NEXT

Results for the Half Year 2026/27

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CHIEF EXECUTIVE'S REVIEW

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HEADLINES AND SUMMARY OF FINANCIAL PERFORMANCE

HEADLINES

Performance in the First Six Months

- Full price sales[1] up **+7.7%**, total sales including markdown up +8.9%. Group sales[2] (including subsidiaries) up **+9.0%**.
- NEXT Group profit before tax[3] **£569m**, up **+10.5%**.

Guidance for the Full Year

- We have increased our profit guidance for the full year by +£12m to **£1,255m**. The increase is the result of a small upgrade in sales expectations and some additional cost savings, mainly in warehousing. (See page 23 for details.)

SUMMARY OF SALES AND PROFIT FOR THE FIRST HALF

Sales, Profit and Earnings Per Share	July 2026	July 2025	Var %
Total Group sales	£3,540m	£3,249m	+9.0%
NEXT Group profit before tax	£569m	£515m	+10.5%
NEXT Group profit after tax	£427m	£387m	+10.4%
NEXT Group post-tax Earnings Per Share	370.4p	330.2p	+12.2%
Statutory revenue	*£3,447m*	*£3,145m*	*+9.6%*
Statutory profit before tax	*£566m*	*£509m*	*+11.2%*

[1] Full price sales include all items sold in NEXT Retail Stores and NEXT Online, including third-party brands, plus NEXT Finance interest income, but excludes Sale events, Clearance, Total Platform commission and 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. Revenue from investments is based on our share ownership, e.g. we own 74% of Reiss so we report 74% of their sales. See page 20 for a bridge between Group sales and statutory revenue.

[3] NEXT Group profit before tax excludes: (1) the cost of brand amortisation and (2) the profit attributable to shares that we do not own in subsidiary companies. See page 21 for a bridge between NEXT Group profit and statutory profit, and Note 3 of the financial statements for further details. In the prior year an exceptional property profit and profit from a 53rd week were also excluded from full year profit; both of which occurred in the second half.

PART TWO
THE BIG PICTURE

INTRODUCTION

A better than expected half

The first half was much better than we originally anticipated, both in the UK and overseas. Growth did not come at the expense of profitability, and the Group's pre-tax net margin increased by +0.3% to 16.1%. The table below sets out our full price sales performance for our main trading divisions versus our March guidance.

Full price sales versus last year	First half Actual	First half Guidance	First half Actual vs 2 years ago
Online UK	+7.4%	+4.6%	+17.4%
Retail Stores	- 1.7%	- 3.3%	+3.6%
Total UK	**+3.6%**	**+1.3%**	**+11.5%**
Online International	+23.9%	+14.7%	+58.8%
TOTAL PRODUCT SALES	**+8.1%**	**+4.3%**	**+20.7%**

The performance in the first half is all the more unexpected given the strength of sales *last year*. The final column shows the growth versus two years ago, up +20.7%. It is important to acknowledge that part of this overperformance has been the result of *two* unusually warm summers in the UK. The rest of the overperformance is, we believe, largely the result of fulfilling the aims we outlined at the beginning of the year.

Product, international, infrastructure and costs

Our aims are not new; for a number of years we have been talking about four ambitions that are central to our plans for growth: **improving product**, driving **international growth**, upgrading **infrastructure** and **controlling costs**. We believe that much of the success we achieved in the first half rests on the progress we have made in these areas.

No grand plan

It is important to stress that the progress we have made is not the result of a carefully drawn up strategy devised in the boardroom and dutifully implemented across the Group. NEXT is not a command-and-control operation. Our overall ambitions are very clear, but they are fulfilled, and to some extent shaped, by hundreds of initiatives and decisions taken by colleagues across the Group.

That might sound like corporate anarchy. It is not, because there are two guiding principles that sit at the heart of everything we do.

TWO GUIDING PRINCIPLES

Create value

We must only deliver products and services that we can honestly say create value for customers. If we break that rule we will build our profits on weak foundations. Everything must pass the simple test: would you genuinely recommend this product or service to your friends? Then it is about talented people making good decisions – in short, executing well.

Follow the money

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

But there is a trap here: "following the money" could be taken to mean that we should only undertake projects where profits are already visible. In a business that should be constantly trying new things, that would be a mistake – we want people to take risks. But every project must have the *potential* to make money. When trials deliver great returns, chase success as hard as you can; when they do not, cut your losses, fail fast and take a little time to understand what went wrong.

An organisation that thinks for itself

It is the combination of clear aims, well-understood guiding principles and talented people that creates the organisation we aspire to be – one that thinks for itself.

THE REST OF THIS SECTION

Six months ago, we set out a detailed explanation of our aims and many of the things we were doing to move them forward. So we will not repeat that level of detail in this report (mercifully). Instead, we will give further insight into our sales growth, and then focus on four topics where we believe we have seen important moves forward in the half:

- A focus on our drive for better **design and quality** in our product ranges, and how we plan to liberate more **time** required to deliver those aspirations.
- The improvement in the returns on digital marketing in our direct-to-consumer **international business** along with insight into how our international customer base is maturing over time.
- The progress we are making on the use of **AI in our technology** teams and our ambitions to deploy agentic AI in every step of our systems development lifecycle.
- The progress we are making on improving **warehouse operating efficiencies** and **service levels** as we learn how to get the best out of the investment we have made in new mechanisation.

SALES INSIGHT – BY GEOGRAPHY AND BRAND

The three tables below summarise the full price sales performance of the first half, in three ways:

(1) **Sales growth in £m** delivered by each segment.

(2) **Percentage sales growth** of each segment.

(3) Sales **participation** by segment – the proportion of full price sales generated from each area.

In each table, the columns show the three categories of product we sell: NEXT, wholly-owned brands[4] and licences (WOBL), and third-party brands. The rows show sales (excluding finance income) by channel and territory. Between them the tables give a very clear picture of where our growth has come from.

FULL PRICE SALES GROWTH £M

Full price sales: £m growth vs last year	NEXT brand	WOBL	3rd party	TOTAL
UK Retail Stores	- 20	+2	+4	- 14
UK Online	+14	+33	+37	+83
Total UK	**- 7**	**+35**	**+41**	**+69**
International NEXT Direct	+51	+26	+14	+92
International 3rd Party Aggregators	+18	+24	-	+42
Total International	**+69**	**+49**	**+14**	**+133**
GRAND TOTAL (UK & International)	**+63**	**+84**	**+56**	**+203**

FULL PRICE SALES GROWTH %

Full price sales: % growth vs last year	NEXT brand	WOBL	3rd party	TOTAL
UK Retail Stores	- 3%	+19%	+17%	- 2%
UK Online	+2%	+33%	+10%	+7%
Total UK	**- 0.5%**	**+32%**	**+10%**	**+4%**
International NEXT Direct	+19%	+70%	+21%	+24%
International 3rd Party Aggregators	+12%	+101%	-	+23%
Total International	**+16%**	**+82%**	**+21%**	**+24%**
GRAND TOTAL (UK & International)	**+3%**	**+50%**	**+12%**	**+8%**

FULL PRICE SALES PARTICIPATION %

Full price sales participation	NEXT brand	WOBL	3rd party	TOTAL
UK Retail Stores	28%	<1%	1%	30%
UK Online	24%	5%	16%	45%
Total UK	**52%**	**5%**	**17%**	**74%**
International NEXT Direct	12%	2%	3%	17%
International 3rd Party Aggregators	7%	2%	0%	8%
Total International	**18%**	**4%**	**3%**	**26%**
GRAND TOTAL (UK & International)	**71%**	**9%**	**20%**	**100%**

[4] Wholly-owned brands do *not* include subsidiaries like Reiss, FatFace and Joules which are partly owned by NEXT and run as standalone businesses. Their sales through NEXT websites are categorised as third-party brands.

The NEXT brand in the UK – a worry, or not?

Whilst almost all the numbers in these tables are very healthy, there is one that might raise a concern. The NEXT brand, *in the UK*, was down £7m (-0.5%) versus last year, with growth Online not quite making up for the loss in Retail Stores.

Full price sales: £m growth vs last year	NEXT brand	WOBL	3rd party
UK	**- £7m**	+£35m	+£41m
International	+£69m	+£49m	+£14m
Total full price sales growth	**+£63m**	**+£84m**	**+£56m**

We had planned for the NEXT brand in the UK to be down versus last year, and the performance was better than we expected. The reasons we planned NEXT to be down in the UK were as follows:

- Last year the NEXT brand benefited from disruption at a major competitor. So we expected that gain to reverse out this year.
- The dramatic growth of wholly-owned and third-party brands, which combined, added **£76m** to our UK sales, is likely to have had *some* adverse impact on the NEXT brand sales.

All that said, as always, there are areas that could be doing better. The biggest opportunity, though by no means the only one, is menswear. Here, the great success that the division enjoyed from 2022–2024 encouraged us to hold on to bestsellers for too long. Ranges became too focused on multiple variants of essentially the same item, serving the same customer; so our men's ranges did not benefit as much from newness, broader choice and better quality. Our menswear teams have already embraced the opportunity to revitalise their ranges, but given the lead times involved, we do not expect to see marked improvement until the second half of next year.

Interestingly, looking at some of the other menswear brands we own and sell, we have seen a similar lack of newness, so there may be a wider opportunity for the menswear market as a whole. To that end, we are actively looking to expand our menswear licences, of which we have very few at the moment.

Exceptional growth in wholly-owned brands and licences (WOBL)

WOBL brands were up +32% online in the UK and +82% overseas. They now account for 9% of total full price sales. We have written at length about our ambition to make NEXT a great place to develop new brands that can reach parts of our customers' wardrobes the NEXT brand cannot reach, and attract new customers to the Group. We continue to believe there is significant opportunity to accelerate the growth of our existing WOBL brands and develop new brands and licences.

Growth and margin

With only £63m of £203m of our growth coming from the NEXT brand, shareholders might reasonably wonder if the growth of our non-NEXT branded business could undermine the net margins of the Group. That would be the case if all the non-NEXT growth had come from third-party brands, where net margins are 12%. However we make full margins on the brands we own, and the licences we develop. In the first half, WOBL online net margins average 18.8% compared to the NEXT brand at 18.3%.

Growth and margins by brand category	NEXT brand	WOBL	3rd party	Total
Full price sales growth	+£63m	+£84m	+£56m	**+£203m**
Online net margin % (UK + International)	18.3%	18.8%	12.0%	**16.7%**

FOCUS ON PRODUCT

In our last five reports we have talked about how we are working to improve the Group's product offer across all our product categories – clothing, accessories and homeware. It comes down to doing three things: delivering more **newness**; improving **quality** at every price level; and broadening the **choice** we offer customers – both through the NEXT brand and by developing other wholly-owned brands and licences. To elevate quality and choice, we are also introducing more premium products that reach into the white space between NEXT and much more expensive brands.

Shareholders might wonder how close we are to achieving these objectives. It is not that simple. Every step forward – discovering new sources of inspiration, new design techniques, new mills, suppliers, brand ideas etc. – makes us realise how much more there is to do. Progress has not made us feel closer to an end goal; it has spurred us on to do more.

What we mean by better quality…

Improving quality is all about getting the finer details right: the things that customers might not notice when they first see a garment, but appreciate when they put it on – how it feels, how it drapes, and the way it wears after washing.

Fabric and materials

Fabric and materials are central to quality. The key is working more closely with mills, yarn suppliers, dye plants and wash houses, often long before a garment, sofa, curtain or cushion is conceived. Many of our teams have embraced the challenge to improve their fabrics or yarns, and where they have done so most effectively, their success has been transformative. They have led the way, but there is more we can do, both with existing suppliers and by seeking out new mills that offer better qualities and designs.

Colour, stripes, print and graphics

In a world where AI is able to do more and more, our experience suggests that consumers prefer the authentic creativity of human beings. When it comes to artwork and colour, outstanding aesthetics require a human hand, creative eye and an emotional response. That means we are putting more emphasis on designers using techniques that connect them directly to the artwork – painting, drawing, screen printing, etc. That is a big investment in time, and requires a higher level of creative talent than is needed to operate CAD or prompt AI.

Price can be a barrier to progress

There is a tension here between cost and quality. For example, in screen prints every extra colour adds another screen. Additional colours add subtlety and depth to a print, and can hugely improve its perceived quality, but they also increase cost. All too often price can win at the expense of quality.

We want our designers and buyers to focus first on the print the *customer will most want*, and then work out the most commercial way to make it, rather than engineering the design down to a price. That requires judgement, not rules: the courage to keep the tenth colour when it noticeably improves the print, and the discipline to drop it when it does not. And of course, if you want a cheaper print, start with a beautiful design that only needs a few colours, rather than dumbing down a more elaborate design to meet a price.

Getting out there

Delivering the newness, fabrics and design we need is not just a question of intent. Our teams are having to spend more time on inspiration trips, factory and mill visits, looking at new suppliers for what they can add to our offer, not just for capacity or price. They can also look beyond their immediate design resources through collaborations with artists, design libraries and other brands – using their skill to selectively buy in design that draws on a vast wealth of external talent.

And all that needs to be done in a way that delivers newness at pace and with conviction – our customers won't wait.

Better product systems

All of this takes time, and there are only so many hours in the day. If we are to achieve these ambitions while controlling costs, we have to make better use of our talent. So we have reviewed all our product systems with a view to making them more efficient. It was a task that was well overdue.

We estimate that our product teams spend around 25% of their time on data entry, progressing production, and system administration. As with all boring tasks, the perceived time taken is even greater. This year we are introducing three new Product systems: one manages workflow for production management, the second manages online attributes and imagery, and the third dramatically improves the efficiency and ease of product data entry. This might not sound that important, but the current system accounts for some of the most vocal complaints we get about any NEXT system.

Collectively, over time, we expect these three systems to *nearly halve* the time spent on product administration, allowing our teams to focus on the thing they most want to achieve – better clothing, home and accessory ranges. And of course, all these benefits will flow through to our Total Platform partners who use the same systems.

INTERNATIONAL GROWTH – DIRECT TO CONSUMER[5]

We continue to be surprised by the strength of growth in our direct-to-consumer business overseas (up +24%), particularly given the disruption we experienced in the Middle East in Q1.

On the face of it, most of the direct growth has been driven by digital marketing and we spent significantly more on profitable marketing than originally planned. Our investment hurdle on marketing expenditure is £1.50 profit[6] for every £1.00 spent; so as long as our marketing teams can maintain returns, they carry on increasing expenditure – because the Group is not cash constrained.

NEXT Direct	July 2026	July 2025	Var %
Marketing Expenditure	£51m	£31m	+63%
Incremental profit per £1 spent on marketing	£1.77	£1.75	+1%

Maintained returns on marketing despite higher spend

We would normally expect increased marketing expenditure to *reduce* marketing returns – inevitably we target the most profitable advertising first. So the fact that our returns have slightly increased requires some explanation. We still have a relatively small share of the advertising spend in most countries, so we do have more room to grow without approaching saturation. However, our marketing returns have also held up as a result of:

- Improving **technology**: our media partners (for example Google and Meta) are improving their technology, and we are learning to make better use of their functionality.
- Improved use of **local languages** in our media campaigns, particularly in countries where more than one language is spoken.
- The EU's **new charge on low value imports** has meant that some overseas online retailers are spending much less on advertising, lowering media costs for everyone else.
- Increased spend in our **smaller markets**, where we previously did little or no advertising.

Improved website and services drive marketing returns

Marketing itself is only part of the reason our returns have held up so well. The time and investment we have put into improving our **website** functionality, **delivery** service, and product **returns** facilities improve conversion and retention rates. So for every customer an advert brings to the website we increase the probability of a sale, and the likelihood of further orders, both of which serve to improve returns.

Cost control and margin management remains central to delivering growth

The importance of profitability to the success of our marketing campaigns cannot be overstated. The more profitable a market is, the higher the return on marketing investment. The higher the returns on the advertising, the more marketing we can do. So maintaining tight **cost control** and careful management of our **prices** are central to our growth plans.

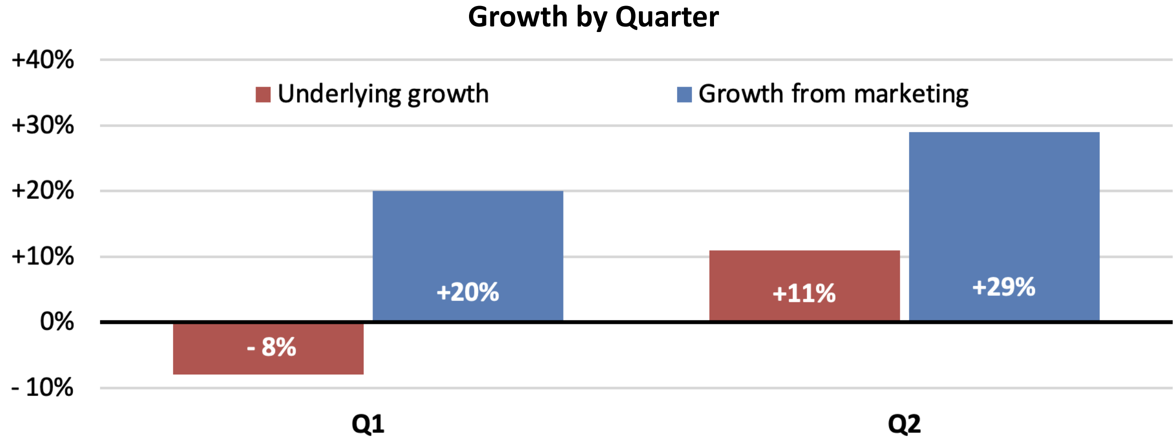
There is a tension in product pricing. Set prices too high and we become uncompetitive; set them too low and our margins will not support our marketing ambitions. There is no formula here and our overseas team must balance profitability with the competitiveness of our offer on a country-by-country basis.

[5] Direct-to-consumer relates to sales to customers through our own websites (i.e. excluding aggregators).
[6] This is the incremental cash profit *before* accounting for marketing and fixed costs.

GROWTH FROM MARKETING AND UNDERLYING GROWTH

We estimate that marketing activity was responsible for +23% of the +24% increase in international direct full price sales in the first half. This suggests that underlying growth was just +1% in the half, which would be concerning.

However, underlying growth in the first quarter was suppressed by disruption in the Middle East and was down -8%. In Q2, underlying growth bounced back to +11%. We believe that *some* of this growth in Q2 was driven by pent-up demand; so it is unlikely to continue at the same rate going forward. We believe underlying growth in the second half is more likely to be in line with the last fifteen weeks, which was up **+8%**.



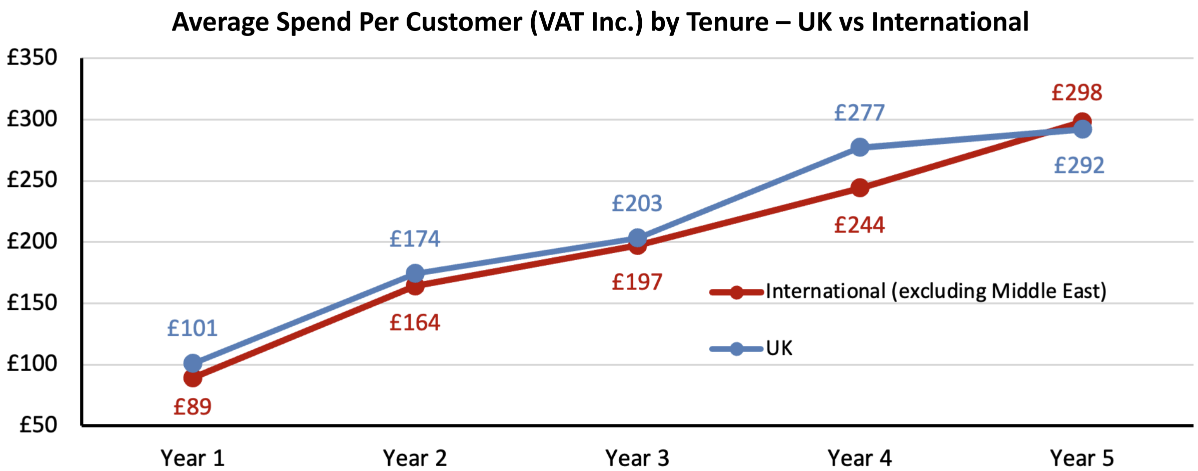
COMPARISONS BETWEEN INTERNATIONAL AND UK CUSTOMERS

There are two important questions about sales to our direct[7] overseas customers, the answers to which might help gauge the potential for our international business:

- How do **sales per customer** mature over time – will they mature in the same way as in the UK?
- What is the **retention rate** of international customers over time, compared to the UK?

Sales per customer maturing in a very encouraging way

The graph below shows the average spend per annum of our international customers (excluding the Middle East) compared to UK online customers, as they mature over time. So, for example, in the UK customers who have traded with us for five years spend £292, compared to £298 overseas. We have excluded customers in the Middle East because their sales are materially higher[8] than the rest of our international customers, and would flatter international sales per customer.



[7] Customer numbers refer to direct customers trading on NEXT websites. We have no visibility of aggregator customers.

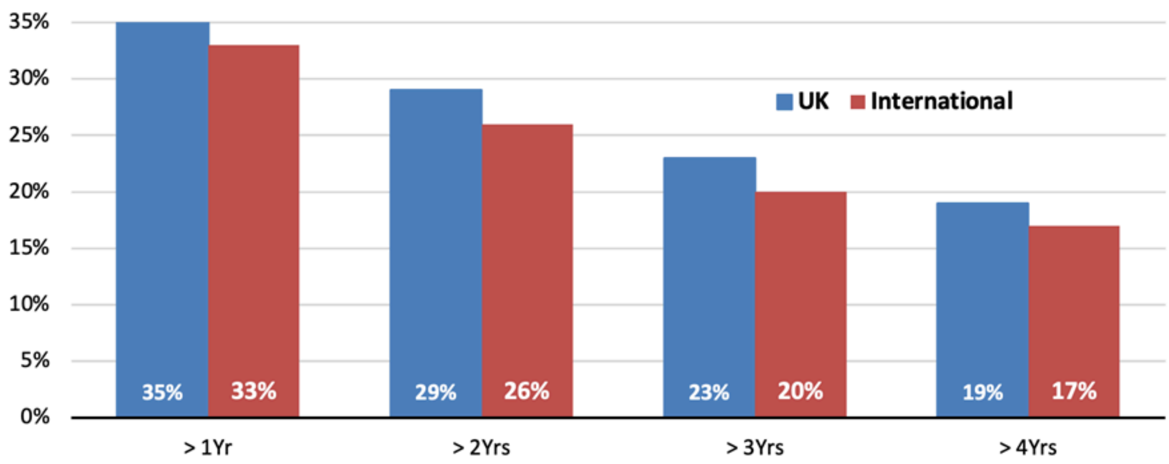
[8] Middle East average sales per customer: Year 1 £148, Year 2 £296, Year 3 £358, Year 4 £417, Year 5 £473.

It is encouraging that our international customers appear to mature in a very similar way to customers in the UK and this bodes well for our long-term prospects overseas. However, the numbers need to be treated with some caution. The international customers who have been with us the longest were recruited when we were spending much less on marketing; newer cohorts who were more likely to be recruited through marketing *may* perform in a different way.

International retention rates also encouraging

The chart below compares customer retention rates in the UK with those of our international customers, for customers recruited in 2022. To explain, the first blue bar shows that for every 100 customers recruited in the UK, 35% of them are still trading with us a year later, the first red bar shows that the equivalent number overseas is 33%.

UK and International Retention Rates for Customers Recruited in 2022



Higher marketing expenditure making up for lack of stores?

Our UK business benefits from parcel collections and returns through NEXT stores and many of our UK customers have a credit account. However, we spend relatively much more on international marketing than we do in the UK – overseas marketing is 10.0% of sales; the UK is 3.8% of sales. This higher level of marketing spend is accounted for in the pricing and profitability of the international business.

It could be argued that, overseas, we spend more on international marketing and this compensates for the fact that we do not have a store network and credit offer to assist with customer retention.

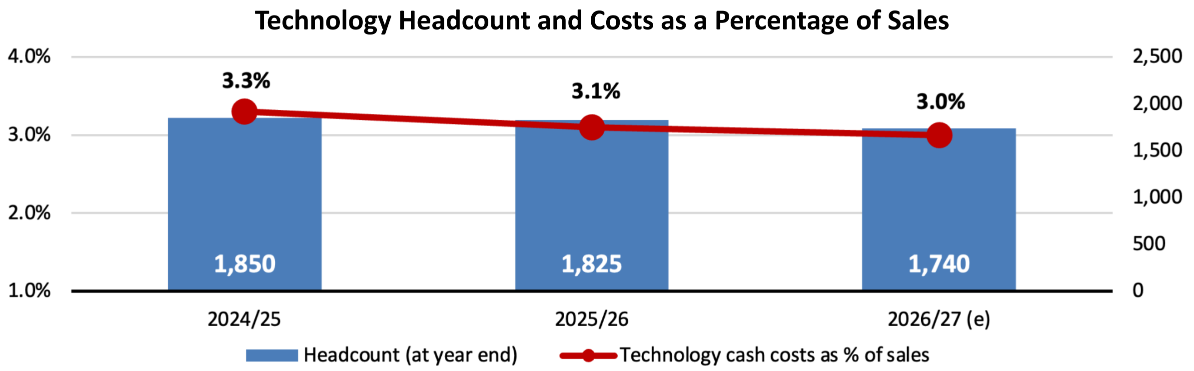
FOCUS ON TECHNOLOGY AND AI

In the March report we explained some of the benefits AI was bringing to the business. Our approach is that AI adoption can only be driven effectively by the user departments, because only they understand the *applications* it can help with. The benefits AI can bring to technology, product, customer service and warehouse operations are so varied that generic advice from a central AI department would be of little more use than a central Spreadsheet Department.

So although we are centralising AI *infrastructure*, the centre cannot drive its adoption or development. Our technology team will provide tools, security, models, cost control and standards; individual business areas need to do the rest.

The Technology Department and the use of Assistive AI

The area that has made the most progress deploying AI in the last six months is our Technology division itself, whose enthusiasm and creativity have been impressive. They began by deploying **assistive AI** 18 months ago**.** Assistive AI sits alongside coders to help write code, in much the same way as predictive text and spell-checking work. The results have been encouraging, with development costs reducing as a percentage of sales and headcount falling (the fall mainly coming from not needing to replace leavers). And, though hard to quantify, it feels like we are delivering more software applications in less time.



The power of Agentic AI

When we first looked at the capabilities of assistive AI we thought it was hugely impressive. But the potential of **agentic AI** makes assistive AI feel like a calculator compared to a spreadsheet. Agentic AI does not help with a task; it does it. In the relatively near future, it looks like it will be possible for AI agents to undertake much of the work at every step in the development lifecycle of a new system.

And although the opportunity to save time and money is already apparent, there is another benefit of equal importance – new business applications and projects previously too expensive to consider will now become viable.

AI agents already piloting or in trial

We are already piloting the use of an AI *Business Analyst* agent to deliver detailed user requirements. Specifications that would have traditionally taken us two weeks to write up were produced in less than a day.

Our *Coding Agent* is in the early stages of development, but a trial in one area has been very encouraging. The demonstrator coding agent produced code in 24.5 minutes; it then took a developer half a day to review and correct. The same task would have taken 11 working days to complete.

The code was then peer reviewed in 5.7 minutes, a task that would have taken an experienced developer at least an hour. Of course, the peer review saving is small, but the review (which is often done twice) did not have to *wait* for a lead developer to be available, which is likely to take up to a day out of the process.

There is a caveat...

Those numbers show that the potential is extraordinary. But they also disguise how much work sits around building and managing the agent itself. Despite dramatic individual savings, the time saved across the whole development was only 17%. Building and training the agent, designing its guardrails, securing it, and checking its output consumed much of the time saved. So while we are developing new agents, and until we integrate the agents with each other, the savings are unlikely to be dramatic.

But over the next two years, as our agents become more reusable, better trained and more integrated, we should aim for at least 30% higher productivity on the total development lifecycle.

NEXT's development plan for AI technology Agents

We have a lot to do to turn our pilot and demonstrator agents into an end-to-end set of development agents. The agents themselves will use existing, approved AI models, such as Claude and ChatGPT, and are being designed to be independent of any one AI provider. Setting up the relevant guardrails to ensure that agents are secure, efficient, and working within the right parameters is critical.

The tables below show what each of the nine agents will do and when we anticipate they will be piloted and deployed:

AI Agents and their roles

	Development lifecycle					
Agent role	Initiate ideas and concept	Specify System	Plan Coding Sprints	Develop software	Deploy Software	Support application
Product Owner	✓	✓				
Business Analyst		✓				
Architecture	✓	✓				
Scrum Master[9]			✓	✓		
Developer				✓		
Quality Assurance				✓		
Product Dev Manager			✓	✓	✓	✓
Deployment				✓	✓	
Application Support						✓

Timescales

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<tr><td>Deployment</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td colspan="3">Pilot</td><td colspan="3">Deploy</td><td></td></tr>
<tr><td>Application Support</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td colspan="3">Pilot</td><td colspan="3">Deploy</td></tr>
</table>

[9] Scrum Masters plan and review work progress, improving productivity by removing potential issues or delays.

What does this mean for cost, speed and project viability?

If we can develop these agents effectively, we can deliver software at much lower cost, in much less time, and undertake a raft of projects that were not viable in the past.

For example, we have always wanted to modernise our legacy mainframe software. The mainframe interacts with a large number of our business applications because it manages our stock file and transactional data amongst other things. Any project that requires changes to mainframe code can only move at the speed we can develop the mainframe – which, without modernisation, is very slow.

Previously we had estimated that it would cost in the region of £50m to interpret, document and re-write the hundreds of thousands of lines of code in our legacy applications. With the help of AI, we now estimate that the project will take less than 2.5 years and cost less than £10m, making mainframe modernisation a more attractive investment.

The changing nature of Technology work

Increasingly our technology teams will shift towards devising and specifying new business applications, and away from the nitty gritty of writing code. More and more of their work will revolve around managing AI agents and pushing the boundaries of what they can do for us – building and training our AI agents to ensure that they:

- Understand relevant context – **business rules**, **data sets**, **operating systems**, and **environments**.
- Conform to our **development standards** – from coding and testing standards through to deployment protocols.
- Are **secure** and comply with **data protection** laws.
- Are **platform independent**, so not reliant on any one AI provider.
- Are **cost-effective** and optimised to minimise AI token[10] consumption.

That last task should not be underestimated**.** AI might well deliver big gains in productivity, but tokens are still expensive and agents must be *designed* to use them efficiently. This year we will spend £1.2m on AI in Technology. As we deploy more agents, we expect costs to double. Without careful control and monitoring, that cost could spiral.

The challenge

Ensuring that we capture the huge potential of AI is not just a technical challenge. When we deliver all these agents, we will still need to adapt quickly enough to ensure they deliver the maximum benefit to the business. That will involve people continuing to change the way they work, plan projects, and interact with their colleagues.

More time will be spent understanding business problems, designing secure and cost-effective solutions, and less time on the mechanical process of writing and checking code. Our technology professionals will need to continue to keep themselves up to date with what AI can achieve, and be brave enough to embrace all it can offer. Those that do will find their work transformed, and much for the better.

Standing back…

When spreadsheets were first invented many thought they would decimate the accountancy profession. In 1985 (the year Excel was released) it is estimated that there were around 150,000 qualified accountants[11] in the UK and Ireland. Today there are over 400,000. The spreadsheet took the grind out of accountancy, giving accountants the time and ability to manage a business's finances in a way that was not previously possible. AI will do the same for technology professionals. Their work will change profoundly, but there may also be a lot more for them to do.

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[10] A token is a basic unit of data used by AI models to process and generate responses. AI providers charge fees based on the number of tokens sent to, and generated by the model.

[11] The Making of Managers, Charles Handy.

WAREHOUSE COST EFFICIENCY AND SERVICE LEVELS

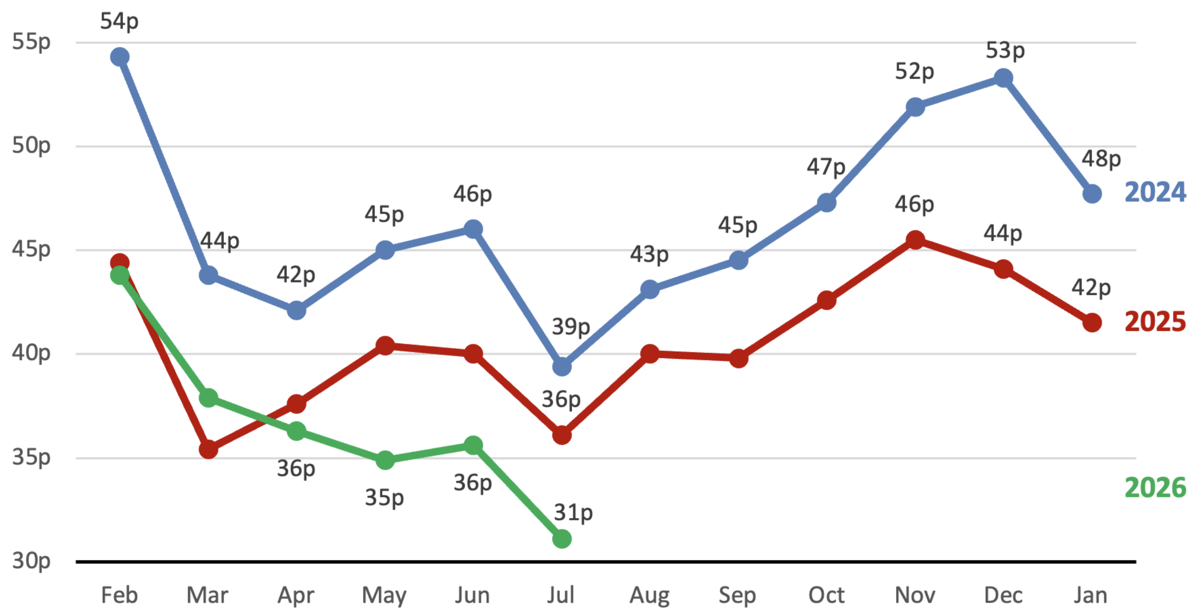
New automation and reducing cost per unit

Last year we launched a new highly-automated storage, retrieval and packing system in our new online boxed warehouse Elmsall 3. The immediate effect was to deliver much-needed capacity, without which we would not have been able to achieve last year's growth.

In the first half of this year, we have focussed on optimising the automation to maximise storage capacity and minimise cost per unit handled. This work, along with the multiple projects our warehouse teams have done to improve efficiency, has had a material impact on reducing our cost of operations.

The chart below shows our warehouse wage cost per unit this year, last year and the year before. Pay rates have been maintained at 2026 levels to remove the effects of inflation. We expect further savings as the year progresses.

Warehouse Wage Cost Per Unit Dispatched to Customer
(At 2026 Pay Rates)



This year we expect warehouse costs (including depreciation and occupancy) to fall as a percentage of sales (see table below). This continues an important longer-term trend in our warehousing costs. The capital investment and operational improvements are serving to reduce cost of operations.

Warehouse costs	2023/24	2024/25	2025/26	2026/27 (e)
Costs as % of sales (exc. subsidiaries)	7.4%	7.0%	6.8%	6.7%

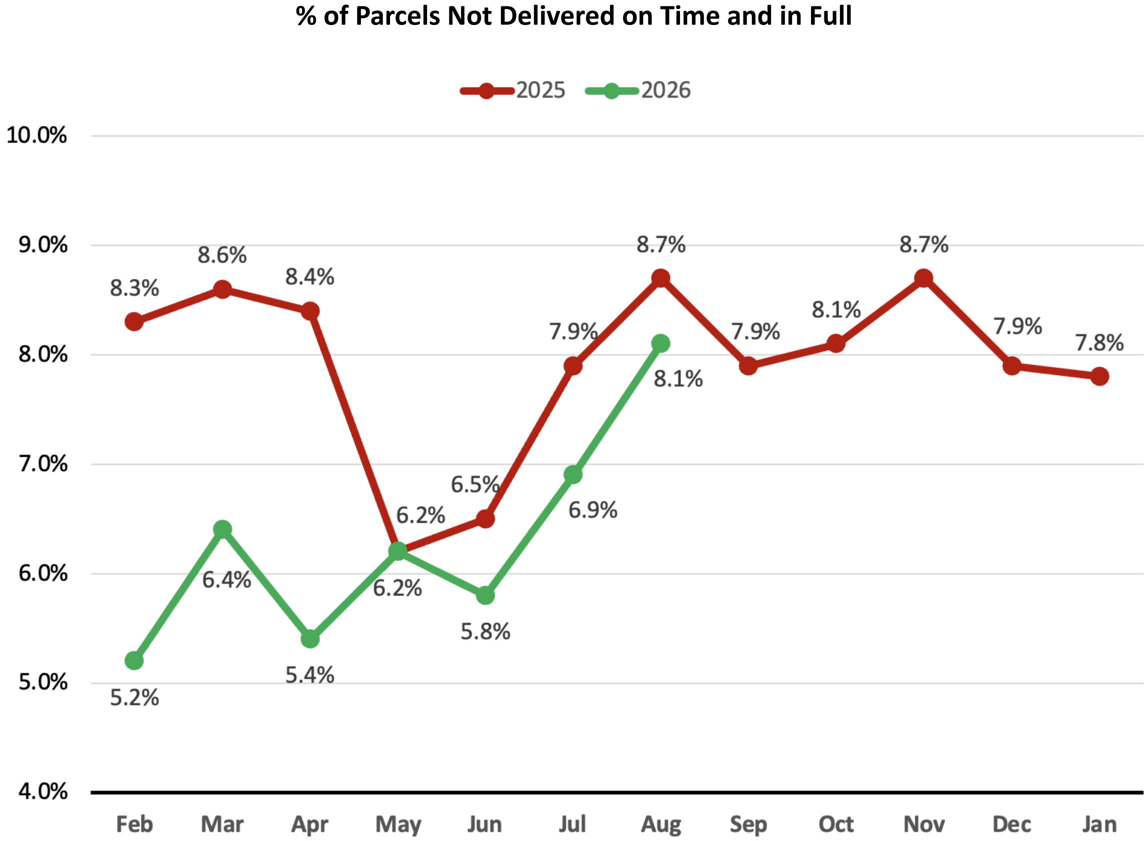
Costs savings drive growth

This improvement is not just a question of profit; it is vital to the Company's growth ambitions. The more effective our warehouse operations, the more we can afford to spend on marketing.

Delivery service level improvement

The improvement in efficiency and costs has come alongside a continued improvement in our online delivery service. The chart below shows our key measure of delivery service performance, which measures the percentage of parcels which are not delivered on time and in full. Where failure occurs, generally the majority of an order is delivered on time, and the vast majority of late items are delivered only one day late.

The chart shows a marked improvement on last year and we were on target from February to June. *However*, as volumes increased in July and August, service levels have moved back towards last year's numbers as can be seen below. So we still have work to do.



Eliminating system glitches at high volumes

The biggest issue is that the impact of warehouse systems errors and mechanical failures increase *disproportionately* as throughput increases. This is because a small setback can be recovered when we are quiet, but not when we are running at full speed. Understanding, mitigating and eliminating system and mechanical glitches, particularly those that occur with high volume, will be a priority as we move into the second half of the year. We will report on progress at the end of the year.

SUMMARY – A Common Thread…

The aim of this section is to give shareholders and colleagues a sense of how we are moving the business forward. It is *not* intended to be comprehensive – with so many initiatives in so many areas, a comprehensive list would be very long. Instead, we have focused on some of our most important projects, with the aim of being both informative and revealing something about the way we work.

There is a common thread to the previous four sections. Each is, in one way or another, about giving us the capacity and time to do a better job for our existing customers, serve new customers, and create value for shareholders.

Our new product systems should at least halve the time our teams spend on administration – time that can go into inspiration trips, mill visits and the development of better fabrics and prints. The AI agents we are building aim to dramatically reduce the time and cost of new software development; those developments are needed for virtually every new business idea we have. Finally, improving the capacity and efficiency of our warehouses enables us to service a rapidly growing international business, improves our service levels, and reduces cost per unit.

And every pound saved in the warehouse (*and* elsewhere) is a pound towards the marketing that drives our growth – a pound that enables us to connect with more customers – in the UK and overseas. This is what we mean when we say that controlling costs drives growth. It is not an exercise in economy for its own sake. It is the means by which we free up the time, the talent and the money to do the things that grow the business.

PART THREE
GROUP FINANCIAL PERFORMANCE AND FULL YEAR GUIDANCE

NOTES ON THE PRESENTATION OF SALES AND PROFIT

Note 1 – Group sales

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[12] in our top line. For completeness, full details of our rationale for this method of reporting are repeated in Appendix 3 on page 53.

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 4 on page 54.

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

Note 3 – Lease interest

The cost of lease 'interest', under IFRS 16, is reported under 'Finance costs' in our statutory accounts. Throughout this section, we allocate the cost of lease interest to the respective business divisions. We do this so the profits reported include all the rental costs associated with our leases, and align with how we review divisional performance and margins. The full rent cost comprises rent depreciation plus lease interest; this is the closest equivalent to the cash cost of rent paid in the year.

Note 4 – Rounding convention and casting

Figures shown in tables throughout the CEO Review are rounded to either no decimal places 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.

[12] 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, PROFIT AND MARGIN SUMMARY

TOTAL GROUP SALES BY DIVISION

Full price sales were up **+7.7%**, with total sales including markdown up +8.9%. Total Group sales (including subsidiaries) were up **+9.0%**. The table below summarises total sales (including markdown sales) by division versus last year.

TOTAL GROUP SALES (VAT EX.) £m	July 2026	July 2025	Var %
Online (UK)	1,370	1,269	+8.0%
Retail Stores	895	899	- 0.4%
UK Product total	**2,265**	**2,167**	**+4.5%**
Online (International)	774	612	+26.4%
NEXT Online and Retail Stores	**3,039**	**2,779**	**+9.4%**
NEXT Finance	152	151	+0.9%
NEXT Online, Retail Stores and Finance	**3,191**	**2,930**	**+8.9%**
Other business activities[13]	52	48	+7.9%
Total Platform Services	40	34	+16.1%
Total NEXT sales	**3,283**	**3,013**	**+9.0%**
NEXT's share of sales from investments	257	237	+8.6%
Total Group sales	**3,540**	**3,249**	**+9.0%**

Walk forward from Group sales to statutory revenue

The differences between total 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.

£m	July 2026	July 2025
Total Group sales	**3,540**	**3,249**
less commission sales (full price and markdown, in the UK and International)	*- 363*	*- 340*
plus commission earned on third-party brands' sales	*+148*	*+133*
adjusting sales from investments that are not consolidated in NEXT's accounts	*- 25*	*- 26*
plus the minority interests' share of sales in subsidiaries that are consolidated in NEXT's accounts (Joules, Reiss and FatFace)	*+89*	*+74*
plus other income (e.g. delivery charges)	*+59*	*+54*
Group statutory revenue	**3,447**	**3,145**

[13] 'Other business activities' includes sales in Franchise, NEXT Sourcing and Property. Profit includes Group central costs.

SUMMARY OF GROUP PROFIT BY DIVISION

PROFIT £m and EPS	July 2026	July 2025[14]	Var %
Online (UK)	243	223	+8.9%
Retail Stores	83	80	+4.0%
UK Product total	**326**	**303**	**+7.6%**
Online (International)	114	93	+23.4%
NEXT Online and Retail Stores	**441**	**396**	**+11.3%**
NEXT Finance (after funding costs)	90	101	- 10.9%
NEXT Online, Retail Stores and Finance	**531**	**497**	**+6.8%**
Other business activities	(6)	(18)	- 64.8%
Recharge of interest from Finance	25	24	+6.4%
Total Platform Services	8	6	+23.0%
NEXT profit excluding investments	**558**	**509**	**+9.5%**
NEXT's share of profit from Investments	30	22	+40.0%
NEXT Group PBIT	**588**	**531**	**+10.7%**
Net external interest[15]	(19)	(16)	+17.9%
NEXT Group PBT	**569**	**515**	**+10.5%**
PBT margin	*16.1%*	*15.8%*	
Taxation	(142)	(128)	+11.0%
Profit after tax	**427**	**387**	**+10.4%**
Pre-tax Earnings Per Share	**493.8p**	**439.5p**	**+12.4%**
Post-tax Earnings Per Share	**370.4p**	**330.2p**	**+12.2%**
Statutory profit before tax	**566**	**509**	**+11.2%**

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

The differences between NEXT group pre-tax profit of £569m and statutory profit of £566m are summarised below, along with the equivalent numbers for the first half of last year.

£m	July 2026	July 2025
NEXT Group PBT	**569**	**515**
Cost of brand amortisation (see page 54)	*- 9*	*- 9*
Profit from minority interests in Reiss, FatFace and Joules	*+7*	*+4*
Statutory profit before tax	**566**	**509**

[14] July 2025's profit by division has been restated to allocate the cost of lease interest to the relevant divisions.
July 2025's profit for 'Investments and Total Platform' has been split into two different rows this year: 'Total Platform Services', and 'NEXT's share of profit from investments', which now includes interest from loans to subsidiaries.
See Appendix 2 on page 52 for details.

[15] Net external interest includes the net cost of NEXT's external funding and cash balances. Lease interest is not included.

SUMMARY OF GROUP MARGINS

The overall pre-tax profit margin for the Group in the first half stepped forward by +0.3% to **16.1%**.

The net margin in each of our major business divisions is set out below, compared to last year. Details of the margin movements in each business are given in Part Four and the relevant page references are given in the table.

In the first half, we were able to spend £39m (+56%) more than last year in profitable digital marketing, driving growth in our UK and International Online businesses. Such a large increase would normally *reduce* margins, but this spend was offset by higher bought-in gross margins and operational efficiencies, mainly in our warehouses.

Margins by division	**July 2026**	**July 2025**	**Change in margin**	Page
Online (UK)	17.7%	17.6%	+0.1%	Page 28
Retail Stores	9.3%	8.9%	+0.4%	Page 36
UK Product total	**14.4%**	**14.0%**	**+0.4%**	
Online (International)	14.8%	15.2%	- 0.4%	Page 31
NEXT Online and Retail Stores	**14.5%**	**14.2%**	**+0.3%**	
NEXT Online, Retail Stores and Finance	**16.6%**	**17.0%**	**- 0.4%**	
Total Platform Services	19.6%	18.5%	+1.1%	Page 40
NEXT's share of profit from Investments	11.8%	9.1%	+2.7%	Page 40
NEXT Group margin	**16.1%**	**15.8%**	**+0.3%**	
NEXT Finance ROCE (exc. provision release)	*13.8%*	*14.4%*	*- 0.6%*	Page 38

FULL YEAR SALES AND PROFIT GUIDANCE

Our new guidance for full year sales, profit and EPS is set out below, along with our previous guidance which is shown in grey. We have increased guidance for sales by +£22m and profit by +£12m. This upgrade in profit comprises +£5m from the increase in sales, and +£7m from better than anticipated cost savings, particularly in warehousing. We provide a detailed walk forward from last year's profit to this year's guidance on the following page.

Guidance for the full year 2026/27	New guidance Full year (e)	New guidance % Versus 2025/26	Previous guidance Full year (e)	Previous guidance % Versus 2025/26
NEXT full price sales	£6.0bn	+6.7%	£6.0bn	+6.3%
Total Group sales (inc. markdown sales & investments)	£7.5bn	+6.9%	£7.5bn	+6.6%
NEXT Group profit before tax	£1,255m	+8.4%	£1,243m	+7.3%
Post-tax EPS	820.8p	+10.3%	812.9p	+9.2%

Full Price Sales Guidance by Division and Geography

Increasing International sales guidance but lowering UK

Our International business has made an encouraging start to the season, and we are raising our guidance for international online sales by +£40m to +20.5%. In contrast, and although UK sales are currently only just below our previous guidance, we are moderating our expectations for sales in the UK by -£18m, reducing growth estimates from +2.8% to +2.0%. See comment on the UK economy on page 25.

Full price sales guidance versus last year	First half (actual)	Second half (e)	Full year (e)
Online UK	+7.4%	+3.4%	+5.2%
Retail Stores	- 1.7%	- 0.2%	- 0.9%
TOTAL UK	**+3.6%**	**+2.0%**	**+2.7%**
Online International	+23.9%	+20.5%	+22.2%
TOTAL PRODUCT SALES	**+8.1%**	**+6.0%**	**+7.0%**
NEXT Finance interest income	+0.9%	+1.9%	+1.4%
TOTAL FULL PRICE SALES	**+7.7%**	**+5.8%**	**+6.7%**

Our guidance for Retail Stores (-0.2%) might look optimistic when compared to the performance in the first half (-1.7%). However, sales in the first quarter *last year* were boosted by early warm spring weather. In Q2 this year we were down -0.3% which is much closer to our forecast in the second half.

Growth in International sales in H2 is expected to moderate in the second half, and be up +20.5%. This is because in August last year we achieved a one-off step change in our aggregator sales when we switched to ZEOS's distribution services, materially increasing stock availability in our European aggregator business. So our comparative numbers become tougher in the second half.

In the second half, NEXT Finance interest income is expected to be up +1.9%. This is higher than the growth in the first half due to a planned increase in the interest rate charged on 'pay in 3' accounts (see page 39).

Group Profit Walk Forward from 2025/26 to 2026/27 (e)

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

£m		
Group profit before tax 2025/26		**1,158**
Profit from full price sales growth		
Additional profit from +10.7% increase in Online full price sales	+116	
Lost profit from -0.9% decline in Retail Stores' full price sales	- 6	
Total profit from full price sales growth		**+110**
Cost increases		
Marketing spend (ahead of sales growth)	- 44	
Wage cost inflation and National Insurance increases	- 42	
Increased fuel costs	- 27	
Higher interest costs (mainly from lower cash on deposit)	- 11	
Total cost increases		**- 124**
Cost savings and gross margin gains		
Higher bought-in margin plus overseas price increases	+37	
Employee incentives returning to normal levels	+28	
Efficiencies in Warehousing & Distribution (£22m) and Retail Stores (£3m)	+25	
Other	+6	
Total cost savings		**+96**
Additional profit from Total Platform Equity and Services	+15	
		+15
Group profit before tax 2026/27 (e)		**1,255**
Growth versus 2025/26		+8.4%

NEXT COMMENT ON UK ECONOMY AND OUTLOOK FOR UK SALES

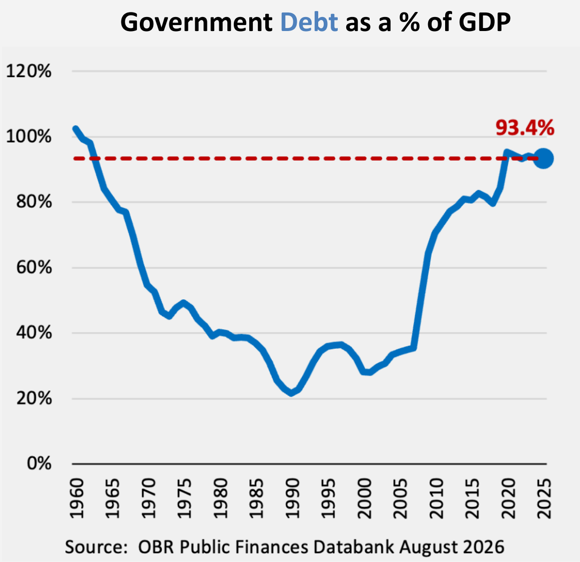
UK sales growth expectations

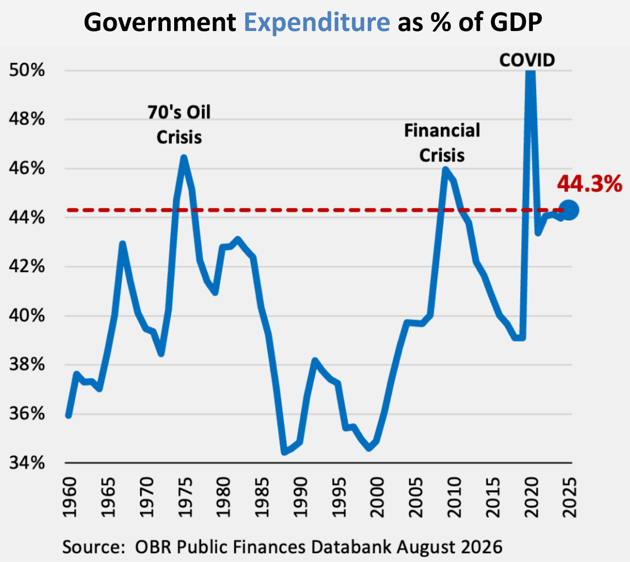
We have moderated our sales growth estimate *for the UK* in the second half – down from +2.8% to +2.0%. The reduction is modest, and we do not anticipate a precipitous decline in spending, rather a slow, steady decline as the year progresses. Our primary concerns are rising inflation, higher mortgage interest costs and a weak employment market. These worries will only be compounded if they are accompanied by tax increases.

The UK economy in three graphs

The UK Government is forecast to spend over £100bn more than its income this year, and has little room to increase its borrowing. So there is little or no room for the Government to stimulate growth through spending or alleviate inflationary costs in fuel and energy. In fact, the reverse is probably true; it seems likely that it will have to increase taxes in order to fund its expenditure.

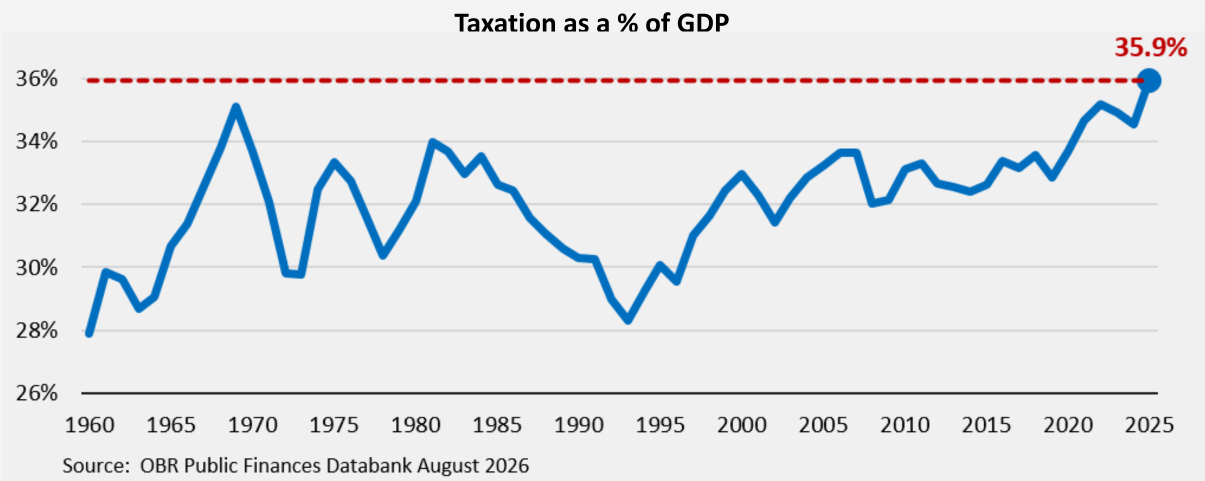
The graphs below show the Government's debt and expenditure as a percentage of GDP. They speak for themselves.





The effect of more taxation?

The tax burden is at its highest level for over 60 years, and seems to us to be at the point where further increases only risk stifling growth – and lower growth is likely to only worsen Government finances – a vicious circle. (See further comment on investment taxes below.)



Two effective ways out – spend less, grow more

There are only two *effective* ways out of this predicament: control spending or boost growth, preferably both.

It is important to stress that the UK's current predicament is the result of decisions made over *many* years. It certainly cannot be laid at the feet of a new Chancellor and Prime Minister, and until the Budget is delivered in October, we will not know the Government's plans. So all eyes will be on the Chancellor's Budget this year. In our view, the best outcome for UK growth would be a credible plan to get Government spending under control – eliminating the fear of higher taxes – alongside supply side measures to boost growth.

NEXT COMMENT ON INVESTMENT TAXES

The risk with further rises in taxes on investment

As it stands, large corporations pay 25% tax on their profits. Of the remaining 75%, higher rate taxpayers pay a further 35.75% tax on dividends. That means the effective tax rate on distributed corporate profits is nearly 52%. So those investors get *less than half* the profit but must bear *all the risk*. Investors have a choice as to whether to risk their capital. That risk looks all the less attractive with long-term government bonds yielding as much as 5% in the UK.

It might be tempting to think that higher taxes on investment affect only a relatively small number of investors. They do not. Lower investment means less growth, and that affects everyone. NEXT was one of many to warn that increasing taxes and regulation on jobs would undermine employment. Unfortunately, that concern now appears well founded. Our concern today is that increasing tax on investment will reduce investment in the UK, and that will be bad for employment and bad for growth.

PART FOUR
P&L DETAIL BY DIVISION

This is a detailed section that breaks down the sales, profit and margins of each business division, with relevant commentary. This section is intended for analysts and those who want to gain a deeper understanding of the individual business divisions.

Definitions: Wholly-owned brands, licences and third-party brands

Throughout this section, we refer to the different non-NEXT brands that we sell online. Definitions of these categories are explained below, along with some examples.

	Wholly-owned brands	**Licences**	**Third-party brands**
Explanation	Brands that are 100% owned by NEXT	Third-party brands provide NEXT with design and branding for specialist products – e.g. childrenswear. NEXT sources stock and takes markdown risk. Licensor earns a royalty on NEXT's sales.	A third-party owns the brand and sources the stock. Stock is sold on our websites through commission or wholesale arrangements.
Examples	Lipsy, Love & Roses Friends Like These The Set, Cath Kidston MADE, Seraphine Russell & Bromley BHOEM, Cerene	smALLSAINTS Baker by Ted Baker kidswear Laura Ashley Nina Campbell Rockett St George Superdry kidswear	Nike, Adidas, Skechers On Running ASICS Reiss[16] Ralph Lauren

[16] NEXT owns a 74% stake in Reiss. It is not 'wholly-owned' and is run as an independent business, so is categorised as a third-party brand. Other investments (not wholly-owned), like Joules and FatFace are also included in third-party brands.

NEXT ONLINE UK

SUMMARY OF ONLINE UK SALES, PROFIT AND MARGIN

The three tables below set out the total sales (including markdown sales), profit and margin for each category of brand sold through the NEXT website in the UK: the NEXT brand; wholly-owned brands and licences; and third-party brands.

The fastest growing category was our wholly-owned brands and licences (WOBL), where we have added new product categories and brands over the last year.

Further margin analysis and commentary is given overleaf. Analysis of *full price sales,* which were up +7.4%, is given on page 30.

Total sales by brand category £m	**July 2026**	**July 2025**	**Var %**
NEXT branded product	**740**	**718**	**+3.0%**
Wholly-owned brands and licences	150	118	+27.1%
Third-party brands	481	432	+11.1%
Total non-NEXT brands	***631***	***550***	***+14.6%***
Total Online UK sales	**1,370**	**1,269**	**+8.0%**

Profit by brand category £m	**July 2026**	**July 2025**	**Var %**
NEXT branded product	**157**	**146**	**+7.6%**
Wholly-owned brands and licences	27	20	+39.0%
Third-party brands	59	58	+1.8%
Total non-NEXT brands	***86***	***77***	***+11.2%***
Total Online UK profit	**243**	**223**	**+8.9%**

Margin % by brand category	**July 2026**	**July 2025**	**Change in %**
NEXT branded product	**21.2%**	**20.3%**	**+0.9%**
Wholly-owned brands and licences	18.1%	16.6%	+1.5%
Third-party brands	12.3%	13.4%	- 1.1%
Total non-NEXT brands	***13.7%***	***14.1%***	***- 0.4%***
Total Online UK net margin	**17.7%**	**17.6%**	**+0.1%**

ONLINE UK NET MARGIN ANALYSIS

Margin of 17.7% was up +0.1% on last year; the impact of major cost categories is set out below.

Net margin on Online UK product sales to July 2025		**17.6%**
Bought-in gross margin	Underlying margin on NEXT product sales was up +0.5%, as we over-achieved against our target margin. This was offset by the increase in the proportion of sales on lower margin non-NEXT brands.	- 0.2%
Markdown	Surplus stock increased by more than sales.	- 0.3%
Warehousing & distribution	Margin improved due to the combination of: ● Operational efficiencies, mainly from our new Elmsall 3 warehouse and returns processing (+0.6%) ● Higher average selling prices and lower returns rates, reduced costs as a percentage of sales (+0.5%) ● Fixed cost leverage (+0.3%) ● Inflationary cost increases (wages and national insurance) (-0.7%) ● Higher fuel costs (-0.1%)	+0.6%
Technology	Technology costs did not grow as fast as sales.	+0.1%
Marketing	An increase in profitable marketing spend meant costs grew faster than sales.	- 0.7%
Central costs	Lower staff incentives than last year (+0.5%) and leverage over fixed costs (+0.1%) improved margin.	+0.6%
Net margin on Online UK product sales to July 2026		**17.7%**

Margin by brand category

Although the overall Online UK margin has changed very little, each category of brand has changed more noticeably, as shown on the previous page. A brief summary of the reasons for these changes is given below:

NEXT branded product (21.2%, up +0.9%)

NEXT benefited from an increase in bought-in margin, logistics savings and leverage of fixed costs, which *more* than offset the increase in digital marketing costs.

Wholly-owned brands and licences (18.1%, up +1.5%)

Margin improved because last year we had some specific marketing campaigns that were not repeated this year, and we achieved cost savings on website photography. The first half also benefited from the release of a stock provision no longer required.

Third-party brands (12.3%, down -1.1%)

Third-party margin reduced, mainly due to: (1) the mix of sales of lower margin brands, and (2) higher surplus stock, meaning markdown sales grew faster than full prices. This increased sales but not profit, lowering the overall margin.

ONLINE UK

FULL PRICE SALES AND MARKETING ANALYSIS

The full price sales performance by category of brand is summarised below.

Full price sales £m	July 2026	July 2025[17]	Var %
NEXT brand	655	641	+2.1%
Wholly-owned brands and licences	130	98	+33.5%
Third-party brands	423	386	+9.5%
Non-NEXT brands total	*554*	*484*	*+14.4%*
Total Online UK full price sales	**1,208**	**1,125**	**+7.4%**

UK digital marketing

Digital marketing spend in the UK was up +39% versus last year. We measure the return on our marketing spend in terms of the *incremental cash profit* it generates, before marketing and fixed costs. For every £1 spent, we estimate that we generated £1.82; this return was down -12% on last year, when our returns were flattered by competitor disruption. We estimate that around +3.8% of the +7.4% growth in full price sales came from digital marketing, with the balance of +3.6% coming from underlying growth.

	July 2026	July 2025	Var %
UK marketing spend	£52m	£37m	+39%
Incremental profit per £1 spent	£1.82	£2.08	- 12%
Online UK full price sales growth	*+7.4%*	*+9.2%*	
Of which, driven by marketing (estimate)	*+3.8%*	*+2.9%*	

GUIDANCE FOR ONLINE UK SALES AND MARGIN FOR THE FULL YEAR

Full price sales

The table below gives our sales forecast for the Online UK business in the second half along with the performance in the first half. In the second half, we expect growth in non-NEXT brands to moderate, as we will annualise against the growth achieved in WOBL last year when we added new product categories and brands.

Online UK full price sales by brand category	H1	H2 (e)	Full year (e)
NEXT brand	+2.1%	+1.0%	+1.5%
Non-NEXT brands	+14.4%	+6.4%	+10.0%
Online UK full price sales versus last year	**+7.4%**	**+3.4%**	**+5.2%**

Net margins

Based on this sales forecast, we expect net margin for the year to be 18.4%, up +0.2% versus last year.

[17] Note, due to last year including a 53rd week, prior year figures for full price sales are given on an 'offset' basis to show growth against a like-for-like time period. We are comparing weeks 1-26 this year with 2-27 last year.

NEXT ONLINE INTERNATIONAL

Full price sales grew by **+24%** versus last year and total sales (including markdown) were up +26%. Profit grew broadly in line with full price sales growth and was up **+23%**.

SUMMARY OF SALES, PROFIT AND MARGIN

The three tables below set out the total sales (including markdown sales), profit and margin for each category of brand sold overseas: the NEXT brand; wholly-owned brands and licences; and third-party brands.

Further margin analysis and commentary is given overleaf. Analysis of *full price sales* is given on page 33.

Total sales by brand category £m	**July 2026**	**July 2025**	**Var %**
NEXT branded product	**548**	**466**	**+18%**
Wholly-owned brands and licences	130	68	+90%
Third-party brands	96	78	+24%
Total non-NEXT brands	***226***	***146***	***+55%***
Total Online International sales	**774**	**612**	**+26%**

Profit by brand category £m	**July 2026**	**July 2025**	**Var %**
NEXT branded product	**79**	**69**	**+14%**
Wholly-owned brands and licences	25	16	+55%
Third-party brands	10	7	+44%
Total non-NEXT brands	***35***	***23***	***+51%***
Total Online International profit	**114**	**93**	**+23%**

Margin % by brand category	**July 2026**	**July 2025**	**Change in %**
NEXT branded product	**14.4%**	**14.9%**	**- 0.5%**
Wholly-owned brands and licences	19.6%	24.1%	- 4.5%
Third-party brands	10.4%	9.0%	+1.4%
Total non-NEXT brands	***15.7%***	***16.0%***	***- 0.3%***
Total Online International net margin	**14.8%**	**15.2%**	**- 0.4%**

The largest change in margin was in WOBL, which reduced by -4.5% to 19.6%. We felt that last year's net margin at 24.1% risked making WOBL brands uncompetitive and lowered selling prices accordingly.

ONLINE INTERNATIONAL MARGIN ANALYSIS

Overall net margin of 14.8% was down -0.4% versus last year. The margin impact of major cost categories is summarised in the table below. The net margin impact of cost increases from the conflict in the Middle East and mitigating price increases is shown on the first row.

Net margin on Online International sales to July 2025		**15.2%**
Middle East Surcharges	Parcel surcharges arising from the Middle East conflict (-1.3%), offset by price increases (+0.5%), reduced margin.	- 0.8%
Bought-in gross margin	Underlying bought-in gross margin exceeded our target margin.	+0.4%
Markdown	Higher surplus stock reduced margin.	- 0.2%
Aggregator commission	Lower third-party aggregator commission costs, net of increased marketing spend.	+0.4%
Warehouse & distribution	Margin improved due to combination of: ● Operational efficiencies, including the benefits of our new E3 warehouse (+0.5%) ● Leverage of fixed overheads (+0.4%) ● Increased handling charge income (+0.2%) ● Inflationary cost increases (-0.3%)	+0.8%
Marketing	Profitable digital marketing spend in international markets meant that marketing costs increased by more than sales.	- 1.5%
Technology	Technology costs did not grow as fast as sales.	+0.1%
Central costs	Lower staff incentives than last year.	+0.4%
Net margin on Online International sales to July 2026		**14.8%**

Margin by channel (Direct or Aggregators)

Net margin % by channel	**July 2026**	**July 2025**	**Change in %**
NEXT Direct	14.6%	16.1%	- 1.5%
Aggregators	15.3%	13.1%	+2.2%
Total Online International net margin	**14.8%**	**15.2%**	**- 0.4%**

NEXT Direct

Net margin on our NEXT Direct websites reduced by -1.5% compared to last year. This was primarily driven by Middle East surcharges, which were not offset by price increases in the first three months, and increased investment in profitable digital marketing. These costs were partially mitigated by cost savings and fixed cost leverage.

Aggregators

Net margin through third-party aggregators improved by +2.2%. This was largely due to a reduction in aggregator commission rates, more than half of which was reinvested into marketing on their platform. Aggregator margin also benefited from cost savings and fixed cost leverage.

ONLINE INTERNATIONAL

FULL PRICE SALES AND MARKETING ANALYSIS

Full price sales growth[18] by quarter and by region

Full price sales by region £m	July 2026	Q1 vs last year	Q2 vs last year	H1 vs last year
Europe	433	+19%	+39%	**+28%**
Middle East	187	- 1%	+36%	**+14%**
USA (NEXT Direct)	18	+250%	+262%	**+255%**
Rest of World	53	0%	+8%	**+3%**
Total full price sales	**690**	**+13%**	**+37%**	**+24%**
NEXT Direct	*468*	*+12%*	*+40%*	*+24%*
Third-Party Aggregators	*223*	*+14%*	*+31%*	*+23%*

Growth in Q1 (+13%) and Q2 (+37%) were markedly different. Q1's sales and service were disrupted by the conflict in the Middle East, and sales growth in Northern Europe was subdued due to unseasonably cold spring weather. Both regions recovered well in Q2, which we believe benefited from the release of pent-up demand.

The USA still represents a very small proportion of our sales overseas. However, we have now started to achieve meaningful sales growth through our own website, largely driven by our increasing ability to invest in profitable marketing spend.

Growth in the 'Rest of World' was also challenging in Q1, with the conflict appearing to affect sales in Australia and Kazakhstan particularly.

Sales through third-party aggregators were up +23%, with the addition of one new aggregator last year accounting for +2% of this growth.

Marketing spend and returns (NEXT Direct)

We have seen healthy returns on marketing spend across all regions, delivering a return[19] of £1.77 for every £1 spent; a small increase on last year's £1.75.

In the USA, our overall return fell slightly below our £1.50 threshold, reflecting the initial learning period required when scaling a new market. More recent spend has generated returns ahead of our £1.50 threshold.

	Spend £m			Return on every £1 spend		
Marketing by region	**July 2026**	**July 2025**	**% var**	**July 2026**	**July 2025**	**% var**
Europe	£26m	£15m	+75%	£1.80	£1.72	+5%
Middle East	£15m	£11m	+37%	£1.77	£1.78	- 1%
USA	£3m	-	-	£1.48	-	-
Rest of World	£6m	£5m	+22%	£1.76	£1.75	+1%
Total	**£51m**	**£31m**	**+63%**	**£1.77**	**£1.75**	**+1%**

[18] Note, due to last year including a 53rd week, prior year figures for full price sales are given on an 'offset' basis to show growth against a 'like-for-like' time period. We are comparing weeks 1-26 this year with 2-27 last year.

[19] Incremental cash profit, before marketing and fixed costs.

ONLINE INTERNATIONAL

GUIDANCE FOR ONLINE INTERNATIONAL MARGIN FOR THE FULL YEAR

In the second half of the year, we are forecasting full price sales to be up +20.5% on last year. This is lower than the first half performance, because we will annualise the step-change in aggregator sales last year, when we moved to ZEOS distribution services. That change significantly increased our stockholding servicing Europe, benefiting sales from August 2025 onwards, so our comparative sales will become much stronger in the second half. For the *full year*, this would give full price sales growth of +22.2%.

In the second half, we have planned for marketing spend to be up +42% versus last year. Based on these forecasts, we expect net margin for the year to be **15.1%**, slightly ahead of the first half.

ONLINE UK & INTERNATIONAL CUSTOMER ANALYSIS

Online customers can be split into three distinct groups:

- **UK credit customers** who pay using a NEXT credit account[20] ('nextpay' or 'pay in 3').
- **UK cash customers** who pay using credit cards, debit cards or other tender types.
- **International** customers who shop on our websites using credit cards, debit cards or other tender types.

The total number of customers who placed an order in the last *12 months* was 16.2m, up +14% versus last year. The table below sets out the change in our customer numbers, average sales per customer and total sales. For completeness, it also includes sales achieved through our international third-party aggregators, where we do not have visibility of customer numbers.

Please note that the sales numbers shown below are for the last *twelve* months – i.e. H2 last year combined with H1 this year[21].

	Customers in the last 12 Months		Sales £ per customer		Total sales £m Aug 25 to July 26	
	This year	vs last year	This year	vs last year	This year	vs last year
UK Credit	3.4m	+8%	£552	+0%	£1,864m	+8%
UK Cash	7.1m	+7%	£145	+2%	£1,032m	+9%
UK Total	**10.5m**	**+7%**	**£276**	**+1%**	**£2,896m**	**+9%**
Int'l (NEXT Direct)[22]	5.7m	+29%	£169	+2%	£965m	+31%
Total ex. aggregators	**16.2m**	**+14%**	**£238**	**- 0%**	**£3,861m**	**+14%**
Int'l 3rd party aggregators					£499m	+43%
Online Total					**£4,360m**	**+16%**

Online Sales Per Customer

UK sales per customer

Sales per customer in the UK were marginally higher than last year (up +1%), with a +7% increase in customer numbers. The increase in credit customers was driven by an increase in 'pay in 3' accounts.

International sales per customer (NEXT Direct)

Sales per international customer were up +2%. All things being equal, we would have expected sales per customer to reduce as a result of the increasing number of new customers (who tend to spend less than established customers). We believe that the increased product offer (especially WOBL) has served to increase average spend.

[20] Both NEXT credit accounts are authorised and regulated by the Financial Conduct Authority.

[21] In last year's Half Year report, we summarised customer numbers and average spend *in the first half*, which had the effect of halving our customer and sales numbers. We think giving the twelve-month rolling number is more informative.

[22] International customer numbers have been restated to remove instances where orders placed using 'guest checkout' resulted in customer duplication. In our Jan 2026 Year End Results we reported 5.7m customers (up +31%) and sales per customer of £151 (up +2%); restated customer numbers are 5.0m (up +30%) and sales per customer of £173 (up +3%).

NEXT RETAIL STORES

SUMMARY OF RETAIL STORES' SALES AND PROFIT

£m	July 2026	July 2025	Var %
Total sales	895	899	- 0.4%
Retail Stores' profit	**83**	**80**	**+4.0%**
Retail Stores' margin %	**9.3%**	**8.9%**	

Full price sales performance

Full price sales were down -1.7%; the change in like-for-like[23] sales and the contribution from new space is set out in the table below, by quarter.

The like-for-like sales performance by quarter was markedly different, because Q1 last year benefited from particularly warm weather in spring and sales of summer-weight products were brought forward. New space contributed more to growth in Q2 than Q1 due to the timing of new store openings.

Full price sales versus last year	Q1	Q2	First half
Like-for-like stores	- 4.5%	- 2.2%	**- 3.3%**
Sales from net new space	+1.1%	+1.9%	**+1.6%**
Total full price sales versus last year	**- 3.4%**	**- 0.3%**	**- 1.7%**

New space

This year, we expect to open eight new NEXT stores and re-site two of our existing stores. Our overall space is forecast to increase by around 1.3%.

To date, we have opened six of those stores. Early indications are that the new portfolio of stores will exceed their target investment criteria. As a reminder, our investment criteria are to achieve an internal rate of return (IRR) on our investment of at least 27%, and a store profitability of 15%.

A full update on new store performance will be given in our Year End Results.

NEXT, Bluewater Shopping Centre, Opened July 2026

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

RETAIL STORES MARGIN ANALYSIS

Net margin was 9.3%, up +0.4%; the margin impact of major cost categories is summarised below.

Retail Stores' net margin on total sales to July 2025		8.9%
Bought-in margin	Underlying bought-in margin was up +0.5%, as we over-achieved against our target margin, and product mix added +0.1%.	+0.6%
Markdown	Surplus stock was higher than last year, but better clearance rates resulted in no margin impact.	+0.0%
Payroll	Wage inflation and two months of the increase in Employers' National Insurance reduced margin (-1.0%). This was offset by improved productivity (+0.4%).	- 0.6%
Store occupancy costs	Margin reduced due to a combination of: ● The cost of new space (-0.7%) ● Lower depreciation from fully depreciated assets (+0.5%)	- 0.2%
Warehousing and distribution	Margin reduced due to wage inflation and the increase in Employers' National Insurance (-0.2%), and fuel price increases (-0.1%).	- 0.3%
Technology	Technology costs fell by more than the reduction in sales.	+0.2%
Central costs	Lower staff incentives (+0.6%) and lower central costs (+0.1%).	+0.7%
Retail Stores' net margin on total sales to July 2026		**9.3%**

Guidance for Sales and Profit for the Full Year to January 2027

In the second half, we are forecasting full price sales to be down -0.2%. This might look optimistic when compared to the performance in the first half (-1.7%). However, sales in the first quarter *last year* were boosted by early warm spring weather. In Q2 this year we were down -0.3% which is much closer to our forecast in the second half. This would result in full price sales for the year being down **-0.9%**.

Based on this sales forecast, we expect Retail Stores' profit for the full year to be around £190m, with a net margin of 10.2%, in line with last year.

NEXT FINANCE

FINANCE PROFIT & LOSS SUMMARY

Total net profit in the first half was down -10.9%, however the reduction was largely because last year's profit benefited from a £10m provision release in the first half. Underlying profit, before the internal cost of funding, was **£115m, up +0.4%** on last year.

£m		July 2026	July 2025	Var %
Credit sales[24]		*1,086*	*1,009*	*+7.6%*
Closing customer receivables	*note 1*	*1,309*	*1,278*	*+2.5%*
Average customer receivables	*note 1*	*1,303*	*1,262*	*+3.2%*
Interest income	*note 2*	152	151	+0.9%
Bad debt charge (underlying)	*note 3*	(10)	(10)	+1.2%
Overheads		(26)	(26)	+2.9%
Profit before cost of funding & provision releases		**115**	**115**	**+0.4%**
Cost of funding	*note 4*	(25)	(24)	+6.4%
Profit before bad debt provision release		**90**	**91**	**- 1.1%**
Bad debt provision release		0	10	- 100.0%
Net profit (after provision releases)		**90**	**101**	**- 10.9%**
ROCE (before bad debt provision release)		13.8%	14.4%	

The following paragraphs explain the year-on-year variances in customer receivables, and each line of the Finance P&L.

Note 1 Customer receivables

Closing customer receivables as at July 2026 were up +2.5% versus July 2025. The table shows the various factors affecting the receivables balance. Please note that the increase shown is July 2026 versus July 2025, so the 'year' driving the balance is August 2025 to July 2026.

Credit sales in the last 12 months were up +6.8%, which drove higher balances	+6.8%
Release of bad debt provision in H2 last year added to balances	+0.8%
Balances were paid down faster mainly as a result of increasing 'pay in 3' participation	- 3.8%
The additional 53rd week added an end-of-month high payment week to the period	- 1.3%
Net increase in closing receivables	**+2.5%**

Average customer receivables were up +3.2%; higher than the +2.5% growth in the closing balance. This difference is due to timing: sales growth was stronger in Q1 than Q2, and the lag between sales and payments pushed the average balance up more than the closing balance.

Debtor days[25] reduced from 206 last year to 198 (down -4.0%).

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

[25] Debtor days are calculated using payments over a 12-month period and the **gross** receivables balance. Last year, we reported debtor days of 189, which was calculated on the **net** receivables balance.

Note 2 Interest income

Interest income was up +0.9%; this is lower than the +3.2% growth in average receivables for two reasons:

- Last year's provision release increased net receivables but *not* the interest-bearing balance, so it inflates the receivables growth without adding interest income.
- Balances on ‘pay in 3’ accounts have grown much faster than ‘nextpay’ accounts due to the increase in customer numbers. ‘Pay in 3’ generates less interest than ‘nextpay’, as balances are paid down faster and new purchases attract no interest if all instalments are paid on time, within three months.

Note 3 Bad debt charge and default rates

The bad debt charge in the first half was up +1.2% versus last year; lower than the growth in credit sales. Our provision rate for bad debt this year was in line with last year, but the first half benefited from a higher level of recovery on accounts that had been previously written off, compared to last year.

In the first half, default rates were in line with last year and we have assumed the same for the second half of the year. Our forecast assumes the closing level of provision coverage for future defaults at the year end is also in line with last year (see below). This is above our current default rate and allows for a material deterioration in defaults.

Annual Default and Closing Provision Rates	**2024/25**	**2025/26**	**2026/27 (e)**
Annual default rates (of gross receivables)[26]	2.4%	2.1%	2.1%
Provision for future defaults (coverage %)	7.8%	6.9%	6.9%

Note 4 Cost of Funding

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

The cost of funding was up +6.4% versus last year, due to: (1) the increase in receivables balance, and (2) the higher average interest rate on our bond debt. The new bond issued in July 2025 carried an interest rate of 5.0% compared to the 3.0% payable on the bond we repaid in August 2025.

GUIDANCE FOR THE FULL YEAR TO JANUARY 2027

We anticipate full year profit of around **£180m**, +2% versus last year (excluding last year’s provision releases of £20m). We are forecasting that the receivables balance at the year end will be around **£1.36bn**, up +1.5% versus last year.

APR change on NEXT ‘pay in 3’ accounts

From Q4 this year, we plan to increase the headline APR on ‘pay in 3’ credit accounts from 29.9% to 34.9% for existing customers[27]. ‘Pay in 3’ gives customers the chance to pay for their goods in three equal monthly instalments without incurring *any* interest. Interest is only charged if instalments are not paid on time and only on the remaining outstanding balance for the goods. This increase in APR means that returns on lending to ‘pay in 3’ accounts are closer to the returns on ‘nextpay’ accounts. This change is expected to add c.£4m of interest income annually, of which c.£1m falls within the current financial year.

[26] In previous years, default rates were expressed over the net receivables balance, not gross.
[27] The new APR rate of 34.9% applied to new customers recruited from mid-July 2026.

INVESTMENTS AND TOTAL PLATFORM SERVICES

In the first half, the combined profit from investments[28] and Total Platform services was **£38m**, up +36% on last year. For the full year, we expect profit of **£105m**.

	First half actual			Full year estimate		
Profit £m	**July 2026**	**July 2025**	**Var %**	**Jan 2027 (e)**	**Jan 2026**	**Var %**
Investments	30	22	+40%	87	73	+20%
Total Platform services	8	6	+23%	18	17	+8%
Total profit	**38**	**28**	**+36%**	**105**	**90**	**+18%**

Investments

A list of all the equity investments held by the Group is given in Appendix 5 on page 55. Our share ownership in investments is in line with last year, with our most significant investments to date being in Reiss (74%), FatFace (97%) and Joules (74%).

Profit growth of +40% in the first half was slightly flattered, because last year included a £4m provision for the closure costs of some overseas stores. £2m of this provision was released in the second half of last year, when actual costs were confirmed and were lower than the original estimates. Underlying growth in the first half, excluding provisions, was up +18%.

If we achieve our full year profit guidance for investments of **£87m**, this would deliver a return on capital employed (ROCE) of 22%. Including Total Platform services' profit and capital expenditure, our overall ROCE would be 26%, versus 23% last year. Full details of the performance of our investments and ROCE for the full year will be given at our Year End Results.

Total Platform Services

The increase in income and profit came from sales growth with existing clients, with no new additions in the last year.

The table below sets out sales, profits and margins for the first half, along with last year. Margins, at 5.9% of clients' sales or 19.6% of our income, are in line with our target profitability. Margin improved due to leverage on fixed costs.

Total Platform services £m	July 2026	July 2025	Var %
(A) Client online sales (GTV)	*122*	*101*	*+21%*
(B) Commission income on clients' GTV	24	21	+15%
(C) Income from cost-plus services inc. TEP	11	10	+9%
(D) Recharges for services at cost	5	3	+42%
(E) Total Platform income (accounting)	**40**	**34**	**+16%**
(F) Total Platform profit from services	**8**	**6**	**+23%**
(G) Total Platform profit as a % of income = F / E	*19.6%*	*18.5%*	
(H) Total Platform profit as a % of clients' sales = F / (A + C)	*5.9%*	*5.7%*	

[28] Profit includes the *loan interest* earned from TP investments.
Profit from investments is stated *excluding* the cost of brand amortisation. Further details on the treatment of brand amortisation are given in Appendix 4 on page 54.

OTHER BUSINESS ACTIVITIES

The table below summarises the profits and losses in the first half of the year from other business activities, including our other Group trading companies and non-trading activities. Full year estimates are shown on the right.

		First half actual		Full year estimate	
£m		**July 2026**	**July 2025**	**Jan 2027 (e)**	**Jan 2026**
NEXT Sourcing (NS)	*note 1*	15	15	39	36
Franchise and wholesale	*note 2*	3	4	5	8
Property management and provisions	*note 3*	5	(3)	3	(7)
Central costs	*note 4*	(29)	(36)	(60)	(75)
Foreign exchange		-	2	-	(3)
Impairment of investments		-	-	-	(6)
Total profit/(loss)		**(6)**	**(18)**	**(13)**	**(45)**

Note 1 – NEXT Sourcing (NS)

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

Sales and profit grew in the first half as a result of higher purchases by NEXT. The net margin of 5.2% was broadly in line with last year. For the full year we expect profit of around **£39m** (up +6%).

	US Dollars $m			Pounds £m		
	July 2026	**July 2025**		**July 2026**	**July 2025**	
Sales (mainly intercompany)	399	386	+3%	296	295	+0%
Operating profit	20.8	19.3	+8%	15.4	14.7	+5%
Net margin	5.2%	5.0%		5.2%	5.0%	
Exchange rate				1.35	1.31	

Note 2 – Franchise and wholesale

First half profit of £3m was lower than last year, due to franchise store closures last year and disruption from the Middle East conflict this year. For the full year, we expect profit to be £5m.

Note 3 – Property management and provisions

In the first half, profit of £5m includes a £3.5m release of property provisions. The provision release relates to a subsidiary's warehouse, which was successfully sublet this year after a period of not being occupied.

For the full year, we expect a net profit of £3m. In contrast, last year's £7m charge reflected the *increase* in provisions in a subsidiary company and NEXT's store dilapidation provisions.

Note 4 – Central costs

Group Central costs of £29m in the first half were £7m lower than last year, mainly due to: (1) £4m of historical provisions being released, and (2) a £2m refund of US tariffs paid last year.

Full year costs are forecast at £60m; £15m lower than last year, for the reasons mentioned above plus: (1) lower set-up costs for new businesses that were incurred in the second half of last year, (2) lower legal costs and professional fees, and (3) lower staff incentives than last year.

INTEREST, TAX AND ESG

NET EXTERNAL INTEREST

Our P&L interest charge[29] is set out below for the first half, along with our full year estimate.

	First half actual		Full year estimate	
£m	**July 2026**	**July 2025**	**Jan 2027 (e)**	**Jan 2026**
Net external interest	(19)	(16)	(41)	(31)

In the first half, the net external interest cost of £19m was £3m higher than last year due to lower interest earned from cash on deposit (see below).

For the full year, we expect net external interest costs of £41m. Costs in H2 are expected to be higher than H1 due to higher average debt, meaning we will utilise more of our revolving credit facility.

Cash on deposit

Cash on deposit was much lower than last year due to the volume and timing of share buybacks: we purchased £355m of shares in H1 this year, compared with just £81m last year. The share price stayed above our buyback price limit for most of last year, which limited our buyback activity. Last year's remaining surplus cash, totalling £421m, was returned to shareholders via a B Share Scheme in January 2026. This meant that we held cash on deposit, earning interest, for most of last year.

LEASE INTEREST

Note to Analysts: We have changed the presentation of our summary P&L this year, so the cost of lease interest is now allocated directly to the respective business divisions. We include lease interest costs in the profit and margins of each business so we reflect the total rental costs in our divisional analysis. See Appendix 2 on page 52 for details of the restatement. The figures shown below are for reference only.

Lease interest of £25m in the first half was £1m higher than last year, mainly due to the renewal of Retail Store leases and new vehicles.

£m	**July 2026**	**July 2025**	**Jan 2027 (e)**	**Jan 2026**
Lease interest	(25)	(24)	(51)	(49)

TOTAL PLATFORM LOAN INTEREST INCOME

Note to Analysts: We previously reported TP loan interest income within the 'Interest' line of the P&L; it is now reported directly within 'NEXT's share of profit in Investments' (see page 40). See Appendix 2 on page 52 for details of the restatement.

We have loan agreements with nine of our equity investments. These loans generated £0.6m of interest in the first half and we forecast £1.1m for the full year.

TAX

Our effective tax rate (ETR) for the first half was 25.0%, in line with the UK headline rate. For the full year we also expect an ETR of 25.0%.

[29] Excludes net interest costs of Reiss, FatFace and Joules, which are reported in the equity investment profit figures given on page 40.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Full details of our ESG activities are set out in our 2026 Corporate Responsibility Report, available at www.nextplc.co.uk. Our ongoing, large ESG projects cover:

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

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

Protecting Workers in our Supply Chain

Supply Chain Grievance Mechanisms

We have extended the rollout of a supply chain grievance mechanism which now covers twelve territories. In the first half of this financial year, we received 172 grievances, the majority of which have been successfully resolved by our teams in the territories. We have also trained nearly 35,000 employees in how to use the grievance mechanism in the same period.

Gender Empowerment Programme

We expanded our Gender Empowerment Programme from the original pilot in Morocco to now include aspects of our supply chain in Bangladesh and India. This is a welfare initiative between our in-country teams and local non-governmental organisations, supporting female workers in our supply chain.

Zero Discharge of Hazardous Chemicals (ZDHC)

For the fourth consecutive year, NEXT achieved the highest possible “Champion” status in the ZDHC ‘Brands to Zero’ annual audit. The programme focuses on eliminating the use of hazardous chemicals from manufacturing processes within the apparel, leather and footwear industries.

Carbon Emissions

NEXT is supporting an independent needs assessment in Bangladesh with the Apparel & Textile Transformation Initiative (ATTI) to achieve grid decarbonisation. In addition, three of the factories NEXT uses joined a nine-month Ethical Trading Initiative project to create decarbonisation and renewable energy roadmaps.

EQUAL PAY CLAIM

Copy of RNS issued 7 September 2026

In September 2026, NEXT won a landmark victory in its ongoing Equal Pay litigation. We succeeded in our appeal to the Employment Appeal Tribunal on the key issue of Basic Pay.

Background

The case revolves around whether retail and warehouse employees must be engaged on the same terms, even if those jobs clearly require very different terms in order to effectively recruit, retain and motivate colleagues.

The judgment and its significance

The appeal judgment endorsed NEXT's position that it should not have to pay shop assistants and warehouse operatives the same amount of Basic Pay, in circumstances where the market and working conditions are very different.

The importance of this decision is that the Appeal Tribunal has confirmed that it was justifiable for NEXT to rely on market forces to distinguish between different groups of employees, where there was a good rationale to pay one group more than the other.

In this case, NEXT had to pay a higher market rate to warehouse operatives because of recruitment and retention pressures, which did not apply to the workforce in its stores. NEXT believes this element of the judgment is not only correct in law, but also a victory for common sense.

The judgment affirms a principle at the heart of any effective employment market – that employers must be able to pay what is necessary to recruit the people they need; and that doing so does not oblige them to raise the pay of other employees where there is no reason to do so.

Had the judgment gone against NEXT, it would have created a threat to the ongoing viability of many of our stores. It would also have had the perverse effect of putting retailers who operate their own warehousing at a material disadvantage to competitors who contract out their warehouse operations, which makes no sense.

There was never any finding of direct sex discrimination

Both the original Employment Tribunal and the Appeal Tribunal found that there was no direct discrimination. The Employment Tribunal found that 'gender did not enter into the equation' when NEXT set pay rates and that it had an "abundance of evidence… which supported the conclusion that sex had nothing to do with NEXT's decision on pay rates". The Employment Tribunal also rejected the theories in the expert evidence put forward on behalf of the Claimants that the differences in pay were related to sex.

The Appeal Tribunal upheld these findings and dismissed the Claimants' cross-appeal on this issue.

Next steps

NEXT has now won the vast majority of the terms challenged by the Claimants in this Equal Pay litigation, including bonus pay to warehouse staff (on which it succeeded before the original Employment Tribunal in its decision last year), and now Basic Pay as a result of the appeal decision today.

NEXT believes that the same rationale applies to the small number of other terms, which were not overturned in the appeal, including paid rest breaks, where the same legal principles apply. NEXT intends to seek permission to appeal in relation to those terms.

Conclusion

This important decision respects the aims of the Equal Pay legislation whilst restoring the relevance of market forces in determining the differences between the pay and conditions of different groups of workers.

This judgment has come at the right time, the UK economy desperately needs jobs and the loss of this appeal would have represented a hammer blow to retail employment in the UK.

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

CASH FLOW

In the year to January 2027, based on the profit guidance given on page 23, we expect to generate **£752m** of surplus cash, before investments and distributions to shareholders. This is lower than the £792m generated last year, which benefited from the addition of a 53rd week (£24m) and an exceptional land sale (£54m). In contrast, this year includes property acquisitions of £36m and higher capital expenditure. The increase in capex is due to the accelerated development of new warehouse capacity.

Leverage and Investment Grade Status

The Group remains committed to maintaining its Investment Grade status, and we believe our leverage is comfortably below that required to maintain it.

We plan to close the year with net debt (excluding lease debt) of £815m and a net debt:PBIT ratio of 0.63, in line with the year ending January 2025. Last year, we closed the year with *lower* net debt than we had planned due to higher-than-expected cash inflows in January, and our net debt:PBIT ratio reduced to 0.60.

The table below sets out a summarised cash flow forecast for this year, along with the last two years for comparison.

£m		Jan 2027 (e)	Jan 2026	Jan 2025
Profit before tax		**1,255**	**1,158**	**1,011**
Profit before tax from 53rd week		-	24	-
Depreciation of assets and amortisation of software		152	153	148
Capital expenditure	*(see page 47)*	(245)	(168)	(151)
Tax paid		(262)	(233)	(243)
Employee Share Option Trust (ESOT)		(61)	(62)	(45)
Working capital/other		(32)	(109)	(30)
Trading cash flow		**808**	**764**	**690**
Customer receivables ('nextpay' and 'pay in 3')		(20)	(26)	(21)
Property or land sale/(acquisition)	*(see page 46)*	(36)	54	-
Surplus cash before investments and distributions		**752**	**792**	**669**
Ordinary dividends	*(see page 48)*	(319)	(286)	(258)
Surplus cash available for investments, buybacks or distribution		**433**	**506**	**411**
Investments in third-party brands		-	(6)	(11)
Share buybacks	*(see page 48)*	(535)	(131)	(360)
Capital distribution via B share scheme		-	(421)	-
Change in net debt		**(102)**	**(53)**	**40**
Closing net debt (excluding lease debt)		**(815)**	**(713)**	**(660)**
Net debt: PBIT ratio		*0.63*	*0.60*	*0.63*
Total buybacks, capital distributions and investments		***(535)***	***(559)***	***(371)***

PROPERTY AND LAND ACQUISITION/SALE

This year, we expect a total cash outflow of £36m relating to the acquisition of property and land. The majority of this spend relates to offices in London and land for warehouse expansion. Last year's exceptional cash inflow of £54m related to the sale of land near Waltham Abbey, Essex.

Property acquisition – London offices

We have acquired the long leasehold on three properties near Tottenham Court Road, London, adjacent to our existing offices. This allows us to expand the office space for our London-based businesses, without compromising our location or increasing costs per square foot. The teams based in London include our wholly-owned brands and third-party branded businesses, which are the fastest-growing parts of the Group.

The acquisition cost was £25m, with an additional £13m of capital expenditure projected over the next two years on the first phase of development. Over the next three years, we anticipate this project will increase our London office space by 18% for a 4% increase in operating costs.

Land acquisition – 'Elmsall 4'

We expect to spend £9m this year on the freehold land, and associated costs, for the future development of a new online warehouse, 'Elmsall 4' (E4). The site occupies 84 acres of land next to Elmsall 3, and we have planning permission in place for a new 1.2 million square-foot warehouse.

We estimate that E4 would add at least 50% more capacity to the Elmsall complex. Once fully complete, E4 would accommodate around £2.5bn of additional sales. We currently forecast the need to commence E4 building work by 2029, so that floor space for manual storage could be available from 2031 if needed. New automated E4 packing and picking would be fully operational for summer 2032.

CAPITAL EXPENDITURE

The table below sets out our capital expenditure forecast for this year, by category of spend, along with the last two years for comparison.

£m	Jan 2027 (e)	Jan 2026	Jan 2025
Warehouse	140	52	49
Technology	36	33	34
Total warehouse and technology	**176**	**85**	**83**
Retail Stores' space expansion	29	49	26
Retail Stores' cosmetic/maintenance capex	16	15	20
Total Retail Stores' expenditure	**45**	**63**	**46**
Head office infrastructure and other	12	8	9
Other Group subsidiaries	12	12	12
Total capital expenditure	**245**	**168**	**151**

Warehousing

In line with the guidance given in March, this year we expect to spend £140m on warehousing. This expenditure includes:

- An additional chamber and mechanisation in our Elmsall 3 warehouse
- Extending the palletised warehouse in our Dearne Valley complex.

Technology

This year we expect to spend £36m of capital modernising and upgrading our systems technology: £30m on software development (which mainly relates to the modernisation of our finance systems) and £6m on hardware and purchased software.

Retail stores

Capital expenditure on new space this year is forecast at £29m, £20m lower than last year, which included the new design and prototyping costs of our new shopfit concept in our Thurrock store.

Cosmetic and maintenance spend of £16m is broadly in line with last year.

Head office infrastructure and other

Capital expenditure on head office infrastructure is forecast to be £12m, compared to £8m last year. This includes the expansion of head office car parking facilities.

Other Group subsidiaries

This year, we expect expenditure for all subsidiaries to be £12m, in line with prior years. The majority of this spend relates to new stores and store refits.

Outlook For Capital Expenditure

Total forecast spend for 2027/28 and 2028/29 is in line with our previous guidance, given in March, although we now expect to spend slightly less on stores and more in other areas.

£m	Jan 2027 (e)	Jan 2028 (e)	Jan 2029 (e)
Warehouse	140	155	133
Technology	36	36	33
Stores	45	29	29
Head Office and Subsidiaries	24	25	25
Total capital expenditure	**245**	**245**	**220**

DIVIDENDS AND SHAREHOLDER RETURNS

The Company remains committed to returning surplus cash to shareholders by way of share buybacks, special dividends or other capital returns, if it cannot be profitably invested in the business. Surplus cash is defined as cash generation, after deducting interest, tax, capital expenditure, investments or acquisitions and ordinary dividends.

Any share buybacks are subject to achieving a minimum 8% equivalent rate of return (ERR). As a reminder, ERR is calculated by dividing (1) anticipated NEXT Group pre-tax profits by (2) the current market capitalisation[30]. Our latest guidance of pre-tax profits of £1,255m results in a buyback limit of circa £136.50 per share.

Ordinary dividends

An ordinary dividend of 181p per share was paid on 3 August 2026 (with a total value of £207m).

For the year to January 2027, we are declaring an interim ordinary dividend of 98p per share to be paid on 4 January 2027, with a total value of around £112m. Shares will trade ex-dividend from 3 December 2026, and the record date will be 4 December 2026.

Share buybacks

So far this year, we have purchased £355m of shares at an average share price of £127.69, reducing the number of shares in issue by 2.3%. This leaves £180m of remaining surplus cash available for return to shareholders. We intend to use this to buy back shares, or for it to be returned as a special dividend or other capital return.

[30] Market capitalisation is calculated based on shares in circulation, so excludes shares in the NEXT Employee Share Option Trust.

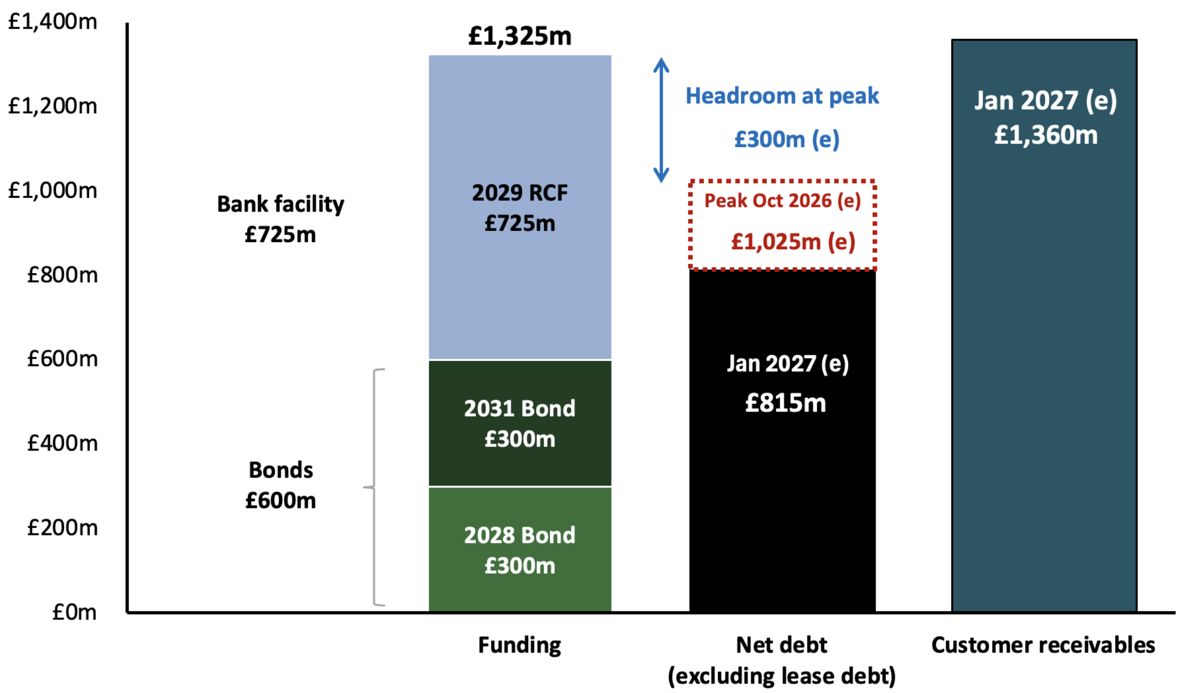
NET DEBT, BOND AND BANK FACILITIES

As at September 2026, the Group's bond and bank facilities total **£1,439m** (£714m in bonds and a £725m revolving credit facility (RCF)). In the first half of this year, we increased our RCF by £200m and in October we will repay our 2026 bond of £114m. At the year end our facilities will total £1,325m, assuming no further refinancing.

Based on our cash flow guidance for this year, we anticipate that our net debt will peak in October 2026 at around £1,025m, leaving headroom of £300m within our bond and bank facilities of £1,325m. We estimate that we will end the year with net debt (excluding lease debt) of around £815m.

The chart below sets out the Group's bond and bank facilities and year of maturity. For context, our forecast for customer receivables at January 2027 is £1,360m, significantly higher than the value of our net debt.

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



THIRD QUARTER TRADING UPDATE

Our third quarter Trading Statement will cover the thirteen weeks to Saturday 31 October 2026 and is scheduled for Thursday 5 November 2026.

Lord Wolfson of Aspley Guise
Chief Executive
17 September 2026

APPENDIX 1
RECONCILIATION TO STATUTORY RESULTS

OVERVIEW

The financial information presented in pages 3 to 50 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 2026 Annual Report and Accounts available at 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 report on pages 20 and 21 respectively.

In this Appendix we provide a reconciliation between our APMs and their statutory equivalents for NEXT Group EPS and statutory EPS.

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)	July 2026	July 2025
NEXT Group profit before tax	**569**	**515**
Tax	(142)	(128)
NEXT Group profit after tax	**427**	**387**
Average number of shares (millions)	115	117
NEXT Group Earnings Per Share (EPS)	**370.4p**	**330.2p**

Statutory profit (£m) and EPS (pence)	July 2026	July 2025
Statutory profit before tax	**566**	**509**
Remove profit before tax on non-controlling interests	(7)	(4)
Statutory tax attributable to NEXT	(140)	(126)
Statutory profit after tax attributable to NEXT	**420**	**380**
Average number of shares (millions)	115	117
Earnings Per Share (EPS)	**364.3p**	**324.2p**

The statutory tax attributable to NEXT of £140m is calculated as being the £142m tax charge in the statutory income statement less the tax on the non-controlling interests of £2m (see difference between the profit before tax of £7m non-controlling interest and the £5m shown on the face of the statutory income statement which is the post-tax equivalent).

APPENDIX 2
LEASE INTEREST AND LOAN INTEREST

In the summary P&L on page 21, the lease interest cost has been allocated to its respective business divisions. Last year, and in previous years since we started to report under IFRS 16, we showed lease interest as a distinct line item on the summary P&L. The table below summarises the effect of this presentational change for the first half of last year. As shown, there is no impact to overall Group profit.

We have also taken this opportunity to allocate Total Platform loan interest, earned from loans to subsidiaries, directly to 'NEXT's share of profit from investments'. This was previously reported within the 'external interest' line.

Please note that in our divisional analysis in Part 4, lease interest and loan interest have *always* been allocated to each business division and therefore no restatement is necessary in those sections.

PROFIT £m	**July 2025 as reported**	**Allocation of lease interest**	**Allocation of TP loan interest**	**July 2025 restated**
Online (UK)	230	(6.9)		223
Retail Stores	97	(16.6)		80
UK Product total	**327**	**(23.5)**		**303**
Online (International)	93	(0.8)		93
NEXT Online and Retail Stores	**420**	**(24.3)**		**396**
NEXT Finance (after funding costs)	101			101
NEXT Online, Retail Stores and Finance	**521**	**(24.3)**		**497**
Other business activities	(18)	(0.2)		(18)
Recharge of interest from Finance	24			24
Total Platform Services	6			6
NEXT's share of profit from investments	21		0.6	22
Operating profit	**555**			n/a
Lease interest	(24)	24.4		0
Operating profit after lease interest / NEXT Group PBIT	**530**	**0.0**	**0.6**	**531**
Net external interest	(16)		(0.6)	(16)
NEXT Group PBT	**515**	**0.0**	**0.0**	**515**

APPENDIX 3
REPORTING OF SUBSIDIARIES' SALES AND PROFITS

The explanation below has been given in previous Chief Executive's Reviews since 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[31]; 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 excluding 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 non-NEXT sales through the NEXT websites within our headline sales number, whether goods are sold on a wholesale or commission basis[32] and we continue with this convention. However, a subsidiary company's sales through NEXT website will also be reported within *their* sales numbers. So if we include our share of their sales in our headline sales, including their sales, we will double count our share of those sales.

To avoid this problem, we exclude subsidiaries' 'NEXT' 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 through NEXT, then we add 50% of £80m (i.e. £100m - £20m) to our headline sales number. By 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 NEXT and TP services before accounting for our share of their sales.

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[31] The term subsidiaries here is used to describe businesses in which we hold equity investments, as detailed in Appendix 5 on page 55.

[32] As previously explained, the gross transaction value of non-NEXT items sold on commission are not *statutory* sales but are included in our headline numbers.

APPENDIX 4
NOTE FOR ANALYSTS ON THE TREATMENT OF BRAND AMORTISATION

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

As NEXT acquired new businesses, the accounting effect of amortising the value of acquired brands[33] 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 £655m. So, despite having exactly the same cash flow, assets and debt as the existing company, the new company's reported profit would be around 52% 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 significant to the Group, at under £1m per annum.

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

APPENDIX 5
TOTAL PLATFORM CLIENTS AND INVESTMENTS

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

Client	Equity interest or investment	TP launch date	Sales channels supported
Victoria's Secret (UK and Eire)	51% share in UK and Eire franchise	May 2021	Online and stores
Reiss	74.3% equity share	Feb 2022	Online, stores and wholesale
GAP	51% share in UK JV with GAP coalition	Aug 2022	Online and stores
JoJo Maman Bébé	44% share in partnership with Davidson Kempner	May 2023	Online, stores and wholesale
MADE	100% acquisition of brand name, domain name and intellectual property	Jul 2023	Online and stores
Joules	73.7% share in partnership with Tom Joule	Oct 2023	Online, stores and wholesale
FatFace	96.9% equity share	Sep 2024	Online, stores and wholesale

Other investments in brands not on Total Platform

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

UNAUDITED CONSOLIDATED INCOME STATEMENT

	Notes	**26 weeks to 1 August 2026 £m**	26 weeks to 26 July 2025 £m
Continuing operations			
Revenue (including credit account interest)	3, 4	**3,447.1**	3,144.5
Cost of sales		**(1,944.9)**	(1,767.8)
Impairment losses on customer and other receivables		**(12.2)**	(1.7)
Gross profit		**1,490.0**	1,375.0
Distribution costs		**(541.0)**	(482.7)
Administrative expenses		**(338.8)**	(345.2)
Other gains		**-**	2.4
Trading profit		**610.2**	549.5
Share of results of associates and joint ventures		**2.0**	3.1
Operating profit	5	**612.2**	552.6
Finance income	6	**2.6**	5.4
Finance costs	6	**(48.7)**	(49.0)
Profit before taxation		**566.1**	509.0
Taxation	7	**(141.6)**	(126.7)
Profit for the period		**424.5**	382.3
Profit attributable to:			
- Equity holders of the Parent Company		**419.6**	379.5
- Non-controlling interests		**4.9**	2.8
Profit for the period		**424.5**	382.3
Earnings Per Share (pence)			
Basic	8	**364.3p**	324.2p
Diluted	8	**358.5p**	317.7p

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**26 weeks to 1 August 2026 £m**	26 weeks to 26 July 2025 £m
Profit for the period		**424.5**	382.3
Other comprehensive income and expenses:			
Items that will not be reclassified to profit or loss			
Actuarial losses on defined benefit pension scheme		**(8.6)**	(0.7)
Tax relating to items which will not be reclassified		**2.2**	0.2
Subtotal items that will not be reclassified		**(6.4)**	(0.5)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(0.7)**	3.7
Foreign currency cash flow hedges:			
- fair value movements	12	**45.7**	(105.6)
Cost of hedging:			
- fair value movements		**1.3**	0.1
Tax relating to items which may be reclassified		**(11.8)**	26.0
Subtotal items that may be reclassified		**34.5**	(75.8)
Other comprehensive income/(expense) for the period		**28.1**	(76.3)
Total comprehensive income for the period		**452.6**	306.0
Total comprehensive income attributable to:			
- Equity holders of the Parent Company		**447.7**	303.4
- Non-controlling interests		**4.9**	2.6
		452.6	306.0

UNAUDITED CONSOLIDATED BALANCE SHEET

	Notes	**1 August 2026 £m**	26 July 2025 £m	31 January 2026 £m
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		**717.1**	651.0	667.7
Intangible assets		**703.7**	724.3	713.7
Right-of-use assets		**754.2**	737.9	733.1
Associates, joint ventures and other investments		**26.8**	35.8	35.2
Defined benefit pension asset		**13.5**	28.7	23.0
Other financial assets	12	**0.4**	0.4	0.2
		2,215.7	2,178.1	2,172.9
Current assets				
Inventories		**1,085.4**	1,029.8	949.5
Customer and other receivables	10	**1,667.3**	1,554.7	1,660.6
Right of return asset		**35.8**	29.7	29.7
Other financial assets	12	**27.3**	4.7	6.4
Current tax assets		**17.3**	9.8	-
Assets classified as held for sale		**-**	37.8	-
Cash and short term deposits	15	**62.4**	441.1	96.2
		2,895.5	3,107.6	2,742.4
Total assets		**5,111.2**	5,285.7	4,915.3
Current liabilities				
Bank loans and overdrafts	15	**(238.8)**	(15.1)	(96.0)
Corporate bonds	13	**(113.4)**	(250.0)	(112.9)
Trade payables and other liabilities	11	**(1,132.0)**	(1,111.9)	(1,132.4)
Lease liabilities	15	**(168.7)**	(169.9)	(168.1)
Dividends payable	9	**(206.7)**	(184.8)	-
Other financial liabilities	12	**(10.3)**	(54.7)	(35.5)
Current tax liabilities		**-**	-	(9.2)
		(1,869.9)	(1,786.4)	(1,554.1)
Non-current liabilities				
Corporate bonds	13	**(600.0)**	(712.1)	(600.0)
Provisions		**(59.7)**	(54.1)	(58.5)
Lease liabilities	15	**(835.3)**	(842.0)	(831.7)
Other financial liabilities	12	**(41.7)**	(36.1)	(38.2)
Other liabilities		**(16.5)**	(11.9)	(17.6)
Deferred tax liabilities	7	**(60.5)**	(23.2)	(34.7)
		(1,613.7)	(1,679.4)	(1,580.7)
Total liabilities		**(3,483.6)**	(3,465.8)	(3,134.8)
NET ASSETS		**1,627.6**	1,819.9	1,780.5
TOTAL EQUITY		**1,627.6**	1,819.9	1,780.5

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent Company											
	Share capital £m	Share premium account £m	Capital redemption reserve £m	ESOT reserve £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Foreign currency translation £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 31 January 2026	**12.3**	**54.2**	**458.5**	**(442.4)**	**(16.1)**	**(1.0)**	**(7.3)**	**(1,889.7)**	**3,494.0**	**1,662.5**	**118.0**	**1,780.5**
Total comprehensive income/(expense) for the period												
Profit for the period	-	-	-	-	-	-	-	-	419.6	**419.6**	4.9	**424.5**
Other comprehensive income/(expense) for the period	-	-	-	-	34.2	1.0	(0.7)	-	(6.4)	**28.1**	-	**28.1**
Total comprehensive income/(expense) for the period	-	-	-	-	34.2	1.0	(0.7)	-	413.2	**447.7**	4.9	**452.6**
Reclassified to cost of inventory	-	-	-	-	(3.3)	-	-	-	-	**(3.3)**	-	**(3.3)**
Tax recognised directly in equity	-	-	-	-	0.8	-	-	-	-	**0.8**	-	**0.8**
Transactions with owners of the Company												
Contributions and distributions												
Share buybacks and commitments (Note 14)	(0.3)	-	0.3	-	-	-	-	-	(354.9)	**(354.9)**	-	**(354.9)**
ESOT share purchases	-	-	-	(138.8)	-	-	-	-	-	**(138.8)**	-	**(138.8)**
Shares issued by ESOT	-	-	-	101.1	-	-	-	-	(39.8)	**61.3**	-	**61.3**
Share option charge	-	-	-	-	-	-	-	-	22.3	**22.3**	-	**22.3**
Tax recognised directly in equity	-	-	-	-	-	-	-	-	18.0	**18.0**	-	**18.0**
Fair value of put options	-	-	-	-	-	-	-	-	(4.0)	**(4.0)**	-	**(4.0)**
Equity dividends (Note 9)	-	-	-	-	-	-	-	-	(206.7)	**(206.7)**	-	**(206.7)**
Total contributions and distributions	(0.3)	-	0.3	(37.7)	-	-	-	-	(565.1)	**(602.8)**	-	**(602.8)**
Changes in ownership interests												
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	0.1	**0.1**	(0.1)	**-**
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	**-**	0.2	**0.2**
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	**-**	(0.4)	**(0.4)**
Total changes in ownership interests	-	-	-	-	-	-	-	-	0.1	**0.1**	(0.3)	**(0.2)**
Total transactions with owners of the Company	(0.3)	-	0.3	(37.7)	-	-	-	-	(565.0)	**(602.7)**	(0.3)	**(603.0)**
At 1 August 2026	**12.0**	**54.2**	**458.8**	**(480.1)**	**15.6**	**-**	**(8.0)**	**(1,889.7)**	**3,342.2**	**1,505.0**	**122.6**	**1,627.6**

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent Company											
	Share capital £m	Share premium account £m	Capital redemption reserve £m	ESOT reserve £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Foreign currency translation £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 25 January 2025	**12.4**	**54.2**	**17.6**	**(427.7)**	**19.1**	**(0.2)**	**(9.7)**	**(1,448.9)**	**3,419.5**	**1,636.3**	**118.0**	**1,754.3**
Total comprehensive income/(expense) for the period												
Profit for the period	-	-	-	-	-	-	-	-	379.5	**379.5**	2.8	**382.3**
Other comprehensive income/(expense) for the period	-	-	-	-	(79.4)	0.1	3.7	-	(0.5)	**(76.1)**	(0.2)	**(76.3)**
Total comprehensive income/(expense) for the period	-	-	-	-	(79.4)	0.1	3.7	-	379.0	**303.4**	2.6	**306.0**
Reclassified to cost of inventory	-	-	-	-	29.8	-	-	-	-	**29.8**	-	**29.8**
Tax recognised directly in equity	-	-	-	-	(7.3)	-	-	-	-	**(7.3)**	-	**(7.3)**
Transactions with owners of the Company												
Contributions and distributions												
Share buybacks and commitments (Note 14)	(0.1)	-	0.1	-	-	-	-	-	(81.4)	**(81.4)**	-	**(81.4)**
ESOT share purchases	-	-	-	(110.5)	-	-	-	-	-	**(110.5)**	-	**(110.5)**
Shares issued by ESOT	-	-	-	86.3	-	-	-	-	(20.8)	**65.5**	-	**65.5**
Share option charge	-	-	-	-	-	-	-	-	20.4	**20.4**	-	**20.4**
Tax recognised directly in equity	-	-	-	-	-	-	-	-	32.2	**32.2**	-	**32.2**
Fair value of put options	-	-	-	-	-	-	-	-	(4.3)	**(4.3)**	-	**(4.3)**
Equity dividends (Note 9)	-	-	-	-	-	-	-	-	(184.8)	**(184.8)**	-	**(184.8)**
Total contributions and distributions	(0.1)	-	0.1	(24.2)	-	-	-	-	(238.7)	**(262.9)**	-	**(262.9)**
Total transactions with owners of the Company	(0.1)	-	0.1	(24.2)	-	-	-	-	(238.7)	**(262.9)**	-	**(262.9)**
At 26 July 2025	**12.3**	**54.2**	**17.7**	**(451.9)**	**(37.8)**	**(0.1)**	**(6.0)**	**(1,448.9)**	**3,559.8**	**1,699.3**	**120.6**	**1,819.9**

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	Notes	**26 weeks to 1 August 2026 £m**	26 weeks to 26 July 2025 £m
Cash generated from operations	16	**671.7**	568.7
Corporation taxes paid		**(133.0)**	(110.9)
Net cash from operating activities		**538.7**	457.8
Cash flows used in investing activities			
Additions to property, plant and equipment		**(108.9)**	(60.6)
Movement in capital accruals		**(24.9)**	(1.9)
Payments to acquire property, plant and equipment		**(133.8)**	(62.5)
Proceeds from sale of property, plant and equipment		**0.8**	0.1
Purchase of intangible assets		**(17.8)**	(14.8)
Dividends from joint ventures and associates		**10.2**	-
Amounts loaned to joint ventures and associates		**(1.5)**	(2.6)
Net cash used in investing activities		**(142.1)**	(79.8)
Cash flows used in financing activities			
Repurchase of own shares	14	**(354.9)**	(81.4)
Purchase of shares by ESOT		**(138.8)**	(110.5)
Disposal of shares by ESOT		**69.0**	70.9
Repayment of bank loans		**-**	(31.5)
Drawdown of revolving credit facility		**155.0**	-
Purchase of equity from non-controlling interests		**(0.2)**	-
Dividends paid to non-controlling interests in subsidiaries		**(0.4)**	-
Incentives received for leases within the scope of IFRS 16		**1.7**	0.8
Lease payments		**(89.2)**	(80.0)
Interest paid (including lease interest)		**(60.3)**	(53.5)
Repayment of corporate bonds		**-**	(136.4)
Issue of corporate bonds		**-**	298.4
Net cash used in financing activities		**(418.1)**	(123.2)
Net (decrease)/increase in cash and cash equivalents		**(21.5)**	254.8
Opening cash and cash equivalents		**60.2**	171.3
Effect of exchange rate fluctuations on cash held		**(0.1)**	(0.1)
Closing cash and cash equivalents	15	**38.6**	426.0

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The Group's interim results for the 26 weeks to 1 August 2026 (prior year 26 weeks to 26 July 2025) were approved by the Board of Directors on 17 September 2026 and have been prepared in accordance with UK adopted IAS 34 "*Interim financial reporting*" and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority.

The interim financial statements have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on "*Review of interim financial information*".

The financial information contained in this report is condensed and does not include all of the information and disclosures required in the annual financial statements. It should be read in conjunction with the Group's annual consolidated financial statements for the 53 weeks to 31 January 2026 which were prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and which have been delivered to the Registrar of Companies. The audit report for those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

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. Where applicable, disclosures required by paragraph 16A of IAS 34 are given either in these interim financial statements or in the accompanying Chief Executive's Review.

New accounting standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim financial statements are the same as those set out in the Group's annual financial statements for the 53 weeks ended 31 January 2026. New interpretations and amendments issued in the year are noted below but have not impacted the interim statements:

- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* in response to investors' concerns about comparability and transparency of entities' performance reporting. The new presentation requirements introduced in IFRS 18 will increase comparability of the financial performance of similar entities, especially related to how 'operating profit or loss' is defined. The new disclosure requirements for 'management-defined performance measures' will enhance transparency. IFRS 18 is effective from 1 January 2027 and has not yet been adopted by the Group.

NEXT plc is in the process of determining the impact on the Group of applying IFRS 18. The Group is preparing a transition plan to report our first IFRS 18-compliant interim financial statements for the period ending July 2027 and annual financial statements for the period ending January 2028. The standard is anticipated to have a significant impact on the presentation of the Consolidated Income Statement.

Major sources of estimation uncertainty and judgement

The preparation of the interim financial statements requires the directors to form estimations, assumptions and judgements that affect the reported values of assets, liabilities, revenues and expenses. Estimates, underlying assumptions and judgements are reviewed on an ongoing basis with revisions to accounting estimates recognised in the year in which the estimate is revised.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

1. Basis of preparation (continued)

In preparing these interim financial statements the directors have given specific consideration to events including the wider macroeconomic environment in which it trades. As a result, they have identified the following areas as significant estimates that have a significant risk of resulting in a material adjustment to the carrying value of assets and liabilities in the next year.

Expected credit losses (ECL) on Online customer receivables (estimation)

The provision for the allowance for ECL (Note 10) is calculated using a combination of internally and externally sourced information, including: predicted future default levels (derived from historical defaults overlaid by indebtedness profiles and macro-economic assumptions); predicted future cash collection levels (derived from past trends); arrears stage; customer indebtedness; and other credit data. Please refer to the January 2026 Annual Report and Accounts for further details of the underlying assumptions used within the ECL calculations (page 200-201).

The most significant area of material estimation uncertainty in the provision as at 1 August 2026 is the impact that the ongoing labour market uncertainty and limited real terms wage growth may have on customer payment behaviour. While we have observed similar levels of customer default rates to last year, there remain downside risks as outlined further below.

With consumer prices in the UK still elevated following an extended period of high inflation, disposable income is likely to remain constricted for consumers with lower levels of financial resilience. 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. An overlay to increase the provision coverage of these customers has been applied, which forms £25.1m of the total ECL.

Equal pay (judgement)

In September 2026, the Employment Appeal Tribunal published its decision on the Equal Pay case brought against NEXT by current and former employees. This was following the original decision by the Employment Tribunal in August 2024.

On appeal, NEXT was successful in defending nearly all matters (15 of 18 claims). Having carefully considered the decision, and the advice from our external Counsel, the Board has exercised judgement regarding the likely success of further appeals and concluded that it is more likely than not that NEXT would be successful on all matters. As such this item has been disclosed as a contingent liability. See Note 17 for further details.

Going concern

In adopting the going concern basis for preparing the interim 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 the 2026 bond and its other 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 and warehouse closure or cyber attack. Having considered these factors the Board is satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these interim financial statements and meet its financial covenants. Therefore, it is appropriate to adopt the going concern basis in preparing the consolidated interim financial statements for the 26 weeks ended 1 August 2026.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

2. Risks and uncertainties

The Board has considered the principal risks and uncertainties for the remaining half of the financial year and determined that the risks presented in the January 2026 Annual Report and Accounts, described as follows, also remain relevant to the rest of the financial year: Business strategy development and implementation; Product design and selection; Key suppliers and supply chain management; Warehousing and distribution; Business critical systems; Management of long term liabilities and capital expenditure; Information security, data protection, business continuity and cyber risk; Financial, treasury, liquidity and credit risks; and Legal, regulatory and ethical standards compliance. These are detailed on pages 74 to 78 of the January 2026 Annual Report and Accounts, a copy of which is available on the Company's website at www.nextplc.co.uk.

3. Segmental analysis

The Group's operating segments are determined based on the Group's internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be the Group Chief Executive, with support from the Board.

The Group's reportable segments have been identified as the following:

- Retail stores
- Online (UK)
- Online (International)
- NEXT Finance
- Investments and Total Platform (previously known as "Total Platform") which represents the sales, profit and related assets from our Investments and Total Platform business. It includes Reiss, FatFace and Joules alongside our other equity investments.
- Other Business Activities (all other segments) includes the Property Management segment which holds properties and property leases that are recharged to other segments and external parties, as well as the "Franchise, Sourcing and other" segment. Other Business Activities also include 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 sales" is an alternative performance measure used by the CODM in assessing segment sales performance. For Retail stores, Online (UK) and Online (International), this represents the full customer sales value (excluding VAT) of NEXT owned products sales and third-party commission based sales. For NEXT Finance, this represents interest income from our Finance business. The Total Platform sales represent the commission and service income on sales with our Total Platform partners. Revenue from other business activities relates primarily to sales from our Franchise, Property Management and Sourcing business. Total NEXT sales is reconciled to statutory revenue within this note.

The reconciling items to arrive at statutory revenue are explained as:

i) "Revenue from acquired businesses and brands" relates to sales generated from our acquired brands, primarily Reiss, FatFace and Joules who retail through their own store portfolio and websites other than next.co.uk;
ii) "Commission sales adjustment" where third-party branded goods are sold on a commission basis, only the commission receivable is included in statutory revenue; and
iii) "Other IFRS 15 adjustments" which includes customer delivery charges, promotional discounts, Interest Free Credit commission costs and expired gift card balances.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

3. Segmental analysis (continued)

Segment sales and revenue

	26 weeks to 1 August 2026						
	Total NEXT sales £m	**Revenue from acquired businesses and brands £m**	**Commission sales adjustment £m**	**Other IFRS 15 adjustments £m**	**External revenue £m**	**Internal revenue £m**	**Total segment revenue £m**
Retail stores	**894.9**	**-**	**(15.6)**	**3.0**	**882.3**	**-**	**882.3**
Online (UK)	**1,370.4**	**-**	**(173.5)**	**42.5**	**1,239.4**	**-**	**1,239.4**
Online (International)	**773.7**	**-**	**(26.3)**	**13.0**	**760.4**	**-**	**760.4**
NEXT Finance	**152.2**	**-**	**-**	**0.3**	**152.5**	**1.0**	**153.5**
Investments and Total Platform	**39.8**	**320.6**	**-**	**-**	**360.4**	**-**	**360.4**
Other business activities (all other segments)	**52.1**	**-**	**-**	**-**	**52.1**	**383.5**	**435.6**
Total before eliminations	**3,283.1**	**320.6**	**(215.4)**	**58.8**	**3,447.1**	**384.5**	**3,831.6**
Eliminations	**-**	**-**	**-**	**-**	**-**	**(384.5)**	**(384.5)**
Total	**3,283.1**	**320.6**	**(215.4)**	**58.8**	**3,447.1**	**-**	**3,447.1**

	26 weeks to 26 July 2025						
	Total NEXT sales £m	Revenue from acquired businesses and brands £m	Commission sales adjustment £m	Other IFRS 15 adjustments £m	External revenue £m	Internal revenue £m	Total segment revenue £m
Retail stores	898.5	-	(21.3)	1.2	878.4	-	878.4
Online (UK)	1,268.7	-	(155.6)	43.0	1,156.1	-	1,156.1
Online (International)	612.0	-	(29.5)	9.3	591.8	-	591.8
NEXT Finance	150.8	-	-	0.3	151.1	-	151.1
Investments and Total Platform	34.3	284.6	-	-	318.9	-	318.9
Other business activities (all other segments)	48.2	-	-	-	48.2	381.2	429.4
Total before eliminations	3,012.5	284.6	(206.4)	53.8	3,144.5	381.2	3,525.7
Eliminations	-	-	-	-	-	(381.2)	(381.2)
Total	3,012.5	284.6	(206.4)	53.8	3,144.5	-	3,144.5

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

3. Segmental analysis (continued)

Segment profit

	26 weeks to 1 August 2026 £m	*Restated** 26 weeks to 26 July 2025 £m
Retail stores	**83.3**	80.1
Online (UK)	**243.0**	223.2
Online (International)	**114.4**	92.7
NEXT Finance	**90.0**	101.0
Investments and Total Platform (1)	**34.8**	22.4
Other business activities (all other segments) (2)	**(5.4)**	(17.9)
Add back of interest allocated to segments (3)	**52.1**	51.1
Operating profit	**612.2**	552.6
Finance income	**2.6**	5.4
Finance costs	**(48.7)**	(49.0)
Profit before tax	**566.1**	509.0

*For the results to 1 August 2026, the Group changed how it presents lease interest and Total Platform interest income in its segmental profits so that such amounts are now being allocated to the segment to which they belong. The comparatives have been restated for this change. This change does not impact on Group profit and is a presentational change only. See Appendix 2 to the Chief Executive's report for further details and point 3 below.

(1) **Investments and Total Platform (TP) £34.8m** (2025: £22.4m): 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 non-recurring income or costs incurred by TP investments which are reported within Central and Other costs.

The Total Platform segment within the Chief Executive's Review:

a) 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 £9.5m (2025: £9.4m);
b) excludes the operating profit of the non-controlling interest of £6.2m (2025: profit of £3.9m).

(2) **Other Business Activities (all other segments) £5.4m cost** (2025: £17.9m cost): This segment includes the following:

- **Property management profit of £4.7m** (2025: cost of £3.5m)
- **Franchise and wholesale profit of £2.9m** (2025: profit of £4.3m)
- **Sourcing profit of £15.4m** (2025: profit of £14.8m)
- **Central and other costs of £28.4m cost** (2025: £33.5m cost) comprises the following:
  a) Central costs of £7.0m (2025: £12.6m);
  b) Share option charge of £24.6m (2025: £23.3m);
  c) Unrealised foreign exchange gains of £nil (2025: gain of £2.4m); and
  d) Non-recurring Total Platform income of £3.2m (2025: £nil).

(3) **Add back of interest allocated to segments £52.1m** (2025: £51.1m) comprise of the following:

- Recharge of cost of funding related to the NEXT Finance segment £25.4m (2025: £23.9m);
- Recharge of IFRS 16 lease interest within the Retail, Online (UK), Online (International) and Other Business Activities - Sourcing segments £25.0m (2025: £24.3m); and
- Interest reallocation to the Total Platform segment £1.7m (2025: £2.9m).

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

4. Revenue

The Group's disaggregated revenue recognised under contracts with customers relates to the following categories and operating segments:

	26 weeks to 1 August 2026					
	Sale of goods £m	**Credit account interest £m**	**Royalties £m**	**Rental income £m**	**Service income £m**	**Total £m**
Retail stores	882.3	-	-	-	-	**882.3**
Online (UK)	1,239.4	-	-	-	-	**1,239.4**
Online (International)	760.4	-	-	-	-	**760.4**
NEXT Finance	-	152.5	-	-	-	**152.5**
Investments and Total Platform	353.9	-	1.0	-	5.5	**360.4**
Other business activities (all other segments)	34.4	-	5.3	12.4	-	**52.1**
Total	**3,270.4**	**152.5**	**6.3**	**12.4**	**5.5**	**3,447.1**

	26 weeks to 26 July 2025					
	Sale of goods £m	Credit account interest £m	Royalties £m	Rental income £m	Service income £m	Total £m
Retail stores	878.4	-	-	-	-	878.4
Online (UK)	1,156.1	-	-	-	-	1,156.1
Online (International)	591.8	-	-	-	-	591.8
NEXT Finance	-	151.1	-	-	-	151.1
Investments and Total Platform	313.3	-	1.1	-	4.5	318.9
Other business activities (all other segments)	30.8	-	6.0	11.4	-	48.2
Total	2,970.4	151.1	7.1	11.4	4.5	3,144.5

Service income of £5.5m (2025: £4.5m) 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.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

5. Operating profit

Group operating profit is stated after charging/(crediting):

	26 weeks to 1 August 2026 £m	26 weeks to 26 July 2025 £m
Impairment charges on property, plant and equipment	**0.3**	0.3
Depreciation of property, plant and equipment	**58.9**	56.3
(Gain)/loss on disposal of property, plant and equipment	**(0.5)**	0.9
Depreciation and impairment of right-of-use assets	**76.3**	76.7
Gain on lease modifications and early exit	**(1.9)**	-
Amortisation, impairment and (gain)/loss on disposal of intangible assets	**27.8**	26.5
Write down of inventories to net realisable value	**87.2**	81.4
Gain on financial instruments	**-**	(2.4)
Customer and other receivables:		
- Impairment charge	**13.2**	2.3
- Amounts recovered	**(1.0)**	(0.6)

Impairment charge and Amounts recovered on Customer and other receivables of £12.2m (July 2025: £1.7m) differs to the bad debt charge of £10.4m (July 2025: £10.3m) in the Chief Executive's Review due to impairment of other trade receivables. Note that in the prior period, the impairment charge includes a bad debt provision *release* of £10.0m.

6. Finance income and costs

	26 weeks to 1 August 2026 £m	26 weeks to 26 July 2025 £m
Interest on cash and bank deposits	**0.6**	4.5
Other interest receivable	**2.0**	0.9
Finance income	**2.6**	5.4
Interest on bonds and other borrowings	**20.8**	20.9
Discount unwind	**0.3**	0.6
Finance costs on lease liability	**27.6**	27.5
Finance costs	**48.7**	49.0

7. Taxation

Income tax expense is recognised based on management's best estimate of the full year effective tax rate based on estimated full year profits. It is adjusted for material, non-recurring transactions in the period to which they relate.

Deferred tax balances have been measured at the UK headline corporation tax rate of 25% (2025: 25%).

The Group is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two global minimum tax legislation. The Group has performed an updated assessment of its potential exposure to Pillar Two top-up taxes based on its most recent financial data and country-by-country reporting metrics. While the majority of the jurisdictions in which the Group operates qualify for transitional safe harbours or have effective tax rates above 15%, certain jurisdictions are subject to top-up taxes. The charge arising in the periods ended 1 August 2026 and 26 July 2025 is not material to the Group.

As required by the amendments to IAS 12, the Group applies the mandatory temporary exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

8. Earnings Per Share

	26 weeks to 1 August 2026	26 weeks to 26 July 2025
Basic Earnings Per Share	**364.3p**	324.2p
Diluted Earnings Per Share	**358.5p**	317.7p

Basic Earnings Per Share (EPS) is based on the profit for the period attributable to the equity holders of the Parent Company divided by the net of the weighted average number of shares ranking for dividend less the weighted average number of shares held by the ESOT during the period.

Diluted EPS is calculated by adjusting the weighted average number of shares used for the calculation of basic EPS as increased by the dilutive effect of potential ordinary shares. The dilutive effect of put options over non controlling interests is based on the potential number of shares that could be issued using an option formula as prescribed in the respective shareholder agreement. The profit impact from inclusion of these put options is included within the numerator of the diluted EPS calculation and relates to the 26 weeks to 1 August 2026.

In the current period, there were 0.8 million non-dilutive share options which were excluded from the diluted EPS calculation (July 2025: 0.6 million).

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

8. Earnings Per Share (continued)

The table below shows the key variables used in the EPS calculations:

	26 weeks to 1 August 2026	26 weeks to 26 July 2025
Profit after tax attributable to equity holders of the Parent Company (£m)	**419.6**	379.5
Weighted average number of shares (millions):		
Weighted average shares in issue	**120.7**	123.1
Weighted average shares held by ESOT	**(5.5)**	(6.0)
Weighted average shares for basic EPS	**115.2**	117.1
Weighted average dilutive potential shares	**1.7**	2.4
Weighted average shares for diluted EPS	**116.9**	119.5

9. Dividends

It is intended that this year's ordinary interim dividend of 98p per share will be paid to shareholders on 4 January 2027. NEXT plc shares will trade ex-dividend from 3 December 2026 and the record date will be 4 December 2026.

Dividends paid or declared during the current and prior period were as follows:

	Paid	**Pence per share**	**Cash Flow Statement £m**	**Statement of Changes in Equity £m**	**Balance Sheet £m**
26 weeks to 1 August 2026					
Ordinary dividend	3 Aug 2026	**181p**	**-**	**206.7**	**206.7**
26 weeks to 26 July 2025					
Ordinary dividend	1 Aug 2025	158p	-	184.8	184.8

10. Customer and other receivables

	1 August 2026 £m	26 July 2025 £m	31 January 2026 £m
Gross customer receivables excluding Interest Free Credit receivable	**1,529.5**	1,518.4	1,555.7
Interest Free Credit receivable	**32.8**	18.8	29.0
Gross customer receivables	**1,562.3**	1,537.2	1,584.7
Less: refund liabilities	**(51.7)**	(62.9)	(51.2)
Net customer receivables	**1,510.6**	1,474.3	1,533.5
Less: allowance for expected credit losses	**(168.9)**	(178.2)	(165.4)
	1,341.7	1,296.1	1,368.1
Other trade receivables	**163.4**	97.9	143.7
Less: allowance for doubtful debts	**(4.2)**	(1.4)	(3.9)
	1,500.9	1,392.6	1,507.9
Prepayments	**85.3**	77.7	77.4
Other debtors	**61.3**	69.3	55.4
Amounts due from associates and joint ventures	**19.8**	15.1	19.9
	1,667.3	1,554.7	1,660.6

No interest is charged on 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% at the half year end date (2025: 24.9%) except for £142.8m (July 2025: £104.1m, January 2026: £129.9m) of “pay in 3” balances that bear interest at 29.9% (2025: 29.9%) when not paid in full and to terms.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision. The expected credit losses incorporate forward looking information. Expected irrecoverable amounts on balances with indicators of impairment are provided for based on past default experience, adjusted for expected behaviour. Receivables which are impaired, other than by age or default, are separately identified and provided for as necessary.

The fair value of customer receivables and other trade receivables is approximately £1,480m (July 2025: £1,370m, January 2026: £1,490m). 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 of the January 2026 Annual Report and Accounts).

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

11. Trade payables and other liabilities (current)

	1 August 2026 £m	26 July 2025 £m	31 January 2026 £m
Trade payables	**397.0**	393.6	340.9
Amounts owed to associates and joint ventures	**2.3**	3.1	3.1
Refund liabilities	**80.1**	51.4	63.0
Other taxation and social security	**85.0**	134.3	118.2
Deferred revenue from the sale of gift cards	**104.3**	96.2	114.6
Share-based payment liability	**0.2**	0.1	0.2
Accruals	**391.4**	349.6	417.6
Other creditors	**71.7**	83.6	74.8
	1,132.0	1,111.9	1,132.4

12. Other financial assets and liabilities

Other financial assets and other financial liabilities include the fair value of derivative contracts which the Group uses to manage its foreign currency and interest rate risks. All derivatives are categorised as Level 2 under the requirements of IFRS 13 "Fair value measurement", as they are valued using techniques based significantly on observed market data (refer to the Fair Value Hierarchy table in Note 29 of the January 2026 Annual Report and Accounts).

Movements in the fair value of foreign currency hedging contracts are recognised in other comprehensive income. The significant movement during the current period reflects the strong appreciation of Sterling against the Euro during 2026 as well as against other currencies in the period.

13. Corporate bonds

The table below shows the balance sheet and nominal values of the Group's outstanding corporate bonds:

	Balance sheet value			**Nominal value**		
	1 August 2026 £m	26 July 2025 £m	31 January 2026 £m	**1 August 2026 £m**	26 July 2025 £m	31 January 2026 £m
2025 Bond	**-**	250.0	-	**-**	250.0	-
2026 Bond	**113.4**	112.1	112.9	**113.6**	113.6	113.6
2028 Bond	**300.0**	300.0	300.0	**300.0**	300.0	300.0
2031 Bond	**300.0**	300.0	300.0	**300.0**	300.0	300.0
	713.4	962.1	712.9	**713.6**	963.6	713.6

14. Share capital

Movements in the Company's issued share capital during the period are shown in the table below:

	2026 Shares '000	**2026 £m**	2025 Shares '000	2025 £m
Shares in issue at start of year	**122,436**	**12.3**	123,643	12.4
Shares purchased for cancellation in the period	**(2,779)**	**(0.3)**	(783)	(0.1)
Shares in issue at the end of the period	**119,657**	**12.0**	122,860	12.3

The total cost of shares purchased for cancellation, as shown in the Statement of Changes in Equity, was £354.9m (2025: £81.4m).

15. Analysis of net debt

	1 August 2026 £m	26 July 2025 £m	31 January 2026 £m
Cash and short term deposits	**62.4**	441.1	96.2
Overdrafts and short term borrowings	**(23.8)**	(15.1)	(36.0)
Cash and cash equivalents	**38.6**	426.0	60.2
Drawdown on revolving credit facility	**(215.0)**	-	(60.0)
Corporate bonds	**(713.4)**	(962.1)	(712.9)
Fair value hedges of corporate bonds	**(0.2)**	(1.5)	(0.7)
Net debt excluding leases	**(890.0)**	(537.6)	(713.4)
Current lease liability	**(168.7)**	(169.9)	(168.1)
Non-current lease liability	**(835.3)**	(842.0)	(831.7)
Net debt including leases	**(1,894.0)**	(1,549.5)	(1,713.2)

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

16. Cash generated from operations

	26 weeks to 1 August 2026 £m	26 weeks to 26 July 2025 £m
Cash flows from operating activities		
Operating profit	**612.2**	552.6
Depreciation, impairment and (gain)/loss on disposal of property, plant and equipment	**58.7**	57.5
Depreciation, gains on lease modifications and disposals and impairment on right-of-use assets	**74.4**	76.7
Amortisation, impairment and loss on disposal of intangible assets	**27.8**	26.5
Amortisation, impairment and disposal of investments	**0.1**	0.1
Share option charge	**22.3**	20.4
Share of profit of associates and joint ventures	**(2.0)**	(3.1)
Interest received	**1.6**	4.3
Exchange movement	**(2.0)**	2.3
Increase in inventories and right of return asset	**(142.1)**	(159.5)
Increase in customer and other receivables	**(4.2)**	(43.2)
Increase in trade and other payables	**24.0**	32.7
Net pension contributions less income statement charge	**0.9**	1.4
Cash generated from operations	**671.7**	568.7

17. Contingent liabilities

As reported in our January 2026 Annual Report and Accounts, NEXT is subject to Equal Pay claims from former and current employees in our store network. Following the August 2024 Employment Tribunal and September 2026 appeal judgment, NEXT has now successfully defended 15 of 18 matters.

NEXT has carefully considered the findings of the Appeal court and, following updated advice from Counsel, plans to appeal the 3 matters on which it was not successful (rest breaks, overtime, and night premiums). The legal advice we have received suggests that we have good prospects of success on appeal. As such the Board maintains that an outflow of economic benefits is possible, but not probable; consequently, the matter has been disclosed as a contingent liability and no provision is recognised in the accounts.

It is also important to recognise that this is a complex case and is expected to continue to run for a number of years as important legal matters are considered and are subject to further appeals and hearings, as such the final outcome from the process is unknown. No payment will be made before the appeals process has completed. An estimate of the potential liability is not provided as doing so could be prejudicial to NEXT's position.

18. Post balance sheet events

Irrevocable share purchase

Subsequent to the balance sheet date, the Group entered into an irrevocable share purchase agreement. Under the terms of the agreement, the Group committed to purchase up to £80m of its own shares (including costs) between 11 August 2026 and up to and including 16 September 2026. As at 16 September 2026, no shares had been purchased.

Equal pay claim

NEXT received the results of the Employment Tribunal appeal on equal pay claims. Please see Note 17 for further detail.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

a) The condensed set of financial statements has been prepared in accordance with IAS 34 ‘*Interim financial reporting*’;

b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Lord Wolfson of Aspley Guise
Chief Executive

Jonathan Blanchard
Chief Financial Officer

17 September 2026

The full half year report and the results presentation can be found on the Company’s website at www.nextplc.co.uk.

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

Certain statements which appear in a number of places throughout this document are “forward looking statements” which are all matters that are not historical facts, including anticipated financial and operational performance, business prospects and similar matters. These forward looking statements are identifiable by words such as “aim”, “anticipate”, “believe", "budget", “estimate”, “expect”, “forecast”, “intend”, “plan”, “project” and similar expressions. These 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: the risks described in “Risks & Uncertainties” on pages 74 to 78 of the January 2026 Annual Report and Accounts and those matters highlighted in the Chief Executive’s Review; failure by NEXT to accurately predict customer fashion preferences; decline in the demand for merchandise offered by NEXT; competitive influences; changes in the level of store traffic or consumer spending habits; effectiveness of NEXT's brand awareness and marketing programmes; general economic conditions or a downturn in the retail industry; the inability of NEXT to successfully implement relocation or expansion of existing stores; insufficient consumer interest in NEXT Online; acts of war or terrorism worldwide; work stoppages, slowdowns or strikes; and changes in financial and equity markets. These forward looking statements do not amount to any representation that they will be achieved. They involve risks and uncertainties and relate to events and depend upon circumstances which may or may not occur in the future and there is 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.