.5m (2024: £153.0m) and more than 10 years of £17.6m (2024: £27.8m). The lease liabilities greater than 5 years on warehouses and head office premises with cash flows in years 5-10 are £171.1m (2024: £146.3m) and more than 10 years of £406.4m (2024: £407.9m).

As at 25 January 2025, the Group had borrowing facilities of £425.0m (2024: £425.0m) committed until June 2029 (2024: June 2028), in respect of which all conditions precedent have been met. £nil of the facilities were drawn down as at January 2025 (2024: £nil).

30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk on its fixed rate corporate bonds and cash flow interest rate risk on floating rate loans and overdrafts. The forecast cash and borrowings profile of the Group is monitored regularly to assess the mix of fixed and variable rate debt, and the Group uses interest rate derivatives where appropriate to manage its exposure to changes in interest rates and the economic environment.

Interest rates: fair value hedges

The Group has interest rate swap agreements in place as fair value hedges against part of the interest rate risk associated with the corporate bonds. Under the terms of the swaps, which have matching features as the bonds, the Group receives a fixed rate of interest equivalent to the relevant coupon rate, and pays a variable rate interest related to SONIA. Details of the aggregate rates payable are given in Note 20.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swaps match the terms of the fixed rate corporate bonds (e.g. notional amount and maturity). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Group compares the changes in the fair value of the hedging instrument against the changes in the fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and the hedging instrument.
- Differences in timing of cash flows of the hedged item and hedging instrument.
- The counterparties' credit risk differently impacts the fair value movements of the hedging instrument and the hedged item.

Fair value of group swaps

The fair values of the Group's interest rate swaps, including accrued interest, are as follows:

	2025 £m	2024 £m
Derivatives in designated fair value hedging relationships	**(8.0)**	(11.3)

The fair values of derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates and are based on market prices at the Balance Sheet date.

The timing of the nominal amounts of the interest rate swaps are as follows:

	2025	2024
Maturity date of swap	**October 2026**	October 2026
Interest rate swap	**Fixed to floating**	Fixed to floating
Nominal amount (£m)	**250.0**	250.0
Average price	**SONIA + 1.7%**	SONIA + 1.7%

The impact of the hedging instrument on the Balance Sheet is as follows:

	Line item in the Balance Sheet	Notional amount £m	Carrying amount* £m	Changes in fair value used for measuring ineffectiveness in the period £m
At 25 January 2025				
Interest rate swaps - liabilities	**Other financial liabilities**	**250.0**	**(6.2)**	**(3.0)**
At 27 January 2024				
Interest rate swaps - liabilities	Other financial liabilities	250.0	(9.2)	(0.1)

* Other financial liabilities also includes £1.8m of interest payable (2024: £2.1m interest payable) on interest rate swaps that has been accrued at the Balance Sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

The impact of the hedged items on the Balance Sheet is as follows:

	Line item in the Balance Sheet	Carrying amount £m	Accumulated fair value adjustments £m	Changes in fair value used for measuring ineffectiveness in the period £m
At 25 January 2025				
Fixed-rate borrowings	**Corporate bonds**	**250.0**	**(6.2)**	**(3.0)**
At 27 January 2024				
Fixed-rate borrowings	Corporate bonds	250.0	(9.2)	(0.1)

The ineffectiveness recognised in the Income Statement for the period ended 25 January 2025 was £nil (2024: £nil).

Foreign currency risk

The Group's principal foreign currency exposures arise from the purchase of overseas sourced products. Group policy allows for these exposures to be hedged for up to 24 months ahead in order to fix the cost in Sterling. This hedging activity involves the use of spot, forward and option contracts.

The market value of outstanding foreign exchange contracts is reported regularly to the Board and reviewed in conjunction with percentage cover taken by season and current market conditions, in order to assess and manage the Group's ongoing exposure.

The Group does not have a material exposure to currency movements in relation to the translation of overseas investments and consequently does not hedge any such exposure. The Group's net exposure to foreign currencies, taking hedging activities into account, is illustrated by the sensitivity analysis in Note 31.

Foreign currency hedges

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange contracts match the terms of highly probable forecast transactions (e.g. notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts are identical to the hedged risk components. To test hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks.

In these hedge relationships, the main sources of ineffectiveness are:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments.
- Different indices (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments.
- The counterparties' credit risk differently impacts the fair value movements of the hedging instruments and hedged items.
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The fair values of foreign exchange derivatives are as follows:

	2025 £m	2024 £m
Derivatives in designated hedging relationships	**25.4**	(6.5)
Other foreign exchange derivatives not designated in hedging relationships	**(1.6)**	(5.2)
Total foreign exchange derivatives	**23.8**	(11.7)

30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

Derivatives designated in hedging relationships at 25 January 2025:

	Maturity			
	1-6 months	**6-12 months**	**More than one year**	**Total**
US Dollars (highly probable forecast purchases)				
Notional amount (in £m)	**684.7**	**281.7**	**-**	**966.4**
Average GBP: USD contract rate	**1.28**	**1.28**	**-**	**1.28**
EURO (highly probable forecast sales)				
Notional amount (in £m)	**73.8**	**81.6**	**-**	**155.4**
Average GBP: EURO contract rate	**1.14**	**1.16**	**-**	**1.15**
Other (highly probable forecast sales)				
Notional amount (in £m)	**144.5**	**47.1**	**-**	**191.6**
Average GBP: Other contract rate		**Various currencies***		

* 10 currencies are hedged, which are individually not material to the financial statements.

Derivatives designated in hedging relationships at 27 January 2024:

	Maturity			
	1-6 months	6-12 months	More than one year	Total
US Dollars (highly probable forecast purchases)				
Notional amount (in £m)	805.0	133.5	-	938.5
Average GBP: USD contract rate	1.26	1.28	-	1.26
EURO (highly probable forecast purchases) (1)				
Notional amount (in £m)	45.0	-	-	45.0
Average GBP: EURO contract rate	1.16	-	-	1.16
EURO (highly probable forecast sales)				
Notional amount (in £m)	42.0	8.8	-	50.8
Average GBP: EURO contract rate	1.14	1.14	-	1.14
Other (highly probable forecast sales)				
Notional amount (in £m)	49.9	-	-	49.9
Average GBP: Other contract rate		Various currencies*		

* 6 currencies were hedged, which are individually not material to the financial statements.

(1) Note that in the prior year, there was significant Euro denominated capital expenditure, therefore the prior year comparative table shows additional disclosure for Euro purchases.

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30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

The impact of the hedging instruments on the Balance Sheet are as follows:

	Line item in the Balance Sheet	Notional amount £m	Carrying amount £m	Changes in fair value used for measuring ineffectiveness in the period £m
At 25 January 2025				
Foreign exchange contracts	**Other financial assets**	**1,124.9**	**30.5**	**52.8**
Foreign exchange contracts	**Other financial liabilities**	**358.6**	**(5.2)**	**(33.0)**
At 27 January 2024				
Foreign exchange contracts	Other financial assets	548.0	6.8	29.2
Foreign exchange contracts	Other financial liabilities	605.9	(18.0)	(28.4)

The impact of the hedged items on the Balance Sheet is as follows:

	25 January 2025			27 January 2024		
	Changes in fair value used for measuring ineffectiveness in the period £m	Closing cash flow hedge reserve £m	Closing cost of hedging reserve £m	Changes in fair value used for measuring ineffectiveness in the period £m	Closing cash flow hedge reserve £m	Closing cost of hedging reserve £m
Highly probable forecast sales	**(0.9)**	**1.7**	**-**	3.5	0.4	-
Highly probable forecast stock purchases	**21.3**	**23.8**	**(0.2)**	(1.8)	(6.5)	(0.4)

The effect of the cash flow hedge in the Income Statement or other comprehensive income is as follows:

	Ineffectiveness recognised in Income Statement £m	Recycled to cost of inventories £m	Cost of hedging recognised in OCI £m	Amount reclassified from OCI to the Income Statement £m	Line item in the Income Statement
Year ended 25 January 2025					
Highly probable forecast sales	**-**	**-**	**-**	**1.4**	**Revenue**
Highly probable forecast stock purchases	**-**	**10.1**	**(0.6)**	**-**	**-**
Year ended 27 January 2024					
Highly probable forecast sales	-	-	-	(5.0)	Revenue
Highly probable forecast stock purchases	-	12.4	(0.9)	-	-

Commodity price risk

The Group is exposed to commodity price risk on contracts to purchase commodities at a floating price. In order to mitigate the risk arising from potential movements in commodity prices, the Group enters into deliverable fixed price contracts or financial derivatives. As at 25 January 2025, the Group had commodity derivative contracts with a fair value loss of £0.3m (2024: £0.3m) in relation to highly probable forecast diesel purchases. These contracts committed the Group to pay a fixed price and receive the floating index price on 12,213kL (2024: 12,623kL) of diesel and have been designated as cash flow hedges for reporting purposes.

30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Group's Online customer receivables. The carrying amount of financial assets represents the maximum residual credit exposure, which was £1,369.2m at the reporting date (2024: £1,333.2m). These are detailed in Note 14.

The Group's credit risk in relation to customer receivables is influenced mainly by the individual characteristics of each customer. The Board has established a credit policy under which each new credit customer is analysed individually for creditworthiness and subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts using forward looking estimates. The concentration of credit risk is limited due to the Online customer base being large and diverse. As at January 2025, there were 3.00m active customers (2024: 2.94m) with an average balance of £512 (2024: £503). The Group's outstanding receivables balances and impairment losses are detailed in Note 14. The performance of our credit risk policies and the risk of the debtor book are monitored weekly by management. Any trends and deviations from expectations are investigated. Senior management review is carried out monthly.

Customer receivables with a value of £8.3m (2024: £12.1m) were on a Reduced Payment Indicator (RPI) plan. An allowance for Expected Credit Losses (ECLs) of £5.9m (2024: £8.7m) has been made against these balances. Customers are typically on RPI plans for a period of 12 months during which no interest is charged and repayment rates are reduced. On completion of the RPI plan the customer would be returned to normal scoring, which considers multivariate factors, including indebtedness and repayment history, in the assessment of their expected risk levels. Any modification gain or loss recognised is immaterial to the financial statements.

The Group uses Experian Delphi for Customer Management which provides a suite of characteristics and scores to monitor the credit behaviour of new and existing customers. The principal score for making risk decisions around credit limit changes, and monitoring the risk of associated sales, is the Account and Arrears Management ("AAM") score. The principal measure to assess a customer's ability to afford repayments, and our allowance for expected credit losses under IFRS 9, is the Consumer Indebtedness Index ("CII"). The CII is a score within the range of 0 to 99. A lower CII score is representative of a lower level of risk associated with the debt (i.e. a lower CII score indicates the customer has a greater ability to afford repayments).

The following table contains an analysis of customer and other receivables segmented by CII score at the end of the reporting period. For the purpose of this analysis, trade receivables are recognised in Risk band 1.

	2025 Total £m	2024 Total £m
Risk exposure determined by CII score		
Risk band 1 (CII<=5)	**980.4**	954.4
Risk band 2 (5<CII<=16)	**236.2**	231.1
Risk band 3 (16<CII<=48)	**156.1**	159.6
Risk band 4 (CII>48)	**103.0**	96.0
Gross carrying amount before credit impaired	**1,475.7**	1,441.1
Credit impaired	**76.5**	101.5
Gross carrying amount after credit impaired	**1,552.2**	1,542.6
Less allowance	**(183.0)**	(209.4)
Carrying amount	**1,369.2**	1,333.2

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30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

Analysis of customer receivables and other trade receivables, stratified by credit grade, is provided in the tables below. Since 2024, CII scores have been based on GEN11.

2025	Current £m	1-30 days past due £m	31-60 days past due £m	61-90 days past due £m	91-120 days past due £m	>120 days past due £m	Payment plans £m	Total £m
Customer receivables and other trade receivables								
Risk band 1 (CII<=5)	969.6	10.2	0.1	-	-	-	0.5	980.4
Risk band 2 (5<CII<=16)	229.1	6.3	0.2	-	-	-	0.6	236.2
Risk band 3 (16<CII<=48)	142.8	9.2	1.4	0.5	0.2	0.2	1.8	156.1
Risk band 4 (CII>48)	77.0	9.3	3.9	2.7	2.2	2.5	5.4	103.0
Otherwise impaired	-	-	-	-	-	76.5	-	76.5
Total	**1,418.5**	**35.0**	**5.6**	**3.2**	**2.4**	**79.2**	**8.3**	**1,552.2**
Loss allowance								
Risk band 1 (CII<=5)	(52.3)	(1.0)	-	-	-	-	(0.2)	(53.5)
Risk band 2 (5<CII<=16)	(15.9)	(0.7)	(0.1)	-	-	-	(0.2)	(16.9)
Risk band 3 (16<CII<=48)	(11.5)	(1.0)	(0.4)	(0.3)	(0.2)	(0.2)	(1.0)	(14.6)
Risk band 4 (CII>48)	(13.8)	(1.9)	(1.4)	(1.7)	(1.7)	(1.9)	(4.5)	(26.9)
Otherwise impaired	-	-	-	-	-	(71.1)	-	(71.1)
Total	**(93.5)**	**(4.6)**	**(1.9)**	**(2.0)**	**(1.9)**	**(73.2)**	**(5.9)**	**(183.0)**
Expected loss rate %								
Risk band 1 (CII<=5)	5.4%	9.4%	24.1%	-	-	-	29.2%	5.5%
Risk band 2 (5<CII<=16)	7.0%	10.4%	25.8%	-	-	-	35.9%	7.2%
Risk band 3 (16<CII<=48)	8.0%	11.3%	26.1%	57.3%	83.6%	80.5%	56.9%	9.3%
Risk band 4 (CII>48)	17.9%	19.9%	36.3%	61.7%	77.0%	75.9%	84.1%	26.0%
Otherwise impaired	-	-	-	-	-	93.1%	-	93.1%
Total	**6.6%**	**12.9%**	**33.1%**	**61.1%**	**77.7%**	**92.5%**	**71.1%**	**11.8%**

30. Financial Instruments: Financial Risk Management and Hedging Activities (continued)

2024	Current £m	1-30 days past due £m	31-60 days past due £m	61-90 days past due £m	91-120 days past due £m	>120 days past due £m	Payment plans £m	Total £m
Customer receivables and other trade receivables								
Risk band 1 (CII<=5)	942.7	10.7	0.1	-	-	-	0.9	954.4
Risk band 2 (5<CII<=16)	222.7	7.1	0.2	-	-	-	1.1	231.1
Risk band 3 (16<CII<=48)	143.5	10.3	1.8	0.6	0.2	0.3	2.9	159.6
Risk band 4 (CII>48)	65.5	9.2	4.8	3.3	2.7	3.2	7.2	95.9
Otherwise impaired	-	-	-	-	-	101.5	-	101.5
Total	**1,374.4**	**37.3**	**6.9**	**3.9**	**2.9**	**105.0**	**12.1**	**1,542.5**
Loss allowance								
Risk band 1 (CII<=5)	(49.0)	(1.4)	-	-	-	-	(0.3)	(50.7)
Risk band 2 (5<CII<=16)	(15.5)	(1.1)	(0.1)	-	-	-	(0.5)	(17.2)
Risk band 3 (16<CII<=48)	(12.8)	(1.7)	(0.6)	(0.4)	(0.2)	(0.2)	(1.8)	(17.7)
Risk band 4 (CII>48)	(12.8)	(2.0)	(2.0)	(2.1)	(2.1)	(2.6)	(6.1)	(29.7)
Otherwise impaired	-	-	-	-	-	(94.1)	-	(94.1)
Total	**(90.1)**	**(6.2)**	**(2.7)**	**(2.5)**	**(2.3)**	**(96.9)**	**(8.7)**	**(209.4)**
Expected loss rate %								
Risk band 1 (CII<=5)	5.2%	13.3%	32.8%	63.7%	-	79.3%	31.3%	5.3%
Risk band 2 (5<CII<=16)	7.0%	15.2%	33.6%	62.7%	-	79.2%	40.8%	7.4%
Risk band 3 (16<CII<=48)	8.9%	16.9%	36.3%	61.4%	77.9%	77.3%	61.7%	11.1%
Risk band 4 (CII>48)	19.5%	21.3%	40.8%	64.3%	80.6%	80.6%	84.6%	31.0%
Otherwise impaired	-	-	-	-	-	92.7%	-	92.7%
Total	**6.6%**	**16.6%**	**39.3%**	**63.8%**	**80.4%**	**92.3%**	**71.3%**	**13.6%**

Credit risk on other financial assets

Investments of cash surpluses and derivative contracts are made through banks and companies which must fulfil credit rating and investment criteria approved by the Board. Risk is further mitigated by diversification and limiting counterparty exposure. The Group does not consider there to be any impairment loss in respect of these balances (2024: £nil). The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset as the debt is not collateralised.

Capital risk

The capital structure of the Group consists of debt, as analysed in Note 32, and equity attributable to the equity holders of the Parent Company, comprising issued capital, reserves and retained earnings as shown in the Consolidated Statement of Changes in Equity. The Group manages its capital with the objective that all entities within the Group continue as going concerns while maintaining an efficient structure to minimise the cost of capital. The Group is not restricted by any externally imposed capital requirements.

As part of its strategy for delivering sustainable returns to shareholders, the Group has been returning capital to shareholders by way of share buybacks in addition to dividends (including special dividends). Share buybacks may be transacted through both on-market purchases and off-market contingent contracts.

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31. Financial Instruments: Sensitivity Analysis

Interest rate sensitivity analysis

The table below illustrates the hypothetical sensitivity of the Group's reported profit and closing equity to a 1.0% increase or decrease in interest rates, assuming all other variables were unchanged. The sensitivity rate of 1.0% represents the directors' assessment of a reasonably possible change, based on historic volatility.

The analysis has been prepared using the following assumptions:

- For floating rate assets and liabilities, the amount of the asset or liability outstanding at the Balance Sheet date is assumed to have been outstanding for the whole year.
- Fixed rate financial instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of this analysis.

Positive figures represent an increase in profit or equity.

	Income Statement		Equity	
	2025 £m	2024 £m	2025 £m	2024 £m
Interest rate increase of 1.0%	**(1.4)**	(1.5)	**(1.4)**	(1.5)
Interest rate decrease of 1.0%	**1.4**	1.5	**1.4**	1.5

Foreign currency sensitivity analysis

The Group's principal foreign currency exposures are to US Dollars and the Euro. The table below illustrates the hypothetical sensitivity of the Group's reported profit and closing equity to a 10% increase and decrease in the US Dollar/Sterling and Euro/Sterling exchange rates at the reporting date, assuming all other variables remain unchanged. The sensitivity rate of 10% represents the directors' assessment of a reasonably possible change, based on historic volatility.

The analysis assumes that exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge relationship affect the fair value reserve in equity and the fair value of the hedging derivatives. For foreign exchange derivatives which are not designated hedges, movements in exchange rates impact the Income Statement.

Positive figures represent an increase in profit or equity.

	Income Statement		Equity	
	2025 £m	2024 £m	2025 £m	2024 £m
Sterling strengthens by 10%				
US Dollar	**(24.0)**	(12.6)	**(86.1)**	(60.2)
Euro	**1.1**	-	**9.8**	1.3
Sterling weakens by 10%				
US Dollar	**8.5**	3.4	**83.1**	66.2
Euro	**(2.9)**	-	**(13.6)**	(1.6)

Year end exchange rates applied in the above analysis are US Dollar 1.25 (2024: 1.27) and Euro 1.19 (2024: 1.17). Strengthening and weakening of Sterling may not produce symmetrical results depending on the proportion and nature of foreign exchange derivatives which do not qualify for hedge accounting.

32. Analysis of Net Debt

	27 January 2024 £m	Movements in net debt: Net cash movements £m	Fair value movements £m	IFRS 16 movements £m	25 January 2025 £m
Cash and short term deposits	188.3	12.1	-	-	**200.4**
Overdrafts and short term borrowings	(30.1)	1.0	-	-	**(29.1)**
Cash and cash equivalents	158.2	13.1	-	-	**171.3**
Bank loans	(33.9)	2.4	-	-	**(31.5)**
Loan notes	(24.2)	24.2	-	-	**-**
Corporate bonds	(790.8)	-	(3.0)	-	**(793.8)**
Fair value hedges on corporate bonds	(9.2)	-	3.0	-	**(6.2)**
Net debt excluding leases	**(699.9)**	**39.7**	**-**	**-**	**(660.2)**
Current lease liability	(167.8)	-	-	(3.0)	**(170.8)**
Non-current lease liability	(869.9)	-	-	26.3	**(843.6)**
	(1,037.7)	-	-	23.3	**(1,014.4)**
Net debt including leases	**(1,737.6)**	**39.7**	**-**	**23.3**	**(1,674.6)**

In the current year, bank loans of £33.9m has been separated out of the cash and cash equivalent subtotal and disclosed separately above.

Fair value movements: In relation to the corporate bonds, the movement of £3.0m represents the movement in the fair value adjustment arising through the application of hedge accounting. This offsets with an equal and opposite movement of £3.0m in fair value hedges on bonds. See Note 30 for further details.

At January 2025, there is unpaid interest on the Corporate bonds of £16.0m (2024: £16.4m) recognised within accruals.

IFRS 16: The movement in the lease liability, including the cash flows, is explained in Note 12.

33. Cash Generated from Operations

	52 weeks to 25 January 2025 £m	52 weeks to 27 January 2024 £m
Cash flows from operating activities		
Operating profit	**1,075.4**	987.9
Depreciation, impairment and (profit)/loss on disposal of property, plant and equipment	**117.9**	95.7
Depreciation, gains on lease modifications and disposals and impairment reversals on right-of-use assets	**137.9**	111.8
Amortisation and impairment of intangible assets	**55.2**	38.5
Amortisation, impairment & disposals of associates, joint ventures and other investments	**13.5**	0.8
Share option charge	**40.9**	31.9
Share of profit of associates and joint ventures	**(6.7)**	(6.9)
Interest received	**7.4**	2.8
Exchange movement	**(5.6)**	(15.5)
(Increase)/decrease in inventories and right of return asset	**(100.3)**	15.3
(Increase)/decrease in customer and other receivables	**(52.3)**	3.7
Increase in trade and other payables	**93.2**	47.6
Cash generated from operations	**1,376.5**	1,313.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. Related Party Transactions

During the year, Group entities entered into the following transactions with related parties and their respective subsidiaries who are not members of the Group:

	Joint ventures		Associates	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Sales	**38.9**	64.2	**22.6**	20.8
Loans (repaid)/advanced	**(0.4)**	(5.5)	**1.3**	0.5
Transactions and loan interest	**29.4**	32.3	**1.5**	0.2
Amounts outstanding at year end	**7.0**	7.6	**3.8**	3.5

The amounts above are an aggregation of the transactions predominantly with the Group's associates and joint ventures, being:

- VS Brand Holdings UK Limited and its subsidiaries (joint venture);
- Pink TopCo Limited and its subsidiaries (the "Reiss" Group) (joint venture) - up until September 2023 (see Note 13);
- West Apparel UK Holdings Limited ("GAP") (joint venture);
- Choice Discount Stores Limited (associate);
- Aubin & Wills Holdings Limited and its subsidiaries (associate);
- Regent Bidco 1 Limited and its subsidiaries (the "Jojo Maman Bébé" Group) (associate);
- Swoon Limited (associate); and
- Rockett St George Limited (associate).

All transactions are on an arm's length basis. Within transactions and loan interest are (i) recharges for payroll costs borne by the NEXT Group and then recharged to the related party and (ii) certain joint ventures are part of the NEXT VAT Group and accordingly includes transactions for the settlement of VAT by NEXT on behalf of the joint venture. Such amounts are immediately recharged by NEXT and then settled by the joint venture.

35. Acquisition of Subsidiaries

Prior period acquisitions

Reiss

In September 2023, the Group increased its shareholding in the Reiss Group ("Reiss") from 51% to 72%. In addition, due to a change in reserved rights within the Shareholder Agreement, the Group therefore has control of Reiss. Reiss' principal activity is the design and retail of high quality women's, men's and children's fashion clothing and accessories sold exclusively under the Reiss brand in the UK and overseas. Following NEXT's original equity shareholding and the Total Platform partnership, the Reiss business has grown significantly with excellent results. Through the additional shareholding, Reiss will be able to reap the infrastructural benefits of being part of a larger Group. This qualifies as a business as defined in IFRS 3 *Business Combinations*. NEXT's direct shareholding is in the Reiss group's ultimate parent company, Pink Holdco Limited.

The Group recognised a non cash gain of £110.1m as a result of remeasuring the equity interest held in Reiss to fair value before the business combination. This gain was recognised as an exceptional item in the Consolidated Income Statement (Note 6).

Included within the fair value of the net identifiable assets on acquisition is an intangible asset representing the Reiss brand and customer relationship value of £365.9m. Total identifiable assets acquired were £286.2m, which resulted in a goodwill value of £140.1m arising from the acquisition. The value of goodwill was higher than provisionally calculated predominantly due to additional provisions and deferred tax adjustments. The goodwill relates to expected synergies from combining Reiss into the NEXT Group and the effect of a combined workforce with Brand specific design experience.

35. Acquisition of Subsidiaries (continued)

The amounts recognised in respect of the identifiable assets acquired are set out in the table below:

	Previously reported £m	Fair Value Adjustments £m	Restated £m
Financial assets including cash	43.3	5.3	**48.6**
Inventory	61.7	-	**61.7**
Property, plant and equipment, software and right-of-use assets	42.6	(0.3)	**42.3**
Identifiable intangible assets	365.9	-	**365.9**
Financial liabilities including loans and lease liabilities	(135.9)	(1.4)	**(137.3)**
Deferred tax liabilities	(86.6)	(3.1)	**(89.7)**
Total identifiable assets acquired	291.0	0.5	**291.5**
Goodwill	140.6	(0.5)	**140.1**
Non-controlling interest in 28% of Pink Holdco Limited	(120.4)	-	**(120.4)**
Net assets attributable to NEXT	311.2	-	**311.2**
Satisfied by:			
Cash	98.5	-	**98.5**
Fair value of joint venture holding	194.5	-	**194.5**
Loan note and deferred consideration	18.2	-	**18.2**
Total consideration	311.2	-	**311.2**

The non-controlling interest of 28% ownership interest in Reiss recognised at the acquisition date was measured by reference to the share for share consideration paid by the non-controlling interest and amounted to £120.4m.

In relation to the consideration paid, the cash of £98.5m was settled in the prior year, the loan notes and deferred consideration of £18.2m were settled in the current financial year.

In addition to the cash consideration paid, the Group received a contribution from the vendor of £2.0m towards the due diligence and legal costs as part of the acquisition. This has been excluded from the consideration amounts above as it did not relate to the purchase price of the shares themselves.

The existing Reiss management team reinvested their original shareholding into Pink Holdco Limited in exchange for a minority stake of 6.3%. Put and call options, to enable future exit opportunities for the Reiss management team, have also been agreed and become exercisable in 2027, 2028 and 2029. A valuation of these put options was performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £18.1m was recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Reiss contributed £137.4m of revenue and £16.9m profit before tax to the Group’s profit for the prior period between the date of acquisition and the January 2024 reporting date. Reiss would have contributed £345.5m revenue and £27.0m profit before tax to the Group’s profits had the business combination occurred at the beginning of the prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. Acquisition of Subsidiaries (continued)

FatFace

In October 2023, the Group acquired 97% of Bridgetown Holdco Limited, the new parent company of the FatFace group, a consolidated group whose principal activity is the design and retail of lifestyle clothing, footwear and accessories in the UK, Ireland and North America. It is expected that this acquisition will strengthen the Group's portfolio of brands while its Total Platform infrastructure will help grow the FatFace business. This qualifies as a business as defined in IFRS 3 *Business Combinations*.

The identifiable intangible assets include a brand and customer relationship value of £78.2m. Total identifiable assets acquired were £83.6m, which results in a goodwill value of £31.7m arising from the acquisition. The value of goodwill has been adjusted in the current year as a result of changes to the fair value of inventories and additional provisions. The goodwill relates to expected synergies from combining FatFace into the NEXT Group and the effect of a combined workforce with Brand specific design experience.

The amounts recognised in respect of the identifiable assets acquired are set out in the table below:

	Previously reported £m	Fair Value Adjustments £m	Restated £m
Financial assets including cash	28.3	-	**28.3**
Inventory	48.7	(0.9)	**47.8**
Property, plant and equipment, software and right-of-use assets	59.5	(0.5)	**59.0**
Identifiable intangible assets	78.2	-	**78.2**
Financial liabilities including loans and lease liabilities	(115.6)	(1.0)	**(116.6)**
Deferred tax liabilities	(13.1)	-	**(13.1)**
Total identifiable assets acquired	86.0	(2.4)	**83.6**
Goodwill	29.3	2.4	**31.7**
Non-controlling interest in 3% of Bridgetown Holdco Limited	(3.7)	-	**(3.7)**
Net assets attributable to NEXT	111.6	-	**111.6**
Satisfied by:			
Cash	57.6	-	**57.6**
Shares	53.4	-	**53.4**
Loan notes	0.6	-	**0.6**
Total consideration	111.6	-	**111.6**

The non-controlling interest of 3% ownership interest in FatFace recognised at the acquisition date was measured by reference to the overall valuation of the FatFace Group and amounted to £3.7m.

In relation to the consideration paid, the cash consideration of £57.6m and shares of £53.4m were settled in the prior year and the loan notes of £0.6m were settled in the current financial year.

As part of the transaction the existing FatFace management team reinvested their original shareholding into Bridgetown Holdco Limited in exchange for a minority stake of 3%. Management and NEXT hold put and call options over this minority stake which enables future exit opportunities for the FatFace management team. These options become exercisable in 2027, 2028 and 2029 (or earlier at NEXT discretion if management exits the business before these dates). A valuation of these put options was performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £3.8m was recognised with the corresponding entry to Other Equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

FatFace contributed £90.8m of revenue and £1.7m profit before tax to the Group's profit for the prior period between the date of acquisition and the January 2024 reporting date. FatFace would have contributed £268.8m revenue and £14.7m profit before tax (including exceptional items of £4.6m) to the Group's profits had the business combination occurred at the beginning of the prior year.

36. Contingent Liabilities

As reported in our January 2024 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 appeals 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.

It has been agreed between the parties that no payments should be made before the appeal process has completed. An estimate of the potential liability is not disclosed as doing so could be prejudicial to NEXT's position.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY BALANCE SHEET

	Notes	25 January 2025 £m	27 January 2024 £m
Fixed assets			
Investments	C2	**2,475.7**	2,475.7
		2,475.7	2,475.7
Current assets			
Other debtors	C3	**81.4**	222.2
Cash at bank and in hand		**0.1**	-
		81.5	222.2
Bank loans and overdrafts		**(10.8)**	(5.5)
Creditors: amounts falling due within one year	C4	**(321.0)**	(532.5)
		(331.8)	(538.0)
Net current liabilities		**(250.3)**	(315.8)
Total assets less current liabilities		**2,225.4**	2,159.9
NET ASSETS		**2,225.4**	2,159.9
Capital and reserves			
Called up share capital	C5	**12.4**	12.7
Share premium account		**54.2**	54.2
Capital redemption reserve		**17.6**	17.3
ESOT reserve	C5	**(427.7)**	(387.2)
Other reserves	C5	**985.2**	985.2
Profit and loss account		**1,583.7**	1,477.7
TOTAL EQUITY		**2,225.4**	2,159.9

The profit for the year in the accounts of the Company is £700.1m (2024: £668.4m).

The financial statements were approved by the Board of directors and authorised for issue on 27 March 2025. They were signed on its behalf by:

Lord Wolfson of Aspley Guise
Chief Executive

Jonathan Blanchard
Chief Financial Officer

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium account £m	Capital redemption reserve £m	ESOT reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 28 January 2023	**12.9**	**0.9**	**17.0**	**(396.6)**	**985.2**	**1,235.1**	**1,854.5**
Profit for the period	-	-	-	-	-	668.4	668.4
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	668.4	668.4
Shares issued in the year (Note C5)	0.1	53.3	-	-	-	-	53.4
Share buybacks (Note C5)	(0.3)	-	0.3	-	-	(177.3)	(177.3)
ESOT share purchases (Note C5)	-	-	-	(116.3)	-	-	(116.3)
Shares sold/issued by ESOT	-	-	-	125.7	-	(31.7)	94.0
Share option charge	-	-	-	-	-	31.5	31.5
Equity dividends	-	-	-	-	-	(248.3)	(248.3)
At 27 January 2024	**12.7**	**54.2**	**17.3**	**(387.2)**	**985.2**	**1,477.7**	**2,159.9**
Profit for the period	-	-	-	-	-	700.1	700.1
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	700.1	700.1
Shares issued in the year (Note C5)	-	-	-	-	-	-	-
Share buybacks (Note C5)	(0.3)	-	0.3	-	-	(360.2)	(360.2)
ESOT share purchases (Note C5)	-	-	-	(126.8)	-	-	(126.8)
Shares sold/issued by ESOT	-	-	-	86.3	-	(16.6)	69.7
Share option charge	-	-	-	-	-	40.5	40.5
Equity dividends	-	-	-	-	-	(257.8)	(257.8)
At 25 January 2025	**12.4**	**54.2**	**17.6**	**(427.7)**	**985.2**	**1,583.7**	**2,225.4**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

C1. Accounting Policies

The Parent Company financial statements of NEXT plc have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 *"Reduced disclosure framework"* ("FRS 101"). FRS 101 enables the financial statements of the Parent Company to be prepared in accordance with IFRS but with certain disclosure exemptions. The areas of reduced disclosure are in respect of equity-settled share-based payments, financial instruments, the Cash Flow Statement, and related party transactions with Group companies. The accounting policies adopted for the Parent Company, NEXT plc, are otherwise consistent with those used for the Group which are set out on pages 173 to 188. The ESOT is consolidated on the basis that the parent has control, thus the assets and liabilities of the ESOT are included in the Balance Sheet and shares held by the ESOT in the Company are presented as a deduction from equity. As permitted by Section 408 of the Companies Act 2006, the Income Statement of the Company is not presented as part of the financial statements.

There are no significant estimates or judgements within the Parent Company financial statements.

C2. Investments

The £2,475.7m (2024: £2,475.7m) investment shown in the Balance Sheet of NEXT plc relates to its investment in NEXT Group plc.

A full list of the Group's subsidiary undertakings as at 25 January 2025 is contained in the table below.

Company name	Registered office address	% held by Group companies	Direct or indirect
Agratech Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Belvoir Insurance Company Limited	Suite 1 North, 1st Floor, Albert House, South Esplanade, St Peter Port, Guernsey, GY1 1AJ, Guernsey	100	Indirect (group interest)
Brecon Debt Recovery Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Bridgetown Holdco Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	97	Indirect (group interest)
Fat Face Holdings Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	97	Indirect (group interest)
Fat Face Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	97	Indirect (group interest)
FatFace Canada Corporation	PwC Tower, 2600-18 York Street, Toronto, ON M5J 0B2	97	Indirect (group interest)
FatFace Corporation	Corporation Service Company, 2711 Centerville Rd, Suite 400, Wilmington, County of New Castle 19808, United States	97	Indirect (group interest)
FatFace Group Borrowings Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	97	Indirect (group interest)
Fulham Parent Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	97	Indirect (group interest)
Lipsy Limited	Desford Road, Enderby, Leicester, Leicestershire, LE19 4AT, UK	100	Indirect (group interest)
LLC Next	7 Dolgorukovskaya Street, 127006, Moscow, Russian Federation	100	Indirect (group interest)
NEXT (US), LLC	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100	Indirect (group interest)
Next Beauty Limited	Desford Road, Enderby, Leicester, Leicestershire, LE19 4AT, UK	100	Indirect (group interest)
Next Brand Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Distribution Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Europe & North Africa Morocco SARL	Jean Jaures SARL, 49 rue Jean Jaurès, Quartier Gauthier, 6ème étage, Apt N° 12, Casablanca, Morocco	100	Indirect (group interest)
Next Europe & North Africa Tunisia SARL	14, rue Imam Abu Hanifa B5, 2 floor, 2078, La Marsa, Tunis, Tunisia	100	Indirect (group interest)
Next Financial Services Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
NEXT General Trading FZE	JAFZA View 18-19, 1st Floor, PO BOX 262746, Jebel Ali Free Zone, Dubai, United Arab Emirates	100	Indirect (group interest)
NEXT General Trading LLC	2nd Floor, Dubai Supreme Court Complex, Umm Hurair 2, Dubai, United Arab Emirates	100	Indirect (group interest)
Next Germany GmbH	c/o BDO AG Wirtschaftsprüfungsgesellschaft, Zielstattstr. 40, 81379, Munich, Germany	100	Indirect (group interest)
Next Group plc	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Direct
Next Holdings Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Holding Wholesale Private Limited	915, Unit No. 9, Corporate Park II, 9th floor, VN Purav Marg, Near Swastik, Chambers, Chembur, Mumbai, Maharashtra-MH, 400071, India	100	Indirect (group interest)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

C2. Investments (continued)

Company name	Registered office address	% held by Group companies	Direct or indirect
Next Manufacturing (Private) Limited	Phase 1, Ring Road 2, Export Processing Zone, Katunayake,Sri Lanka	100	Indirect (group interest)
Next Manufacturing Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Near East Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Pension Trustees Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Properties Ltd	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Retail (Ireland) Limited	13–18 City Quay, Dublin 2, D02 ED70, Ireland	100	Indirect (group interest)
Next Retail Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Sourcing (UK) Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Next Sourcing Co. Limited	House No. 14, St. No. 106, Phoum 8, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia	100	Indirect (group interest)
Next Sourcing ENA Limited (previously Next (Asia) Limited)	Suites 1404 to 1413 & Pt14, 1111 King's Road, Taikoo Shing, Hong Kong	100	Indirect (group interest)
Next Sourcing Limited	Suites 1404 to 1413 & Pt14, 1111 King's Road, Taikoo Shing, Hong Kong	100	Indirect (group interest)
Next Sourcing Limited Shanghai Office	Room 901-902, 908-921, 9th Floor, Bldg. 3, No. 283 West Jianguo Road, Xuhui District, Shanghai	100	Indirect (group interest)
Next Sourcing Services (India) Private Limited	207 Jaina Tower, 1 District Centre, Janakpuri, New Delhi, 110058, India	100	Indirect (group interest)
Next Sourcing Services Limited	Giant Business Tower, Level 4 & 5, Plot #3, Sector-3, Dhaka Mymensingh Road, Uttara Commercial Area, Dhaka, 1230 Bangladesh	100	Indirect (group interest)
Next Sourcıng İç Ve Dış Ticaret Limited Şirketi	Esentepe Mah. Büyükdere Cad. Ferko Signature Blok No: 175 İç Kapi No: 69 Şişli / Istanbul	100	Indirect (group interest)
Next-E-NA Portugal, Unipessoal LDA	R. dos Transitários 182 RCH, 4455–565 Matosinhos, Portugal	100	Indirect (group interest)
Nothing Ordinary Limited	Desford Road, Enderby, Leicester, LE19 4AT	100	Indirect (group interest)
NSL Limited	Suites 1404 to 1413 & Pt14, 1111 King's Road, Taikoo Shing, Hong Kong	100	Indirect (group interest)
Paige Group Limited (The)	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Pink Holdco Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	74	Indirect (group interest)
Pink Topco Limited	22 Grenville Street, St. Helier, Jersey JE4 8PX, UK	74	Indirect (group interest)
Project Norwich Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Reiss (Australia) PTY Limited	Level 11 1 Margaret Street, 2000, Sydney, NSW, Austria	74	Indirect (group interest)
Reiss (Canada) Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
Reiss (Holdings) Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
Reiss (Holland) B.V.	Hoogoorddreef 15 1101 BA, Amsterdam, Noord-Holland Netherlands	74	Indirect (group interest)
Reiss (International) Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
Reiss (U.S.A) Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
Reiss Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
Reiss Russia LLC	Poslannikov Pereulok 9, Building 3, 105005, Moscow, Russian Federation	74	Indirect (group interest)
The Harborough Hare Holdings Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	74	Indirect (group interest)
The Harborough Hare Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	74	Indirect (group interest)
The Next Directory Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Tom Joule Europe Limited	13–18 City Quay, Dublin 2, D02 ED70, Ireland	74	Indirect (group interest)
Ventura Group Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
Ventura Network Distribution Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100	Indirect (group interest)
WP R Holdco Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
WP R Midco 1 Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
WP R Midco 2 Limited	Reiss Building, 12 Picton Place, London, England, W1U 1BW	74	Indirect (group interest)
WP R Topco Limited	22 Grenville Street, St Helier, JE4 8PX, Jersey	74	Indirect (group interest)

C2. Investments (continued)

A full list of the Company's significant holdings in undertakings other than subsidiary undertakings as at 25 January 2025 is contained in the table below.

Company name	Registered office address	% held by Group companies	Direct or indirect
Aubin & Wills Holdings Limited	1110 Elliott Court, Coventry Business Park, Herald Avenue, Coventry, CV5 6UB	30	Indirect (group interest)
Choice Discount Stores Limited	14–14A Rectory Road, Hadleigh Benfleet, Essex, SS7 2ND, UK	49	Indirect (group interest)
Regent Bidco 1 Limited	C/O Alter Domus (Uk) Limited, 10th Floor, 30 St Mary Axe, London, EC3A 8BF, UK	44	Indirect (group interest)
Rockett St George Limited	Simpson Wreford & Partners, Suffolk House, George Street, Croydon, CR0 0YN	16	Indirect (group interest)
Swoon Editions Limited	7 Bell Yard, London, WC2A 2JR, UK	25	Indirect (group interest)
VS Brands Holdings UK Limited	Desford Road, Enderby, Leicester, Leicestershire, United Kingdom, LE19 4AT	51	Indirect (group interest)
West Apparel UK Holdings Limited	Desford Road, Enderby, Leicester, Leicestershire, United Kingdom, LE19 4AT	51	Indirect (group interest)

C3. Other Debtors

	2025 £m	2024 £m
Amounts due from subsidiary undertakings	**81.1**	221.0
Other receivables	**0.3**	1.2
	81.4	222.2

Amounts due from subsidiary undertakings are unsecured, non-interest bearing and repayable on demand.

C4. Creditors: amounts falling due within one year

	2025 £m	2024 £m
Amounts due to subsidiary undertakings	**321.0**	532.5

Amounts due to subsidiary undertakings are unsecured, non-interest bearing and repayable on demand.

C5. Share Capital, ESOT Reserve and Other Reserves

Details of the Company's share capital and share buybacks are given in Note 23. ESOT transactions are detailed in Note 27. Other reserves in the Company Balance Sheet of £985.2m (2024: £985.2m) represent the difference between the market price and the nominal value of shares issued as part of the capital reconstruction in 2002 on acquisition of Next Holdings Limited (formerly NEXT Group plc) which was subject to Section 131 Companies Act 1985 merger relief.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

C6. UK registered subsidiaries exempt from Audit

The following UK subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ended 25 January 2025.

Company name	Registered office address	% held by Group companies
Agratech Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Bridgetown Holdco Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	97
Lipsy Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Beauty Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Brand Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Distribution Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Holdings Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Manufacturing Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Near East Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Properties Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Next Retail Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
The Next Directory Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100
Project Norwich Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100

The Company will guarantee the debts and liabilities of the above UK subsidiary undertakings at the Balance Sheet date in accordance with Section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

SHAREHOLDER INFORMATION

HALF YEAR AND SEGMENT ANALYSIS (UNAUDITED)

	First half £m	Second half £m	52 weeks to Jan 2025 £m	First half £m	Second half £m	52 weeks to Jan 2024 £m
Statutory sales						
NEXT Online	**1,480.6**	**1,720.6**	**3,201.2**	1,384.5	1,516.9	2,901.4
NEXT Retail	**856.3**	**964.9**	**1,821.2**	875.6	968.1	1,843.7
NEXT Finance	**150.1**	**150.9**	**301.0**	143.1	149.6	292.7
Total Platform(1)	**321.0**	**369.0**	**690.0**	71.1	292.7	363.8
Other business activities (all other segments)	**52.1**	**52.6**	**104.7**	42.3	47.1	89.4
Total	**2,860.1**	**3,258.0**	**6,118.1**	2,516.6	2,974.4	5,491.0
Profit before tax						
NEXT Online	**265.1**	**322.5**	**587.6**	245.5	271.6	517.1
NEXT Retail	**97.8**	**139.0**	**236.8**	101.2	143.5	244.7
NEXT Finance	**96.6**	**85.1**	**181.7**	80.2	83.2	163.4
Profit from Trading	**459.5**	**546.6**	**1,006.1**	426.9	498.3	925.2
Total Platform(2)	**17.2**	**49.0**	**66.2**	0.3	30.9	31.2
Other business activities (all other segments)	**(16.1)**	**(25.9)**	**(42.0)**	2.3	(21.1)	(18.8)
Recharge of interest	**29.6**	**30.0**	**59.6**	23.0	27.3	50.3
Net finance cost	**(43.6)**	**(44.8)**	**(88.4)**	(36.8)	(43.9)	(80.7)
Exceptional items	**(14.5)**	**-**	**(14.5)**	-	108.6	108.6
Profit before tax	**432.1**	**554.9**	**987.0**	415.7	600.1	1,015.8

(1) Total Platform includes: (1) sales from the equity investments we own in Reiss, FatFace and Joules, plus (2) income from our Total Platform Services business (for non-controlled entities). For clarity, the sales achieved by Reiss, FatFace and Joules through NEXT websites are treated as commission-based sales within NEXT Online. This means that the commission on the sales are reported within NEXT Online, and the residual of the Gross Transaction Value is reported within Total Platform.

(2) Total Platform profit before tax includes the trading profits from Reiss, FatFace and Joules, plus profits from investments in associates and joint ventures.

FIVE YEAR HISTORY (UNAUDITED)

Period to January		2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Underlying continuing business						
Statutory revenue		**6,118.1**	5,491.0	5,034.0	4,625.9	3,534.4
Operating profit[1]		**1,075.4**	987.9	941.5	905.4	444.5
Exceptional items		**-**	108.6	-	-	-
Net finance costs		**(88.4)**	(80.7)	(72.2)	(82.3)	(102.1)
Profit before tax		**987.0**	1,015.8	869.3	823.1	342.4
Taxation		**(243.8)**	(215.3)	(158.6)	(145.6)	(55.7)
Profit after taxation		**743.2**	800.5	710.7	677.5	286.7
Total equity		**1,754.3**	1,638.8	1,165.1	1,010.0	660.9
Shares purchased for cancellation		**3.8m**	2.6m	3.5m	0.2m	0.3m
Shares issued in the year		**-**	0.7m	-	-	-
Dividends per share (paid)	- ordinary	**216.0p**	206.0p	193.0p	-	-
	- special	**-**	-	-	270.0p	-
Earnings per share						
Basic		**615.1p**	661.6p	573.4p	530.8p	223.3p

(1) Operating profit for 2025 includes an exceptional cost relating to a pension curtailment cost of £14.5m.

GLOSSARY

Alternative Performance Measures (APMs) and other non-statutory financial measures

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
Average customer receivables/ debtor balance 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. This is referred to as 'customer receivables' or 'debtor' balance.	None	Average debtor balance has a strong correlation with interest income on 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. The average debtor balance in FY25 was £1,259m (FY24: £1,243m). The statutory accounts do not disclose the monthly debtor balance needed to calculate the average debtor balance. The year end balance is disclosed in Note 14 to the financial statements.
Bad debt charge (NEXT Finance) 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.	Impairment losses Note 14	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. The bad debt charge is the total of the in-year impairment charge, less amounts recovered. In FY25 the bad debt charge disclosed in the CEO Review, including a non recurring release of £10m, was £18m (FY24: £32m). In Note 14, the total Expected Credit Loss charge was £19.4m (FY24: £36.0m). The difference between this value and those used in NEXT Finance section of the CEO relate to items such as recoveries on previously written off assets and provisions on other trade receivables.
Bought-in gross margin Difference between the cost of stock and the original VAT exclusive selling price, expressed as a percentage of the original VAT exclusive selling price.	None	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. Reconciliation to the closest equivalent statutory measure not applicable as full price sales is not a statutory metric.
Branch or store profitability 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 profit is a measure of the profitability on a store by store level.	None	Measurement of the Retail business profit by physical branch. It provides an indication of the performance of the store portfolio. 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. Reconciliation to the closest equivalent statutory is measure is therefore not applicable.
Cost of funding (NEXT Finance) 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). 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).	None	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 2025 this has been calculated as: Average Group interest: = External interest cost / Average debt excluding cash on deposit = £37.8m / £805.7m = 4.7%. Then apply 4.7% to 85% of the Average Online customer balance of £1,259m (as we assume that 85% is funded by debt and 15% by equity). This equates to a Cost of Funding charge of £50.3m (2024: £47.8m).

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
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.	None	Credit sales are a direct indicator of the performance of the NEXT Finance business. 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.
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 includes interest income on NEXT credit accounts.	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.
Interest income (NEXT Finance) The gross interest billed to 'nextpay' and 'pay in 3' customers, before any deduction for unpaid interest on bad debt.	Revenue – credit account interest	Interest income for the Finance business is a direct indicator of the performance and profitability of the Finance business. This is presented within revenue on the face of the Income Statement and Note 2 of the financial statements as "credit account interest".
Like-for-like sales Change in sales from Retail stores which have been open for at least one full year and not impacted by any transfer of trade from/to nearby store closures and openings.	None	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. Reconciliation to closest equivalent statutory measure is not applicable.
Net debt excluding leases Comprises cash and cash equivalents, bank loans, corporate bonds, and fair value hedges of corporate bonds but excludes lease debt. Net debt is a measure of the Group's indebtedness.	None	This measure is a good indication of the strength of the Group's liquidity and is widely used by credit rating agencies. Net debt excluding leases is reconciled to net debt including leases in Note 32 of the financial statements.
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.	Profit before tax (for the Finance segment)	A measure of profitability of the Finance business. The net profit for the Finance Business is presented in Note 1 to the financial statements.
NEXT Group profit before tax	Profit before tax	NEXT Group profit before tax differs from the statutory profit before tax for 3 reasons: 1) Amortisation on acquired brands and related acquired intangibles is removed from the NEXT Group profit before tax. 2) For management purposes, 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, as defined in the accounting policy section of the Financial Statements, are not included in the headline "NEXT Group profit before tax". The NEXT Group profit before tax and statutory profit before tax is reconciled in part 3 of the CEO Review.

GLOSSARY

Alternative Performance Measures (APMs) and other non-statutory financial measures

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
NEXT Group profit after tax	Profit after tax	NEXT Group profit after tax differs from the statutory profit before tax for 2 reasons: 1) It starts with the NEXT Group profit before tax (defined above). 2) It then applies the tax rate to the items included in NEXT Group profit before tax. A comparison of the NEXT Group after tax and statutory profit after tax is included in appendix 1 of the CEO Review.
NEXT Operating profit	Operating profit	Within the CEO 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. It differs from the statutory operating profit for 4 reasons: 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. Note 1 to the financial statements provides an explanation with values for how the operating profit on a statutory basis differs from the approach of the CEO.
NEXT Group pre-tax Earnings Per Share A measure of the NEXT Group profit before tax expressed over the average number of shares.	Basic Earnings per share	Earnings per share provides a measure of how much profit has been generated for each share in issue. It is a commonly used metric for listed entities. A comparison of how the NEXT Group pre-tax earnings per share and its closest statutory equivalent is provided in Appendix 1 of the CEO Review.
NEXT Group post tax Earnings Per Share A measure of the NEXT Group profit after tax expressed over the average number of shares.	Basic Earnings per share	Earnings per share provides a measure of how much profit has been generated for each share in issue. It is a commonly used metric for listed entities. A comparison of how the NEXT post tax earnings per share and its closest statutory equivalent is provided in Appendix 1 of the CEO Review.

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
NEXT Online margin NEXT Operating profit for the Online business after deducting lease interest, as a percentage of the Total sales of the Online division (which in turn is included in "Total NEXT Trading sales") Online margin is analysed further by division into UK and International. Sometimes referred to as "NEXT Online operating margin".	None	A measure of the profitability of the Group. A commonly used metric that can be used to compare performance to other businesses. Net margin measures whether profitability is changing at a higher or lower rate relative to revenue. The margin is based on the segmental operating profit, as disclosed in Note 1 of the financial statements, less allocation of lease interest, as a percentage of the NEXT Trading Sales for that segment.
NEXT Retail margin Operating profit after deducting lease interest, as a percentage of the Total sales of the Retail division (which in turn is included in "Total NEXT Trading sales") Sometimes referred to as "NEXT Retail operating margin".	None	A measure of the profitability of the Group. A commonly used metric that can be used to compare performance to other businesses. Net margin measures whether profitability is changing at a higher or lower rate relative to revenue. The margin is based on the segmental operating profit, as disclosed in Note 1 of the financial statements, less allocation of lease interest, as a percentage of the NEXT Trading Sales for that segment.
NEXT Trading full price sales Sometimes referred to as NEXT full price sales. NEXT Trading full price sales include all items sold in Retail 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). Items sold on a commission basis, through the Online LABEL business, are reported at their Gross Transaction Value, which in the statutory accounts are reported as commission sales.	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.
Online customers Total number of customers who have placed an online order in the last 12 months. Customers are categorised as 'Credit' or 'Cash'. Credit customers are those who order using an Online credit account, ('nextpay' or 'pay in 3'). Cash customers are those who pay when ordering, using credit/debit cards or other tenders (includes International).	None	The number of online customers is a useful metric to establish the average spend per customer. Reconciliation to closest equivalent statutory measure is not applicable.

GLOSSARY

Alternative Performance Measures (APMs) and other non-statutory financial measures

APM Definition	Closest equivalent statutory measure	Purpose and reconciliation to closest statutory measure where applicable
Return on Capital Employed – ROCE (NEXT Finance) NEXT Finance net profit (after the interest charge relating to the cost of funding), divided by the average customer receivables balance of 'nextpay' and 'pay in 3' accounts.	None	A commonly used metric that can be used to compare performance to other financial businesses. It measures the profit (i.e. return) relative to the amount of capital employed. The higher the ROCE, the greater the return for the capital employed in the business. The ROCE for NEXT Finance in the year to January 2025 was calculated by dividing the Operating profit for the segment (excluding a non-recurring £10.2m bad debt provision release) of £171.5m (2024: £163.4m) by the average customer receivables balance of £1,259m (2024: £1,243m). As a percentage, this is 13.6% (2024: 13.1%). The Operating profit for the segment is disclosed in Note 1 to the financial statements.
Total Group sales Total Group sales are the aggregation of Total NEXT Sales for all of the Group segments plus revenue from investments, which are reported in proportion to our equity share of our investments. For further detail see CEO Review Appendix 2.	Statutory revenue	Total Group sales are a direct indicator of the performance and profitability of the entire Group, including NEXT's share of subsidiaries and investments. Total Group sales excluding NEXT's share of sales from investments is reconciled to Statutory revenue in Note 1 to the financial statements.
Total NEXT sales Total NEXT sales are the sum of Total NEXT Trading sales (see below) plus income from our Total Platform services business and other business activities.	Statutory revenue	Total NEXT sales are a direct indicator of the performance and profitability of the segment. Total NEXT sales are reconciled to statutory revenue in Note 1 to the financial statements.
Total NEXT Trading sales Total NEXT Trading sales are the VAT exclusive sum of sales from our core trading segments of Retail, Online and Finance. It therefore includes NEXT Trading full price sales, and the value of sales from Sale events and Clearance. Items sold on a commission basis through the Online LABEL business are reported at their Gross Transaction Value, which in the statutory accounts are reported as commission sales.	Statutory revenue	Total NEXT Trading sales are a direct indicator of the performance and profitability of the business from the Online, Retail and Finance business. Total NEXT Trading sales are reconciled to statutory revenue in Note 1 to the financial statements.

NOTICE OF MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your NEXT plc (NEXT and/or the Company) shares, please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Notice is given that the Annual General Meeting (AGM) of NEXT will be held at Leicester Marriott Hotel, Smith Way, Grove Park, Leicester LE19 1SW on Thursday 15 May 2025 at 9.00 am. Any changes to the AGM will be communicated to shareholders through our website at nextplc.co.uk/investors/shareholder-information/company-meetings and, where appropriate, by stock exchange announcement.

Shareholders may submit questions in advance on resolutions to be put to the AGM by emailing investors@next.co.uk. Questions submitted by 5.00 pm on 14 May 2025 will be answered at the meeting as appropriate.

The following resolutions will be proposed at the AGM, resolutions 1 to 19 as ordinary resolutions and 20 to 26 as special resolutions. Further information on these resolutions can be found in the Appendices to this Notice. Biographies of the directors are shown on pages 108 to 109 of the Annual Report.

ORDINARY RESOLUTIONS

Report and accounts

1. To receive the Company's accounts for the year ended 25 January 2025, together with the Directors' and Auditors' Reports (together the Annual Report).
2. To approve the Directors' Remuneration Report set out on pages 127 to 148.

Final dividend

3. To declare a final dividend of 158 pence per ordinary share.

Election and re-election of directors

To elect the following director appointed by the directors since the last AGM who is seeking election in accordance with the Company's articles of association:

4. Jonathan Blanchard

To re-elect the following directors who are seeking annual re-election:

5. Jonathan Bewes.
6. Venetia Butterfield.
7. Soumen Das.
8. Tom Hall.
9. Dame Tristia Harrison.
10. Richard Papp.
11. Michael Roney.
12. Jane Shields.
13. Jeremy Stakol.
14. Amy Stirling.
15. Lord Wolfson.

Auditor re-appointment and remuneration

16. To re-appoint PricewaterhouseCoopers LLP (PwC) as the Company's auditor, to hold office until the conclusion of the next general meeting at which accounts are laid.
17. To authorise the Audit Committee of the Board to set the remuneration of the Company's auditor.

Extension of NEXT Long Term Incentive Plan

18. That the rules of the NEXT Long Term Incentive Plan 2015 (the LTIP), produced in draft to this meeting (the terms of which are summarised in Appendix 2 to this Notice of Meeting) be and are hereby extended for a further ten years and the directors be authorised to:
    a. do all acts and things which they may consider necessary or expedient for the purposes of implementing and giving effect to the LTIP; and
    b. establish and/or extend further plans based on the LTIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the LTIP.

Directors' authority to allot shares

19. That the directors be authorised, generally and unconditionally, to allot equity securities (as defined in Section 560 of the Companies Act 2006 (the 2006 Act)) in the Company and to grant rights to subscribe for or convert any security into shares in the Company:
    a. up to a maximum nominal amount of £4,100,000 (as reduced by any equity securities allotted under paragraph (b) below); and
    b. up to a maximum nominal amount of £8,200,000 (as reduced by any equity securities allotted under paragraph (a) above) in connection with a pre-emptive offer (including an offer by way of a rights issue or open offer);

       (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

       (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

    This authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution, or, if earlier, at the close of business on 15 August 2026. All previous unutilised authorities under Section 551 of the 2006 Act shall cease to have effect (save to the extent that the same are exercisable pursuant to Section 551(7) of the 2006 Act by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted on or after that date).

NOTICE OF MEETING

SPECIAL RESOLUTIONS

Disapplication of pre-emption rights

20. That, subject to resolution 19 being passed:

 a. the directors be given power to allot equity securities (as defined in the 2006 Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to any such allotment or sale;

 b. the power under paragraph (a) above shall be limited to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 19, by way of a pre-emptive offer (including an offer by way of a rights issue or open offer) only):

 (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

 (ii) to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary, and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

 c. the power under paragraph (a) above shall be limited to, in the case of the authority granted under paragraph (a) of resolution 19 and/or in the case of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (b) above) up to a nominal amount not exceeding in aggregate £1,231,000 representing 10% of the issued ordinary share capital;

 d. this authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 15 August 2026; and

 e. all previous unutilised authorities under Sections 570 and 573 of the 2006 Act shall cease to have effect (save to the extent that they are exercisable by reason of any offer or agreement made prior to the date of this new resolution which would or might require shares to be allotted on or after that date).

21. Additional disapplication of pre-emption rights that, subject to resolutions 19 and 20 being passed:

 a. the directors be given the power to allot, in addition to any power granted under resolution 20, equity securities (as defined in the 2006 Act) for cash under the authority granted under paragraph (a) of resolution 19 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to any such allotment or sale;

 b. the power under paragraph (a) above shall be:

 (i) limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £1,231,000 representing 10% of the issued ordinary share capital; and

 (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within twelve months after the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice;

 c. this authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 15 August 2026; and

 d. other than in respect of authorities granted pursuant to resolution 20, all previous unutilised authorities under Sections 570 and 573 of the 2006 Act shall cease to have effect (save to the extent that they are exercisable by reason of any offer or agreement made prior to the date of this new resolution which would or might require shares to be allotted on or after that date).

On-market purchases of own shares

22. That in accordance with the 2006 Act, the Company be granted general and unconditional authority to make market purchases (as defined in Section 693 of the 2006 Act) of any of its own ordinary shares on such terms and in such manner as the directors may determine provided that:

 a. the authority conferred by this resolution shall be limited to the lesser of 18,467,000 ordinary shares of 10 pence each and no more than 14.99% of the issued ordinary shares outstanding at the date of the AGM, such limit to be reduced by the number of shares purchased pursuant to the authority granted at resolution 23 below;

 b. the minimum price which may be paid for ordinary shares (exclusive of expenses) is 10 pence per ordinary share;

 c. the maximum price which may be paid for each ordinary share (exclusive of expenses) is an amount not more than the higher of: (i) 105% of the average of the middle market price of the ordinary shares of the Company according to the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date of purchase and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share of the Company and the highest current independent bid for an ordinary share of the Company as derived from the London Stock Exchange Trading System;

 d. this authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business 15 August 2026;

 e. the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract; and

 f. all existing authorities for the Company to make market purchases of its own ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has or have not yet been executed.

Off-market purchases of own shares

23. That, in accordance with Section 694 of the 2006 Act, the proposed programme agreements to be entered into between the Company and any of Goldman Sachs International, UBS AG London Branch, BNP Paribas and Barclays Bank plc (the Banks) (in the form produced to this meeting and initialled by the Chairman for the purpose of identification) (the Programme Agreements) be and are approved and the Company be and is authorised to enter into the Programme Agreements and all and any forward trades which may be effected or made from time to time for the off-market purchase by the Company of its ordinary shares of 10 pence each under or pursuant to the Programme Agreements, as more fully described on pages 261 and 262. The authority conferred by this special resolution shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at close of business on 15 August 2026 (except in relation to the purchase of ordinary shares under any forward trade effected or made before the expiry of such authority and which might be completed wholly or partly after such expiry).

Amendment to the articles of association

24. That the articles of association produced at the AGM are adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.

Notice of general meetings

25. That a general meeting (other than an AGM) may be called on not less than 14 clear days' notice.

ShareAction Requisitioned Resolution

The following resolution has been put forward by a small group of shareholders coordinated by ShareAction who together own less than 1% of NEXT's shares in issue. The NEXT Board does NOT support this resolution, which follows:

26. To provide investors with the information needed to assess the Company's approach to human capital management, shareholders request that the Board and management oversee the preparation of a report outlining:

    a. The Company's approach to setting base pay for hourly paid direct employees and which committee of the Board has oversight of this;

    b. Number of direct employees whose base pay is below the real Living Wage, broken down by contract type (permanent or fixed-term) and working hours (full-time, part-time or non-guaranteed hours employees);

    c. Hourly paid direct employee turnover rates, broken down by base pay and working hours (full-time, part-time or non-guaranteed hours);

    d. The Company's approach to setting base pay for regular, on-site, third-party contracted staff and which committee of the Board has oversight of this;

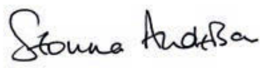
    e. Number of regular, on-site, third-party contracted staff whose base pay is below the real Living Wage; and

    f. Cost/benefit analysis of implementing the real Living Wage as a minimum rate of pay for direct employees and regular, on-site, third-party contracted staff.

    This Report will strengthen investors' understanding of the Company's human capital management strategy and its approach to ensuring its wage policies are reasonably designed to provide all workers with a wage that meets the cost of living. The Report should be prepared in a reasonable timeframe and omit any proprietary information.

    The Board recommends that shareholders vote AGAINST this resolution. Our response to this requisitioned resolution is set out on pages 262 to 264.

By order of the Board



Seonna Anderson
Company Secretary
Registered Office: Desford Road, Enderby, Leicester LE19 4AT

9 April 2025

NOTICE OF MEETING

Appendix 1

Explanatory notes to resolutions

Ordinary resolutions

1. To receive the Annual Report

The Company is required by the 2006 Act to present its Annual Report to shareholders at its AGM.

2. To approve the Directors' Remuneration Report

The Directors' Remuneration Report sets out the pay and benefits received by each of the directors for the period ended 25 January 2025 and is subject to an advisory vote by shareholders. The Report (excluding the Directors' Remuneration Policy) is set out on pages 127 to 148 of the Annual Report for the period ended 25 January 2025.

3. To declare a final dividend

The Company requires shareholder approval to pay a final dividend. The directors recommend that a final dividend of 158 pence per share be paid on 1 August 2025 to shareholders on the register of members at close of business on 4 July 2025. This resolution relates only to this dividend. If, in line with the Company's policy of returning surplus cash to shareholders, the directors decide to pay special dividends any such dividends will be paid by the directors as interim dividends. The announcement of any dividend will clearly indicate whether it is a special dividend or not. The Trustee of the NEXT ESOT has waived dividends paid in the year on shares held by it, refer to Note 27 of the financial statements.

4 – 15. Election and re-election of Directors

In accordance with the UK Corporate Governance Code, all directors will stand for election or re-election at this year's AGM.

Directors' biographies are set out on pages 108 to 109 of the Annual Report and provide a summary of the range of skills, knowledge and experience of each director.

Following a formal performance evaluation, the Chairman confirms that each director has demonstrated that they continue to be an effective and valuable member of the Board and that they remain committed to their role (including making sufficient time available for Board and Committee meetings and other duties).

The Board is satisfied that, excluding the Chairman, each non-executive director offering themselves for election or re-election is independent in both character and judgement, and that their experience, knowledge and other business interests enable them to contribute significantly to the work and balance of the Board.

16 and 17. Auditor re-appointment and remuneration

The Audit Committee oversees the relationship with the external auditor. The Audit Committee is also responsible for the external auditor selection process and for making recommendations to the Board for shareholder approval regarding the appointment and re-appointment of the external auditor. An overview of the Audit Committee's process and conclusions can be found on pages 124 to 125 of the Annual Report.

On the recommendation of the Audit Committee, the Board proposes that PwC be re-appointed as the Company's auditor. Resolution 17 proposes that the auditors' remuneration be determined by the Audit Committee.

18. Extension of NEXT Long Term Incentive Plan

Resolution 18 seeks authority from shareholders to continue to operate the LTIP for a period of ten years from the 2025 AGM. There are no changes to the LTIP that has been operated by the Company for many years.

A summary of the principal terms of the LTIP is set out in Appendix 2 to this Notice.

19. Renewal of the powers of directors to allot shares

Ordinary resolution 19(a) seeks authority to allow the directors to allot ordinary shares up to a maximum nominal amount of £4,100,000, representing approximately one third of the Company's existing issued share capital, excluding treasury shares, as at 25 March 2025. In accordance with institutional guidelines, resolution 19(b) will also allow directors to allot further ordinary shares, in connection with a pre-emptive offer by way of a pre-emptive offer, including a rights issue or open offer, up to a total maximum nominal amount of £8,200,000, representing approximately two thirds of the Company's existing issued share capital, excluding treasury shares, as at that date. As at 25 March 2025 (being the latest practicable date prior to publication of this document) the Company's issued share capital amounted to £12,319,834.40 comprising 123,198,344 ordinary shares of 10 pence each. No shares were held in treasury. The directors have no present intention of exercising this authority, however, the Board wishes to ensure that the Company has maximum flexibility in managing the Group's capital resources. The authority sought under this resolution will expire at the conclusion of the AGM in 2026 or, if earlier, 15 August 2026.

20 and 21. Authority to disapply pre-emption rights

In special resolution 20, the directors are seeking authority to allot equity securities for cash without first offering them to existing shareholders in proportion to their holdings. This resolution limits the aggregate nominal value of ordinary shares which may be issued by the directors on a non pre-emptive basis to £1,231,000, representing 10% of the issued ordinary share capital of the Company as at 25 March 2025. This authority also allows the directors, within the same aggregate limit, to sell for cash, shares that may be held by the Company in treasury.

Special resolution 21 seeks separate and additional authority to allot up to an additional 10% of the issued ordinary share capital of the Company on a non pre-emptive basis in connection with an acquisition or specified capital investment (within the meaning given in the Pre-Emption Group's 2022 Statement of Principles) which is announced at the same time as the allotment, or which has taken place in the twelve month period before and is disclosed in the announcement of the allotment.

The directors have no present intention to exercise the powers sought by resolutions 20 or 21. If the powers sought by resolutions 20 or 21 are used in relation to a non-pre-emptive offer, the directors confirm their intention to follow the shareholder protections in paragraph 1 of Part 2B of the Pre-emption Group's Statement of Principles published in November 2022 and, where relevant, follow the expected features of a follow-on offer as set out in paragraph 3 of Part 2B of the Pre-emption Group's Statement of Principles. The authority sought under resolutions 20 and 21 will expire at the AGM in 2026 or, if earlier, 15 August 2026.

22. On-market purchase of the Company's own shares

NEXT has been returning capital to its shareholders through share repurchases as well as special and ordinary dividends since March 2000 as part of its strategy for delivering sustainable long term returns to shareholders. Over this period, and up to 25 March 2025, NEXT has returned over £5.2bn to shareholders by way of share buybacks and over £4.8bn in dividends, of which £1.2bn comprised special dividends. This buyback activity has enhanced Earnings Per Share, given shareholders the opportunity for capital returns (as well as dividends) and has been transparent to the financial markets. Share buybacks have not been made at the expense of investment in the business. Over the last five years, NEXT has invested over £1bn in capital expenditure to support and grow the business.

The directors intend that this authority will only be exercised if doing so will result in an increase in Earnings Per Share and, being in the interests of shareholders generally, it is considered to promote the success of the Company. The directors will also give careful consideration to the financial gearing levels of the Company and its general financial position. The purchase price would be paid out of distributable profits. It is the directors' present intention to cancel any shares purchased under this authority.

The repurchase of ordinary shares would give rise to a stamp duty liability of the Company at the rate currently of 0.5% of the consideration paid.

The Company has no warrants in issue in relation to its shares and no options to subscribe for its shares outstanding. Exercise of outstanding employee share options and share awards are generally satisfied by the transfer of market-purchased shares from the ESOT (refer to Note 27 to the financial statements).

The renewed authority will expire at the AGM in 2026 or, if earlier, 15 August 2026.

23. Off-market purchases of own shares

The directors consider that share buybacks are an important means of returning value to shareholders and maximising sustainable long term growth in Earnings Per Share. Contingent contracts for off-market share purchases offer a number of additional benefits compared to on-market share purchases:

- Contingent contracts allow the Company to purchase shares at a discount to the market price prevailing at the date each contract is entered into. No shares have been bought back under contingent purchase contracts pursuant to the authority granted at the 2024 AGM up to 25 March 2025.
- Low share liquidity can often prevent the Company from purchasing sufficient numbers of shares on a single day without risk of affecting the prevailing market price. Contingent contracts enable the Company to purchase shares over time without risk of distorting the prevailing share price, and also spread the cash outflow.
- Contingent contracts entered into prior to any Closed Period allow the Company to take delivery of shares during these periods.
- Competitive tendering involving up to five banks is used which minimises the risk of hidden purchase costs. The pricing mechanism ensures the Company retains the benefit of declared and forecast dividends.
- The Company would also have the option to set a suspension price in individual contracts whereby they would automatically terminate if the Company's share price was to fall.

As with any share buyback decision, the directors would use this authority only after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities and the overall financial position of the Company. The directors will only purchase shares using such contracts if, based on the contract discounted price (rather than any future price), it is earnings enhancing and promotes the success of the Company for the benefit of its shareholders generally. It is the directors' present intention to cancel any shares purchased under this authority.

Special resolution 22, passed at the Company's 2024 AGM, granted authority to the Company to make off-market purchases of shares for cancellation under contingent purchase contracts to be entered into with any of Goldman Sachs International, UBS AG London Branch, BNP Paribas and Barclays Bank plc. This authority was limited to a maximum of 3,000,000 shares and expires on the earlier of the date of the 2025 AGM or 16 August 2025.

Sections 693 and 694 of the 2006 Act provide that the terms of any contract to make off-market purchases or contingent purchases of its shares must be approved by shareholders.

In order to achieve maximum flexibility in its share purchase activities, the Company is permitted outside of Closed Periods to enter into irrevocable and non-discretionary programmes and/or contingent forward purchase contracts which would allow it to buy shares during Closed Periods. As in previous years, the Company intends to enter into new agreements with each of the Banks, under which the Company may (but is not obliged to) enter into contingent forward trades (Contingent Forward Trades or CFT) from time to time.

The terms of a CFT will be agreed between the Company and the Bank before it is entered into. The Company is committed to purchasing shares under a CFT on the day it is executed subject to the terms of the Programme Agreement. The terms of each CFT will provide for the Company to purchase a fixed number of shares each week over a period of between 20 to 30 weeks. The maximum number of shares that can be purchased under each CFT is limited to 30,000 shares per week.

Whether or not the Company purchases shares in a particular week during the term of a CFT is dependent upon the Company's share price either not rising to, or above, a level (the Upper Suspension Level) or, if applicable, falling to or below a level (the Lower Suspension Level and together with the Upper Suspension Level, the Suspension Levels). The Suspension Levels and duration are determined by the Company and are set at the time the CFT is entered into. The Upper Suspension Level must be set between 104% and 110% of the Company's share price at the start of the CFT. If the Company chooses to incorporate a Lower Suspension Level, it must be set between 80% and 95% of the price at the start of the CFT. The inclusion of a Lower Suspension Level would help mitigate the Company's financial commitment under a CFT if its share price were to fall below this level after the CFT had been executed. If the Lower Suspension Level is not included, the level of discount to the market share price would be higher.

The price at which the Company may purchase shares during the term of a CFT (the Forward Price) is fixed at the start of the CFT. The Forward Price is determined by the Bank with reference to the volume weighted average price for shares traded in NEXT on the day

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the CFT is entered into. The Forward Price is subject to a maximum of 99% of the share price at the start of the contract and a minimum of 10 pence (the par value of an ordinary share). The minimum and maximum period between entering a CFT and shares being purchased is 5 days and 30 weeks respectively. The Company will announce the details of each CFT on the day it is entered into and any subsequent termination via the Financial Conduct Authority's Regulatory News Service. This structure would allow the Company to purchase shares at a discount to the market price (as at the time each CFT commences), for so long as the Suspension Levels are not reached, without breaching the Listing Rules. If any Suspension Level is reached, the CFT terminates automatically at that time and no further shares would be purchased under that contract.

Under Sections 693 and 694 of the 2006 Act, the Programme Agreements and Contingent Forward Trades are contingent purchase contracts to purchase shares by the Company off-market. Accordingly, resolution 23, which will be proposed as a special resolution, seeks shareholder approval of the terms of the Programme Agreements to be entered into between the Company and each of the Banks. The Programme Agreements will have a duration of the shorter of the period to the date of the next AGM to be held in 2026 and 15 August 2026 and will incorporate the terms of an ISDA Master Agreement and Schedule. The Programme Agreements will be entered into and each CFT will be effected outside a Closed Period but shares may be purchased by the Company during a Closed Period.

Should shareholder approval be granted, any number of CFT may be effected with the Banks at any time, provided that:

- the total maximum number of shares which the Company is permitted to purchase pursuant to this authority would be 3,000,000, representing circa 2% of its issued share capital at 25 March 2025;
- the total cost of shares that the Company would be permitted to purchase pursuant to this authority may not exceed £300m (including costs);
- the Forward Price may not exceed 105% of the average of the middle market price of a share according to the Daily Official List of the London Stock Exchange for the 5 business days immediately preceding the day on which the share is purchased;
- the Forward Price will be no more than 99% of the share price at the time the CFT was effected;
- the minimum price that can be paid for any share is 10 pence; and
- only one CFT will be entered into on any particular day.

Shares purchased under the Programme Agreements will reduce the number of shares that the Company may purchase under any authority granted at the AGM on 15 May 2025 for on-market purchases. No shares will be purchased under that authority on the same day that a CFT is entered into. The authority granted to the Company under this resolution will expire at the conclusion of the AGM in 2026 or on 15 August 2026, whichever is the earlier, unless such authority is renewed prior to that time (except in relation to the purchase of shares under any CFT effected before the expiry of such authority and which might be completed wholly or partly after such expiry). The purchase of shares under the Programme Agreements will always be physically settled by delivery of shares to the Company (except in the case of certain events of default or termination events).

A copy of each of the Programme Agreements will be available for inspection at the AGM on 15 May 2025. Copies will also be available for inspection at the Company's registered office at Desford Road, Enderby, Leicester LE19 4AT and at the offices of Slaughter and May at One Bunhill Row, London EC1Y 8YY during usual business hours from the publication of this Notice until the close of the AGM.

The Company has no warrants in issue in relation to its shares and no options to subscribe for its shares outstanding. Exercise of all outstanding employee share options and share awards will generally be satisfied by the transfer of market-purchased shares from the ESOT (refer to Note 27 to the financial statements).

24. Amendments to the articles of association

Special resolution 24 proposes a change to the Company's articles of association to increase the maximum total fees payable to non-executive directors. The current Article 61 (directors' fees) of the articles will be amended by increasing the numerical limit from £1,000,000 to £2,000,000. This increase will bring the Company's articles in line with its peers and will provide the Company with the flexibility to appoint additional non-executive directors if appropriate.

25. Notice of general meetings

In accordance with the 2006 Act, the notice period for general meetings (other than an annual general meeting) is 21 clear days' notice unless the Company:

(i) has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent AGM; and

(ii) offers the facility for all shareholders to vote by electronic means.

The Company would like to preserve its ability to call general meetings (other than an AGM) on 14 clear days' notice. This shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole.

Resolution 25 seeks such approval and, should this resolution be approved, it will be valid until the end of the next AGM. This is the same authority that was sought and granted at last year's AGM.

26. ShareAction Resolution

NEXT's response to resolution 26.

The NEXT Board does NOT support this resolution and RECOMMENDS THAT YOU VOTE AGAINST RESOLUTION 26.

The Resolution

Shortly before our financial year end, we received a request to table a resolution at our AGM from a small group of shareholders, coordinated by ShareAction. Together, this group represents just 0.7% of our issued share capital.

The resolution seeks additional disclosure on how we set pay for our colleagues and how this compares to the "real Living Wage".

Our Reporting and Governance Approach

NEXT has a reputation among its investors for providing clear and comprehensive information, including information on our workforce.

We do not believe it is appropriate to produce additional bespoke reports beyond our current disclosures, which already align with our legal obligations.

Balancing the needs of all stakeholders

NEXT is committed to paying fair wages and providing competitive benefits. Setting the right wages is a fine balance between the interests of investors (who are ultimately savers and pension funds), consumers and employees (many of whom are also savers and investors). NEXT pays very close attention to trying to find the appropriate balance, and we do not support formal accreditation as a "real Living Wage" employer because:

1. **Flexibility in Pay Decisions**: Accreditation would transfer responsibility for annual pay adjustments to an external third party — the Living Wage Foundation. This would limit our ability to adjust pay based on Company performance, specific circumstances, and the needs of our colleagues and investors.
2. **Significant Cost Implications**: We disclosed a detailed analysis of anticipated wage cost increases in our January 2025 Trading Statement. NEXT's annual wage bill exceeds £900 million, one of our largest investments. Further mandated increases will inevitably impact pricing and potentially reduce employment opportunities. The National Living Wage has increased by 88% over the past decade, whereas general inflation has been around 35% over that same period.

Retail Employment at NEXT

We recognise the challenges of living on retail wages, particularly for those supporting families. However, not all circumstances are the same. Many people, such as students and families, value retail jobs for their flexibility and supplemental income.

NEXT retail jobs remain among the most sought-after in the industry. In addition to wages, our colleagues get a 25% discount on all purchases of NEXT branded products.

Conclusion

We do not believe it is appropriate to produce additional bespoke reports beyond our current disclosures, which already align with our legal obligations. We are committed to paying fair wages and acting in the best interests of all stakeholders. However, we believe it is vital for the Company to retain control over pay and benefits decisions rather than ceding this responsibility to an external body. Formal "Living Wage" accreditation would compromise this flexibility, increase costs, and impact employment opportunities.

The Board therefore **DOES NOT** consider resolution 26 to be in the best interests of the Company and its shareholders as a whole and **RECOMMENDS THAT YOU VOTE AGAINST RESOLUTION 26.**

In accordance with section 314 of the Companies Act 2006, the statement supporting the resolution from the shareholders coordinated by ShareAction is set out in full as follows:

Effective approaches to setting minimum pay rates are fundamental to human capital management, supporting retention, recruitment and productivity of a motivated workforce. Transparent reporting on approaches to pay will enable investors to assess how NEXT balances operational costs with long-term sustainability, including the risks associated with wages that do not meet the cost of living for its employees.

NEXT is an established retailer, with over 450 stores and directly employing over 40,000 workers in the UK. The Company's stated aim is to 'provide a workplace in which everyone is supported, treated fairly and with respect, listened to, [and] motivated to achieve their full potential' (NEXT, Annual Report & Accounts, 2024), however its current pay policy may not fulfil this ambition.

Indeed:

- NEXT currently pays retail workers in line with statutory minimums, including use of age-related National Minimum Wage rates. Payment of the National Living Wage as a baseline for all staff is only guaranteed after one year in service and there is a performance requirement attached to the uplift.

- The Company has higher rates of pay for Inner and Outer London, however these do not meet the real Living Wage rate for London.

The Company has not disclosed the pay rates of regular, on-site, third-party contractors, such as cleaners and security guards. The definition of third-party contracted workers refers to staff: i. providing a service, ii. on premises the employer is currently occupying (rented or owned) or premises necessary to the work being carried out, iii. for two or more hours a week for eight or more consecutive weeks (in line with the requirements of Living Wage Employer accreditation).

Employee wages constitute one of the largest costs for the Company, with a significant proportion of the workforce being paid at, or near, statutory minimums. Therefore, the Company's approach to setting minimum wages is an important part of its human capital management strategy and of material concern to investors. Separate studies conducted by MIT Sloan School of Management (2014), University of Cambridge (2022) and Cardiff University (2023) show that, despite tight profit margins in the retail sector, improving pay helps to build resilient businesses by lowering staff turnover and absence, improving productivity and customer experience, as well as bringing reputational benefits.

The real Living Wage, as defined by the Living Wage Foundation, is the only independently calculated UK hourly wage which is based on the cost of living, with separate rates for London and the rest of the UK, providing an established and evidence-based benchmark for responsible company practice. Over 15,000 businesses are accredited Living Wage Employers, including 50 of the FTSE100.

In April 2025, the National Living Wage will be £12.21 per hour and the National Minimum Wage will be £10 per hour. The real Living Wage is £12.60 per hour in the UK and £13.85 per hour in London.

By disclosing information that isn't currently available, the Report will support investors' understanding of the sources of information and the factors considered in setting base rates of pay, including the potential impact of wages on recruitment, retention and productivity, as well as the considerations of the Board in determining minimum wages that support the long-term sustainability of the business.

Why this is relevant for UK retailers

The retail and wholesale sector is one of the largest employers of low-paid workers in the UK, employing over 3.5 million workers with 23 per cent of jobs being paid below the real Living Wage (Living

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Wage Foundation, 'Employee jobs paid below the real Living Wage: 2023', 2024). The sector also has an employee turnover rate of 41.6%, above the national average of 34% (CIPD, 'Benchmarking employee turnover', 2024). The combination of low pay and high employee turnover means that approaches to setting minimum pay rates are particularly important to UK Retailers.

UK retailers are facing increases in employer National Insurance contributions announced in the Government's Autumn Budget 2024. Given the large number of low-paid workers in the sector, this policy will have a significant impact. It is important for retailers to disclose their approach to human capital management in this context, particularly how they will address low pay in their workforce.

Rising prices of essential goods and services over the last three years have left families struggling to make ends meet, with 8.1 million working-age adults in the UK living in poverty (Joseph Rowntree Foundation, 'UK Poverty 2024', 2024). While inflation has returned close to the Bank of England's 2 per cent target in the second half of 2024, food prices have risen by a third more than the rise in the overall price levels since 2021, while retail energy prices have increased by 90 per cent more. (Resolution Foundation, 'Paying the price', 2024). These lasting rises in prices disproportionately affect the poorest people in society, who are forced to spend a larger proportion of their income on essentials.

Wages that do not meet the cost of living increase the burden on state support systems, worsen health outcomes and suppress aggregate demand, externalising the costs of low pay onto the wider economy. It is in the interests of diversified investors to support the overall health and resilience of the economy by addressing low pay and the inequality it creates (The Shareholder Commons, 'Living Wage and the Engagement Gap', 2023). Providing wages that meet the cost of living is an action that retailers can take to protect the economic and social systems upon which prosperity is based.

There is recognition that pay practices which do not provide a real Living Wage perpetuate economic insecurity, which threatens both social and economic stability. As the Business Commission to Tackle Inequality (2023) notes, disparities in income and wealth contribute towards the long-term erosion of social cohesion, diminishing trust in institutions and fuelling political polarisation.

Paying the real Living Wage is also a key indicator of a Company's, and its investors', support for the achievement of the UN's Sustainable Development Goal 8, promoting inclusive and sustainable economic growth, employment and decent work for all.

Recommendation

The Board believes that resolutions 1 to 25 are in the best interests of the Company and its shareholders and unanimously recommends voting in favour of them, as the directors will do with their own beneficial shareholdings. The Board does not consider resolution 26 to be in the best interests of the Company and its shareholders and unanimously recommends voting against it.

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Summary of the Principal Terms of the NEXT LTIP

Operation

The Remuneration Committee of the Board of directors of the Company (the Committee) will supervise the operation of the LTIP.

Eligibility

Any employee (including an executive director) of the Company and any of its subsidiaries will be eligible to participate in the LTIP at the discretion of the Committee.

Grant of awards

The Committee may grant an award in one of two forms:

(i) a conditional award, where a participant will receive free ordinary shares in the Company (Shares) on the vesting of his/her award; or

(ii) nil or nominal cost options, where a participant can decide when to exercise his/her award over Shares during a limited period of time after it has vested.

The Committee may also allow the grant of cash-based awards of an equivalent value to share–based awards or may allow share-based awards to be settled in cash (in whole or part) where the Committee considers it appropriate to do so.

The Committee may normally grant awards for a period following the Company's announcement of its results for any period. The Committee may also grant awards when there are exceptional circumstances which the Committee considers justify the granting of awards.

Awards may only be granted within 10 years of the 2025 AGM. No payment will be required for the grant of an award. Awards are not transferable (other than to the participant's personal representatives in the event of death). Awards are not pensionable.

Individual limit

The maximum number of Shares that may be awarded to a participant in any financial year will be limited so that the market value of such Shares when awarded and in the aggregate will not exceed 225% of the individual's base salary. However, if the Committee decides that exceptional circumstances exist in relation to the recruitment or retention of an individual, then the individual may be granted awards over Shares with a market value of up to 300% of the individual's base salary in a financial year. In calculating these limits, the average closing share price over the 3 months preceding the start of the period over which performance conditions are measured (or such later date as specified by the Committee) will be used.

Overall LTIP limits

The LTIP may operate over new issue Shares, treasury Shares or Shares purchased in the market. The current intention is that all awards will be satisfied using Shares purchased in the market. In any period of ten years, the Company may not issue (or have the possibility to issue) more than:

(a) 10% of the issued ordinary share capital of the Company under the LTIP and any other employees' share plan adopted by the Company; and

(b) 5% of the issued ordinary share capital of the Company under the LTIP and any other executive share plan adopted by the Company. Treasury Shares will count as new issue Shares for the purposes of this limit but they will also cease to count towards this limit if institutional investor bodies decide that they need not count.

Vesting of awards

Awards will normally vest on the later of: (a) the expiry of the vesting period; (b) the third anniversary of the grant date; (c) the date that the Committee determines the extent to which the applicable performance conditions (see below) have been satisfied; and (d) such later date (within three months of the third anniversary of the grant date) as specified by the Committee; and provided the participant is still a director or employee in the Company's group.

Performance conditions

The performance conditions for awards will be set each year in line with the Company's approved directors' remuneration policy. The Committee will also have the power to vary the terms of existing performance conditions if an event occurs that causes the Committee to consider that the performance condition would not, if left unamended, achieve its original purpose. However, the amended performance condition will have to be, in the Committee's view, no less difficult to satisfy as a result of the change.

Reduction of vesting of awards

If at any time before an award vests a participant has been either suspended for a disciplinary matter or the subject of an investigation in relation to a disciplinary matter, or if the participant has performed in a manner considered by the Committee to be unsatisfactory (as evidenced by notifying the participant in writing) then the Committee may reduce the vesting of that award in such manner as it considers appropriate or withhold the vesting of that award pending further investigation.

Recovery and withholding provisions

Recovery and withholding provisions are in the service contracts of all executive directors and will be enforced where appropriate to recover or withhold performance related remuneration which has been overpaid due to: a material misstatement of the Company's accounts; errors made in the calculation of an award; a director's misconduct; insolvency of any group company; or circumstances that would lead to a sufficiently significant negative impact on the reputation and likely financial strength of the Company. These provisions allow for the recovery of sums paid and/or withholding of sums to be paid.

Leaving employment

As a general rule, an award will lapse upon a participant leaving the employment of the Company's group. However, if before the vesting of an award a participant ceases to be a director or employee within the Company's group by reason of death or in other circumstances which the Committee in its absolute discretion determines are exceptional circumstances, then the award will be retained and may vest on the normal vesting date to the extent determined by the performance conditions measured over the full performance period. The Committee may, at its discretion, allow awards to vest in such circumstances at the time of cessation of employment, in which case awards would normally be subject to the performance conditions as measured over the shorter period.

In either case, there will also be a pro-rata reduction in the size of the award for the time that has elapsed up to the date of cessation compared to a three-year vesting period unless the Committee determines that it would be inappropriate to apply a pro-rata reduction in the particular circumstances. The Committee may also apply further restrictions on the vesting of awards held by individuals who either cease employment or who, while remaining employed, reduce their base salary and/or hours worked for a material period.

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Corporate events

In the event of a takeover, scheme of arrangement or winding up of the Company (not being an internal corporate reorganisation), all awards would vest early to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time. The awards would normally be pro–rated to reflect the shorter than normal period of time between the date of the award and the time of vesting. The Committee can decide not to pro-rate awards if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company, unless the Committee decides that awards should vest on the same basis as described above.

Awards may also vest on the same basis if a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of the Shares to a material extent.

Participants' rights

Awards structured as conditional awards and options will not confer any shareholder rights on participants until the awards have vested and the participants have received their Shares. Participants receive the benefit of dividends paid in the period between the grant date of these awards and the date when these awards vest (which is normally the third anniversary of the date of grant). Any benefit from this provision will normally be delivered in the form of additional NEXT shares when an LTIP award vests, with such shares representing the cumulative value of dividends which would have been paid on the number of vesting shares since the grant date, and assuming re-investment in NEXT shares on each ex-dividend date. No benefits will be delivered in respect of dividends which relate to award shares which lapse due to nonfulfilment of applicable performance vesting conditions.

Rights attaching to Shares

Any Shares allotted when an award vests (or for an award structured as an option, when it is exercised) will rank equally with all other Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

In the event of any variation of the Company's share capital, or in the event of a demerger, payment of a special dividend or other similar event which materially affects the market price of the Shares, the Committee may make such adjustments as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

Alterations to the LTIP

The Committee may, at any time, amend the provisions of the LTIP in any respect, provided that the prior approval of shareholders must be obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on individual participation, the overall limits on the issue of Shares or the transfer of Shares held in treasury, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be provided under the LTIP and the adjustment of awards or options.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

Overseas plans

The Board may at any time without further shareholder approval establish further plans in overseas territories, any such plan to be similar to the LTIP, but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further plans will count against the LTIP's limits on individual and overall participation.

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Meeting Formalities and Voting

Attending the Annual General Meeting

To be entitled to attend, speak and vote at the AGM and for the purposes of determining the number of votes they may cast, shareholders must be registered in the register of members of the Company as at 6.30 pm on 13 May 2025 or, if the meeting is adjourned, at 6.30 pm on the day which is two working days before the adjourned meeting.

The resolutions being proposed are a very important part of the governance of the Company and all shareholders are urged to vote.

In line with best practice, voting on all resolutions at the AGM will be by way of a poll. On a poll, every member present in person or by proxy, has one vote for every ordinary share held or represented.

The directors believe a poll is most representative of shareholders' voting intentions because shareholders' votes are counted according to the number of shares held, and the proxy vote is added to the votes of shareholders present so that all votes are taken into account. The procedures for the poll votes will be explained during the AGM.

In respect of resolution 23 on off-market share purchase contracts, the 2006 Act provides that this resolution will not be effective if any member of the Company holding shares to which it relates (i.e. shares which may be purchased pursuant to the Programme Agreements) voted for the resolution and the resolution would not have been passed if they had not done so. Therefore, NEXT intends to disregard any poll votes which are cast in favour of resolution 23 attaching to 3,000,000 shares (being the total maximum number of shares which the Company is permitted to purchase pursuant to the Programme Agreements) from both the total number of votes cast in favour of this resolution and the total number of votes cast.

The total number of the Company's issued share capital on 25 March 2025, which is the latest practicable date before the publication of this Notice, is 123,198,344 ordinary shares. All of the ordinary shares carry one vote each and there are no shares held in treasury.

Voting and proxies

Whether or not you intend to attend the AGM in person, please complete and return the Form of Proxy to Equiniti, to arrive not later than 9.00 am on 13 May 2025 (or 48 hours before any adjourned meeting). If you complete and return a Form of Proxy you can still attend and vote at the AGM if you wish.

It is possible for you to submit your proxy votes online by going to Equiniti's Shareview website, www.shareview.co.uk, and logging in to your Shareview Portfolio. Once you have logged in, simply click 'View' on the 'My Investments' page and then click on the link to vote and follow the on-screen instructions. If you have not yet registered for a Shareview Portfolio, go to www.shareview.co.uk and enter the requested information. It is important that you register for a Shareview Portfolio with enough time to complete the registration and authentication processes. Electronic proxies must be completed and lodged in accordance with the instructions on the website by no later than 9.00 am on 13 May 2025.

If you are unable to attend in person, you are strongly encouraged to appoint a proxy and return the completed Form of Proxy by the specified deadline.

A shareholder who is entitled to vote at the AGM may appoint one or more proxies to vote instead of him/her, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not also be a shareholder of the Company and may vote on any other business which may properly come before the meeting.

The statements of the rights of members in relation to the appointment of proxies in the above paragraphs and in the paragraph headed "CREST voting facility" below can only be exercised by registered members of the Company and do not apply to a Nominated Person. Nominated persons should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder (i.e. the first named joint holder recorded in the Company's share register) will be accepted.

A member who appoints as their proxy someone other than the Chairman of the meeting, should ensure that the proxy is aware of the voting intention of the member. If no voting instruction is given, the proxy has discretion on whether and how to vote.

A person to whom this Notice is sent who is a person nominated under Section 146 of the 2006 Act to enjoy information rights (a "Nominated Person") may, under an agreement between them and the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

CREST voting facility

Those shareholders who hold shares through CREST may choose to appoint a proxy or proxies using CREST for the AGM to be held on 15 May 2025 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in this Notice. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any

NOTICE OF MEETING

Meeting Formalities and Voting

particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The CREST Manual is available at euroclear.com.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Right to ask questions

Shareholders may submit questions in advance on the resolutions to be put to the AGM by emailing investors@next.co.uk. Any shareholder attending the meeting has the right to ask questions. The Company will answer any such question relating to the business being dealt with at the AGM but no such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

Data protection statement

Your personal data includes all data the Company holds which relates to you as a shareholder, including your name and contact details, the votes you cast and your Shareholder Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrar) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise. A copy of the Company's privacy policy can be found at
www.nextplc.co.uk/site-services/privacy-and-cookies.

Documents available for inspection

Copies of the following documents will be available for inspection at the Company's registered office during usual business hours and for 15 minutes prior to and for the duration of the AGM:

- A copy of each executive director's contract of service.
- A copy of each non-executive director's letter of appointment.
- The Programme Agreements pursuant to resolution 23.
- The rules of the NEXT Long Term Incentive Plan.
- Articles that reflect the change proposed in resolution 24.

Copies will also be available for inspection at the offices of Slaughter and May at One Bunhill Row, London EC1Y 8YY during usual business hours, from publication of this Notice until the close of the AGM.

Company website

A full copy of the Annual Report (which includes this Notice), together with those for prior years, and other information required by Section 311A of the 2006 Act can be found at www.nextplc.co.uk.

Under Section 527 of the 2006 Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the 2006 Act. The Company may not require the members requesting such website publication to pay its expenses in complying with Sections 527 or 528 of the 2006 Act, and it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the 2006 Act to publish on its website.

You may not use any electronic address provided in this Notice to communicate with the Company for any purposes other than those expressly stated.

OTHER SHAREHOLDER INFORMATION

Registered office

Desford Road, Enderby, Leicester LE19 4AT.

Registered in England and Wales, company no. 4412362.

Annual General Meeting

The AGM will be held at Leicester Marriott Hotel, Smith Way, Grove Park, Leicester LE19 1SW at 9.00 am on Thursday 15 May 2025. The Notice of Meeting on pages 257 to 268 sets out the business to be transacted.

The safety of our shareholders is our main priority. We will not permit behaviour that may interfere with anyone's security or safety or the good order of the meeting. Anyone who does not comply may be removed from the meeting.

Discount voucher

The Company offers a discount voucher to any first named, registered shareholder holding a minimum number of 100 ordinary shares as at 1 April each year. The shareholder discount voucher entitles the recipient or their immediate family to a 25% discount against most purchases at any one time of full price NEXT merchandise in NEXT Retail stores. There is no limit on the value of goods that can be purchased at that time. The voucher expires on 31 October of the year in which it was issued. It cannot be used in conjunction with any other discount voucher or offer, nor can it be used for the purchase of gift cards, Sale merchandise, electrical goods, non-NEXT branded goods or purchases from NEXT Online (unless ordered through one of our Retail stores). Shareholders holding shares in nominee or ISA accounts are also eligible, but must request the voucher through their nominee or ISA account manager who should contact the Company Secretary's office (companysecretariat@next.co.uk).

Registrars and transfer office

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Telephone +44 (0) 371 384 2164 (if calling from outside the UK, please ensure the country code is used). Lines are open 8.30 am to 5.30 pm Monday to Friday.

Shareholder enquiries

The Company share register is maintained by Equiniti ("EQ"). Please contact them online at www.shareview.co.uk or using the contact details above if you have any enquiries about your NEXT shareholding including the following matters:

- change of name and address;
- loss of share certificate, dividend warrant or dividend confirmation;
- if you receive duplicate sets of Company mailings as a result of an inconsistency in name or address and wish, if appropriate, to combine accounts; and
- help on how to register your email address to receive shareholder communications electronically.

The Shareview Portfolio service from EQ gives you more online information about your NEXT shares and other investments. For direct access to information held for you on the share register, including recent balance movements and a daily valuation of investments held in your portfolio, visit www.shareview.co.uk.

For shareholders with disabilities EQ provides the following:

- if requested, future communications produced by them will be sent in the appropriate format; and
- hearing loop facilities in their buildings for use by visiting shareholders.

You can also contact EQ by using the Relay UK website at www.relayuk.bt.com

CREST

The Company's ordinary shares are available for electronic settlement.

Payments of dividends to mandated accounts

Since January 2025, payments to shareholders are no longer made by cheque. If you have not already taken any action, to continue to receive dividends and any other money payable to you in connection with your NEXT ordinary shares, you will need to provide your bank or building society account details so that payments can be made directly to your nominated account by direct payment.

Forward looking statements

This Report and Accounts contains statements which are all matters that are not historical facts, including anticipated financial and operational performance, business prospects and similar matters. Forward looking statements are identifiable by words such as "aim", "anticipate", "believe", "budget", "estimate", "expect", "forecast", "intend", "plan", "project" and similar expressions. These statements reflect NEXT's current expectations concerning future events but actual results may differ materially from current expectations or historical results. Any such forward looking statements are subject to risks and uncertainties, including but not limited to those risks described in "Risks and Uncertainties" on pages 68 to 76 failure by NEXT to predict accurately customer fashion preferences; decline in the demand for merchandise offered by NEXT; competitive influences; changes in level of store traffic or consumer spending habits; effectiveness of NEXT's Brand awareness and marketing programmes; general economic conditions or a downturn in the retail industry; the inability of NEXT to successfully implement relocation or expansion of existing stores; insufficient consumer interest in NEXT Online; acts of war or terrorism worldwide; work stoppages, slowdowns or strikes; and changes in financial or equity markets. These forward looking statements do not amount to any representation that they will be achieved. They involve risks and uncertainties and relate to events and depend upon circumstances which may or may not occur in the future and there can be no guarantee of future performance. Undue reliance should not be placed on forward looking statements which speak only as of the date of this document. NEXT does not undertake any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

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The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land.

Through protecting standing forests, under threat of clearance, carbon is locked in that would otherwise be released. These protected forests are then able to continue absorbing carbon from the atmosphere, referred to as REDD (Reduced Emissions from Deforestation and forest Degradation). This is now recognised as one of the most cost-effective and swiftest ways to arrest the rise in atmospheric CO_2 and global warming effects. Additional to the carbon benefits is the flora and fauna this land preserves, including a number of species identified at risk of extinction on the IUCN Red List of Threatened Species.

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