ANNUAL REPORT & ACCOUNTS 2026

JOHN LEWIS PARTNERSHIP | JOHN LEWIS | WAITROSE

STRATEGIC REPORT

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Find out more

For more information on the progress we are making against our Ethics and Sustainability strategy and to read our latest Modern Slavery Statement, visit www.johnlewispartnership.co.uk/csr.

More detailed non-financial performance information can also be found at www.johnlewispartnership.co.uk.

STRATEGIC REPORT

MESSAGE FROM THE CHAIRMAN

Welcome to the Annual Report and Accounts of the John Lewis Partnership for the 53 week period ending 31 January 2026.

We've seen good progress this year by staying grounded in our principles and focusing on what matters most: delivering high-quality products and great service to our customers through our trusted brands.

Our multi-year plan to invest in customers and our brands for the long term is working; we have grown customer numbers and achieved record satisfaction. Despite a subdued market, a challenging lead into the crucial peak period, and increased taxes, we took the decision to continue investing in the business and have delivered cash and profit[1] growth.

There is much still to do, but our growing cash generation and strong balance sheet enable us to invest more in both our brands and our Partners to improve the experience for our customers, whilst continuing to live within our means. I'm really grateful for the commitment and passion our Partners bring and, alongside our continued investment in Partner pay, we're pleased to have been able to distribute a 2% Partnership Bonus.

We remain cautious in our outlook for trading in 2026/27. Despite this, we are well positioned to navigate the challenging macroeconomic environment, with improved liquidity and low levels of external borrowings. This allows us to continue investing in our retail-first strategy, which will benefit our customers and unlock the headroom we see in all of our brands. We are focused on making further steps forward in the year ahead as we progress our multi-year transformation.

Pages 3 to 32 comprise the Group Strategic Report, which was approved by the Partnership Board on 27 March 2026.

Jason Tarry
Partner and Chairman

[1] Profit before tax, Partnership Bonus and exceptional items (PBTBE)

OUR PURPOSE

Working in Partnership for a happier world

The John Lewis Partnership, the UK's largest employee-owned business with over 65,000 Partners, was established by John Spedan Lewis as a better way of doing business and to drive positive change in society. In good times and tough, that ethos remains the same.

Our Constitution preserves the values that underpin our business within a single document that can only be changed with the consent of both Partnership Council and the Chairman. Within our Constitution, we have set out Principles and Rules which define the Partnership's role in society, as well as our responsibilities to Partners, customers, suppliers and the communities in which we operate. Crucially, it also states that we are required to make 'sufficient' not 'maximum' profit, the reason why we have always been focused on reinvesting our profits back into our Partners and the pursuit of our Purpose.

Our Purpose - Working in Partnership for a happier world, clearly defines our ultimate aim as a business, and why we exist.

Happier people	**Happier business**	**Happier world**
Our happier business starts with happier Partners, enjoying worthwhile and satisfying work in a supportive environment we all help to create. We treat people with fairness, courtesy and respect, and we work with others who do the same.	We build happier businesses that are honest, fair and free to think and act for the long term. We aim to make sufficient profit to retain our financial independence, invest in our Partners and pursue our Purpose.	We champion the role our Partnership can play in advancing the happiness of the communities we work with and the wellbeing of society. We build trusted business relationships, acting with integrity and doing what's right. We take responsibility for our impact on the planet. We work tirelessly to protect and restore nature, creating a more sustainable future for generations to come.

THE PARTNERSHIP BUSINESS MODEL

The Partnership is an experiment in industrial democracy. Our Partnership model means decisions about how the business is run are democratically shaped by the rich and diverse views and ideas of all our Partners; ensuring the Partnership is truly run by Partners, for Partners. The three governing authorities of the Partnership are the Partnership Council, the Partnership Board and the Chairman, who jointly aim to safeguard the Partnership's future, to enhance its prosperity and to ensure its integrity. See the Governance Report on pages 33 to 35.

The Partnership owns and operates two of Britain's best-loved retail brands - John Lewis and Waitrose - as well as a financial services business, John Lewis Money, the Leckford Estate farm, a textile factory, and activities adjacent to the core retail activity. John Lewis sells general merchandise through shops across the United Kingdom and online. Waitrose is a grocery retailer, with supermarkets and convenience branches in England, Scotland, Wales and the Channel Islands, an online grocery service and a specialist online beers, wines & spirits retailer.

OUR PERFORMANCE - HAPPIER BUSINESS

Customer investment driving progress

- Partnership sales[2] increased 5% to £13.4bn[3], marking another year of growth;
- Revenue[4] was £11.7bn, up 5%;
- Investments delivered record customer satisfaction scores in a challenging market;
- Profit before tax, bonus and exceptional items[5] increased 6% to £134m;
- Loss before tax of £21m, down from a profit of £97m in the previous year;
- Operating cash flow[6] up £63m to £595m, supporting increasing investment in the business and Partners, with £108m growth in Partners' pay and a Partnership Bonus of 2%;
- Liquidity[7] strengthened to £1.6bn, enabling another year of self-funded investment in 2026/27.

Full year performance

The John Lewis Partnership, home to Waitrose and John Lewis, reports an improvement in financial performance for 2025/26.

Partnership sales increased to £13.4bn, up 5% year-on-year, while revenue was up 5% to £11.7bn. Operating profit margin[8] improved slightly to 2.1% and cash generated from operations was £595m, up £63m year-on-year.

Profit before tax, bonus and exceptional items increased to £134m, up 6% from £126m in 2024/25, supported by strong customer metrics and a disciplined approach to operating performance. Year-on-year profit growth was held back by headwinds of £53m from non-like-for-like taxation, comprising £13m from the new Extended Producer Responsibility packaging levy and £40m from higher National Insurance contributions, as well as higher promotional mix as customers spent more cautiously, especially in the run up to the peak period.

Loss before tax of £21m (2024/25: profit £97m) includes exceptional charges of £120m (2024/25: £29m). The significant majority of exceptional charges were non-cash. These primarily relate to write downs of legacy systems, as we modernise technology to drive future growth.

Investing in our transformation

During 2025/26, we invested 26% more than the prior year in our stores, technology, supply chain and wider brand initiatives. This drove record customer satisfaction and loyalty, with growth in My Waitrose (+6%) and My John Lewis (+10%) memberships. We will continue to step up investment in our transformation this coming year to further enhance the customer experience and progress our multi-year transformation plan.

Productivity gains remain key to our transformation. In 2025/26, improvements across our operations helped strengthen operating profit margin, and offset the non-like-for-like tax headwinds. We continue to focus on working more efficiently in ways that benefit both customers and our Partners.

We are investing in John Lewis Money as a core enabler of our retail strategy. During the year we secured regulatory authorisation as a credit and insurance broker, enabling greater choice and flexibility in financial services for our customers and positioning the business to accelerate growth.

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[2] All references to Partnership sales or sales are Total trading sales which includes VAT, sale or return, and other non-cash accounting adjustments.

[3] 2025/26 is a 53 week period and is reported on that basis. 2025/26 results include an additional week's trade compared to 2024/25.

[4] Revenue is Total trading sales, less VAT, sale or return and other non-cash accounting adjustments.

[5] Profit before tax, Partnership Bonus and exceptional items (PBTBE). Additional detail is included in the Glossary. Partnership Bonus is £35m for 2025/26 (2024/25: £nil) and exceptional items are described on page 60.

[6] Net cash generated from operating activities before Partnership Bonus, bond finance costs and BonusSave plan. BonusSave, a Share Incentive Plan, is explained further on page 46.

[7] Including undrawn credit facility of £460m.

[8] Operating profit margin is operating profit before exceptional items, Partnership Bonus and property profit/(loss) as a percentage of revenue. Additional detail is included in the Glossary.

We decided to exit our Build to Rent property business in response to significant changes in the economy since we entered this market.

Our balance sheet remains strong, with total liquidity of £1.6bn, up from £1.5bn last year. This reflects strong cash generation and a renewed £460m undrawn revolving credit facility, allowing us to continue to self-fund long-term investments.

As employee-owners, our Partners are central to our success. Maintaining competitive base pay remains a priority: in 2026, we are investing £108m in base pay, bringing our total investment in Partners' pay to £340m over the past three years.

Our disciplined financial management in recent years, combined with improving cash generation, good liquidity and low levels of external borrowings, has enabled the Board to distribute a Partnership Bonus of 2%, equivalent to an extra week's pay for all Partners.

Waitrose

Our Home of Food Lovers strategy helped drive sales[9] growth of 7% to £8.5bn, and revenue growth of 7% to £8.0bn. Waitrose achieved a tenth consecutive quarter of customer growth, attracting 5% more shoppers than two years ago and its highest recorded Net Promoter Score[10]. Volumes increased 3%, reflecting another year of outperforming the market. Adjusted operating profit was £256m, up £29m on last year, with operating margin improving 16 bps to 3.2%.

Key initiatives driving growth and customer satisfaction included:

- Modernised the shopping experience for customers, refurbishing 23 stores and opening three new convenience shops as part of our investment across the Waitrose estate;
- Improved our loyalty offer, through the launch of Waitrose Little Treats, which rewards customers with money off or free products;
- Our omnichannel offer continued to resonate with customers, with online order volumes up 11% and sales increasing over 13% year-on-year;
- Made it easier for customers to find what they need, achieving record 97% on-shelf availability having invested in our core merchandising systems;
- Strengthened quality and sustainability for customers, with Waitrose No.1 up nearly 30% and continued leadership on animal welfare through our Better Chicken Commitment and higher-welfare pork;
- We announced a new 360,000 sq ft distribution centre in Bristol to further improve availability, strengthen our supply chain and support future growth.

John Lewis

John Lewis continued to execute its customer-focused omnichannel strategy, delivering sales[9] of £4.9bn, up 3% on last year and revenue of £3.7bn, up 2% on last year. Customer engagement strengthened through the year, with Net Promoter Score reaching a record level. Adjusted operating profit was £58m, up £13m, with operating margin improving 32 bps to 1.6%.

Key initiatives driving growth and customer satisfaction included:

- Improved the in-store experience for our customers as part of our multi-year investment in our estate, with major refurbishments during the year in Liverpool and Bluewater, and beauty expansions in Solihull, Welwyn Garden City and Cambridge;
- Delivered award-winning service for customers, topping the 2026 UK Customer Satisfaction Index for UK retail and seeing record demand for Personal Styling and Nursery appointments;

[9] 2025/26 is a 53 week period and is reported on that basis. 2025/26 results include an additional week's trade compared to 2024/25.

[10] Net Promoter Score is a metric of customer advocacy and sentiment within our target audiences, representing the net percentage of customers likely to recommend the brand.

- Boosted product availability by extending 'Ship from Store' to 28 locations, leveraging our shop estate as a fulfilment network to ensure in-demand items are always within reach;
- Broadened choice and relevance for customers, launching 200 new and in-demand brands, including an exclusive national partnership with Topshop;
- Gave customers more reasons to spend time in our shops, opening six new hospitality venues to bring the total to 62.

Outlook

We remain cautious in our outlook for trading in 2026/27. Despite this, we are well positioned to navigate the challenging macroeconomic environment, with improved liquidity and low levels of external borrowings. This allows us to continue investing in our retail-first strategy, which will benefit our customers and unlock the headroom we see in all of our brands. We are confident in making further steps forward in the year ahead as we progress our multi-year transformation.

ETHICS AND SUSTAINABILITY STRATEGY - HAPPIER WORLD

Our Ethics and Sustainability (E&S) strategy sets the direction for us to become a more sustainable and ethical business. In service of our Partnership Purpose, 'Working in Partnership for a happier world', our aim is to create a kinder, fairer future for Partners, customers, suppliers and the communities in which we operate. Each area of our strategy is critical if we are to protect the planet and nature and respect and support the interests of all those touched by our business.

Our Partnership Purpose Working in Partnership for a happier world		
Our Ethics and Sustainability strategy		
PEOPLE IN SUPPLY CHAINS Protecting the rights of workers in our supply chains and championing the worker voice	CIRCULARITY AND WASTE Designing with circularity in mind and eradicating waste	SOCIAL IMPACT Connecting and giving back to communities and charitable causes
AGRICULTURE, AQUACULTURE, FISHERIES AND RAW MATERIAL SOURCING Guaranteeing a fair deal for producers and supporting them to farm with nature	CLIMATE ACTION AND BIODIVERSITY Reducing greenhouse gas emissions in our operations and supply chains, and protecting and enhancing nature through biodiversity	HEALTH, NUTRITION AND WELLBEING Enabling customers, Partners and communities to lead healthy and happy lives

For more information on the Partnership's Ethics and Sustainability strategy and governance, including climate action, see our Ethics & Sustainability Performance Data on pages 12 to 15, the Ethics and Sustainability Committee report on page 40, the Ethics and Sustainability Report 2025/26 published alongside this Report, or visit https://www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting

CLIMATE DISCLOSURES - HAPPIER WORLD

Climate governance

Ethics and Sustainability Committee

The Ethics and Sustainability Committee (ESC) is ultimately responsible for overseeing delivery of the Partnership's climate-related commitments, assessing performance, and progress against plans at quarterly meetings. The Managing Director, New Businesses is accountable to the ESC for the Partnership's E&S strategy overall, and the Chief Financial Officer sponsors the Partnership's Climate Risk and Resilience programme. The ESC is supported in its duties by the Director, Ethics & Sustainability who updates the ESC at each quarterly meeting on the Partnership's progress in reducing our emissions, as well as our risk from climate change.

For full details on the work and role of the ESC, see page 40. Full Terms of Reference can be found under 'Committees' at https://www.johnlewispartnership.co.uk/our-company/committees.

Climate Risk and Resilience working group

In 2021, the Partnership established a Climate-related Financial Disclosure working group made up of Partners drawn from across the business, including specialists in climate change, data, finance, property and risk management, to assess our climate-related risks. In 2025, the remit of the working group was expanded to cover all aspects of climate risk and resilience, including identifying climate risks and opportunities as they arise, monitoring climate risk management across the business, helping to ensure our climate risk mitigation and adaptation strategies are fit for purpose and managing our climate-related disclosure.

For further information on Governance in the Partnership see the Governance Report on pages 33 to 35.

Climate risk management - approach

Climate change risks are managed within the Partnership's established risk management framework, as detailed on pages 23 to 24. Climate change impact, including risks and opportunities, is considered under the Partnership's principal risk 'Ethics and sustainability', and significant actions identified as part of our climate scenario analysis are recorded against this risk, and monitored in line with the Partnership's risk management processes. In addition climate change impact is also specifically considered by Lines of Business and key affected areas (e.g. Property) within their own risk management frameworks.

Climate risk management - strategy

The Climate Risk and Resilience working group has responsibility for assessing our material climate risk and opportunity areas. In 2025/26 the working group expanded its climate risk analysis by developing a climate risk hotspot framework to complement existing climate scenario analysis. Outlined below is a summary of the risk hotspots for the Partnership as a whole.

Material risk and opportunity areas for the Partnership

Physical assets

In the short, medium and long term our physical assets (e.g. stores, distribution centres, stock, equipment) may be damaged by acute climate events like floods, storms and heatwaves, as well as chronic changes in temperature and humidity. There is a risk of increased costs to the business for repair, replacement and maintenance, as well as possible disruption to trading due to store closures.

See page 11 for quantitative scenario analysis on the possible unmitigated financial impact of physical climate risk to our property and distribution network.

Supply chain disruption

Our supply chain could be disrupted by extreme weather, with some impact already happening across the industry. Examples include crop yield losses due to hot weather, shipping delays due to storms, and health and safety risks to workers during heatwaves. Supply chain impacts could lead to loss of sales, increase in cost of goods or reputational damage to the business.

See page 11 for quantitative scenario analysis on the possible unmitigated financial impact of physical climate risk to our animal protein supply chain.

Market and Consumer Behaviours

Increased demand for products that can support our customers to live more sustainable or more climate-resilient lifestyles represent a business opportunity that could positively impact our profits. We expect this to be most relevant in the medium to long term as societal changes attributable to climate change become more significant. In addition customer experience may be negatively impacted by temperature and weather variances, such as extreme temperature or flooding, leading to an impact on sales.

See page 11 for quantitative scenario analysis on the possible financial impact of customer dietary changes.

Policy

Policies that place a price on carbon could result in direct costs to the Partnership and have indirect impacts on the cost of goods, particularly for products which have a high carbon footprint.

Climate policy resulting in a price on carbon is no longer considered a material financial risk for the Partnership in the short term due to a lack of acceleration in the policy landscape. As a result, the quantitative scenario analysis for financial impact in this risk area is no longer considered material in the timescales previously considered (2030) and has been removed from this disclosure.

Technology
The Partnership needs to invest in new technologies (e.g. refrigeration and vehicle upgrades, heat pump installations) to reduce emissions and adapt to climate change. There is an associated risk of our existing assets becoming obsolete earlier than planned, resulting in unplanned costs. These new technologies also present an opportunity to the Partnership, as they are generally more efficient and resilient, meaning lower running costs and less downtime.

Time horizons
The Partnership recognises the importance of looking at short- (<3 years), medium- (4-10 years), and long-term (11+ years) time horizons specifically for the purpose of assessing climate risks.

For our quantitative scenario analysis we have used long-term time horizons to assess physical risks: 2050 for all risk areas, and for property we have additionally used 2080. These dates broadly reflect the planning horizons of these departments, for example, when building a new property we consider up to a 60 year lifespan. We continued to use a 2030 time horizon for analysing transition risks, as we project the potential for significant impacts over this period if the goals of the Paris Agreement were to be met.

Quantitative climate scenario analysis
We have used two climate scenarios for our analysis of climate-related financial impacts to the Partnership. The scenarios we have used are a high emission scenario and a low carbon transition scenario, and are intended to represent the outer limits of possible outcomes; climate scientists expect the most likely outcome is somewhere between the two. By looking at these two extremes, we are able to stress test our strategy against the range of possible outcomes.

Climate scenario	Assumed level of warming	Context	Climate risks
High emissions scenario	4°C of warming by 2100	Failure to limit emissions, limited policy changes, increases in emissions in some sectors, feedback loops may intensify warming. Consistent with the GHG concentration trajectory RCP[11] 8.5.	Primarily physical risks: Chronic climate change (changes in temperature and precipitation) and extreme weather events (storms, wildfires, floods, droughts, heatwaves and cold waves).
Low carbon transition scenario	1.5°C of warming by 2100	A rapid transformation of the global economy to drastically cut emissions. Consistent with the GHG concentration trajectory RCP 1.9.	Primarily transition risks: High taxes on carbon emissions and rapid changes in technology, policy and people's behaviour.

Results
The most material results of our scenario analysis (those with financial impacts >£10m) are shown below. The modelling of physical risks and the impacts they will have on our costs has greater uncertainty, and so these risks are shown with wider ranges of possible financial impacts than the transition risk.

Modelling assumptions
The financial impacts calculated are based on the assumption that:

- The Partnership's business activities (operating model, emissions etc.) remain static and that the Partnership does not mitigate the impacts;

[11] RCP stands for Representative Concentration Pathway, these are used by the Intergovernmental Panel on Climate Change (IPCC) to show plausible scenarios for future GHG emissions.

- All increases in costs are assumed to be fully absorbed by the Partnership and not passed onto consumers;
- The two scenarios constructed are mutually exclusive and no assessment has been conducted where both transition risks and physical risks take place at the same time;
- Animal protein emissions are based on sales volumes of all fresh meat (including poultry), fish, seafood, dairy and eggs;
- Flood risk damages are based on past flooding events. These have been used as a proxy for future damage across all properties. A sample of sites were analysed for future flood risk with sufficient representation of all flood risk ratings to extrapolate the financial impact across the estate.

Physical and Transition risks

Business area	**Risk**	**Relevance**	**Estimated potential annual financial impact**	**Mitigation**
Animal protein	Dietary changes in 2030	If customers shift their consumption of animal protein to the levels recommended to limit global warming, our animal protein sales could decline.	Decline in animal protein sales: £50-75m reduction in operating profit (before mitigation) Increase in plant-based protein sales: Potential profit opportunity	• Meeting customer needs for plant-based protein • Supporting our animal protein sales by being the best in the market for lower carbon and ethical animal products
Property	Physical risks in 2050 and 2080	Of the possible physical climate impacts, increased flooding across all our sites was found to pose the greatest potential financial risk to our physical estate. Increased cooling requirements represent a smaller portion of the potential risk, and are largely offset by reduced heating requirements.	2080: £100-200m reduction in operating profit (before mitigation) 2050: £75-125m reduction in operating profit (before mitigation)	• Developing and implementing a flood resilience roadmap for high-risk properties • Thorough flood risk assessments are carried out for all new sites • New buildings are designed with higher temperatures in mind
Distribut-ion	Physical risks in 2050	Of the possible physical climate impacts, sea level rise was found to pose the greatest risk to our distribution. A number of the ports that our products travel through are at risk of inundation under sea level rise scenarios.	£10-50m reduction in operating profit (before mitigation)	• Mitigation will involve working with our suppliers on climate resilience
Animal protein	Physical risks in 2050	Long-term climatic changes and more extreme weather events could directly reduce livestock and feed yields.	£10-50m reduction in operating profit (before mitigation)	• Working with farmers and suppliers on increasing resilience, for example through breeding or flood protection

Business resilience

The Partnership recognises the need to consider our resilience to the impacts of climate change, and continues to embed the importance of resilience to the impacts of climate change within relevant risk registers. Quantitative scenario analysis conducted takes into account different climate-related scenarios and demonstrates a range of possible outcomes that could affect the resilience of our business. Some examples of the scale of the impact on operating profit are shown in this disclosure. In addition we have worked with experts within the business to identify situations where our supply chains or facilities have actively been affected by acute or chronic climate-related impact, including extreme weather impact on fresh produce supply, water scarcity in key sourcing regions, store flooding resilience, and agricultural supply chain wastage.

Further work to address business resilience to the effects of climate change is ongoing. We are in the process of developing our climate transition plan which will assess the Partnership's ability to achieve our climate-related ambitions, and its resilience to the effects of climate change. This assessment will enable higher risk areas of our business to be highlighted and potential effects mitigated.

In respect of physical risks, we consider this an evolving space and will continue to work with Property, Commercial and Supply Chain teams to safeguard long-term security of supply and of our physical estate and logistics.

Climate performance - metrics and targets

Our net zero targets outline our required decarbonisation, based on three milestones:

1. A rapid reduction in emissions to meet our 1.5°C near-term targets by 2030;
2. Achieving net zero in our operations (Scope 1 and 2) by 2035;
3. Achieving net zero across our entire value chain (Scope 3) by 2050.

For more detail on our full commitments, see
www.johnlewispartnership.co.uk/ethics-sustainability/environment/climate-action

The Partnership's carbon emissions and energy consumption

This section discloses our operational energy consumption, carbon footprint, and energy efficiency initiatives from 26 January 2025 to 31 January 2026 in line with Streamlined Energy and Carbon Reporting (SECR) requirements.

This year, KPMG LLP has issued an independent limited assurance report over the selected data highlighted in the table below with an asterisk (*) using the assurance standards ISAE (UK) 3000 and ISAE 3410. The assurance report and the Basis of Reporting can be found on
www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting

KPMG LLP has previously issued an independent limited assurance report over the selected data marked with a white diamond (◇) using the assurance standards ISAE (UK) 3000 and ISAE 3410. KPMG's conclusions for the current period does not cover this information. The previous period's assurance can be found in the 2024/25 E&S Report.

We are committed to reducing the Partnership's GHG emissions and continue to make progress towards reaching our goal of net zero emissions in our operations (Scope 1 and 2) by 2035. In 2025/26, the Partnership's Scope 1 and 2 energy and industrial market-based emissions were 88,598* tCO2e, compared to 111,039◇ tCO2e in 2024/25. This represents a reduction of 58,164 tCO2e against our 2020/21 baseline, or 39.6%* reduction. In 2023, our carbon reduction targets were validated by the SBTi (Science Based Targets initiative).

Climate performance metrics[12]			
Global GHG emissions data	**2025/26**	**2024/25**	**2020/21 baseline**
Scope 1 and 2 energy and industrial market-based emissions change versus baseline (%)	-39.6%*	-24.3%◊	-
Scope 1 energy and industrial emissions (tCO2e)[13] Combustion of gas and fuel for transport purposes and refrigeration	87,083*	92,592◊	141,417
Scope 2 energy and industrial emissions (tCO2e)[14] Electricity purchased, and heat and steam generated for own use – Location-based – Market-based	 93,372* 1,515*	 106,555◊ 18,447◊	 130,029 5,345
Intensity metric (tCO2e per £m sales) – Location-based – Market-based	 14.6 7.8	 16.7 9.8	 24.7 14.6
UK only Scope 1 and 2 energy and industrial market-based emissions (tCO2e)	88,522	110,600	-
UK only intensity metric - market-based (tCO2e per £m sales)	8.3	9.9	-

Energy usage	**2025/26**	**2024/25**	**2018 baseline**[15]
Partnership energy consumption (gWh) Total energy consumed (electricity, gas and transport fuel) – Electricity – Gas – Transport fuel	 1,111 519 173 419	 1,092 507 174 411	 1,280 639 285 356
UK only Partnership energy consumption (gWh)	1,104	1,084	-
Absolute energy reduction within the Partnership's physical estate (electricity and gas only)	-25.2%	-26.2%	-

[12] Performance figures in the table are based on the financial year. The exceptions to this are the baseline years for the Energy usage measures 'Diesel displaced by alternative fuels %' and 'Reduction in litres of fossil fuels %', which are based on the calendar year (see footnotes 15 and 16).

[13] Scope 1: Emissions associated with our direct activities, such as heating our shops and offices and running our fleet of trucks, and company cars. These do not include any Forest, Land and Agriculture (FLAG) emissions or out of scope biogenic biomethane emissions. The biogenic origin of biomethane used in some of our vehicles results in total out of scope emissions of 48,022 tCO2 for financial year 2025/26. These are emissions from biomethane production.

[14] Scope 2: Emissions from the electricity we purchase. 'Location-based' represents the average emissions factors for electricity grids, and 'market-based' represents supplier-specific emissions factors and considers renewable energy certificates.

[15] The Partnership's energy reduction target is against a 2018 calendar year baseline, rather than the updated financial year baseline for our validated science-based targets.

Energy usage	2025/26	2024/25	2018 baseline[15]
An absolute energy reduction within the Partnership's physical estate (electricity and gas only) of 25% by 2028 from a 2018 baseline			
Partnership electricity renewable % All electricity procured by the Partnership to be 100% renewable certified by 2028 (Total electricity which is REGO backed)	100%	92.9%	-
Fuel, hydrofluorocarbon and refrigerant gas	**2025/26**	**2024/25**	**-**
Diesel displaced by alternative fuels % We will end the use of fossil fuels across the Partnership's transport fleet by 2030	54.0%*	49.4%◊	-
Reduction in litres of fossil fuels %[16] We will end the use of fossil fuels across the Partnership's transport fleet by 2030	-52.7%*	-47.3%◊	-
Heavy trucks converted to biomethane fuel % All heavy trucks to be converted to biomethane fuel by 2028	87.9%	77.5%	-
Waitrose stores hydrofluorocarbon (HFC) free % All Waitrose core store refrigeration to be HFC free by 2028	82.1%	75.0%	-
Refrigerant gas leakage rate % Waitrose to stay under a 7% refrigerant gas leakage rate	5.3%	4.0%	-

Scope 3 footprint

Our Scope 3 emissions baseline for 2020/21 is 7.39 million tCO2e, with purchased goods and services making up the largest percentage of Scope 3 emissions[17]. Further details on the Partnership's Scope 3 footprint can be found at https://www.johnlewispartnership.co.uk/ethics-sustainability/environment/climate-action

Methodology

The methodology used to calculate our Scope 1 and 2 GHG emissions and energy use is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the operational control approach.

The Scope 1 and 2 data has been calculated using Department for Energy Security and Net Zero 2025 emission factors for all sources of carbon emissions, with the exception of certain refrigerants, and market-based renewable electricity, which are taken from industrial and academic sources. All emissions and energy usage is UK based, apart from a small percentage of GHG Scope 3 business travel. The intensity metric that the

[16] The move to alternative fuels measured as a reduction in litres of fossil fuels for the financial year 2025/26 is, -52.7%* (16,490,748* litres vs the calendar year 2018 baseline of 34,855,311 litres, as specified in our £460m Revolving Credit Facility).

[17] Selected categories of our Scope 3 emissions totalling 15,706 tCO2e* have been assured by KPMG LLP and are reported here as part of our energy and carbon reporting obligations, however they are a subset of, rather than our entire, Scope 3 footprint and are also not included in the energy and industrial Scope 1 and 2 science-based target. See our Basis of Reporting for the full list of data points included, available at https://www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting

Partnership uses to normalise emissions for annual comparison is tCO2e per £m Total trading sales (tCO2e per £m sales).

Our Scope 3 emissions baseline calculation follows the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Land Sector and Removals Guidance (Draft) using an operational control approach.

For the 2025/26 reporting period, actual data has been used to report the first 11 periods of the year. Data for the final period will be estimated using last year's P12 data, for all scopes, with an additional week estimated to include the full financial year. Further detail of our methodology can be found in our Basis of Reporting available at https://www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting

Energy efficiency

We continue our commitment to reduce the Partnership's overall energy consumption across our physical estate, through the development and implementation of smarter energy saving technologies. This year, we reached a 25.2% absolute energy reduction within the Partnership's physical estate (electricity and gas consumption) against our 2018 baseline, exceeding our target of -25% by 2028.

Progress in 2025/26 included:

- Heat pumps - Continuing the roll out of heat pump technology to a further 29 shops, removing the need for gas and providing a more efficient form of electric heating. This brings us to a total of 69 shops with heat pump technology installed; we are on target to electrify all our store heating systems by 2035;
- Refrigeration upgrades - An additional 28 Waitrose stores received a refrigeration upgrade. This involved a full replacement of conventional HFC based refrigeration systems with a low global warming potential water cooled alternative;
- Refrigerant containment - We have worked to minimise the leakage of refrigerants from cooling, air conditioning, and heat pump systems. This includes rigorous leak testing during installation, monitoring for small leaks and preventative maintenance;
- Transport - We have rolled out a further 21 electric vehicles across our distribution and delivery fleet, and 104 biomethane trucks as we continue towards our goal of a fossil fuel free fleet by 2030.

Renewable energy

This year, 100% of electricity purchased across our physical estate is backed by Renewable Energy Guarantees of Origin (REGO) certified renewable energy sources, and is considered in our Scope 2 market-based reporting, aligned with the GHG Protocol.

PROMOTING THE SUCCESS OF THE PARTNERSHIP - SECTION 172(1) STATEMENT

The Partnership's Purpose, set out in the Constitution, states that 'Our Partnership is an ongoing experiment to find happier, more trusted ways of doing business, for the benefit of us all. We work together to create a successful business and a fairer, more sustainable future for Partners, customers, suppliers and communities'. We summarise this as 'Working in Partnership for a happier world'.

The Purpose is in many ways aligned to the matters to which the Directors must have regard under section 172(1) of the Companies Act 2006 (s172(1)). The Directors take a large range of factors into account before making a final decision which they believe is in the best interests of the Partnership, and both the Directors and those submitting papers for consideration are reminded, through the Purpose, of the s172(1) obligations. Partners writing papers for the Board requesting a decision are asked to set out how the matter advances the Purpose. The Purpose is set out on the front cover of the document pack for Partnership Board meetings. The Board's minutes reflect how the Board has taken into account the Partnership's Purpose, in particular the ambition to create a successful business and a fairer, more sustainable future for Partners, customers, suppliers and communities, in relation to the matters considered and the decisions made at the meeting.

During the year, the Board considered the ways most likely to promote the Partnership's success in its discussions and decision-making for the benefit of Partners as a whole, considering stakeholders and the matters set out in s172(1) as follows.

Long-term sustainability

The second Principle of the Constitution includes the objective of making 'sufficient profit to retain our financial independence, invest in our Partners and pursue our Purpose'. The shared aim of the Chairman, the Partnership Council and the Partnership Board, our three governing authorities, is to safeguard the Partnership's future, enhance its prosperity and ensure its integrity.

The interests of Partners

Partners are more than employees - under the Partnership's ownership model they are owners of the business and provide input into the Partnership's governance through its democratic structures. These are summarised in the Governance report on pages 33 to 35.

More information about the ways in which the Board engages and acts with regard to Partners when taking its key strategic decisions, along with some key highlights from the year under review, is provided in the key stakeholders table below.

The need to foster business relationships with suppliers, customers and others

The Partnership has a diverse group of stakeholders with whom we work to collectively deliver our Purpose, and the Board keeps in mind the impact the Partnership has on these groups. These stakeholders include: our customers, whose needs we respond to and with whom we aim to build long-term relationships; our producers and suppliers, from whom we purchase goods and services; and our financial stakeholders, including the John Lewis Partnership Pensions Trust, relationship banks, credit insurers and holders of John Lewis plc financial bonds. Alongside these, the Partnership engages with campaign groups and non-governmental organisations, particularly those working on ethics and sustainability.

More information about the ways in which the Board engages and acts with regard to key stakeholders when taking its key strategic decisions, along with some key highlights from the year under review, is provided in the key stakeholders table below.

The impact of our operations on the community and the environment

The Partnership's stakeholders include the communities and localities in which we operate. More information about the ways in which the Board engages and acts with the communities in which we operate when taking its

key strategic decisions, along with some key highlights from the year under review, is provided in the key stakeholders table below.

We have identified the following areas of focus within our E&S strategy to address our environmental impact and to protect and restore nature:

- ***Circularity and waste:*** we're committed to designing, making and selling products and services that limit waste and keep materials in use for longer;
- ***Agriculture, aquaculture and fisheries:*** we're committed to introducing more sustainable and regenerative farming practices, ensuring higher welfare standards and driving positive change so that oceans and marine resources are used sustainably;
- ***Raw material sourcing:*** we're committed to sourcing our raw materials more responsibly and to continually improving the ethical and environmental standards of our sourcing practices, delivering positive impact for people, nature and animals in the places where they're produced;
- ***Climate action:*** we're committed to reducing our impact on the climate by working towards net zero in our own operations and supply chains;
- ***Nature and biodiversity:*** we are committed to protecting and enhancing nature and biodiversity, and to reversing the negative effects of our business on natural resources and ecosystems.

In the following table, we describe how the Board (in some instances through its committees) monitors our environmental impact, and some key highlights from the year under review.

How does the Board engage?	**What was measured and monitored?**	**Key highlights from 2025/26**
The Board monitors environmental impact via the ESC, which receives reports from management regarding performance, priority initiatives, external developments and industry initiatives, and changes to environmental risks. See also: ● Our E&S strategy on page 8 ● Climate disclosures on pages 8 to 15 ● Our Ethics and Sustainability Report, Our Plan for Nature and further information at https://www.johnlewispartnership.co.uk/ethics-sustainability.	During the year, the Board and the ESC reviewed key environmental impact metrics as part of the Partnership's monthly balanced scorecard relating to the Partnership's Net Zero plans, food waste and raw materials sourcing. Developments in relation to the principal risk regarding E&S were also monitored throughout the year through reporting to the Board and the Audit and Risk Committee (ARC) (see page 28).	The ESC reviewed the Partnership's E&S targets expiring in 2025. Taking into account progress made, they agreed with management a combination of new targets extending to 2030 as well as maintaining performance achieved by 2025.

The desirability of maintaining a reputation for high standards of business conduct

The Partnership's reputation for its standard of business conduct is a key driver of customer perception of our brands. All Partners are expected to contribute to the maintenance of high standards, and the Constitution provides them with our framework to do this. It includes specific Rules for Partners relating to maintaining honesty, fairness, courtesy and promptness in their business conduct.

Compliance with legal and regulatory requirements is key to ensuring high standards of business conduct, along with the implementation of internal controls. The ARC oversees how the business manages compliance and this has continued to be an area of focus. During the year, the ARC considered plans for the implementation of a material controls framework to provide proportionate and robust assurance over principal risks, focusing on high-level and entity-wide controls. It provided feedback on the plans for management to consider as they were

developed further. Further information is provided in the Principal risk and uncertainties section on pages 24 to 29.

Acting fairly as between the company's members (Partners)
The Partnership is owned in trust for the benefit of its members, otherwise known as Partners. All Partners therefore benefit from an interest in the ownership of the Partnership.

Key stakeholders
On the following pages, we describe our key stakeholders, an overview of their interests, ways in which the Board engages and acts with regard to these groups (in some instances through its committees) when taking its key strategic decisions, and some key highlights from the year under review.

Stakeholder	How does the Board engage?	What was measured and monitored?	Key highlights from 2025/26
Partners Our Purpose is clear that, as owners of the business, Partners are more than employees and share knowledge, power and profit. The Constitution empowers all Partners to shape the future of the Partnership. Hearing Partner opinion and ensuring this is taken into account in decision-making is intrinsic to our employee ownership model. See also: ● Our Belonging at JLP Report and Pay Gap Report available at https://www.johnlewispartnership.co.uk/our-company/partnership-model/partnership-reports-and-statements.	Three Partners are elected by Partnership Council to directorships on the Board. All Directors are non-voting members of and regularly attend Partnership Council meetings. Forum is the first formal layer of democracy representing different areas of the business. Partners receive updates about the Partnership from regular dialogue with leadership, email updates, podcasts, vlogs, the Partner Intranet, and through the weekly independent *Gazette* publication. Direct engagement between the Board and Partners is also facilitated through various opportunities.	During the year, the Board reviewed: ● The results, themes and actions plans from two all-Partner surveys we ran to gain insights from our Partners ● Key metrics as part of the Partnership's monthly balanced scorecard regarding Partner engagement, Partner retention, inclusion and belonging, and democratic vitality ● The reach of the Partnership's principal methods of communication with Partners ● The Partnership's gender, ethnicity and age pay gap data. Developments in relation to the principal risk regarding Partner differentiation and the former principal risk regarding Partner wellbeing were also monitored throughout the year through reporting to the Board and the ARC (see page 27).	During the year, the Board considered the payment of a Partnership Bonus. Reflecting the importance of prioritising investment in Partner pay and the business, it took the decision not to declare a Partnership Bonus in March 2025. In its discussions, the Board recognised the impact of the Partnership's significant change programme on Partners. Careful consideration was given to individual business cases which impacted Partner employment, including the decisions to close the residential property management business and to partner with a specialist third party to modernise the hospitality and Partner dining offer in most John Lewis branches. The Board undertook deep dive reviews with management into the principal risk regarding Partner differentiation and the previous principal risk regarding Partner wellbeing. The ARC supported the de-escalation of Partner wellbeing from a principal risk, considering Partner engagement scores and the careful management of restructuring activities, amongst other matters. The Nomination Committee

Stakeholder	How does the Board engage?	What was measured and monitored?	Key highlights from 2025/26
			reviewed the Partnership's leadership development programme and requested specific actions from management to promote talent development within the Partnership. The Remuneration Committee considered the Partnership's gender, ethnicity and age pay gaps as well as measures being taken to address them.
Customers We take pride in making our customers happy. We put everything we have into everything we do, earning the loyalty and trust that we need to be successful. Our Partners support this by providing specialist expertise, curation and advice to our customers. The Partnership aims to offer its customers the best value in the marketplace for goods and services of comparable quality and availability. Our own brand ranges offer quality products for different budgets, and we offer enhanced payment and credit services. See also: ● Our performance on pages 5 to 7.	Regular customer reports are produced for management and for Board meetings, tracking and reviewing emerging trends, as well as measuring the business response and feeding in data to support both strategic and tactical initiatives and decision-making. Customer reporting is informed by: ● Our customer research teams, who seek to understand how customers and potential customers think and feel, gathering their experiences through surveys, face-to-face research and customer feedback ● Our dedicated Customer Perspectives Panel, which conducts deep dives, concept testing and more collaborative research on new services and products.	During the year, the Board reviewed key customer metrics as part of the Partnership's monthly balanced scorecard for all Lines of Business - including Brand Advocacy via Net Promoter Score and Customer Satisfaction, reviewing performance against both our historic measures and our competitive market set. Developments in relation to the principal risks regarding customer experience and customer proposition were also monitored throughout the year through reporting to the Board and the ARC (see pages 26 and 27).	The Board and the ARC continued their oversight of the development of the Partnership's financial services proposition, providing guidance and feedback on areas including governance and risk management. This included the ARC reviewing the 2025 Annual Consumer Duty Report prior to its submission for approval by the John Lewis plc and Waitrose Limited boards. As part of its consideration and approval of the business plan and budget, the Board approved investment in customer propositions, including a material programme of store investments. It also approved the decision to partner with a specialist third party to modernise the hospitality offer in John Lewis branches. During the year, the Board held meetings in locations where it was able to see at first hand elements of the customer proposition, including John Lewis Bluewater and the Partnership-managed residential property in Birmingham.
Producers and suppliers A strong, trusted and	The Board monitors relationships with the Partnership's suppliers in a	During the year, the Board reviewed key metrics relating to raw materials	The ARC considered third party risks through different lenses during the year. This

Stakeholder	How does the Board engage?	What was measured and monitored?	Key highlights from 2025/26
transparent supply chain is integral to our success as a retailer. Our aim is to take a long-term view, working closely with producers and suppliers across our supply chains, forming mutually beneficial partnerships and ensuring workers are treated fairly. It is the strong working relationships we form that allow us to source high quality, sustainable and ethical products for our customers. See also: ● Our E&S strategy on page 8 ● Anti-bribery and corruption on page 31 ● Our full Ethics and Sustainability Report and Human Rights Report and Modern Slavery Statement at https://www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting.	number of ways including: ● Review by the ARC of compliance with the Groceries Supply Code of Practice (GSCoP) ● The steps the Partnership is taking to meet its E&S goals, to improve the livelihoods of those who grow, pick, pack or make our products and to prevent modern slavery and human trafficking in our business and supply chains through the ESC. Our Responsible Sourcing Code of Practice (RSCOP) sets out our expectations of all suppliers on issues such as pay, working hours, child labour, worker rights and representation. In addition, we have a number of supplier facing policies which cover a broad range of areas from animal welfare to timber sourcing standards.	sourcing as part of the Partnership's monthly balanced scorecard. The Groceries Code Adjudicator Annual Survey 2025 showed that Waitrose achieved a very high level of overall compliance with the GSCoP in 2025, with the vast majority of its suppliers reporting that the retailer 'consistently' or 'mostly' followed the Code. See also: ● Waitrose compliance with GSCoP on page 39 ● The John Lewis plc, John Lewis Properties plc and Waitrose Limited published payment practice reports ● More details on a number of our supplier engagement programmes at https://www.johnlewispartnership.co.uk/ethics-sustainability/supply-chains.	included undertaking deep dive reviews with management into third party risk management, with a particular focus on the suppliers of goods not for resale, and security of supply risk. The Board considered proposals to develop the Partnership's multi-year procurement approach, with the aim of fostering trust and enabling long-term collaboration. It provided feedback and guidance for management to consider in multi-year supply negotiations. The ARC reviewed the Partnership's approach to anti-money laundering and provided feedback for management to consider as it developed appropriate responses to different levels of risk across the Partnership's Lines of Business. The ESC reviewed the application of the Partnership's Human Rights Framework, which has been developed taking into account guidance from the Ethical Trading Initiative and the UN Guiding Principles on Business and Human Rights, and which is used to inform decisions on suppliers.

Stakeholder	How does the Board engage?	What was measured and monitored?	Key highlights from 2025/26
Communities in which we operate In line with our Purpose, we are working in Partnership for a happier world. We are driven to make a difference to people's lives and create positive social impact, using the skills and resources within the Partnership to support where help is needed. See also: ● Our E&S strategy on page 8; ● Our Ethics and Sustainability Report and further information at https://www.johnlewispartnership.co.uk/ethics-sustainability.	The Board monitors relationships with communities in which we operate via the ESC, including the Partnership's response to the increasing social challenges faced by today's society.	During the year, the Board reviewed social impact metrics as part of the Partnership's monthly balanced scorecard relating to interactions between the Partnership and individuals - including the care-experienced community - through the Partnership's social impact programmes. The ESC reviewed and provided feedback on the social impact strategy. It also monitored the performance of the Partnership's social impact programmes across food poverty, education and work, and community support.	The ESC received an update and provided feedback on the future development of the Building Happier Futures programme, supporting a continued focus on employability and reiterating the importance of ensuring activities were focused on making a material difference.
Financial stakeholders These include the John Lewis Partnership Pensions Trust, relationship banks, credit insurers and holders of John Lewis plc bonds. See also: ● Our performance on pages 5 to 7.	Through our website, we share details on our performance, and our Treasury team provides further detail as needed. We invite our financial stakeholders to join our financial updates and announcements, which gives them an opportunity to hear and engage with the Chairman, Chief Financial Officer and senior management. The Chief Financial Officer regularly engages with the Partnership's banking partners on behalf of the Board. We maintain an open and collaborative relationship with our pension trustee, providing financial information and proactive engagement ahead of material transactions.	During the year, the Board reviewed: ● Key monthly financial performance metrics as part of the Partnership's monthly balanced scorecard including sales, profit, and the Partnership's debt ratio; ● The annual update from the Pension Trustee. Developments in relation to the principal risks regarding change delivery, productivity, strategic resilience and operational resilience were also monitored throughout the year through reporting to the Board and the ARC (see pages 25 and 26).	To support the triennial valuation of the Partnership's defined benefit pension scheme, the Board established a Pension Valuation Sub Committee to provide guidance, support and appropriate challenge to management regarding the long-term strategy and proposed funding and investment strategy for the scheme, and related negotiations with the Pension Trustee. The Board received updates on the strategy and negotiations at appropriate points through the year. The triennial valuation process is expected to conclude during 2026. The ARC received updates on the management of the Partnership's defined benefit pension risk during the year. The Board approved the proposed approach to the

Stakeholder	How does the Board engage?	What was measured and monitored?	Key highlights from 2025/26
			renewal of our revolving credit facility, which was successfully renewed with an increased facility of £460m for five years with two one-year extension options subject to the lenders' approval. The Partnership also secured lenders' approval under the final one-year extension option to extend the maturity date of its £131m term loan by one year to December 2028. During the year, the Board revised the debt ratio calculation, changing the inputs to align with common market practice and to be more relevant in assessing performance (see Glossary section on page 127.

RISK MANAGEMENT FRAMEWORK

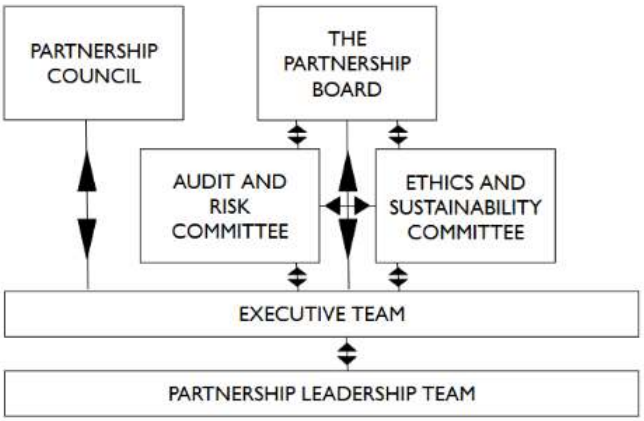
Our approach

We maintain a structured approach to risk management, designed to identify, manage and monitor existing, emerging and changing risks; and to communicate those that matter most through our governance structure. This approach is underpinned by our risk management policy, leadership accountabilities and Partnership behaviours.

Regular monitoring of principal risks supports the Directors' assessment of the long-term viability of the Partnership as detailed on pages 29 to 30 as well as confidence in delivering the Partnership's strategy.

Risk governance

Our governance framework, illustrated below, provides the structure to ensure Partnership risks are properly managed. It enables a blend of 'bottom up' decision-making and information sharing with quarterly 'top down' oversight by the Executive Team, and challenge by the ARC, the ESC and the Partnership Board.



The Executive Team is responsible for implementing risk management across the Partnership, with its members owning and monitoring the principal risks to achieving each element of the strategy. The ARC, under the Board's delegated authority, ensures that systems of risk management and internal control are effective, assuring the robustness of the Executive Team's review and undertaking a schedule of topical 'deep dive' risk analyses; while the ESC reviews E&S risk and compliance matters. All risk activity is facilitated by the Partnership Risk Team, led by the Director of Risk and Assurance, who reports directly to the Chair of the ARC.

Risk management process

Our approach to identifying, assessing and managing risk is systematic, operating as a continuous cycle with key risk activities at each stage.

Process Stage	Key Risk Activities
1. Setting risk appetite and understanding the context	The Board owns our risk appetite statement, which sets out the nature and extent of risk we're willing to take or accept in pursuit of our objectives. This context is key to defining the scope of our risks, maintaining relevance to our strategy and avoiding generic threats. Our appetite statement is validated through annual planning choices.
2. Risk identification and ownership	Identification of internal, external and emerging risks to our success, and their causes and consequences. Each risk is assigned a responsible owner - with appropriate seniority - for management and oversight in line with our risk policy.

Process Stage	Key Risk Activities
3. Risk analysis	Risks are scored against the Partnership's risk criteria to ensure a consistent assessment of their potential impact and likelihood. Any risks assessed as outside the Partnership's risk appetite require a plan of mitigating activity to close the gap within a defined timeframe.
4. Risk mitigation	Risk owners develop action plans to manage the risk by reducing the potential impact, likelihood or both over a defined period of time. Action owners are responsible for delivery of these mitigations.
5. Risk monitoring	Risk owners track progress of mitigation activity and assess whether they are delivering the desired benefit. The overall level of risk taking, progress made in mitigation delivery, and changing internal and external risk threat landscape is monitored quarterly at all levels of governance and against our balanced scorecard target.
6. Risk Reporting	Quarterly reporting through governance provides visibility of the current and emerging risks we face and facilitates course correction.

Emerging risks

We recognise that our risk profile continues to be influenced by evolving internal and external threats and opportunities. Our process for monitoring emerging risks was formalised in 2025 to surface greater insight and understanding of their potential impact on the Partnership. Examples of emerging risks identified and being actively monitored during the course of this year include:

- Conflict and ongoing geopolitical tension and their impact on the global economic outlook, supply chains, energy costs, inflation and consumer confidence;
- Changing consumer dynamics;
- Cyber security risks arising from greater use of technology;
- The increasingly complex regulatory landscape;
- The risks and opportunities associated with the increasing use of Artificial Intelligence;
- The increasing reliance on, and management of, third party suppliers.

MANAGING OUR PRINCIPAL RISKS AND UNCERTAINTIES

Our principal risks are the most significant risks to achieving our strategy, considering the potential impact and likelihood of occurrence.

The Executive Team, ARC, ESC and Partnership Board have reviewed the Partnership's principal and emerging risks through a structured quarterly review process and seen an improved overall risk position as a result of mitigation activity delivered. Partner Wellbeing is no longer considered to be a principal risk and no new principal risks were added in the period.

Our principal risks are described in more detail on the following pages, together with clarity on how they align to our Purpose, key mitigations and any change in risk exposure score since last year's disclosure.

Key to principal risk table

- Risk trend versus last year: Increased ⇑ Decreased ⇓ Stable ⇔
- Alignment to Partnership Purpose: Happier People (HP); Happier Business (HB); Happier World (HW)

PRODUCTIVITY	**Risk Trend: ⇔** **Purpose: HP, HB**
Risk We cannot improve productivity sufficiently to deliver the necessary step change in financial performance. **Key causes and consequences** Inability to make a cultural step change to achieve a productivity mindset, alongside the pace of change being too slow with insufficient resource and capability to land the change required; combined with external economic pressures like inflation, this could mean that we fail to deliver the productivity savings required to fund the Partnership's strategy and profit to deliver our Purpose. **Owner** Chief Financial Officer	**Mitigations** ● Productivity improvement plans in place ● Monthly reviews of delivery of gross margin improvement initiatives and progress on priority productivity outcomes, performance reviews of balanced scorecard metrics and productivity goals ● Regular engagement with Partners on financial performance and productivity goals ● Transformation directors in place with accountability to ensure productive delivery of planned outcomes **Oversight** Executive Team and ARC
STRATEGIC RESILIENCE	**Risk Trend: ⇔** **Purpose: HP, HB, HW**
Risk Our strategy may not respond to the changes in the external environment sufficiently or fast enough to secure the future success of the Partnership, and/or it may not be sufficiently clear or compelling to inspire and engage Partners. **Key causes and consequences** Failure to identify new external threats/opportunities that drive business impacts, or adjust to changes quickly enough, coupled with a lack of clear strategic vision and Partner engagement in that vision, results in an inability to sustain financial performance and meet customer needs. **Owner** Chief Financial Officer	**Mitigations** ● Regular external review of market, consumer and competitor trends and emerging risks with the potential to materially impact the strategy and business plan ● Regular review of priorities as part of our planning and governance cycles ● Strategic vision, priorities and investment plan communicated to leadership, Partnership Council and Partners to ensure engagement ● Oversight and monitoring of progress against the strategy through quarterly reporting and balanced scorecard metrics ● Continued engagement with Government and regulators directly and through trade groups **Oversight** Executive Team and Partnership Board
CHANGE DELIVERY	**Risk Trend: ⇓** **Purpose: HP, HB, HW**
Risk Change activity does not realise the desired benefits to agreed timelines and drives unforeseen cost and consequences. **Key causes and consequences** Operating model and transformational change complexity combined with the volume and pace of the change required and capacity to deliver/receive change, could result in operational instability, poor customer and Partner experience, failure to deliver expected benefits and missing our transformation ambitions.	**Mitigations** ● Multi year transformation plan, aligned with the business plan and regularly refreshed ● Regular reporting, oversight and monitoring of transformation plan, programme performance and benefits delivery through governance ● Delivery methodology and change implementation toolkit in place, supported by core capability training ● Defined accountability for change delivery across the operating model ● Programme management capability

Owner Chief Transformation & Technology Officer	**Oversight** Executive Team and Partnership Board
INFORMATION SECURITY	**Risk Trend: ⇓** **Purpose: HP, HB**
Risk The Partnership suffers a loss of key customer, Partner and/or commercially sensitive data leading to financial, regulatory, legal, operational and reputational issues. **Key causes and consequences** External and internal threats including ransomware, accidental or malicious misuse of data and/or systems, and risks within our supply chain could expose the Partnership to loss of key customer, Partner or business data, causing internal and/or external reputational damage, interruption of IT service and trading, fines, unforeseen costs and regulatory consequences. **Owner** Chief Transformation & Technology Officer	**Mitigations** ● Long term cyber security strategy in place aligned with National Institute of Standards and Technology Cybersecurity Framework (NIST v2) ● Governance framework in place, including appropriate policies and standards, supported by a monthly steering group review and mandated security training for Partners and third parties ● Regular independent external assessments of information security maturity ● Regular security testing of systems, applications, networks, processes, and personnel ● Information/Cyber Security team in place, committed to continuous professional development **Oversight** Executive Team and ARC
CUSTOMER PROPOSITION	**Risk Trend: ⇓** **Purpose: HP, HB, HW**
Risk Failure to innovate with or ahead of the market and deliver profitable, market-leading propositions to inspire our customers and maintain competitive advantage. **Key causes and consequences** Poor customer insight, range, quality, pricing strategy, lack of investment and/or availability of products or competitor disruption could negatively impact the customer proposition and its competitiveness, leading to loss of customers, erosion of profit margins, reputational damage and failure to deliver growth plans. **Owner** Managing Directors, Waitrose, John Lewis and New Businesses	**Mitigations** ● Ongoing development of high quality, innovative propositions, tested with customers for relevance and consideration ● Differentiation on own brand products in Home, Fashion, Waitrose No.1, Essentials and Duchy, and further development of John Lewis Money ● Online payment enhancements ● Customer and competitor activity and performance metrics monitored, evaluated and addressed ● Improved My John Lewis and My Waitrose benefits and member-only events and promotions ● Investment in our brand-defining physical estate, alongside smaller scale investment across our portfolio **Oversight** Executive Team and Partnership Board
OPERATIONAL RESILIENCE	**Risk Trend: ⇔** **Purpose: HP, HB**
Risk Inability to prevent, remedy, and recover from a major/sustained business interruption, due to a loss of key IT systems; premises (including plant/equipment) or suppliers. **Key causes and consequences** Complex legacy IT estate requiring significant investment, upgrades and/or replacement; greater operational dependency on third parties to deliver key services; significant required investment in the physical estate; and/or siloed ways of working.	**Mitigations** ● Incident, crisis management and IT disaster recovery plans in place; alongside rehearsals ● Post-incident review and lessons-learned processes ensure continuous improvement ● Resilience policy ● Vendor onboarding and contract management controls over third party business continuity and compliance assessments ● Continued delivery of technology modernisation and operational investment projects, including physical estate investment **Oversight** Executive Team and ARC

Owner Chief Financial Officer	
PARTNER DIFFERENTIATION	**Risk Trend: ⇔** **Purpose: HP, HB**
Risk The responsibilities and benefits of membership are not sufficiently felt and experienced by Partners and/or do not drive a distinctive and better business in service of our Purpose. **Key causes and consequences** Pressure on pay, scale of Partnership transformation ongoing, and lack of clarity on, and tangible impact of, the responsibilities and rewards of being a Partner could lead to Partners not feeling or delivering a differentiated experience, leading to Partner and customer dissatisfaction. **Owner** Chief People Officer	**Mitigations** ● Purpose statement articulating why we exist, who we are and the guiding principles that drive us: Happier people, Happier business and Happier world ● A Constitution that sets out how power is shared between our members and representative bodies, the values of the Partnership, the role of Partners within that, and key aspects of our distinctive character ● Value realisation as a result of the Partnership's difference is baked into the Partnership's strategy ● Partnership behaviours focusing on our distinctiveness - including what it means to be a co-owner in our business ● Regular Partnership Council and Forum meetings to ensure Partner voice is heard in decision-making ● Financial and wider business performance shared transparently with Partners ● 'Earning membership' process to ensure that all new Partners are right for our business and our business is right for them ● Differentiated policies and benefits which bring to life how we treat each other as co-owners, enhanced wellbeing services and access to Partnership leisure facilities ● Financial assistance fund and support to help Partners manage life moments **Oversight** Executive Team and Partnership Board
CUSTOMER EXPERIENCE	**Risk Trend: ⇓** **Purpose: HP, HB**
Risk Customers do not receive differentiated, excellent customer service across touchpoints. **Key causes and consequences** Systems, data, processes and the store environment impact service quality and convenience in store and online, resulting in declining customer experience and loyalty, and a gap between customer expectation and reality. **Owner** Managing Directors, Waitrose and John Lewis	**Mitigations** ● Customer listening and insight and regular review of customer pain points ● Customer insight data and key performance indicator review, including Have Your Say, customer satisfaction, customer voice (including complaints and queries such as through contact centres), mystery shoppers, product availability and Net Promoter Score ● Alignment of Partner availability and activities to evolving customer needs ● Ongoing focus on service training across John Lewis and Waitrose ● Expert advice provision to more customers through John Lewis customer advice appointments across beauty, personal styling, nursery consultations and home; and Waitrose embodied personal service in its counters offer **Oversight** Executive Team and Partnership Board

REGULATORY NON-COMPLIANCE	Risk Trend: ⇔ Purpose: HP, HB, HW
Risk Failure to comply with regulation. **Key causes and consequences** Lack of awareness, understanding or control of key and/or changing regulatory requirements could have legal, reputational and/or financial damage which, depending on scale, could cause major trading disruption. **Owner** All Executive Team members	**Mitigations** ● Regulatory compliance framework in place, including policies and standards ● Second line assurance provision in key areas of regulatory activity ● Mandatory training programmes for key compliance areas, with monthly review of completion rates by senior leadership and through governance groups ● Director accountability defined for areas of regulation ● Reporting and review of regulatory compliance position by senior leadership and through governance ● Horizon scanning for new/changing regulations and the potential Partnership impact and response ● Globally recognised safety standard, ISO 45001, in place ● A confidential whistleblowing process allowing Partners to raise concerns anonymously ● Financial Services new governance structure implemented, including Board and Audit and Risk Meeting oversight of risk, internal controls and compliance ● Financial Services quality assurance framework in place, including Consumer Duty legislative requirements **Oversight** Executive Team, ARC and ESC

ETHICS AND SUSTAINABILITY	Risk Trend: ⇔ Purpose: HP, HB, HW
Risk Failure to live up to our ethics and sustainability ambition. **Key causes and consequences** Failure to effectively manage our ethics and sustainability risks or deliver against our commitments could result in a loss of trust from our customers, Partners and stakeholders; eroding brand value and jeopardising delivery of the Partnership's strategy, in addition to potential legal and financial implications impacting our ability to operate. **Owner** Managing Director, New Businesses	**Mitigations** ● Regular oversight and challenge on performance against ethics and sustainability goals through Board-level ESC ● Commitments to ethical and responsible sourcing for the products we sell in Waitrose and John Lewis; including stringent animal welfare requirements and targets to reduce packaging and operational food waste ● Established policies in place and shared for awareness ● Transparency on our E&S ambitions, through external commitments, targets and reporting e.g. Ethics and Sustainability Report, Human Rights Report and Modern Slavery Statement ● Net zero science-based targets agreed by the ESC and validated by the SBTi (Science Based Targets initiative) ● Net zero operations targets embedded into our financial planning, decision-making frameworks and performance reporting, including Partnership balanced scorecard **Oversight** Executive Team and ESC

Looking ahead

Our framework and process will continue to support risk-informed decision-making in light of the volatile external environment to enable strategic agility, confidence in business planning processes and mitigation implementation. Areas of specific focus for 2026/27 include deep dives into hot topics and areas of emerging risk, ongoing training delivery and regular mitigation review over our principal risks in light of the changing external environment to ensure ongoing strategic agility.

VIABILITY STATEMENT

Although the Partnership is not required to adhere to the requirements of the UK Corporate Governance Code, we believe the viability statement provides the best framework for the Directors to communicate how they have assessed the Partnership's ability to remain commercially viable, and to show how they continue to uphold their constitutional obligation to protect the long-term health of the Partnership.

Assessment period

The Directors have assessed the Partnership's viability over a three year period to January 2029. A three year period of assessment is appropriate as it is aligned with the period over which detailed budgeting is prepared for planning purposes.

Severe downside modelling

In assessing the viability of the Partnership, the Directors considered the Partnership's revenue, profit, net assets and cash position under the budget and business plan and cash flow forecasts approved by the Partnership Board. Based on the Partnership's principal risks, the Directors created three downside risk scenarios which are severe but plausible. In addition, a combined severe downside scenario combining selected impacts and assumptions from the three scenarios was modelled, consistent with management's going concern assessment but extended for the full viability period. These assume that all Partnership borrowings are repaid at their maturity date and that no further refinancing or funding is undertaken. In response to any of the scenarios occurring, the Directors have identified a number of mitigating actions to reduce costs and optimise the Partnership's cash flow, liquidity and covenant headroom, the majority of which would only be triggered in the event of a severe downside scenario materialising. These mitigations are all within the control of the Partnership and exclude those mitigations which place some reliance on the external market (such as asset sales).

Downside scenarios modelled	Link to principal risks
There is low consumer confidence, inflation continues to remain higher for longer than market expectation and there is a high level of competitive pressure resulting in sales and volumes decline until the end of 2026/27, and slower growth for the two years after; higher operating costs and fall in the value of Pension scheme assets due to the market environment.	Customer proposition Customer experience Strategic resilience
The Partnership fails to deliver on transformation activity in the business plan resulting in lower growth, weaker margins and under-delivery of planned cost savings.	Productivity Change delivery Partner differentiation E&S
A hypothetical cyber security incident resulting in severe operational disruption. This is assumed to result in a fall in sales volumes as a result of reduced operations, and future reputational impact on both John Lewis and Waitrose. Remediation costs and penalties relating to a breach are also factored in.	Operational resilience Information security Regulatory non-compliance

Reverse stress testing
Further modelling was undertaken to build a hypothetical scenario in which covenants would be breached, even with all available internal mitigations implemented. Given how extreme the assumptions in this scenario would need to be, the Directors have concluded that the likelihood of a covenant breach that could not be mitigated is remote.

Viability assessment
The Directors have a reasonable expectation that the Partnership has adequate resources to continue in operation, can meet its liabilities as they fall due, can retain sufficient available cash across all three years of the assessment period and will not breach any financial covenants attached to its financial debt (bonds, term loans and bank facilities).

The Directors therefore have a reasonable expectation that the Partnership will remain commercially viable over the three year period of assessment.

OTHER REPORTING INFORMATION

Non-financial and sustainability information statement
This section of the Strategic Report constitutes the Partnership's Group statutory non-financial and sustainability information statement. The information listed is incorporated by cross-reference and in the table below. The information referred to is intended to help Partners and other stakeholders understand the Partnership's position on key 'non-financial matters' - in other words the quantitative and qualitative information on the strategies, policies or activities we pursue towards our business, environmental and social goals. In reporting this, we focus on the aspects that are most material to our business, our Partners and other stakeholders. This builds on our existing reporting, such as for E&S. Read more at https://www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting.

Reporting requirement	How we manage these issues: policies, standards, risks and additional information
Climate-related financial disclosures	● Climate disclosures on pages 8 to 15
Environmental matters	● E&S strategy on page 8 ● Climate disclosures on pages 8 to 15 ● S172(l) Statement (The impact of our operations on the community and the environment) on pages 16 to 17 and page 21
Employees	● S172(1) statement (Partners) on page 16 and pages 18 to 19 ● Equal opportunities, diversity and inclusion in the Directors' Report on page 47 See also: ● Our Ethics and Sustainability Report 2025/26 and other reports, statements, policies and information available at https://www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting ● Our Belonging at JLP Report and other reports and statements available at https://www.johnlewispartnership.co.uk/our-company/partnership-model/partnership-reports-and-statements
Social matters	● E&S strategy on page 8 ● S172(1) statement (Communities in which we operate) on pages 16 to 17 and page 21 See also: ● Our Ethics and Sustainability Report 2025/26 and other reports, statements, policies and information available at https://www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting

Reporting requirement	How we manage these issues: policies, standards, risks and additional information
Human rights	● E&S strategy on page 8 ● S172(1) statement (Producers and suppliers) on page 16 and pages 19 to 20 See also: ● Our latest Human Rights Report and Modern Slavery Statement, Ethics and Sustainability Report 2025/26 and other reports, statements, policies and information available at https://www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting
Anti-corruption and anti-bribery	● Anti-bribery and corruption section immediately below this table
Description of our business model	● Our Purpose and the Partnership business model on page 4 ● Principal activity in the Directors' Report on page 46 See also: ● The Partnership's Constitution available at https://www.johnlewispartnership.co.uk/our-company
Policies, due diligence and outcomes	● Throughout this report ● Climate disclosures on pages 8 to 15 ● Risk management framework on pages 23 to 24 See also: ● Our Ethics and Sustainability Report 2025/26 and other reports, statements, policies and information available at https://www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting
Description of principal risks and impact of business activity	● Principal risks and uncertainties on pages 24 to 29
Non-financial key performance indicators (KPIs)	● The Partnership has a science-based target of net zero emissions across our operations (Scope 1 and 2) by 2035, and progress against that target is on pages 12 to 13 See also: ● Our Ethics and Sustainability Report 2024/25 available at https://www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting

Anti-bribery and corruption

The Partnership does not condone bribery or tax evasion in any form and manages risks in respect of bribery, corruption and offences under the Bribery Act 2010 and Criminal Finances Act 2017 through policies, standards, guidance and mandatory training. We have a policy on Anti-Bribery and Corruption and Gifts and Hospitality; this is reviewed annually, with the latest review having taken place in November 2025. Assurance over this policy is overseen at Board level by the ARC.

The policy is clear that the Partnership is committed to preventing bribery in all forms and prohibits Partners and other personnel from making, offering or accepting bribes. Facilitation payments are also prohibited, and gifts and hospitality are permitted only where the requirements of the policy are followed. Charitable donations are permitted only where requirements of the Charitable Giving Standard are met. The policy also states that the Partnership does not make political donations.

The Partnership is also committed to ensuring our third party suppliers adhere to our policies and relevant legislation, through stringent supplier assurance processes.

The Gifts and Hospitality register is managed and regularly reviewed. Its structure is monitored to ensure it adapts to any changes to team structures and that it remains current.

Contribution to the UK tax system

This year, the Partnership paid taxes of £395m and collected taxes on behalf of HMRC of £711m. A breakdown is provided below.

Taxes paid by the Partnership	Taxes collected by the Partnership
£168m Employer National Insurance contributions	£234m net VAT
£166m Business rates	£230m Excise Duty
£8m Fuel Duty	£190m Partners' Pay As You Earn (PAYE)
£11m Customs Duty	£57m Partners' National Insurance contributions
£13m Extended Producer Responsibility (EPR)	
£8m Apprenticeship Levy[18]	
£5m Climate Change Levy	
£4m Corporation tax	
£12m other	
£395m total	**£711m total**

Our approach to tax can be found at https://www.johnlewispartnership.co.uk/tax-strategy.

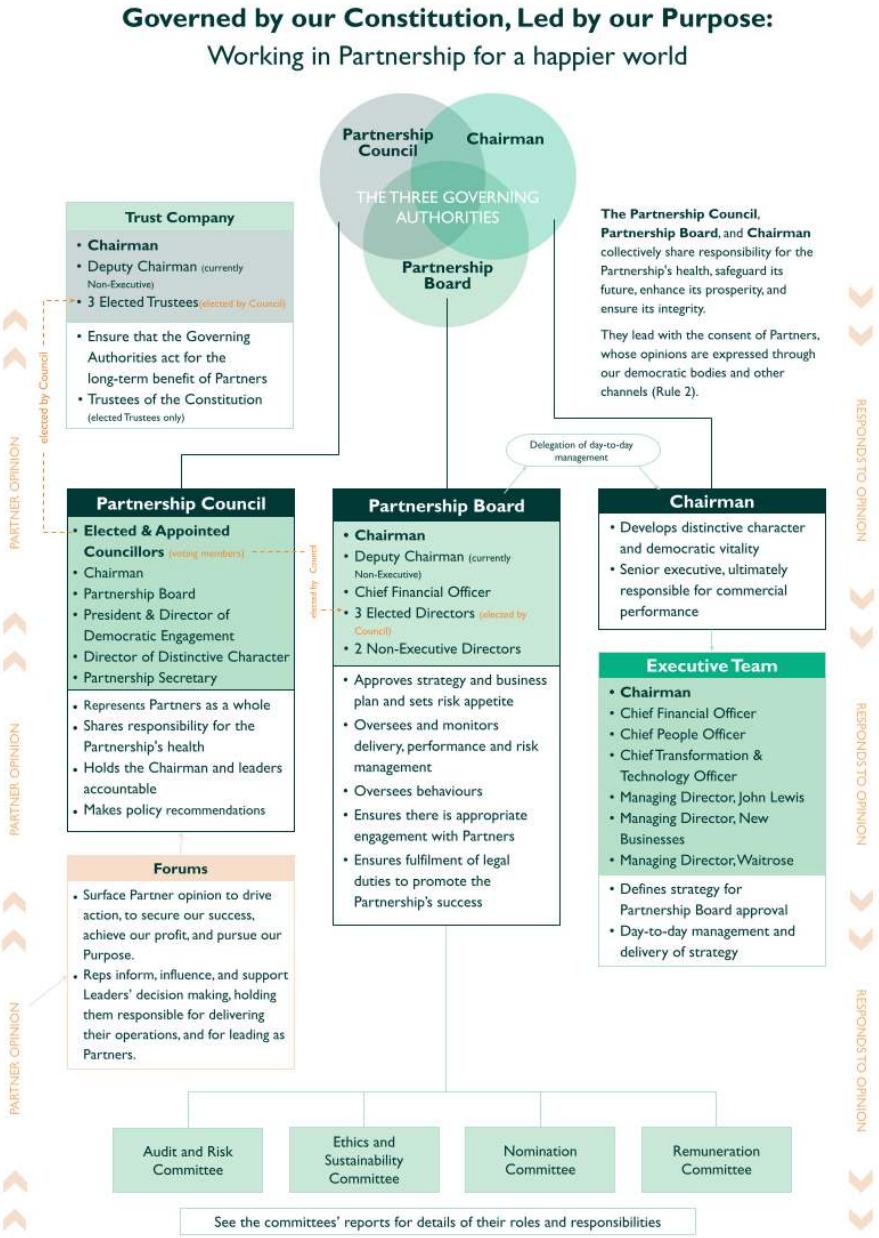
[18] Before the drawdown of funds of £8m.

GOVERNANCE REPORT

GOVERNANCE IN THE PARTNERSHIP

The Partnership is governed by its own Constitution, and therefore is not required to apply any published code on corporate governance. Whilst unique, the Company's governance arrangements set out in the Constitution cover the major elements of the UK Corporate Governance Code and the Wates Corporate Governance Principles for Large Private Companies, namely: company leadership; purpose; the composition of the bodies sharing power; accountabilities and responsibilities including challenge; opportunity and risk; remuneration; Partner engagement; and responsibilities to the environment, customers, suppliers and others. The Constitution is available on our website at https://www.johnlewispartnership.co.uk/our-company.

The Partnership's affairs are directed by three governing authorities: Partnership Council, the Partnership Board and the Chairman. The following diagram illustrates the governance framework, including how power is shared and the ways in which the opinions of Partners are heard and influence decisions within the Partnership:



The members of the Board and its committees during the year and to the date of this report, and the number of meetings held during the year, were as follows:

Name	**Board**	**Audit and Risk Committee**	**Ethics and Sustainability Committee**	**Nomination Committee**	**Remuneration Committee**
Number of meetings during the year	*9*	*6*	*4*	*8*	*11*
Chairman (Executive Director)					
Jason Tarry	✓ (Chair)		✓	✓	
Deputy Chairman (Non-Executive Director)					
Rita Clifton	✓	✓	✓ (Chair)	✓ (Chair)	✓ (Chair)
Non-Executive Directors					
Will Kernan	✓		✓	✓	✓
Clare Swindell	✓	✓ (Chair)			
Chief Executive Officer (Executive Director)					
Nish Kankiwala	✓[1]				
Chief Financial Officer (Executive Director)					
Andy Mounsey	✓[2]		✓[2]		
Elected Directors					
Tom Harland-Roberts	✓	✓		✓	✓
Cheryl Proctor	✓		✓	✓[3]	✓[3]
Adam Rogers	✓[4]			✓[4]	✓[4]
Independent External Members (not Directors)					
Sophia Ahmad		✓[5]			
Jane Hanson		✓[6]			
Alan Martin		✓[7]			
Muir Mathieson		✓[5]			
John Morrison			✓		
Sarah Mukherjee			✓		

[1] To 26 March 2025.
[2] Appointed to the Board from 10 April 2025. He was already a member of the Ethics and Sustainability Committee.
[3] From 1 March 2026.
[4] To 28 February 2026.
[5] From 1 September 2025.
[6] To 30 April 2025.
[7] To 30 September 2025.

The biographies of the current Directors and Independent External Members of Committees can be viewed at https://www.johnlewispartnership.co.uk/our-company/team under 'Partnership Board' and 'Committees' respectively. In addition to those named above, meetings are also regularly attended by the Partnership Secretary and the Director of Distinctive Character.

As well as those matters disclosed on pages 16 to 22 in the s172(1) statement, the Board discussed the following matters during the year:

- Business and performance updates, with performance reviewed against a balanced scorecard;
- The Partnership's strategy, business plan and annual budget;
- The Partnership's principal and emerging risks, risk appetite and risk tolerance;
- The Partnership's results and Annual Report and Accounts for the 52 weeks ended 25 January 2025;
- The amount of profit that should be reserved for the maintenance and development of the Partnership's business, and thus the rate of Partnership Bonus for the year ending 25 January 2025;
- The Partnership's interim results for the 26 weeks ended 26 July 2025;
- The annual pay review for 2026;
- Specific decisions requiring Board approval under the schedule of matters reserved for its attention;
- Development of the governance framework for John Lewis Money;
- Health and safety in the Partnership;
- Whistleblowing reports;
- Appointment of the Chief Financial Officer;
- The review of the Board's performance.

Partnership Board performance review

The review carried out in the 2025/26 year was facilitated by Korn Ferry, and consisted of individual interviews with Board members and other relevant stakeholders as well as observations of Board and committee meetings. The review covered a wide range of areas, including strategy, Board responsibilities and mandate, Board composition and competencies, Directors' contribution, team dynamics, the quality of discussions, the quality of support for the Board and the effectiveness of the committees of the Board.

Overall, the Board and committees were confirmed to be run well by the respective chairs and to fulfil their duties effectively. The committees were felt to leverage external perspectives well through their Independent External Members. The Directors were recognised to be aligned and clear on the Partnership's Purpose and strategy and the role of the Board in overseeing these. The Board was felt to have the appropriate balance of experience, capabilities and personalities to deliver its mandate. The commitment of each of the Directors was acknowledged and the Board's culture was recognised as being collegiate, collaborative and supportive. The buddying system for new Directors was recognised as a strength.

A number of actions were agreed to increase impact and are being progressed. These include reviewing the balance of time spent considering performance compared to focusing on the future, strengthening the inclusion of stakeholder views in deliberations, ensuring succession plans for Board and committee membership are robust and consider how emerging skills and capabilities can be incorporated, reviewing the cadence and frequency of meetings and alignment between Board and Council agendas, and refining the papers presented to support decision-making.

Partnership Council and Forums

Partnership Council consists of constituency representatives, appointed representatives, members of the Partnership Board, the President and Director of Democratic Engagement, the Director of Distinctive Character and the Partnership Secretary. During the year, as is customary at the end of each three year Council term, the Trustees of the Constitution reviewed Council's composition. There are now 47 constituencies (2022-25: 60): 43 cover different areas of the business (2022-25: 57), with 62 Partners (some in shared seats) elected as Councillors (2022-25: 68); and there are four 'distinct voice' seats (2022-25: three), designed to ensure representation of demographic groups that would otherwise be underrepresented through the election process, with four Partners appointed as Councillors (2022-25: none). There are also 583 Forum seats covering different areas of the business (2022-25: 873). Together our democratic bodies are made up of around 855 democratic representatives (2022-25: 1,073).

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee's (ARC) main role is to provide independent scrutiny and challenge to seek to ensure that the Partnership presents a true and fair view of its performance, focusing on the accuracy, integrity and communication of financial reporting. It also provides assurance that risks are being managed appropriately through examination of the Partnership's control environment and risk management strategies and maintains direct oversight of the principal risks most related to the completion and accuracy of the Partnership's financial statements and overall financial health as well as operational/compliance risks.

The Committee's Terms of Reference are reviewed annually and are available under 'Committees' at https://www.johnlewispartnership.co.uk/our-company/committees.

The membership of the Committee, which comprises Non-Executive and Elected Directors and Independent External Members, is set out on page 34. Decisions can only be made by the Committee when three members are present, including the Chair (or their appointed deputy) and at least one member who is independent.

The following current or former members of the Committee have significant and relevant financial experience: Sophia Ahmad, Jane Hanson, Alan Martin, Muir Mathieson and Clare Swindell. They are all qualified accountants and have held or currently hold senior finance roles.

As well as those matters disclosed on pages 16 to 22 in the s172(1) statement, the ARC discussed the following matters during the year:

- Significant financial reporting matters and our response;
- The Partnership's results and Annual Report and Accounts for the 52 weeks ended 25 January 2025;
- The Partnership's interim results for the 26 weeks ended 26 July 2025;
- The Internal Audit plan for each half year, Internal Audit findings and management's progress on actions;
- The Partnership's internal controls framework;
- The Partnership's principal and emerging risks, risk appetite and risk tolerance, including a number of deep dives into principal financial and operational risks and separate consideration of risk in relation to financial services (see also: Risk management framework on pages 23 to 24 and Managing our principal risks and uncertainties on pages 24 to 29);
- Effectiveness of the risk management and internal controls framework;
- Reports from the external auditor;
- External auditor effectiveness, independence, objectivity and reappointment;
- External audit tender;
- Committee effectiveness;
- Compliance and whistleblowing reports;
- The Waitrose Limited annual compliance report for 2024/25 regarding the Groceries (Supply Chain Practices) Market Investigation Order 2009 and the Groceries Supply Code of Practice (GSCoP / the Code).

Since the year end, the Committee has reviewed the draft Annual Report and Accounts 2026 and recommended its approval to the Board. As part of its review, the Committee assessed whether the Annual Report and Accounts provided a fair, balanced and understandable assessment of the Partnership's position, performance, business model and strategy. The Committee was satisfied that, taken as a whole, and having regard to the amendments made by the Committee, John Lewis Partnership plc's Annual Report and Accounts 2026 is fair, balanced and understandable.

Also since the year end, the Committee has reviewed and approved the Waitrose Limited annual compliance report for 2025/26 regarding the Groceries (Supply Chain Practices) Market Investigation Order 2009 and the GSCoP.

Our significant financial reporting matters and our response

As part of the preparation of the Annual Report and Accounts, the Committee considered the accounting policies, estimates and judgements within it, including the following significant reporting matters:

1. **Store impairment** *(note 3.2 to the consolidated financial statements)* The Partnership has significant tangible non-current assets, which are reviewed at least annually for impairment. Judgement is exercised in reviewing their carrying value in respect of possible impairment. The impairment model includes a number of assumptions and management exercises judgements around those assumptions in arriving at forecast future cash flows. Sensitivities to movements in key assumptions are considered;
2. **Pensions** *(note 6 to the consolidated financial statements)* The Partnership operates a defined benefit pension scheme which closed to future accrual on 1 April 2020. Judgement is exercised in calculating the pension scheme liability which is calculated using an actuarial model with a number of key assumptions, notably the discount rate and inflation rate. Judgement is exercised in valuing the pension scheme assets which are valued by third party fund managers using a variety of valuation models;
3. **Exceptional items** *(note 2.5 to the consolidated financial statements)* The Partnership has recorded an exceptional charge of £120m (2025: £29m charge), principally relating to non-current asset write offs. These primarily relate to write downs of legacy systems, as we modernise technology to drive future growth. Judgement is exercised in applying the Partnership's accounting policy for exceptional items.

The Committee satisfied itself that all significant reporting matters and their related presentation in the financial statements were appropriate.

Going concern and viability

Management assesses both the Partnership's ability to continue as a going concern for a minimum of 12 months from the approval of the financial statements and its longer-term financial viability based on the budget, business plan and cash flow forecasts. Judgement is exercised in preparing the risk focused and combined severe downside scenarios, ensuring they are based on the potential financial impact of the Partnership's principal risks.

The Committee supported the Board in its assessment of both going concern and viability. It satisfied itself that the going concern basis of preparation is appropriate and that the Partnership is commercially viable over the duration of the assessment period. The outcome of the assessment of the Partnership's longer-term viability, which the Committee reviewed and challenged, is set out on pages 29 to 30. Note 1.1.1 to the consolidated financial statements sets out the going concern analysis.

External auditor

KPMG LLP were the Partnership's external auditor for 2025/26. They provided the Committee with relevant reports, reviews, information and findings throughout the year, as set out in their engagement letter.

External auditor effectiveness

The evaluation of the external auditor's performance takes into account the provisions contained in the Audit Committees and the External Audit: Minimum Standard in assessing the effectiveness of the external auditor and the audit process, as appropriate.

During the year, members of the Committee and key members of management were given the opportunity to comment on the effectiveness of the external auditor and the audit process. The evaluation also took into account information from the external auditor in relation to their own performance. The Committee concluded that the external auditor was effective. Areas for further improvement were identified and fed back to KPMG LLP to ensure these could be made during the 2025/26 year.

After the year end, the Committee reviewed the external auditor's performance in connection with the audit for the 2025/26 financial year. The views of key members of management and information from the external auditor were fed into this review. The Committee concluded that the external auditor was effective and recommended

to the Partnership Board the re-appointment of KPMG LLP for the 2026/27 financial year at its meeting in March 2026.

External auditor's independence and objectivity

The Committee recognises that the independence of the external auditor is a fundamental safeguard for the interests of Partners. The Partnership has a non-audit services policy that allows the external auditor to be appointed to provide non-audit services in exceptional circumstances.

The Committee continually reviews the nature and extent of non-audit services provided to the Partnership by the external auditor and receives confirmation from the external auditor at least annually that, in their professional judgement, they are independent with respect to the audit.

Details of the amounts paid to the external auditor are given in note 2.4 to the consolidated financial statements. The ratio of non-audit services fees to audit and audit-related services fees was 3% (2024/25: 3%).

The Committee's policy is to ensure there is audit partner rotation every five years to safeguard the external auditor's objectivity and independence. The year ended 31 January 2026 was the second year of leading the audit for the audit engagement partner, Lourens de Villiers, who has experience of undertaking and leading audits of consumer goods and retail group businesses.

Having undertaken a review of the non-audit services provided during the year, at both the half year and year end, the Committee is satisfied that these services did not prejudice the external auditor's independence.

External audit tender

The Committee's policy is to tender the external audit contract at least every 10 years. The year ended 31 January 2026 was the tenth year of audit by KPMG LLP. As a consequence, the Committee undertook a tender process for the 2026/27 audit. The Committee led this process, closely supported by management, and took into account the provisions contained in the Audit Committees and the External Audit: Minimum Standard regarding tendering. The Committee tasked two Committee members, Clare Swindell and Alan Martin, to work alongside management as an Audit Tender Sub-Committee, governing the audit tender process on behalf of the Committee.

Four firms participated in the tender: the incumbent, one of the other four largest audit firms and two challenger firms. All participants undertook a discovery process, including meetings with management and visits to branches and a regional distribution centre. The participants each submitted written tenders and gave a presentation to the Audit Tender Sub-Committee. A detailed assessment of each firm against pre-agreed criteria, which were communicated to the participants at the start of the process, was performed. At the conclusion of the tender process, the ARC recommended that the Board propose to the AGM that KPMG LLP be reappointed as the Company's external auditor.

Effectiveness of the risk management and internal controls framework

During the year, the Committee assessed the effectiveness of the risk management and internal controls framework, supported at year end by a self-certification exercise by the Executive Team. It determined that sufficient assurance can be provided over the adequacy and effectiveness of the Partnership's overall control environment. More information on the Partnership's risk management framework and principal risks and uncertainties can be found on pages 23 to 24 and pages 24 to 29 respectively.

Groceries Supply Code of Practice (GSCoP) compliance
Waitrose is a Designated Retailer subject to the Groceries (Supply Chain Practices) Market Investigation Order 2009 and the Code. This summary of the Annual Compliance Report was approved by the ARC, which oversees GSCoP governance.

Engagement and performance
The Code Compliance Officer (CCO) met the Groceries Code Adjudicator (GCA) three times during the year to collaborate on compliance, and the Chair of the ARC met with the GCA for their regular annual meeting.

Compliance improvements
Key steps taken to ensure compliance this year included:

- Launching updated mandatory e-training with tailored scenarios for Commercial teams;
- Issuing bi-monthly CCO newsletters covering topical issues such as, payment queries, contacting the CCO, GCA survey, conference and statutory review;
- Increasing CCO drop-in sessions to a bi-monthly cadence;
- Advised on key business changes during 2025/26 ensuring that any significant impact on suppliers is given due consideration.

Training
Waitrose ensures all relevant Partners are trained on the Code as set out below.

- Annual buying team GSCoP training: During the reporting period, 100% of the 139 Partners in the buying team completed the new mandatory GSCoP e-training;
- Wider Rollout: Mandatory training was extended to 856 Partners in wider supplier-facing roles across Trading and Supply Chain.

Issues raised by Suppliers
During the reporting period, Waitrose had 21 cases (down from 23 last year), 12 of these cases were raised directly with the business and nine directly with the CCO. Three complaints were ongoing at the end of the reporting period. One case escalated into a formal dispute (as defined by Part 5, Article 11 of the GCSoP Order) and remained open at the end of the reporting period. This matter has subsequently been resolved to the supplier's satisfaction. Two other cases remained open at the end of the reporting period.

Waitrose maintains a strict confidentiality commitment for all suppliers raising issues with the CCO and commits to no negative consequences for suppliers raising issues with the CCO or any part of the Waitrose business.

Looking forward
The Committee's focus for the current year remains on robust oversight of the Partnership's systems for risk and control, internal and external audit, compliance with laws and regulations and external reporting on behalf of the Board, with particular cognizance of the impact of the rapidly evolving regulatory environment combined with compounding economic and geopolitical pressures on global supply chains, cyber security threats and the governance of Artificial Intelligence.

On behalf of the Audit and Risk Committee

CLARE SWINDELL
Chair of the Audit and Risk Committee and Non-Executive Director

ETHICS AND SUSTAINABILITY COMMITTEE REPORT

The Ethics and Sustainability Committee's (ESC) main role is to assist the Board to fulfil its responsibilities for setting E&S strategy in accordance with the Partnership's Purpose and values and ensuring that E&S strategy is embedded into the Partnership's operations. It reviews and monitors: the Partnership's conduct with regard to its obligation, reputation and opportunity as a responsible and progressive corporate citizen; alignment of E&S to the Partnership's Purpose and values; delivery of the Partnership's E&S commitments, consistent with the strategy; the Partnership's principal risks related to E&S; and that external perspectives are fully considered to ensure the Partnership's approach on E&S remains relevant and stretching.

The Committee's Terms of Reference are reviewed annually and are available under 'Committees' at https://www.johnlewispartnership.co.uk/our-company/committees.

The membership of the Committee, which comprises the Chairman, Non-Executive and Elected Directors and Independent External Members, is set out on page 34. The two Independent External Members assist the Committee to ensure that an external perspective is maintained, and that the Partnership's approach remains relevant and stretching. The Managing Directors of John Lewis, Waitrose and New Businesses, as well as the Director, Ethics and Sustainability, the Partnership Secretary and the Director of Risk and Assurance (or a nominee appointed by them) routinely attend meetings but are not members of the Committee.

As well as those matters disclosed on pages 16 to 22 in the s172(1) statement, the Committee discussed the following topics during the year:

- Oversight of the Partnership's key E&S priorities focusing on the most salient issues and areas of progress, and the principal risks related to E&S;
- Responsible sourcing, covering products in both John Lewis and Waitrose and also goods not for resale;
- Updates on E&S initiatives and plans for John Lewis and Waitrose;
- Horizon scanning relating to E&S;
- Progress towards the Partnership's scope 1, 2 and 3 science-based targets and development of its climate transition plan;
- Review of the Committee's effectiveness, which identified an appetite for increasing the Committee's visibility of the external landscape and macro trends within E&S;
- Reporting in accordance with the requirements for Climate-Related Financial Disclosures;
- The Partnership's Ethics and Sustainability Report 2024/25, E&S content for the Annual Report 2025, and the Human Rights Report and Modern Slavery Statement 2024/25.

After the year end, the Committee endorsed the Partnership's Ethics and Sustainability Report 2025/26 and E&S content for the Annual Report 2026.

More information about the work of the Committee and the Partnership's E&S strategy and performance during the year can be found in the Strategic Report on pages 8 to 15. Further detail is published on the Partnership website, and in the Partnership's Ethics and Sustainability Report 2025/26 available at https://www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting.

On behalf of the Ethics and Sustainability Committee

RITA CLIFTON
Chair of the Ethics and Sustainability Committee and Deputy Chairman

NOMINATION COMMITTEE REPORT

The Nomination Committee's main role is to ensure there is a strong succession and robust appointment process to the Board and Senior Management positions. In this context, Senior Management is defined as Partners at Executive Team level, and at Director level reporting directly to the Chairman, but not the Director of Distinctive Character - previously the Independent Directors - nor the President of Partnership Council & Director of Democratic Engagement.

The Committee's Terms of Reference are reviewed annually and are available under 'Committees' at https://www.johnlewispartnership.co.uk/our-company/committees.

The membership of the Committee, which comprises the Chairman and Non-Executive and Elected Directors, is set out on page 34. No member of the Committee, or any of the Partners supporting it, participate in discussions regarding their own appointment. When any matter relating to their appointment is being discussed or agreed, they recuse themselves from that part of the meeting.

The Committee is supported by the Chief People Officer and assisted by independent consultants, who attend Committee meetings as required.

As well as those matters disclosed on pages 16 to 22 in the s172(1) statement, the Committee discussed the following matters during the year:

- Appointments of the Chief Financial Officer, Chief People Officer and Managing Director, Waitrose;
- Appointments of new Independent External Members of the ARC;
- Appointment of the first independent non-executive Chair of John Lewis Finance Limited;
- Succession planning for the Board and Senior Management;
- Reviews of Board effectiveness, skills and experience;
- Leadership talent development;
- Gender and ethnicity diversity of the Board and senior leadership;
- Committee effectiveness.

During the year, the Committee was supported by external search consultancy firms as required for the appointments made within its remit. None of the external firms have any other connection with the Partnership aside from the provision of recruitment services.

At year end, the gender diversity of the Board was 37.5% female, 62.5% male and the Board met the Parker Review target to have at least one ethnic minority director.

The Partnership Board has adopted a diversity statement, set out below, about the makeup of the Partnership Board and its committees. The Partnership Board recognises and embraces the benefits of having diverse members across its work and the need to work inclusively.

Diversity statement

We are an inclusive business. Our Purpose includes a commitment to happier Partners, enjoying worthwhile and satisfying work in a supportive environment we all help to create. We treat people with fairness, courtesy and respect, and we work with others who do the same. We create an inclusive environment and celebrate diversity with our Partners, customers and the communities we serve.

Inclusion is vital in every element of our business. It shows up in everything we do and in all that makes us different. It ensures we live our Purpose, connect with our Partners, bring our Behaviours to life and listen to the voice of our Partners. We have a clear action plan, and our Partnership Board Diversity Statement reflects our plans.

The makeup of the Partnership Board and its committees should reflect the diverse population of the Partnership and the customers and communities we serve:

- All Board appointments are based on merit and objective criteria to enhance the Board's overall effectiveness and, within this context, consider diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- Candidates for appointment as Non-Executive Directors and independent membership of committees will be drawn from diverse sources and 'long lists' and will always include a broad range of characteristics;
- We will only use search firms that have signed up to the standard voluntary code of conduct on gender and ethnic diversity;
- Successful Non-Executive Director and Committee member candidates will be committed to the Partnership's Behaviours, Principles and ethos;
- Potential internal candidates for Board appointments will have opportunities to gain experience and an understanding of working inclusively, and not just within our own business.

Measurement against these objectives and assurance on broader Partnership diversity is reported annually to the Board.

The Nomination Committee monitors the structure, size and composition of the Board and its committees to ensure due regard is given to diversity.

On behalf of the Nomination Committee

RITA CLIFTON
Chair of the Nomination Committee and Deputy Chairman

REMUNERATION COMMITTEE REPORT

The Remuneration Committee's role is to ensure that the Partnership's remuneration policy supports its strategy, is aligned to its Purpose and drives the right behaviours. The Committee oversees how policy on remuneration (comprising base pay, pension arrangements and other benefits) is applied to the Chairman, Executive Team and other senior managers who report to the Chairman (but neither the Director of Distinctive Character nor the President of Partnership Council & Director of Democratic Engagement). The Committee ensures remuneration arrangements for these Partners remain competitive and appropriate in line with the Constitution, taking into account business performance, external market conditions and the broader approach to reward across the Partnership.

In addition to the Committee's responsibilities set out above, the Elected Director members of the Committee are responsible for setting the fees for the Board's Non-Executive Directors and Independent External Members of committees of the Board.

The Committee's Terms of Reference are reviewed annually and are available under 'Committees' at https://www.johnlewispartnership.co.uk/our-company/committees.

The membership of the Committee, which comprises only Non-Executive and Elected Directors, is set out on page 34. Committee meetings are also regularly attended by the Chairman. Remuneration Committee decisions can only be made when at least the Chair of the Committee or their appointed deputy, one Non-Executive Director and one Elected Director are present. Two Elected Directors must be present when considering Non-Executive Directors' remuneration. No Committee member or attendee can take part in any discussion or decision relating to their own remuneration. When any matter relating to their remuneration is being discussed or agreed, they recuse themselves from that part of the meeting.

As well as those matters disclosed on pages 16 to 22 in the s172(1) statement, the Committee also discussed the following matters during the year:

- The Chairman's and Executive Team's objectives and performance;
- The agreed 2025 pay review budget and approach;
- The application of the Partnership's pay strategy to senior management, including options to ensure pay at senior levels is aligned with the market;
- Remuneration of the first independent non-executive Chair of John Lewis Finance Limited;
- Reconfirming the approach taken to reporting the Chairman's pay ratio, and the division of reporting between the statutory Remuneration Report (below) and the Pay Outcomes Report, published to Partners in July;
- Committee effectiveness.

After year end, the Committee reviewed the Partnership's statutory gender pay gap reporting as at April 2025 and voluntary ethnicity pay gap disclosure. It also noted the agreed 2026 pay review budget and approach.

Advisors

The Committee is supported by the Chief People Officer and the Director of Reward & Policy. In addition, Willis Towers Watson acts as independent remuneration consultant to the Committee. It provides the Committee with executive remuneration advice and external market assessments. The Partnership also uses its job evaluation methodology, software and compensation data services and receives talent and reward consulting services.

REMUNERATION REPORT

References to the Chairman below relate to arrangements for Sharon White and Jason Tarry as indicated. References to the Executive Directors refer to the two members of the Executive Team who served on the Board during the year: Nish Kankiwala who served as Chief Executive Officer until 27 March 2025, and Andy Mounsey who served as Chief Financial Officer from 10 April 2025. For the avoidance of doubt, such references

do not include other Executive Team members who did not serve on the Board or anyone appointed after the year end.

Chairman's pay

In the reporting year, Jason Tarry's total reward was £1,257,900. Jason was the highest paid director during the year. In the prior reporting year, Sharon White's total reward for the period from 28 January 2024 to 12 September 2024 was £693,400 and Jason Tarry's total reward for the period 12 September 2024 to 25 January 2025 was £415,000. Their respective total reward for the current and prior reporting years was made up of the following elements:

	2026	**2025**		
	Jason Tarry £	**TOTAL £**	*Jason Tarry £*	*Sharon White £*
Pay	1,132,800	990,000	*382,300*	*607,700*
Partnership Bonus	22,700	-	-	-
Pension cash supplement	93,200	103,900	*30,600*	*73,300*
Cash value of other benefits	9,200	14,500	*2,100*	*12,400*
Total reward	**1,257,900**	**1,108,400**	***415,000***	***693,400***

In the reporting year, Jason Tarry received a pension cash supplement of 8% of pay, in line with the standard arrangements for new joiners with less than three years' service. Other benefits comprised car allowance and medical cover. Sharon White's base pay in the prior reporting year was £990,000; Jason Tarry's base pay on appointment was also £990,000. With effect from 1 April 2025, this was equalised to the amount paid to the former Chief Executive Officer (£1,200,000) to reflect the recalibration of the role and this is within Rule 63 of the Constitution.

Elected Director pay

Elected Directors' pay is set with reference to their respective roles and responsibilities in the Partnership. They do not receive any additional pay or benefits for serving on the Board. Their pay is therefore not considered by the Remuneration Committee or Board and is not included in the total remuneration paid to or receivable by Directors in respect of qualifying services.

Non-Executive Director fees

Non-Executive Directors receive fixed annual fees, which are set by the Elected Directors on behalf of the Committee. The fees reflect the Directors' responsibilities and external market data. Non-Executive Directors are eligible for Partnership discount but not eligible to receive Partnership Bonus and are not members of the Partnership's pension schemes.

Total remuneration

The total remuneration paid to or receivable by Directors in respect of qualifying services for the year under review was £2,623,900 (2024/25: £3,165,000).

Pension arrangements

The Chairman and one Executive Director received a monthly cash supplement in lieu of pension contribution in line with the maximum Partnership contribution into the defined contribution section of the pension scheme (i.e. 8% with an additional 4% after three years' service). For 2025/26, the total pension replacement value paid to Jason Tarry and the Executive Director was £107,900 (2024/25: £249,000 paid to Jason Tarry, Sharon White and the Executive Director).

One Executive Director was a member of the defined contribution and defined benefit sections of the pension scheme. They received a Partnership matching contribution and additional 4% contribution in line with the standard arrangements for all Partners. For 2025/26, the total defined contribution value was £41,800 (2024/25: no Directors were members of the defined contribution section of the scheme).

The defined benefit pension entitlement built up at the end of the year for the Executive Director was £10,000 per year (2024/25: no Directors were members of the defined benefit section of the scheme which has been closed for new entrants from 2020). The Executive Director's pension increases in line with price inflation, according to the scheme rules. The Executive Director had no entitlement to temporary pension.

Where there are any defined benefit pensions remaining on an unfunded basis, the Partnership has made provision for the associated liability.

Payments to former Directors
No payments to former Executive Directors who served on the Board were accrued for or paid in the year.

The Directors' earnings section on pages 43 to 44 is cross-referenced with note 2.8.4 to the consolidated financial statements.

The CEO pay ratio and Rule 63 disclosures will be included in the Partnership's Pay Outcomes report, which is scheduled to be published to Partners in July 2026.

On behalf of the Remuneration Committee

RITA CLIFTON
Chair of the Remuneration Committee and Deputy Chairman

DIRECTORS' REPORT

The Directors' Report for John Lewis Partnership plc (the Company) for the 53 week period ended 31 January 2026 comprises the Governance Report on pages 33 to 48 of this Annual Report and Accounts, together with the sections of the Report and Accounts incorporated by reference. The Board has chosen, as it considers them to be strategically important, in accordance with section 414C(11) of the Companies Act 2006, to include certain matters in the Strategic Report that would otherwise be required to be disclosed in the Directors' Report. These are:

- Future business developments - page 7;
- Risk management - pages 23 to 29;
- Employee engagement - page 18 to 19;
- Engagement with suppliers, customers and others - pages 19 to 22;
- Becoming a more inclusive business - page 4 and pages 18 to 19;
- Climate disclosures - pages 8 to 15.

The Company's statement on engagement with, and having due regard to, the interests of key stakeholders is contained within the section 172(1) statement in the Strategic Report on pages 18 to 22.

For more details on the progress the Partnership (within this Directors' Report meaning the group of companies headed by the Company) is making with its E&S aims, the latest Modern Slavery Statement and more detailed non-financial performance information, please visit https://www.johnlewispartnership.co.uk/ethics-sustainability/sustainability-reporting.

The Partnership's corporate governance statement

The Company's statement on corporate governance can be found in the Governance Report on pages 33 to 48.

Principal activity

The Partnership's principal activity is retailing, with the main trading operations being the Waitrose and John Lewis Lines of Business. John Lewis operates in a number of different formats including 36 John Lewis stores, online (johnlewis.com), in-home services, and sourcing offices in Gurgaon, India and Kwun Tong, Hong Kong. Waitrose operates 318 supermarkets and convenience shops in the UK and Channel Islands, online (including waitrose.com and waitrosecellar.com), and the Leckford Estate (the Waitrose Farm). Shops also operate under licence in the Middle East and through partnerships with Welcome Break and Shell in the UK. The two Lines of Business work closely together, enhancing customer choice. The Partnership's financial services business principally offers credit, insurance and foreign currency products to customers in the UK. There are also hotels, manufacturing activities, customer contact centres, and business to business contracts in the UK and abroad. The Partnership provides management services to third party owned residential property sites in four locations in England. The Company's subsidiaries and related undertakings are listed in note 15 to the consolidated financial statements.

Dividends

No dividends were paid on the deferred ordinary shares (2024/25: £nil). Each year, the Board resolves not to recommend or declare a dividend upon the deferred ordinary shares, but instead to consider recommending the payment of Partnership Bonus to eligible employees.

Until 2020, the Company also offered BonusSave, which allowed eligible Partners to enter into a savings contract to save up to a maximum of £5,400 in any one year from Partnership Bonus, held in SIP shares in the Company. Dividends on SIP shares (issued in connection with previous years' BonusSave) relating to the year under review were £116,008 (2024/25: £358,771). Details of SIP shares can be found in note 5.1 to the consolidated financial statements.

Directors' and Officers' liability insurance and indemnities
The Partnership has purchased and maintained throughout the year Directors' and Officers' liability insurance for the benefit of Directors and other managers, which provides cover for claims made, subject to certain limitations and exclusions, against Directors, Board committee members, and key managers of the Company, its associated companies, and other companies and trusts (including charities) related to the Partnership.

The Company also provides, and provided throughout the year, an indemnity for the benefit of the Trustee of the John Lewis Partnership Trust for Pensions, in respect of liabilities that may attach to them in their capacity as a Trustee.

Equal opportunities, diversity and inclusion
The Partnership is committed to promoting equal opportunities in employment for existing Partners and for prospective Partners throughout the recruitment process. All Partners and job applicants will receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. These are known as 'Protected Characteristics'.

The Partnership has a Diversity and Inclusion Plan, and the Belonging at JLP Report (available at https://www.johnlewispartnership.co.uk/our-company/partnership-model/partnership-reports-and-statements) which sets out the steps the Partnership is taking to achieve its vision to become the UK's most inclusive business. It is underpinned by the following Rules in the Constitution:

Rule 54 The Partnership takes no account of age, sex, marital status, sexual orientation, ethnic origin, social position or religious or political views.

Rule 55 The Partnership employs disabled people in suitable vacancies and offers them appropriate training and careers.

The Partnership recruits people with disabilities to suitable vacancies on merit. We offer tailored support through the recruitment process for applicants who declare their disability. We know adjustments are of the utmost importance for our Partners with disabilities, be they physical or cognitive, and arrange reasonable adjustments required at an individual level to ensure our disabled applicants and Partners are supported. The Partnership's Ability Network champions ability and disability in everybody so everyone can be themselves and feel included at work.

More information on the Partnership's approach to diversity and inclusion can be found at https://www.johnlewispartnership.co.uk/ethics-sustainability/governance/diversity-and-inclusion and the Board Diversity Statement can be found on pages 41 to 42.

Political donations
It is the Partnership's policy not to make donations to political groups or those acting with the express purpose of seeking changes to the law or political policy. No political donations were made in the year (2024/25: £nil).

Use of financial instruments
The notes to the consolidated financial statements, including notes 1.1.5 and 3.4 on pages 57 to 59 and 89 to 90 respectively, include further information on our use of financial instruments.

Going concern
The Directors, after reviewing the Partnership's operating budgets, investment plans and financing arrangements, consider that the Company and Partnership have sufficient financing available at the date of approval of this report. Accordingly, the Directors have concluded that the Partnership is a going concern and the Annual Report and Accounts have been prepared on that basis. See pages 54 to 55 for further detail.

A full description of the Partnership's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report on pages 3 to 32.

Events after the balance sheet date
Since 31 January 2026, there have been two subsequent events which are disclosed in note 8 to the financial statements.

Auditor and disclosure of information to auditor
The auditor, KPMG LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed to the 2026 Annual General Meeting, together with a resolution to authorise the Directors to determine the auditor's remuneration.

The Directors have taken all reasonable steps to make themselves aware of any information needed by the Partnership's auditor in connection with preparing their report and to establish that the auditor is aware of that information. As far as the Directors are aware, there is no such information of which the Partnership's auditor is unaware.

The Directors' Report was approved by the Partnership Board on 27 March 2026 and signed on its behalf by

JANE CHEONG TUNG SING
Partner and Company Secretary
John Lewis Partnership plc
27 March 2026

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT for the 53 week period ended 31 January 2026

Our revenue minus our incurred expenses showing the Partnership's overall profit for the 53 week period.

Notes		**2026**	2025[1]
		£m	£m
2.1, 2.2	**Revenue**	**11,723**	11,113
	Cost of sales	**(7,995)**	(7,549)
	Gross profit	**3,728**	3,564
2.3	Other operating income	**113**	123
2.4	Operating and administrative expenses	**(3,757)**	(3,492)
	of which:		
2.5	Exceptional items (net)[2]	**(120)**	(29)
	Partnership Bonus	**(35)**	-
3.5	Share of profit of joint venture (net of tax)	**1**	1
2.1	**Operating profit**	**85**	196
2.6	Finance costs	**(146)**	(165)
2.6	Finance income	**40**	66
	(Loss)/profit before tax	**(21)**	97
2.7	Taxation	**(22)**	(17)
	(Loss)/profit for the financial year	**(43)**	80
	Profit before tax, Partnership Bonus and exceptional items	**134**	126

[1] 52 week period.
[2] See note 2.5 for a breakdown of exceptional items which are primarily relating to write down of non-current assets.

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 53 week period ended 31 January 2026

Profit as shown in the income statement plus other income and expenses not yet realised, giving total comprehensive income for the 53 week period.

Notes		**2026**	2025[1]
		£m	£m
	(Loss)/profit for the financial year	**(43)**	80
	Other comprehensive (expense)/income:		
	Items that will not be reclassified to profit or loss:		
6.4	Remeasurement of defined benefit pension scheme	**(179)**	(64)
2.7	Movement in deferred tax on pension scheme	**45**	16
	Items that may be reclassified subsequently to profit or loss:		
	Fair value loss on cash flow hedges	**(20)**	(1)
2.7	Movement in deferred tax on cash flow hedges	**3**	(3)
	Loss on foreign currency translations	**-**	(1)
	Other comprehensive expense for the financial year	**(151)**	(53)
	Total comprehensive (expense)/income for the financial year	**(194)**	27

[1] 52 week period.

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET as at 31 January 2026

A financial snapshot of the Partnership, showing our assets and how they are financed.

Notes		**2026**	2025
		£m	£m
	Non-current assets		
3.1	Intangible assets	**292**	371
3.2	Property, plant and equipment	**2,809**	2,766
3.2	Right-of-use assets	**1,267**	1,260
3.3	Trade and other receivables	**22**	22
3.4	Derivative financial instruments	**-**	1
3.5	Investment in and loans to joint venture	**7**	6
2.7	Deferred tax asset	**90**	59
		4,487	4,485
	Current assets		
4.1	Inventories	**724**	722
3.3	Trade and other receivables	**278**	295
	Current tax receivable	**10**	5
3.4	Derivative financial instruments	**1**	5
4.2	Short-term investments	**194**	153
4.3	Cash and cash equivalents	**940**	925
		2,147	2,105
	Total assets	**6,634**	6,590
	Current liabilities		
5.1	Borrowings and overdrafts	**(4)**	(8)
5.2	Trade and other payables	**(1,740)**	(1,663)
	Current tax payable	**(5)**	(5)
5.3	Other liabilities held at amortised cost	**(2)**	(2)
5.4, 5.5	Lease liabilities	**(158)**	(152)
5.6	Provisions	**(85)**	(91)
3.4	Derivative financial instruments	**(9)**	(3)
		(2,003)	(1,924)
	Non-current liabilities		
5.1	Borrowings	**(427)**	(426)
5.2	Trade and other payables	**(23)**	(26)
5.3	Other liabilities held at amortised cost	**(56)**	(58)
5.4, 5.5	Lease liabilities	**(1,618)**	(1,652)
5.6	Provisions	**(94)**	(107)
3.4	Derivative financial instruments	**(1)**	-
6.4	Retirement benefit obligations	**(560)**	(363)
2.7	Deferred tax liability	**(5)**	(4)
		(2,784)	(2,636)
	Total liabilities	**(4,787)**	(4,560)
	Net assets	**1,847**	2,030
	Equity		
8.1	Share capital	**1**	1
	Other reserves	**-**	6
	Retained earnings	**1,846**	2,023
	Total equity	**1,847**	2,030

CONSOLIDATED BALANCE SHEET as at 31 January 2026 (continued)

The financial statements on pages 49 to 118 were approved by the Board of Directors on 27 March 2026 and signed on its behalf by Jason Tarry and Andy Mounsey, Directors, John Lewis Partnership plc.

Jason Tarry and Andy Mounsey
Directors, John Lewis Partnership plc
27 March 2026

Registered number: 00238937

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the 53 week period ended 31 January 2026

A reconciliation between the beginning and the end of the 53 week period which discloses profit or (loss), items of comprehensive income/(expense) and any changes in ownership interests.

Notes		Share capital £m	Capital redemption reserve £m	Capital reserve £m	Hedging reserve £m	Foreign currency translation reserve £m	Retained earnings £m	Total equity £m
	Balance at 27 January 2024	**1**	**5**	**1**	**(6)**	**1**	**1,991**	**1,993**
	Profit for the financial year	-	-	-	-	-	80	80
6.4	Remeasurement of defined benefit pension scheme	-	-	-	-	-	(64)	(64)
	Fair value loss on cash flow hedges	-	-	-	(1)	-	-	(1)
2.7	Tax on above items recognised in equity	-	-	-	(3)	-	16	13
	Loss on foreign currency translations	-	-	-	-	(1)	-	(1)
	Total comprehensive income/(expense) for the financial year	-	-	-	(4)	(1)	32	27
	Hedging losses transferred to cost of inventory	-	-	-	10	-	-	10
	Balance at 25 January 2025	**1**	**5**	**1**	**-**	**-**	**2,023**	**2,030**
	Loss for the financial year	-	-	-	-	-	(43)	(43)
6.4	Remeasurement of defined benefit pension scheme	-	-	-	-	-	(179)	(179)
	Fair value loss on cash flow hedges	-	-	-	(20)	-	-	(20)
2.7	Tax on above items recognised in equity	-	-	-	3	-	45	48
	Total comprehensive expense for the financial year	-	-	-	(17)	-	(177)	(194)
	Hedging losses transferred to cost of inventory	-	-	-	11	-	-	11
	Balance at 31 January 2026	**1**	**5**	**1**	**(6)**	**-**	**1,846**	**1,847**

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS for the 53 week period ended 31 January 2026

The Partnership's cash inflows and outflows analysed by various key activities.

Notes		**2026**	2025[1]
		£m	£m
2.9	**Cash generated from operations before Partnership Bonus**	**716**	648
	Net taxation paid	**(8)**	(8)
	Finance costs paid on lease and other liabilities	**(113)**	(108)
	Net cash generated from operating activities before Partnership Bonus, bond finance costs and BonusSave plan	**595**	532
	Partnership Bonus paid	**-**	-
	Finance costs paid in respect of bonds and related financial instruments	**(13)**	(35)
5.1	Net cash flow in relation to BonusSave plan shares	**(4)**	(4)
	Net cash generated from operating activities	**578**	493
	Cash flows from investing activities		
	Purchase of property, plant and equipment	**(293)**	(190)
	Purchase of intangible assets	**(113)**	(133)
	Proceeds from sale of property, plant and equipment and intangible assets	**1**	2
	Finance income received	**40**	61
5.4	Cash (outflow)/inflow from short-term investments	**(41)**	107
	Net cash used in investing activities	**(406)**	(153)
	Cash flows from financing activities		
	Payment of capital element of leases	**(155)**	(141)
5.3	Payments in relation to other liabilities at amortised cost	**(2)**	(2)
	Cash outflow from borrowings	**-**	(300)
	Net cash used in financing activities	**(157)**	(443)
	Increase/(decrease) in net cash and cash equivalents	**15**	(103)
5.4	Net cash and cash equivalents at beginning of the financial year	**925**	1,028
	Net cash and cash equivalents at end of the financial year	**940**	925
4.3	**Net cash and cash equivalents comprise:**		
	Cash at bank and in hand	**173**	159
	Short-term deposits	**767**	766
		940	925

[1] 52 week period.

The accompanying notes are an integral part of the financial statements.

Notes to the consolidated financial statements

1 ACCOUNTING INFORMATION

1.1 ACCOUNTING PRINCIPLES AND POLICIES

PURPOSE

We prepare our financial statements in compliance with UK-adopted international accounting standards (UK-adopted IFRS). We have set out our material accounting policies in these notes. These have been applied in the current reporting period, and comparative period (unless stated otherwise), and apply to the financial statements as a whole. All of the Partnership's accounting policies are set in line with the requirements of UK-adopted IFRS. Changes to material accounting policies are described in note 1.1.4.

COMPANY INFORMATION

The Company is a public company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is 1 Drummond Gate, Pimlico, London, SW1V 2QQ.

1.1.1 BASIS OF PREPARATION

The consolidated financial statements are prepared under the historical cost convention, with the exception of certain land and buildings which are included at their deemed cost amounts, and financial assets and financial liabilities (including derivative financial instruments) which are valued at fair value through profit or loss. These consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards (UK-adopted IFRS).

The preparation of consolidated financial statements in conformity with UK-adopted IFRS requires the use of judgements and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The critical accounting estimates and key judgements made by management are disclosed in note 1.1.6.

The financial year is the 53 week period ended 31 January 2026 (prior financial year: 52 week period ended 25 January 2025).

The financial statements are presented in Pounds Sterling, which is also the Partnership's functional currency, and are rounded to the nearest million.

Going concern

In determining the appropriate basis of preparation of the financial statements for the period ended 31 January 2026, the Directors are required to consider whether the Partnership can continue in operational existence for a period of at least 12 months from the approval of these financial statements. The Board has concluded that the Partnership is a going concern and the Annual Report and Accounts have been prepared on that basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the trading position of the Partnership.

The Partnership has improved its performance this year with growth in sales and productivity gains in both brands, offset by tax headwinds and challenges in margin as a result of increased discounting. The Partnership has a strong balance sheet to support its business plan transformation and high levels of liquidity to provide sufficient financial cover in the event of a severe but plausible downside scenario (described below). As at 31 January 2026, the Partnership had total assets less current liabilities of £4.6bn and net assets of £1.8bn. Liquidity as at that date remains strong at £1.6bn, made up of £1.1bn of cash and cash equivalents and short-term investments and an undrawn £0.5bn committed credit facility.

The Directors have modelled a severe but plausible downside scenario ('severe downside scenario') to the budget and business plan which reflects a severe profit impact from a combination of potential downsides, including weaker trading environment and business plan under-delivery, or a cyber security incident that results in reduced sales and margin. The modelling covers the going concern assessment period, being the 12 month period ending 27 March 2027. For the purposes of the going concern assessment, it is assumed that all Partnership borrowings are repaid at their maturity date, and that no further refinancing or funding is undertaken.

1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

1.1.1 BASIS OF PREPARATION (CONTINUED)

Going concern (continued)

The severe downside scenario has a significant adverse impact on sales, margin, costs and cash flow: Waitrose and John Lewis continue to trade both in store and online, albeit with lower sales and margins compared to current trading levels. There is a higher impairment charge, a decrease in pension scheme assets, and under-delivery of key growth driving activities. The impact of the severe downside adjustments has been reviewed against the Partnership's projected cash position and financial covenants.

During the going concern period, in the severe downside scenario, mitigations are needed to ensure that the Partnership's covenants are met. In the severe downside scenario, the Partnership's cash balance would still be positive, prior to mitigations. The committed credit facility of £460m would remain undrawn.

The Directors have identified available mitigations in the going concern assessment period, all within management's control, to reduce costs and improve the Partnership's cash flow, liquidity and covenant headroom. The majority of these mitigations would only be considered in the event of the severe downside scenario materialising. Mitigating actions include, but are not limited to, reducing investment expenditure through postponing or pausing projects and change activity, deferring or cancelling discretionary spend (including discretionary Partner benefits), and reducing marketing spend.

If outcomes are unexpectedly significantly worse, the Directors may need to consider what additional mitigating actions were needed, for example, leveraging the value of our asset base to support liquidity.

Consequently, the Directors have concluded that the Partnership and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Annual Report and Accounts and therefore have prepared the financial statements on a going concern basis.

1.1.2 BASIS OF CONSOLIDATION

The Partnership's consolidated financial statements incorporate the results for the Company and all entities controlled by the Company including its subsidiaries and the Partnership's share of its interest in joint ventures made up to the 53 week period ended 31 January 2026.

Notes to the consolidated financial statements (continued)

1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

1.1.3 SUBSIDIARIES AND RELATED UNDERTAKINGS

Subsidiary undertakings are all entities over which the Partnership has control. Control exists when the Partnership has the power to direct the relevant activities of an entity so as to affect the return on investment. Joint ventures are investments for which the Partnership shares joint control with a third party. All intercompany balances, transactions and unrealised gains are eliminated upon consolidation.

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the period ended 31 January 2026. Unless otherwise stated, the undertakings listed below are registered at 1 Drummond Gate, Pimlico, London, SW1V 2QQ, and all have a single class of ordinary share with a nominal value of £1.

Company name	Company number
BTR (Operating) Limited	14378218
Dishpatch Limited	12605276
Herbert Parkinson Limited	00318082
JLP Scotland Limited[1]	SC370158
John Lewis Car Finance Limited	04328890
John Lewis International Limited	07501166
John Lewis Partnership BTR (Bromley Development) Limited	14378526
John Lewis Partnership BTR Limited	14370559
John Lewis Partnership BTR (Reading Development) Limited	14378573
John Lewis Partnership BTR (West Ealing Development) Limited	14378612
John Lewis Partnership Pensions Trust	00372106
John Lewis PT Holdings Limited	07106855

[1] Registered office is John Lewis & Partners Edinburgh, 60 Leith Street, Edinburgh, EH1 3SP.

The following UK subsidiaries will take advantage of the exemption from preparing and filing individual accounts as set out within section 394A(1) and 448A of the Companies Act 2006 for the 53 week period ended 31 January 2026. Unless otherwise stated, the undertakings listed below are registered at 1 Drummond Gate, Pimlico, London, SW1V 2QQ, and all have a single class of ordinary share with a nominal value of £1.

Company name	Company number
Buy.Com Limited	03709785
Jonelle Jewellery Limited	00223203
Jonelle Limited[1]	00240604
Peter Jones Limited	00285318
The Odney Estate Limited	02828420

[1] Jonelle Limited has three classes of shares, each with a nominal value of £1.

In accordance with Section 479C of the Companies Act 2006, John Lewis Partnership plc or John Lewis plc guarantee all outstanding liabilities to which the subsidiary companies listed in the tables above are subject at the end of the financial year, until they are satisfied in full. The guarantee is enforceable against John Lewis Partnership plc or John Lewis plc as the parent undertaking, by any person to whom the subsidiary companies listed above are liable in respect of those liabilities.

1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

1.1.4 AMENDMENTS TO ACCOUNTING STANDARDS

The following standards, amendments and interpretations were applicable for the periods beginning after 1 January 2025 and therefore adopted by the Partnership for the period from 26 January 2025 to 31 January 2026. The adoption of these standards has not had a material impact on the Partnership's consolidated results, financial position or disclosures:

- Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

The Partnership is assessing the impact of the following new and amended standards, which have been issued or are awaiting endorsement by the UK Endorsement Board:

- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments (effective for periods starting on or after 1 January 2026);
- Annual Improvements to IFRS Accounting Standards - Volume 11 (effective for periods starting on or after 1 January 2026);
- IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements (effective for periods starting on or after 1 January 2027);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for periods starting on or after 1 January 2027);
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an investor and its Associate or Joint Venture (effective date to be determined).

With the exception of IFRS 9 and IFRS 18, the adoption of the above standards and interpretations are not expected to lead to any changes to the Partnership's accounting policies or have any other material impact on the financial position or performance of the Partnership.

The amendments to IFRS 9 are effective for the Partnership's accounts for the 52 week period ending 30 January 2027 and the Partnership is assessing changes to the timing of recognition and derecognition of certain financial assets and liabilities.

The Partnership has commenced its assessment of IFRS 18, which is effective for the Partnership's accounts for the 52 week period ending 29 January 2028, with the main impacts expected on the presentation and classification of items in the Income statement.

1.1.5 MATERIAL ACCOUNTING POLICIES

Where material accounting policies are specific to a particular note, they are described within that note. Other material accounting policies are included below.

Financial instruments

The Partnership uses derivative financial instruments to manage its exposure to fluctuations in financial markets, including foreign exchange rates, interest rates and certain commodity prices. Derivative financial instruments used by the Partnership include forward currency and commodity forward contracts and interest rate swaps.

Derivative financial instruments are initially measured at fair value. The fair value of a derivative financial instrument represents the difference between the value of the outstanding contracts at their contracted rates and a valuation calculated using the forward rates of exchange and interest rates prevailing at the balance sheet date. Subsequent to initial recognition, unless designated as hedging instruments, derivatives are measured at fair value and any gains or losses arising from changes in fair value are taken directly to the income statement.

Hedge accounting has been adopted for derivative financial instruments where possible. At the inception of designated hedging relationships, the risk management objective and strategy for undertaking the hedge is documented. Additionally, the Partnership documents the economic relationship between the item being hedged and the hedging instrument, and a qualitative and forward-looking approach is taken to assess whether the hedge will be effective on an ongoing basis. At the end of each financial reporting period, for each derivative financial instrument, prospective testing is performed to ensure that the economic relationship remains, the impact of credit risk on changes in values is reviewed, and the hedging ratio is reassessed.

1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

1.1.5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Hedge accounting is discontinued when the hedging instrument matures, is terminated or exercised, the designation is revoked or it no longer qualifies for hedge accounting.

A cash flow hedge is a hedge of the exposure to variability of cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction. The effective portion of changes in the intrinsic fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. All other changes in fair value are recognised immediately in the income statement within other gains or losses. When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve is included directly in the initial cost of the non-financial item when it is recognised. For all other hedged forecast transactions, amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. Derivative financial instruments qualifying for cash flow hedge accounting are principally forward currency contracts.

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset or liability. Derivative financial instruments qualifying for fair value hedge accounting are principally interest rate swaps.

The table below sets out the Partnership's accounting classification of each class of its financial assets and liabilities:

	Note	Measurement
Financial assets:		
Trade receivables	3.3	Amortised cost
Other receivables	3.3	Amortised cost
Derivative financial instruments	3.4	Fair value through profit and loss or other comprehensive income[1]
Short-term investments	4.2	Amortised cost
Cash and cash equivalents	4.3	Amortised cost
Financial liabilities:		
Borrowings and overdrafts	5.1	Amortised cost
Trade payables	5.2	Amortised cost
Other payables	5.2	Amortised cost
Accruals	5.2	Amortised cost
Partnership Bonus accrual	5.2	Amortised cost
Other liabilities held at amortised cost	5.3	Amortised cost
Lease liabilities	5.4, 5.5	Amortised cost
Derivative financial instruments	3.4	Fair value through profit and loss or other comprehensive income[1]

[1] Cash flow hedges designated as being in a hedged relationship upon initial recognition are measured at fair value with the effective portion of any changes in the intrinsic value recognised in equity.

Offsetting

Balance sheet netting only occurs to the extent that there is the legal ability and intention to settle net. As such, any bank overdrafts presented in current liabilities reflect there is no intention or legal right to offset with any cash balances.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. On translation of assets and liabilities in foreign currencies, movements go through the foreign currency translation reserve.

1.1.6 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including management's reasonable expectations of future events.

The preparation of the financial statements requires management to make estimates and judgements concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results. The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and management's key judgement in respect of presentation are:

Areas of key risk	Note	Critical accounting estimates and key judgements
Exceptional items	2.5	Key judgement
Impairment	3.2	Critical accounting estimate and key judgement
Retirement benefits	6	Critical accounting estimate

1.2 ALTERNATIVE PERFORMANCE MEASURES

PURPOSE

Our financial statements disclose financial measures which are required under UK-adopted IFRS. We also report additional financial measures that we believe enhance the relevance and usefulness of the financial statements. These are important for understanding underlying business performance, and they are described as alternative performance measures (APMs). In this note, we have explained what the primary APMs are and why we use them; these APMs may not be comparable with similarly labelled APMs of other companies. For definitions, and where applicable reconciliations, of other APMs measures, please see the Glossary on pages 127 to 129*. APMs do not replace IFRS requirements.*

1.2.1 TOTAL TRADING SALES

Total trading sales represents the full customer sales value including VAT as reported to the Partnership's Executive Team, before adjustments including 'sale or return' sales and other accounting adjustments. This measure shows the headline sales trend and is used by the Executive Team to assess the performance of our Lines of Business.

1.2.2 ADJUSTED OPERATING PROFIT

Adjusted operating profit is an alternative performance measure derived from Operating profit. It excludes exceptional items, profit or loss on disposal of assets, net interest, bonus and tax. These items are outside of the control of the Lines of Business and are a function of the Partnership decision-making process.

Adjusted operating profit is calculated for each segment using a direct and indirect allocation methodology to allocate centrally incurred costs to segments. Direct costs are those costs which are directly identifiable by segments. Indirect costs are the remaining costs which are incurred centrally for multiple segments and are allocated to a segment in order to assess performance, allocate future spend and manage targetry. The allocation is apportioned to each segment based on the type of spend. It is set at the start of each yearly budget/forecasting cycle and reviewed during the year.

Adjusted operating profit is used by the Board to assess the performance of all Lines of Business and determine the allocation of resources to those Lines of Business.

1.2.3 EXCEPTIONAL ITEMS

The separate reporting of exceptional items helps to provide an indication of the Partnership's underlying business performance. Exceptional items relate to certain costs or incomes that individually or collectively, are significant by virtue of their size and nature; exceptional items include store impairment charges. In considering the nature of an item, management's assessment includes, both individually and collectively, each of the following:

- Whether the item is outside the ordinary course of the business;
- The specific circumstances which have led to the item arising;
- The likelihood of recurrence.

The reversal of an exceptional item is recorded in the income statement line it was originally charged to.

1.2.4 PROFIT BEFORE TAX, PARTNERSHIP BONUS AND EXCEPTIONAL ITEMS (PBTBE)

Profit before tax, Partnership Bonus and exceptional items is presented at the foot of the consolidated income statement. This measure is important as it allows for a comparison of the Partnership's underlying profitability, and is a core measure of performance for Partners.

1.2.5 NET DEBT

Net debt incorporates the Partnership's consolidated borrowings, bank overdrafts, fair value of derivative financial instruments and lease liabilities, less cash and cash equivalents, short-term investments and unamortised bond transaction costs. This measure indicates the Partnership's debt position, excluding any pension deficit/surplus. See note 5.4.

2 PARTNERSHIP PERFORMANCE

2.1 SEGMENTAL REPORTING

PURPOSE

During the year we analysed our performance between our three reporting segments, Waitrose, John Lewis and Other Partnership, which includes John Lewis Money, Build to Rent and Enterprise. This analysis is consistent with how our Executive Team reviewed performance throughout the year.

ACCOUNTING POLICIES

Segmental reporting: *The Partnership's reporting segments are determined based on the internal financial reporting to the chief operating decision-maker (CODM), which is the Executive Team. Our segments are: John Lewis, Waitrose and Other Partnership. The Executive Team reviews the operating performance of our Lines of Business using two alternative performance measures: Total trading sales and Adjusted operating profit.*

Partnership Bonus: *Whether to award a Partnership Bonus is decided by the Partnership Board each March, having regard to performance in the past year and future financial obligations. The Partnership Bonus is recorded in the year it relates to rather than the year it was declared because there is a constructive obligation to pay a Partnership Bonus and the amount can be reliably estimated once the results for the year are known.*

IFRS 8 Operating Segments requires operating segments to be identified based on the way in which the Partnership's internal financial reporting is organised and regularly reviewed by the CODM to allocate resources and to assess the performance of the different operating segments.

The CODM reviews performance by Line of Business from sales to Adjusted operating profit. The Lines of Business in the year under review were Waitrose, John Lewis, John Lewis Money, Build to Rent and Enterprise. Enterprise represents costs specific to running the Partnership, which cannot be influenced or controlled at the Line of Business level.

Our reportable segments are Waitrose and John Lewis. The Other Partnership segment includes John Lewis Money, Build to Rent and Enterprise, which have been combined because these segments do not require separate reporting as they do not make up more than 10% of sales, profit or assets.

The Partnership reports Adjusted operating profit (see note 1.2) which best reflects the controllable elements of segmental performance and allocation of resources.

Notes to the consolidated financial statements (continued)
2.1 SEGMENTAL REPORTING (CONTINUED)

2026	Waitrose	John Lewis	Other Partnership[1]	Partnership
	£m	£m	£m	£m
Total trading sales	**8,559**	**4,888**	**-**	**13,447**
Value added tax	(478)	(794)	-	(1,272)
Sale or return and other accounting adjustments	(85)	(367)	-	(452)
Revenue	**7,996**	**3,727**	**-**	**11,723**
Adjusted operating profit/(loss)[2]	**256**	**58**	**(72)**	**242**
Other operating expenses - exceptional items				(120)
Partnership Bonus				(35)
Loss on property disposals				(2)
Operating profit				**85**
Operating profit margin[3]	3.2%	1.6%		2.1%
Other segmental information:				
Depreciation and amortisation[4]	(293)	(176)	(10)	**(479)**

[1] Other Partnership includes John Lewis Money, Build to Rent and Enterprise which do not require separate reporting.
[2] Included in Adjusted operating profit/(loss) is other operating income of which £96m (split between operating segments: £49m Waitrose, £45m John Lewis and £2m Other Partnership) represents further income from customers. This is reported to the CODM separately as part of other income and expenses.
[3] Operating profit margin is Adjusted operating profit as a percentage of revenue.
[4] This measure is also included within Adjusted operating profit.

2025	Waitrose	John Lewis	Other Partnership[1]	Partnership
	£m	£m	£m	£m
Total trading sales	**7,997**	**4,763**	**-**	**12,760**
Value added tax	(456)	(773)	-	(1,229)
Sale or return and other accounting adjustments	(69)	(349)	-	(418)
Revenue	**7,472**	**3,641**	**-**	**11,113**
Adjusted operating profit/(loss)[2]	**227**	**45**	**(48)**	**224**
Other operating expenses - exceptional items				(29)
Partnership Bonus				-
Profit on property disposals				1
Operating profit				**196**
Operating profit margin[3]	3.0%	1.2%		2.0%
Other segmental information:				
Depreciation and amortisation[4]	(302)	(206)	(10)	**(518)**

[1] Other Partnership includes John Lewis Money, Build to Rent and Enterprise which do not require separate reporting.
[2] Included in Adjusted operating profit/(loss) is other operating income of which £117m (split between operating segments: £47m Waitrose, £48m John Lewis and £22m Other Partnership) represents further income from customers. This is reported to the CODM separately as part of other income and expenses.
[3] Operating profit margin is Adjusted operating profit as a percentage of revenue.
[4] This measure is also included within Adjusted operating profit.

2.2 REVENUE

PURPOSE

Revenue is generated solely from contracts with customers.

Revenue is measured based on the consideration specified in a contract with a customer. The Partnership recognises revenue when it transfers control over a good or service to a customer.

ACCOUNTING POLICIES

Revenue: *We evaluate our revenue with customers based on the five-step model under IFRS 15 Revenue from Contracts with Customers: (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to separate performance obligations, and (5) recognise revenues when (or as) each performance obligation is satisfied. We generate our revenue from the sale of goods or from providing services to our customers.*

Revenue from the sale of goods and services is recognised when the Partnership has satisfied its performance obligations by transferring a promised good or service to the customer. The good or service is considered to be transferred when the customer obtains control of that good, or the service is complete. Revenue in respect of 'sale or return sales' which represents concession income is stated at the value of the margin that the Partnership receives on the transaction. The Partnership acts as an agent in such arrangements as it does not own legal title to the inventory and has the right to return any unsold goods to suppliers. Revenue is also net of Partner and customer discounts and VAT, adjustments for the sale of free warranties and adjustments for expected customer returns. Revenue is recognised in respect of sales under bill and hold arrangements when the buyer takes control of the asset, even if it has not physically been transferred to the customer. Revenue under bill and hold arrangements is not recognised when there is an intention to acquire from the customer.

Sales of gift vouchers and gift cards are treated as contract liabilities, as payment has been received for a performance obligation which will be performed at a later point in time. Revenue is recognised when the gift vouchers or cards are redeemed against a later transaction. Non-redemption revenue is recognised in proportion to the pattern of rights exercised by the customer based on assumptions regarding redemption rates and time to expiry. Certain entities within the Partnership sell products with a right of return, and experience is used to estimate and provide for the value of such returns at the time of sale. This is further discussed in note 4.1.

Business is predominantly carried out in the United Kingdom and gross sales and revenue derive almost entirely from that source.

2.2.1 DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

We analyse our revenue between goods and services. Goods are split into four major product lines: Grocery, Home, Fashion and Technology. Services currently comprise free warranties on selected goods.

	2026 £m	2025 £m
Major product lines:		
Goods		
– Grocery	**7,967**	7,443
– Home[1]	**977**	978
– Fashion[1]	**1,251**	1,214
– Technology	**1,410**	1,361
Services		
– Free warranty	**14**	17
Other revenue	**104**	100
	11,723	11,113

[1] Included in the revenue for Home and Fashion categories are £4m and £245m respectively (2025: £3m and £201m respectively) relating to concession income from sale or return transactions.

2.2 REVENUE (CONTINUED)

2.2.2 REVENUE RECOGNITION POLICIES

Nature and timing of satisfaction of performance obligations

The major product and service lines generating revenue are Grocery, Home, Fashion and Technology.

Grocery products are principally sold by Waitrose and include food, drink, household and other items. Additionally, fuel sales and Waitrose food halls are shown here. Customers pay at the point of sale in Waitrose shops. Where a grocery product is ordered online, it is fulfilled by a Waitrose shop or customer fulfilment centre. Customers are charged on the day of delivery.

Home products are principally sold by John Lewis and include items intended for use in the home environment. Fashion products are principally sold by John Lewis and include clothing, footwear, beauty, jewellery and other items. This also includes 'sale or return' sales. Technology products are principally sold by John Lewis and include televisions, computers, tablets and other electrical items. Customers pay at the point of sale in John Lewis shops and at the point of order online. Where a product is ordered online, it is generally fulfilled from a centralised location.

Revenue from Grocery, Home, Fashion and Technology is recognised when the goods have been received by the customer and control obtained. Waitrose and John Lewis accept returns in accordance with a customer's statutory rights under consumer laws in the United Kingdom and have a discretionary goodwill policy. Under the goodwill policy, customers can return products up to 30 days after receipt, if not entirely satisfied. Adjustments to revenue are recorded for returns where material, based on historic trends and recent sales patterns. The right to return goods is included under inventory, note 4.1. For business to business customers, invoices are raised and are payable on a variety of payment terms up to 30 days.

Free warranties

A free service guarantee is provided with certain Technology products which are sold by John Lewis. Customers receive a free warranty of between two and five years on the purchase of specified Technology products. No separate payment is made for this free service guarantee.

When such Technology products are sold with a free warranty an element of the sales price is allocated to the performance of that service, estimated on a cost plus margin basis. This amount is deducted from revenue and deferred on the balance sheet. Revenue is then released to the income statement over the period of the guarantee on a straight-line basis. Deferred income is shown under trade and other payables, see note 5.2.

Other revenue

Other revenue products/services are principally sold by John Lewis and include catering and the non-redemption revenue relating to gift vouchers and gift cards that are never redeemed or expire unredeemed. Customers obtain control of other revenue products/services when the products/services have been rendered and the performance obligations have been met.

Customers pay at the point of sale in John Lewis shops and at the point of order online. Where other revenue products/services are ordered online, it is generally fulfilled from a centralised location.

Revenue is recognised when the products/services have been received by the customer and the performance obligations have been met.

Non-redemption revenue is recognised in proportion to the pattern of rights exercised by the customer based on assumptions regarding redemption rates and time to expiry.

2.3 OTHER OPERATING INCOME

PURPOSE

Other operating income is income that does not satisfy the definition of revenue in that it does not relate to the main trading operations of the Partnership.

ACCOUNTING POLICIES

Other operating income includes:

Commissions, backhauling income, car park income and licence fees: *Income is recognised when the Partnership has satisfied its performance obligation by delivering a promised service to the customer in accordance with the transaction price agreed.*

Rental income: *Rental income is recognised on a straight-line basis based over the length of the contract and when the performance obligation of the contract is satisfied.*

Other commission income: *Other commission income is recognised when the services have been rendered to the customer and performance obligations have been met.*

	2026 £m	2025 £m
Commissions	**64**	86
Rental income	**9**	9
Backhauling income	**8**	7
Car park income	**10**	9
Licence fees	**5**	5
Other commission income	**17**	7
	113	123

Other commission income mainly relates to concession income and data provision for industry research. It is made up of items that individually are not material and no other material groups were considered to be shown.

2.4 PROFIT BEFORE TAX

PURPOSE

Detailed below are operating and administrative expenses (charged)/credited to arrive at our profit before tax as defined by UK-adopted IFRS and required to be reported under UK-adopted IFRS.

	2026 £m	2025 £m
Staff costs (note 2.8)	**(2,017)**	(1,869)
Depreciation and write-offs of tangible assets[1]	**(378)**	(348)
Amortisation of intangible assets (note 3.1)	**(130)**	(163)
Net loss on sale of property (including exceptional items)	**(2)**	(1)
Net loss on disposal of other plant and equipment and intangible assets	**(5)**	(3)
Intangible asset write offs	**(68)**	-
Net profit on lease exit[2]	**5**	-
Inventory – cost of inventory recognised as an expense	**(7,995)**	(7,549)
Sub-lease income – land and buildings	**9**	10

[1] Included within depreciation and write-offs of tangible assets is a net impairment release of £3m (2025: £6m) and write-offs of £32m (2025: £nil). See note 3.2.
[2] Includes gain from the early termination of lease liabilities, less cost of the corresponding right-of-use asset and any termination payments or receipts.

Total auditor's remuneration is included within administrative expenses and is payable to our auditor, KPMG LLP, as analysed below:

	2026 £m	2025 £m
Audit and audit-related services:		
– Audit of the Company and consolidated financial statements	(1)	(1)
– Audit of the Company's subsidiaries	(2)	(2)
	(3)	(3)
Non-audit services:		
– Other assurance services	-	-
Total fees	**(3)**	**(3)**

Non-audit services are other assurance services and amount to £0.1m (2025: £0.1m).

Notes to the consolidated financial statements (continued)

2.5 EXCEPTIONAL ITEMS

PURPOSE

Exceptional items are items of income/expense that are significant by virtue of their size and nature (see note 1.2.3). We believe these exceptional items are relevant for a better understanding of our underlying business performance, and exceptional items are therefore highlighted separately on the face of the income statement. This note provides detail of the exceptional items reported in both the current and prior year.

KEY JUDGEMENTS

Exceptional items: *Exceptional items are those where, in management's opinion, their separate reporting provides a better understanding of the Partnership's underlying business performance; and which are significant by virtue of their size and nature; exceptional items include store impairment charges. In considering the nature of an item, management's assessment includes, both individually and collectively, whether the item is outside the ordinary course of the business; the specific circumstances which have led to the item arising; the likelihood of recurrence; and if the item is likely to recur, whether it is unusual by virtue of its size.*

No single criterion alone classifies an item as exceptional, and therefore management must exercise judgement when determining whether, on balance, presenting an item as exceptional will help users of the financial statements understand the Partnership's underlying business performance.

	2026 Operating (expense)/ income £m	**2026 Taxation credit/ (charge) £m**	2025 Operating (expense)/ income £m	2025 Taxation credit/ (charge) £m
Strategic restructuring and redundancy programmes:				
Productivity	(18)	5	(32)	8
Physical estate	2	(4)	(8)	2
	(16)	1	(40)	10
Store Impairments				
John Lewis	(19)	4	(6)	3
Waitrose	23	(5)	17	(1)
	4	(1)	11	2
Other items				
Cloud technology modernisation	(9)	2	-	-
Non-current asset write offs	(77)	15	-	-
Exit of Build to Rent	(22)	-	-	-
	(108)	**17**	**-**	**-**
	(120)	**17**	**(29)**	**12**

Strategic restructuring and redundancy programmes

Our refreshed Strategy is focused on providing a brilliant retail experience for our customers, inspired by our Partners. During the year, a number of ongoing transformation projects which were announced in previous years have continued. These are across our physical estate, shop operations and central operations.

The costs incurred over the life of the change programmes outlined are significant in value and, given the level of change, they are significant in nature, therefore the Partnership considers them exceptional items to provide a more meaningful view of the Partnership's underlying business performance. The financial impacts of these programmes are detailed below.

2.5 EXCEPTIONAL ITEMS (CONTINUED)

Productivity: Improving our productivity is a key pillar of the Partnership's strategy. In 2026, a charge of £18m (2025: £32m) has been recorded, which is principally the redundancy and restructuring costs from simplifying central teams and John Lewis shops.

Physical estate: Since 2017, we have been working on our programme of rebalancing our existing estate; this includes ensuring that the size and shape of our physical estate is delivering on both our customer proposition and financial returns. We have refocused on the need to ensure our properties reflect how our customers want to shop - 'right space, right place' - and as a result we anticipate these changes will extend to 2027/28.

In 2026, the net credit of £2m principally relates to a gain on the exit of a retail property lease, offset by costs associated with the closure of a customer delivery hub and a distribution centre. In 2025, the charge of £8m principally related to the closure of two Waitrose locations: an online customer fulfilment centre and a retail store. The costs principally comprise redundancy and asset impairment.

Store impairments: In 2026, a net impairment release of £4m was recognised. Of this, John Lewis recognised a net impairment charge of £19m (2025: £6m charge) and Waitrose recognised a net impairment release of £23m (2025: £17m release). The cash flow forecasts for individual stores at January 2026 have been updated and risk adjusted for the latest view of future trading, based on a scenario which excludes costs and benefits associated with capital investment. See note 3.2 for further detail.

Cloud technology modernisation: The Partnership has commenced a one-off exercise of exiting data centres and moving applications, databases and mainframe principally to the cloud. This is a three year programme and the costs principally relate to developing the hosting environment, decommissioning the data centre, dual running costs and incremental project costs. In 2026, a charge of £9m was recorded (2025: £nil).

Non-current asset write offs: The Partnership's ongoing information technology and transformation programmes are modernising our IT architecture including the use of software as a service. As a consequence certain non-current assets were reviewed and it was determined that some no longer had any continuing value to the Partnership. Following the review, the Directors have written off certain intangible assets and plant, property and equipment effective from the start of the financial year. In 2026, a charge of £77m was recorded (2025: £nil).

Exit of Build to Rent: In 2026, the Partnership has written off £22m (2025: £nil) of assets in the course of construction which reflects the Partnership's decision to exit from our Build to Rent property business.

2.6 NET FINANCE COSTS

PURPOSE

Net finance costs include our costs in respect of interest payable on borrowings, our defined benefit pension, other employee benefit schemes and fair value movements. Finance income includes interest received from short-term deposits, short-term investments and fair value movements.

ACCOUNTING POLICY

Finance costs and income are presented in the consolidated income statement in the period in which they occur. In the consolidated statement of cash flows, finance costs are shown as operating activities and financing income is shown as investing activities. Interest paid on borrowings and other financial instruments has been presented in operating activities.

	2026 £m	2025 £m
Finance costs		
Net interest payable on:		
Commitment fees and bank overdrafts	**(2)**	(2)
Other loans repayable within five years[1]	**(6)**	(33)
Other loans repayable in more than five years	**(13)**	(13)
Interest payable in relation to lease liabilities (see note 5.5)	**(95)**	(93)
Amortisation of issue costs of bonds and credit facilities	**(3)**	(2)
Interest on other liabilities held at amortised cost	**(2)**	(2)
Finance costs in respect of borrowings	**(121)**	(145)
Fair value measurements and other	**-**	(1)
Net finance costs arising on defined benefit retirement and employee benefit schemes	**(25)**	(19)
Total finance costs	**(146)**	(165)
Finance income		
Finance income in respect of cash and short-term investments[2]	**40**	66
Total finance income	**40**	66
Net finance costs	**(106)**	(99)

[1] Other loans repayable within five years includes interest payable on interest rate swaps of £nil (2025: £10m).
[2] Finance income in respect of cash and short-term investments includes interest receivable on interest rate swaps of £nil (2025: £6m).

Capitalised borrowing costs totalled £3m (2025: £6m) which were capitalised within intangible assets and property, plant and equipment.

2.7 TAXATION

PURPOSE

Our tax charge for the year is shown below. This includes an explanation of how each item is calculated, a reconciliation of our effective tax rate to the UK standard tax rate, and an update on any tax rate changes. We have placed further explanatory boxes within the note to explain each table.

Our Tax strategy aligns to the Principles of our Constitution and, as a responsible leading retailer, we recognise that paying taxes arising from our activities is an important part of how our business contributes to the societies in which we operate. The Tax strategy adopted by the Partnership Board is available on the Partnership's website. In addition, our total tax contributions are shown on page 32.

ACCOUNTING POLICIES

Taxation: *Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income/(expense), in which case it is recognised directly in other comprehensive income/(expense).*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax arising from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are enacted or substantively enacted at the balance sheet date that are expected to apply to the period when the asset is realised or the liability is settled.

Notes to the consolidated financial statements (continued)

2.7 TAXATION (CONTINUED)

2.7.1 ANALYSIS OF TAX CHARGE FOR THE YEAR

PURPOSE

The components of our tax charge are below. The tax charge is made up of current and deferred tax. Current tax is the amount payable on the taxable income for the year, and any adjustments to tax payable in previous years. Current tax is charged through the consolidated income statement and consolidated statement of comprehensive income/(expense). Deferred tax is explained in note 2.7.3.

Tax (charged)/credited to the income statement	**2026 £m**	2025 £m
UK current tax – current year	**(1)**	(10)
Overseas current tax - current year	**(5)**	(4)
Current tax – adjustment in respect of prior years	**2**	5
Total current tax charge	**(4)**	(9)
Deferred tax – adjustment in respect of prior years	**(2)**	11
Deferred tax – current year	**(16)**	(19)
Total deferred tax charge	**(18)**	(8)
	(22)	(17)

Tax credited/(charged) to other comprehensive income	**2026 £m**	2025 £m
Deferred tax on pension scheme	**45**	16
Deferred tax on cash flow hedges	**3**	(3)
Total deferred tax credit	**48**	13

2.7 TAXATION (CONTINUED)

2.7.2 FACTORS AFFECTING TAX CHARGE FOR THE YEAR

PURPOSE

Taxable profit differs from profits as reported in the income statement because some items of income or expense may never be taxable or deductible.

The table below shows the reconciliation between the tax charge on profits at the standard UK tax rate and the actual tax charge recorded in the income statement ignoring the effects of temporary differences. The effective tax rate is the tax charge as a percentage of Partnership profit before tax.

The tax charge for the year (2025: charge) is higher (2025: lower) than the standard corporation tax rate of 25.0% (2025: 25.0%). The differences are explained below:

	2026 £m	2025 £m
(Loss)/profit before tax	**(21)**	97
(Loss)/profit before tax multiplied by standard rate of corporation tax in the UK of 25.0% (2025: 25.0%)	**5**	(24)
Effects of:		
Adjustment in respect of prior years	**-**	16
Depreciation on assets not qualifying for tax relief	**(9)**	(10)
Difference between accounting and tax base for land and buildings	**(2)**	(1)
Differences in overseas tax rates	**1**	1
Expenses not deductible	**(13)**	-
Sundry disallowables	**-**	1
Other	**(4)**	-
Total tax charge	**(22)**	(17)
Effective tax rate (%)	**(104.8)**	17.5

2.7.3 DEFERRED TAX

PURPOSE

Deferred tax is the tax expected to be payable or recoverable in the future due to temporary differences that arise when the carrying value of assets and liabilities differ between accounting and tax treatments. Deferred tax assets represent the amounts of income taxes recoverable in the future in respect of these differences, while deferred tax liabilities represent the amounts of income taxes payable in the future in respect of these differences. Here we show the movements in deferred tax assets and liabilities during the year.

Deferred tax is calculated on temporary differences using the rate of corporation tax which is 25%. The movement on the deferred tax account is shown below:

Deferred tax	**2026 £m**	2025 £m
Opening net asset	**55**	50
Charged to income statement	**(18)**	(8)
Credited to other comprehensive income	**48**	13
Closing net asset	**85**	55

Notes to the consolidated financial statements (continued)
2.7 TAXATION (CONTINUED)
2.7.3 DEFERRED TAX (CONTINUED)

The movements in deferred tax assets and liabilities during the year are shown below:

Deferred tax liabilities	Accelerated tax depreciation £m	Revaluation of land and buildings £m	Rollover gains £m	Total £m
At 27 January 2024	(99)	(12)	(48)	(159)
Charged to income statement	(17)	(1)	-	(18)
At 25 January 2025	(116)	(13)	(48)	(177)
Charged to income statement	(35)	(1)	-	(36)
At 31 January 2026	**(151)**	**(14)**	**(48)**	**(213)**

Deferred tax assets	Tax losses £m	Capital gains tax on land and buildings £m	Pensions and provisions £m	Other £m	Total £m
At 27 January 2024	72	34	80	23	209
Credited/(charged) to income statement	3	4	(1)	4	10
(Charged)/credited to other comprehensive (expense)/income	-	(1)	16	(2)	13
At 25 January 2025	75	37	95	25	232
Credited/(charged) to income statement	10	(1)	1	8	18
(Charged)/credited to other comprehensive (expense)/income	-	(1)	45	4	48
At 31 January 2026	**85**	**35**	**141**	**37**	**298**

The deferred tax asset in relation to the defined benefit pension scheme is £116m (2025: £67m asset).

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset):

Deferred tax	2026 £m	2025 £m
Deferred tax assets	**90**	59
Deferred tax liabilities	**(5)**	(4)
Deferred tax net	**85**	55

2.7 TAXATION (CONTINUED)

2.7.3 DEFERRED TAX (CONTINUED)

The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned. At the year end, the Partnership had approximately £336m (2025: £297m) of unutilised tax losses. Deferred tax assets have been recognised on the entire amount, the recovery of which is supported by forecasts of future profitability as set out in the Business Plan. Current forecasts indicate that losses will be utilised within approximately three years.

A deferred tax asset has not been recognised in respect of deductible temporary differences relating to capital losses of £45m (2025: £28m) with a tax value of £11m (2025: £7m) due to uncertainty over its future recoverability.

The deferred tax balance associated with the pension deficit has been adjusted to reflect the current tax benefit obtained in the financial year ended 30 January 2010, following the contribution of the limited partnership interest in JLP Scottish Limited Partnership to the pension scheme (see note 6.7). The deferred tax assets and liabilities are recoverable after more than one year.

As a result of exemptions on dividends from subsidiaries and capital gains on disposal there are no significant taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements.

2.7.4 FACTORS AFFECTING TAX CHARGES IN CURRENT AND FUTURE YEARS

PURPOSE
Here we explain any changes to the current or future tax rates that have been announced or substantively enacted.

The Partnership has been carrying out a detailed review of the Global Anti-Base Erosion Model Rules, which provide for an internationally co-ordinated system of taxation to ensure that large multinational groups pay a minimum level of corporate income tax in countries where they operate. The UK enacted the BEPS (Base Erosion and Profit Shifting) Pillar Two Minimum Tax legislation in July 2023 with effect for accounting periods beginning on or after 31 December 2023. From a review of the Partnership's business and tax profile, we expect most of the Partnership's operations in the territories in which it operates to fall within one of the safe harbour exemptions and as a result, minimal top up taxes will fall due. As a result of our review, we do not expect the rules to have a material impact on the Partnership's tax rate or tax payments.

2.8 PARTNERS

PURPOSE

The average number of Partners employed during the year, together with details of the area of the Partnership in which they work, and total employment-related costs are shown in the tables below. The average number of full time equivalent employees is 46,100 (2025: 48,100). At the end of the year, our total number of Partners was 63,800 (2025: 66,400). This note also covers Partner benefits, including pay for senior Partners and the Partnership Board.

2.8.1 PARTNER NUMBERS

During the year, the average number of Partners in the Partnership was as follows:

	2026	2025
John Lewis	**17,900**	19,400
Waitrose	**44,900**	46,700
Other	**2,900**	2,900
	65,700	69,000

2.8.2 PARTNER PAY AND BENEFITS

Employment and related costs were as follows:

	2026 £m	2025 £m
Staff costs:		
Wages and salaries	**(1,662)**	(1,604)
Social security costs	**(171)**	(124)
Partnership Bonus	**(31)**	-
Employers' National Insurance on Partnership Bonus	**(4)**	-
Other pension charge (note 6.3)	**(144)**	(134)
Long leave cost	**(5)**	(7)
Total before Partner discounts	**(2,017)**	(1,869)
Partner discounts (excluded from revenue)	**(102)**	(97)
	(2,119)	(1,966)

2.8 PARTNERS (CONTINUED)

2.8.3 KEY MANAGEMENT COMPENSATION

	2026 £m	2025 £m
Salaries and short-term benefits	**(8)**	(8)
Post-employment benefits[1]	**(1)**	(1)
Termination provisions[2]	**-**	-
	(9)	(9)

[1] Includes cash supplements in lieu of future pension accrual.
[2] Includes contractual payments and compensation for loss of office.

Key management includes the Directors of the Company and other officers of the Partnership. Key management compensation includes salaries, Partnership Bonus, National Insurance costs, pension costs and the cost of other employment benefits, such as company cars, private medical insurance and termination payments, where applicable. Costs of key management compensation are included within operating expenses and exceptional items as applicable.

Key management participate in the Partnership's long leave scheme, which is open to all Partners and provides up to six months' paid leave after 25 years' service. There is no proportional entitlement for shorter periods of service. It is not practical to allocate the cost of accruing entitlement to this benefit to individuals, and therefore no allowance has been made for this benefit in the amounts disclosed.

2.8.4 DIRECTORS' EMOLUMENTS

Directors' emoluments have been summarised below. Further details of the remuneration of Directors is included in the Remuneration Committee report on pages 43 to 45.

	2026 £m	2025 £m
Aggregate emoluments	**(3)**	(3)

The total remuneration of the highest paid director in the year was £1,257,900 (2025: £1,307,000).

2.9 RECONCILIATION OF (LOSS)/PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS BEFORE PARTNERSHIP BONUS

PURPOSE

We have analysed how our profit before tax reconciles to the cash generated from our operating activities before Partnership Bonus. Items added back to, or deducted from, profit before tax are non-cash items that are adjusted to arrive at cash generated from operations before Partnership Bonus which is shown in the consolidated statement of cash flows. Profit before tax includes investment costs which are not eligible to be capitalised.

	2026 £m	2025 £m
(Loss)/profit before tax	**(21)**	97
Amortisation and write-offs of intangible assets	**198**	163
Depreciation and write-offs of tangible assets[1]	**378**	348
Share of profit of joint venture (net of tax)	**(1)**	(1)
Net finance costs (see note 2.6)	**106**	99
Partnership Bonus	**35**	-
Loss on disposal of property, plant and equipment, intangible assets and early termination of leases	**2**	4
Increase in inventories	**-**	(46)
Decrease/(increase) in receivables	**17**	(26)
Increase in payables	**29**	64
Decrease in retirement benefit obligations	**(3)**	(3)
Decrease in provisions	**(24)**	(51)
Cash generated from operations before Partnership Bonus	**716**	648

[1] Includes a net impairment release (2025: release). See note 3.2.

3 NON-CURRENT ASSETS

3.1 INTANGIBLE ASSETS

PURPOSE

Our balance sheet contains non-physical assets in relation to computer software which are used to support our business and the generation of our profits. This note shows the cost of the assets, which is the amount we initially paid for them, and details any additions and disposals during the year. Additionally, the note shows amortisation, which is an expense in the income statement to reflect the usage of these assets. Amortisation is calculated by estimating how many years we expect to use the assets, which is also known as the useful economic life (UEL). The amortisation charge reduces the initial value of the assets over time spread evenly over their UELs. The value after deducting accumulated amortisation is known as the net book value.

Each year we review the value of our assets to ensure that their expected future value in use (VIU) in the business has not fallen below their net book value. This might occur where there has been a system replacement in the year. If an asset's expected VIU falls below its net book value, this is reflected through an additional impairment expense, which reduces profit.

ACCOUNTING POLICIES

Intangible assets: *Intangible assets, comprising both purchased and internally developed computer software, are carried at cost less accumulated amortisation and impairments. The cost of internally developed software, including all directly attributable costs necessary to create, produce and prepare the software for use, is capitalised where the development meets the criteria for capitalisation required by IAS 38: Intangible Assets. This may include capitalised borrowing costs. Internally developed software assets that are not yet in use are reviewed at each reporting date to ensure that the development still meets the criteria for capitalisation, and is not expected to become impaired or abortive.*

Amortisation: *Once available for use, the purchased or internally developed software is amortised on a straight-line basis over its UEL, which is deemed to be between three and ten years. The assets' UELs are reviewed and adjusted if appropriate at each balance sheet date.*

Impairment: *Assets are reviewed for evidence of a trigger for potential impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. An impairment loss is recognised for the amount by which the asset's amortised cost exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to dispose and VIU. The reversal of an impairment loss is recognised immediately as a credit to the income statement, through the income statement line it was originally charged to.*

Notes to the consolidated financial statements (continued)
3.1 INTANGIBLE ASSETS (CONTINUED)

	Computer software			
	Purchased	Internally developed	Work in progress	Total
	£m	£m	£m	£m
Cost				
At 27 January 2024	377	808	72	1,257
Additions[1]	-	-	131	131
Transfers	78	51	(129)	-
Disposals and write-offs	(44)	(50)	(2)	(96)
At 25 January 2025	**411**	**809**	**72**	**1,292**
Additions[1]	-	-	119	119
Transfers	81	80	(161)	-
Disposals and write-offs	(87)	(199)	(1)	(287)
At 31 January 2026	**405**	**690**	**29**	**1,124**
Accumulated amortisation				
At 27 January 2024	(250)	(602)	-	(852)
Charge for the financial year	(80)	(83)	-	(163)
Disposals and write-offs[2]	43	51	-	94
At 25 January 2025	**(287)**	**(634)**	**-**	**(921)**
Charge for the financial year	(77)	(53)	-	(130)
Disposals and write-offs[2]	62	157	-	219
At 31 January 2026	**(302)**	**(530)**	**-**	**(832)**
Net book value at 27 January 2024	127	206	72	405
Net book value at 25 January 2025	124	175	72	371
Net book value at 31 January 2026	**103**	**160**	**29**	**292**

[1] For the 53 week period ended 31 January 2026, additions for the year include the non-cash capital expenditure accrual on intangible assets of £8m (2025: £3m).
[2] For the 53 week period ended 31 January 2026, disposals and write-offs for the year include write-offs of £68m (2025: £nil).

Intangible assets principally relate to customer and distribution projects with UELs of up to ten years. There are five individually significant intangible assets (2025: five) within the total carrying amount as at 31 January 2026: four are customer projects (£143m, 2025: three projects, £156m) and one relates to distribution projects (£75m, 2025: two projects, £99m). These assets have remaining UELs ranging from three to ten years.

During the year to 31 January 2026, computer software valued at £161m (2025: £129m) was brought into use. This covered a range of selling, support, administration and information technology infrastructure applications, with UELs ranging from three to seven years.

Amortisation of intangible assets is charged within operating expenses.

An impairment test at the Partnership level compares the Partnership's estimated fair value less cost of disposal determined with reference to earnings multiples to the carrying value of intangible assets, plant, property and equipment and right-of-use assets. No impairment charges were identified for assets continuing to be recognised on 31 January 2026.

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS

PURPOSE

Our balance sheet contains significant property, plant and equipment, and right-of-use assets, primarily comprising assets relating to stores, distribution centres, offices and vehicles.

This note shows the cost of the assets, which is the amount we initially paid for them, or deemed cost if the assets were purchased before 31 January 2004 when the Partnership transitioned to report under UK-adopted IFRS. For right-of-use assets, the cost is equivalent to the present value of the future lease payments relating to the leased assets. This note also details any additions and disposals during the year, and shows depreciation, which is an expense in the income statement to reflect the usage of these assets. Depreciation is calculated by estimating how many years we expect to use the asset; this is also known as the UEL. The depreciation charge reduces the initial value of the assets over time and spread evenly over their UELs. The value after deducting accumulated depreciation is known as the net book value.

ACCOUNTING POLICIES

Property, plant and equipment: *The cost of property, plant and equipment includes the purchase price and directly attributable costs of bringing the asset into working condition ready for its intended use. This may include capitalised borrowing costs.*

The Partnership's freehold and long leasehold properties were last revalued to fair value by the Directors, after consultation with CB Richard Ellis, Chartered Surveyors, as at 31 January 2004. These values have been incorporated as deemed cost, subject to the requirement to test for impairment in accordance with IAS 36: Impairment of Assets. The Partnership has decided not to adopt a policy of revaluation since 31 January 2004.

Right-of-use assets: *Right-of-use assets are initially measured at cost, which is an amount equal to the corresponding lease liabilities (present value of future lease payments) adjusted for any lease payments made at or before the commencement date, less any lease incentives received. See note 5.5 for the lease liabilities accounting policy. Reassessments and lease modifications increasing the right-of-use assets are included as additions. Lease terminations, reassessments and lease modifications decreasing the right-of-use assets are included as disposals.*

Depreciation: *No depreciation is charged on freehold land or assets in the course of construction. Depreciation is calculated for all other assets to write off the cost or valuation, less residual value, on a straight-line basis over the following expected UELs:*

- *Freehold and long leasehold buildings – 25-50 years;*
- *Other leaseholds – over the shorter of the UEL or the remaining period of the lease;*
- *Building fixtures – 10-40 years;*
- *Fixtures, fittings and equipment (including vehicles and information technology equipment) – 2-15 years;*

Property residual values are assessed as the price in current terms that a property would be expected to realise, if the buildings were at the end of their UEL. The assets' residual values and UELs are reviewed and adjusted if appropriate at each balance sheet date.

For right-of-use assets depreciation is calculated on a straight-line basis over the expected UEL of the lease. Judgement is applied to estimate the lease UEL. This is done on an individual lease basis and considers the lease terms and the enforceable period of the lease.

Impairment: *Assets are reviewed for evidence of a trigger for potential impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. Impairment testing is performed on cash generating units (CGUs) which are individual stores (including an allocation of online), this being the lowest level of separately identifiable cash flows. An impairment loss is recognised for the amount by which the asset's net book value exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to dispose and VIU. VIU calculations are performed using cash flow projections, discounted at a pre-tax post-IFRS 16 rate, which reflects the asset specific risks and the time value of money.*

When an impairment loss subsequently reverses, the carrying amount of the CGU is increased to the revised estimate of the recoverable amount, but ensuring the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the CGU in prior years. A reversal of an impairment loss is recognised as a credit to the income statement when recovery of performance is considered reasonably certain and recorded through the income statement line it was originally charged to.

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

JUDGEMENTS

Depreciation: *Depreciation is recorded to write down property, plant and equipment and right-of-use assets to their residual values over their UELs. Management must therefore estimate the appropriate UELs to apply to each class of asset as set out in the accounting policy above. Changes in the estimated UELs would alter the amount of depreciation charged each year, which could materially impact the carrying value of the assets in question over the long term. UELs are therefore reviewed on an annual basis to ensure that they are in line with policy and that those policies remain appropriate.*

Application of residual values: *The application of residual values to shell assets on freehold and long leasehold properties is a key accounting judgement that impacts the depreciation charge recognised in respect of these assets. Management has assessed that it is appropriate to apply residual values to these assets as the buildings will retain significant value both during and at the end of their UELs. This residual value could be realised through a sale of the property or a subletting arrangement. Management has therefore concluded that the application of residual values is consistent with the definition set out in IAS 16.*

CRITICAL ACCOUNTING ESTIMATE

Impairment: *In line with the Partnership's accounting policy, management must assess the VIU and fair value less cost to dispose of each CGU when testing for impairment. This requires estimation of the present value of future cash flows expected to arise from the continuing operation of the CGU. These estimates require assumptions over various factors, in particular future sales and margin performance, future operating costs and the John Lewis online sales allocation. Each of these four areas are critical in estimating the present value of future cash flows. Were there to be significant changes in these assumptions, the amount recognised in respect of impairment during the year could be materially impacted, or impairment charges recognised in previous years may be reversed. The impairment modelling is sensitive to changes and sensitivities are provided to illustrate reasonably plausible alternative scenarios.*

KEY JUDGEMENT

Impairment - online sales: *The John Lewis online sales allocation reflects that, as an omnichannel retailer, the presence of a physical store plays an important role in generating and facilitating online sales. Judgement is required in relation to the proportion of online sales and costs allocated to the future cash flows of John Lewis stores to reflect the role that the stores play. The allocation of online sales and costs to the respective stores is based on customer sales data (which identifies omnichannel customers) and physical touchpoints with a store.*

OTHER KEY ASSUMPTIONS

Impairment - central costs: *Central costs are not typically incurred by a CGU including; costs for Head Office functions; Technology and Change, such as IT contracts and expenses; brand-focused marketing costs; and certain Property costs. Judgement is required in relation to the allocation of central costs to each CGU. Central costs are either allocated to a CGU in part, in full or not at all. The allocation considers the nature of each type of cost and its relevance to a CGU.*

Impairment - other: *The Partnership's impairment modelling contains a number of other inputs and judgements, including the discount rate.*

Notes to the consolidated financial statements (continued)
3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Property, plant and equipment	Land and buildings	Fixtures, fittings and equipment	Assets in course of construction	Total
	£m	£m	£m	£m
Cost				
At 27 January 2024	4,449	1,806	111	6,366
Additions[1]	-	-	203	203
Acquisition-related	-	1	-	1
Transfers	110	30	(140)	-
Disposals and write-offs	(55)	(216)	-	(271)
At 25 January 2025	**4,504**	**1,621**	**174**	**6,299**
Additions[1]	-	-	300	300
Transfers	190	193	(383)	-
Disposals and write-offs	(49)	(132)	(25)	(206)
At 31 January 2026	**4,645**	**1,682**	**66**	**6,393**
Accumulated depreciation				
At 27 January 2024	(2,173)	(1,431)	-	(3,604)
Charge for the financial year	(91)	(103)	-	(194)
of which:				
Impairment charges	(59)	(20)		(79)
Impairment reversals	84	4		88
Disposals and write-offs[2]	52	213	-	265
At 25 January 2025	**(2,212)**	**(1,321)**	**-**	**(3,533)**
Charge for the financial year	(120)	(99)	-	(219)
of which:				
Impairment charges	(122)	(13)		(135)
Impairment reversals	106	6		112
Disposals and write-offs[2]	36	132	-	168
At 31 January 2026	**(2,296)**	**(1,288)**	**-**	**(3,584)**
Net book value at 27 January 2024	2,276	375	111	2,762
Net book value at 25 January 2025	2,292	300	174	2,766
Net book value at 31 January 2026[3]	**2,349**	**394**	**66**	**2,809**

[1] For the 53 week period ended 31 January 2026, additions for the year include the non-cash capital expenditure accrual on property, plant and equipment of £34m (2025: £31m).

[2] For the 53 week period ended 31 January 2026, disposals and write-offs for the year include write-offs of £10m from Land and buildings (2025: £nil) and £22m from Assets in the course of construction (2025: £nil).

[3] Included within the net book value at 31 January 2026 are £3m (2025: £3m) of owned assets which are outside the Partnership's normal course of business.

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Right-of-use assets	Land and buildings	Fixtures, fittings and equipment	Total
	£m	£m	£m
Net book value at 27 January 2024	1,249	41	1,290
Additions	108	18	126
Acquisition-related	1	-	1
Disposals	(3)	-	(3)
Depreciation charge	(142)	(12)	(154)
of which:			
Impairment charges	(42)		(42)
Impairment reversals	39		39
Net book value at 25 January 2025	**1,213**	**47**	**1,260**
Additions	110	25	135
Disposals	(1)	-	(1)
Depreciation charge	(113)	(14)	(127)
of which:			
Impairment charges	(43)		(43)
Impairment reversals	69		69
Net book value at 31 January 2026	**1,209**	**58**	**1,267**

In accordance with IAS 36, the Partnership reviews its property, plant and equipment and right-of-use assets for evidence of a trigger for potential impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. Each CGU that shows an indication of impairment is included in the impairment review.

For non-store assets, including corporate assets, these are not allocated to store CGUs as they cannot be reasonably allocated given (i) the complexity of multiple supply chain sites, (ii) the support provided to multiple and varying locations and (iii) the fact that operations are not typically affected by individual store openings or closures. These are subject to an impairment test at the Partnership level. An impairment test at the Partnership level compares the Partnership's estimated fair value less cost of disposal determined with reference to earnings multiples to the carrying value of intangible assets, plant, property and equipment and right-of-use assets. No impairment charges were identified in the current or prior year.

The impairment review compares the recoverable amount for each CGU to the carrying value on the balance sheet. It considers the VIU of a CGU compared to the carrying value in the first instance, and subsequently the fair value less cost to dispose (FVLCD) if the VIU is lower than the carrying value. For both Waitrose and John Lewis, the VIU calculation is based on three year cash flow projections using the latest forecast data and extended to a fourth and fifth year to adjust for specific cash flows. For John Lewis, different growth expectations are applied to online and store sales. The forecasts are then extrapolated beyond the five year period using a long-term growth rate of 2% for both Waitrose and John Lewis, up to the end of the lease term for leasehold properties and in perpetuity for freehold properties. There are four CGUs for which the recoverable amount is supported by the FVLCD. These are Level 3 assets (which are assets where a market quotable price is not available) valued with reference to an active market and other relevant market inputs such as investment value, vacant possession, rental yield and lease terms. The recoverable amounts of all other impaired CGUs are based on the VIU.

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

The growth rate and operating margins used to estimate cash flows are based on the business plan approved by the Partnership Board which has been risk adjusted for impairment purposes.

The key assumptions used in the VIU calculation are the expected sales and margin performance, operating costs and the allocation of central costs to CGUs. For John Lewis stores specifically, the calculation also includes an allocation of online sales, associated operating costs and an allocation of central costs.

External market valuations are regularly obtained by the Partnership and used within the consideration of fair value less cost to dispose. This exercise considers the available market for properties.

Cash outflows that are directly associated with CGUs have been included in the discounted cash flow modelling. These forecast cash flows take account of estimated climate change costs. Certain assets within the CGU are expected to be replaced at the end of their UEL by those that have a lower impact on the environment, such as refrigeration units.

Following the store impairment review, the Partnership recognised a net impairment release of £4m. Additionally, £1m of impairment charges were recognised related to non-store locations.

John Lewis store impairment

The carrying value of John Lewis plant, property and equipment and right-of-use assets that were subject to impairment testing is £583m, after the impairment provision. The cash flow forecasts for the individual stores have been updated for the latest view of future trading. For some stores, this is better than our previous expectations, whilst for other stores performance expectations have declined. The updated cash flow forecasts have led to a reversal of impairment charges of £77m and new impairment charges of £96m, at CGU-level. The releases are due to improved store performance which has been judged to be sustainable. All new charges have been recorded in exceptional items, consistent with the accounting policy for exceptional items. Reversals have been recorded through the line they were originally recorded in, which is against exceptional items for all reversals this year.

Cash forecasts

The calculations use a pre-tax cash flow based on the business plan approved by the Partnership Board. The forecasts exclude any costs or benefits associated with capital investments. The key assumptions in this plan are: sales growth and online sales allocation; margin rate which includes the effect of non-capital investment driven cost efficiencies; along with operating and central costs growth assumptions. The plan differentiates between online and store sales, which is relevant to our store CGUs that continue to include an allocation of online sales and associated costs.

Online sales allocation

Judgement is required as to whether online sales and associated costs should be attributed to John Lewis stores for the purposes of impairment evaluation. Our allocation of a proportion of online sales, made by customers who shop both online and in store (omnichannel), reflects the importance of stores to some of our omnichannel customers. This reflects the role our stores play in providing customers with an opportunity to browse, touch and feel our product range before purchasing online. The merchandising of the product offer in our physical estate provides inspiration for our customers who may then choose to purchase online (in particular for larger items and more considered purchases in our Home offer). Online sales are allocated to stores based on the connection of the store to our omnichannel customers and supported by detailed customer data, which is based on the number of store visits. If no online sales and associated costs were attributed to John Lewis stores, then the impairment charge would be £199m higher.

Discount rate

The pre-tax post-IFRS 16 discount rate of 11.8% (2025: 13.8%) used to discount the cash flows is derived from the John Lewis Weighted Average Cost of Capital (WACC). The WACC has been calculated using the capital asset pricing model, which includes a risk free rate, equity risk premium and risk adjustment (beta). This WACC is grossed up to a pre-tax rate. The WACC factors in the nominal (i.e. inflation adjusted) nature of the cash flow forecasts within the impairment model.

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Waitrose store impairment

The carrying value of Waitrose plant, property and equipment and right-of-use assets that were subject to impairment testing is £2,465m, after the impairment provision. The cash flow forecasts for the individual stores have been updated for the latest view of future trading. For some stores, this is better than our previous expectations, whilst for other stores performance expectations have declined. The updated cash flow forecasts have led to a reversal of impairment charges of £38m and new impairment charges of £15m, at CGU-level. The releases are due to improved store performance which has been judged to be sustainable. All new charges have been recorded in exceptional items, consistent with the accounting policy for exceptional items. Reversals have been recorded through the line they were originally recorded in; this year all releases have been reversed through exceptional items.

The impairment calculations for Waitrose stores use a pre-tax cash flow based on the business plan approved by the Partnership Board. The forecasts exclude any costs or benefits associated with capital investments. The key assumptions in this plan are: sales growth; margin rate which includes the effect of cost efficiencies; and operating and central costs growth assumptions. Waitrose online sales are allocated directly to the store that the online order is picked and fulfilled from. Online sales are therefore included in the Waitrose CGUs as the sales are directly attributable to store activity; this is not considered a key judgement.

The Waitrose Customer Fulfilment Centres (CFCs) have been included in the impairment review alongside the store CGUs in a way that reflects the commercial reality that the CFCs are designed to serve specific regional postcodes of the UK alongside the stores.

Discount rate

The pre-tax post-IFRS 16 discount rate of 10.1% (2025: 10.7%) used to discount the cash flows is derived from the Waitrose WACC. The WACC has been calculated using the capital asset pricing model, which includes a risk free rate, equity risk premium and risk adjustment (beta). This WACC is grossed up to a pre-tax rate. The WACC factors in the nominal (i.e. inflation adjusted) nature of the cash flow forecasts within the impairment model.

Sensitivities in the impairment modelling - John Lewis

The John Lewis impairment estimation is most sensitive to changes in the sales and margin forecasts, as well as the allocation of online sales and costs and the allocation of central costs and discount rates. Sensitivity analysis reflects a reasonably plausible alternative scenario and has focused on these aspects of the impairment evaluation on stores triggered for impairment:

John Lewis sensitivity adjustment	Net Impairment impact
Sales growth by -2.0%	Additional charge of £62m
Sales growth by +2.0%	Additional release of £62m
Margin rate by -50 bps	Additional charge of £38m
Margin rate by +50 bps	Additional release of £41m
Increase allocation of central costs by 5%	Additional charge of £22m
Decrease allocation of central costs by 5%	Additional release of £24m
Increase in allocation of online sales (change store visits by online customers by one visit)	Additional release of £116m
Decrease in allocation of online sales (change store visits by online customers by one visit)	Additional charge of £74m
No online sales allocation	Additional charge of £199m
Discount rate by +200 bps	Additional charge of £25m
Discount rate by -200 bps	Additional release of £35m

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Sensitivities in the impairment modelling - Waitrose

The Waitrose impairment estimation is most sensitive to changes in the sales and margin forecasts. Sensitivity analysis reflects a reasonably plausible alternative scenario and has focused on these aspects of the impairment evaluation on stores triggered for impairment:

Waitrose sensitivity adjustment	Net Impairment impact
Sales growth by -3.0%	Additional charge of £26m
Sales growth by +3.0%	Additional release of £20m
Margin rate by -100 bps	Additional charge of £28m
Margin rate by +100 bps	Additional release of £24m

Recognition of impairment charges and reversals

Impairment of plant, property and equipment and right-of-use assets comprise charges and reversals arising from the annual tangible store impairment assessment exercise and charges arising on other sites including store closures. The table below sets out the total impairment charges and releases during the financial year.

2026	Non exceptional[1]	Exceptional items	Total
	£m	£m	£m
Impairment charges	-	(178)	(178)
Impairment reversals	-	181	181
Total	**-**	**3**	**3**

2025	Non exceptional[1]	Exceptional items	Total
	£m	£m	£m
Impairment charges	(2)	(119)	(121)
Impairment reversals	1	126	127
Total	**(1)**	**7**	**6**

[1] Non exceptional impairment charges and reversals are included in operating and administrative expenses before exceptional items.

3.3 TRADE AND OTHER RECEIVABLES

PURPOSE

Our receivables are amounts owed to the Partnership. This note provides a split of receivables into trade receivables, other receivables and prepayments and accrued income.

Trade receivables are amounts owed to us from customers and from suppliers if we are owed rebates. Other receivables include interest receivable from third parties and amounts due from our Partners in respect of the Partnership's car finance scheme. Prepayments are payments made in advance of the delivery of goods or rendering of services. Accrued income is income earned by the Partnership for providing a product or service which has not yet been invoiced.

Other receivables and prepayments are split into current and non-current to show those amounts due within one year and those which will be recovered over a longer period. Trade receivables are shown net of an allowance for debts which we do not consider to be recoverable.

ACCOUNTING POLICIES

Trade receivables: *Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less allowances for expected credit losses, using the simplified approach under IFRS 9 Financial Instruments. Such allowances are based on an individual assessment of each receivable, which is informed by past experience, and are recognised at amounts equal to the losses expected to result from all possible default events over the expected life of the financial asset. The Partnership also performs analysis on a case-by-case basis for particular trade receivables with irregular payment patterns or history.*

Supplier income: *The price that the Partnership pays suppliers for goods is determined through negotiations with suppliers regarding both the list price and a variety of rebates and discounts. The principal categories of rebate income are in the form of volume and marketing rebates. Supplier income is broadly split evenly between the two categories as follows:*

Volume rebates: *Volume rebates are earned based on sales or purchase triggers set over specific periods, such as the number of units sold to customers or purchased from the supplier. Volume rebates are recognised over the period set out in the supplier agreement;*

Marketing rebates: *Marketing rebates include promotions, mark downs or marketing support received from suppliers. Marketing rebates are agreed with suppliers for specific periods and products.*

Rebate income is recognised when the Partnership has contractual entitlement to the income, it can be estimated reliably and it is probable that it will be received. Rebate income receivable is shown as part of trade receivables.

Rebate income is recorded against cost of sales and inventory, which is adjusted to reflect the lower purchase cost for the goods on which a rebate has been earned. Depending on the agreement with suppliers, rebates invoiced are either received in cash from the supplier or netted off against payments made to suppliers.

For promotions which are confirmed after the balance sheet date, the Partnership is sometimes required to estimate the amounts due from suppliers at the year end. Estimates of supplier income are accrued within accrued income, and are based on a review of the supplier agreements in place and of relevant sales and purchase data.

The majority of rebates are confirmed before the year end, therefore the level of estimate and judgement required in determining the year end receivable is limited.

3.3 TRADE AND OTHER RECEIVABLES (CONTINUED)

	2026 £m	2025 £m
Current:		
Trade receivables	**66**	81
Other receivables	**58**	49
Prepayments	**92**	106
Accrued income	**62**	59
	278	295
Non-current:		
Other receivables	**17**	16
Prepayments	**5**	6
	22	22

Trade receivables are non-interest bearing and generally on credit terms of less than 90 days. Concentrations of credit risk are considered to be very limited. The carrying amount of trade and other receivables approximates to fair value and is denominated in Sterling. Within trade receivables is supplier income which has been invoiced where there is no legal right to offset. Included in trade payables are invoices for supplier income where there is a right to offset and the Partnership intends to offset against amounts owed to suppliers (see note 5.2).

Within accrued income, there is £36m (2025: £28m) in relation to supplier income which has not yet been invoiced. Additionally, accrued income includes £12m (2025: £11m) in relation to other operating income items (see note 2.3) which has not been billed at the reporting date. The unbilled amounts of other operating income is made up of items that are not individually material for further disclosures and had no significant changes during the period.

The Partnership recognises loss allowances for expected credit losses within operating and administrative expenses in the income statement. As at 31 January 2026, trade and other receivables of £nil (2025: £nil) were partially or fully impaired.

As at 31 January 2026, trade and other receivables of £24m (2025: £25m) were past due but not impaired. The ageing analysis of the past due amounts is as follows:

Ageing analysis	**2026 £m**	2025 £m
Up to 3 months past due	**23**	25
3 to 12 months past due	**1**	-
Over 12 months past due	**-**	-
	24	25

3.4 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES

PURPOSE

We use cash flow hedges to manage the risk of adverse currency movements.

This note details the fair value of these financial instruments and financial liabilities, together with the valuation techniques and key assumptions made in determining the fair value, as required by UK-adopted IFRS. The fair value represents the amount that would be received from the sale of an asset or the amount that would be paid to pass on a liability.

Fair value estimation

The different levels per the IFRS 13 Fair Value Measurement fair value hierarchy have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

During the 53 week period ended 31 January 2026, there have been no transfers between any levels of the IFRS 13 fair value hierarchy and there were no reclassifications of financial assets as a result of a change in the purpose or use of those assets.

3.4.1 FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative financial instruments is as follows:

	2026				2025			
	Assets	**Liabilities**	**Recognised in statement of changes in equity**	**Recognised in income statement**	Assets	Liabilities	Recognised in statement of changes in equity	Recognised in income statement
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Non-current								
Currency and commodity derivatives - cash flow hedge	**-**	**(1)**	**(1)**	**-**	1	-	1	-
	-	**(1)**	**(1)**	**-**	1	-	1	-
Current								
Currency and commodity derivatives - cash flow hedge	**1**	**(9)**	**(8)**	**-**	5	(3)	2	-
	1	**(9)**	**(8)**	**-**	5	(3)	2	-

The fair value of a derivative financial instrument represents the difference between the value of the outstanding contracts at their contracted rates and a valuation calculated using the forward rates of exchange and interest rates prevailing at the balance sheet date.

The fair value of the derivative financial instruments held by the Partnership are classified as Level 2 under the IFRS 13 fair value hierarchy, as all significant inputs to the valuation model used are based on observable market data and are not traded in an active market.

Specific valuation techniques used to value the financial instruments include quoted market prices. There have been no changes in valuation techniques from the prior year.

Notes to the consolidated financial statements (continued)

3.4 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES (CONTINUED)

3.4.2 FAIR VALUE OF FINANCIAL LIABILITIES HELD AT AMORTISED COST

The following table compares the Partnership's liabilities held at amortised cost, where there is a difference between carrying value (CV) and fair value (FV):

	2026		2025	
	CV	**FV**	CV	FV
	£m	**£m**	£m	£m
Financial liabilities				
Listed bonds	**(296)**	**(255)**	(295)	(229)

The fair values of the Partnership's listed bonds have been determined by reference to market price quotations and are classified as Level 1 under the IFRS 13 fair value hierarchy.

For other financial liabilities, there are no material differences between carrying value and fair value because they are all of a short term nature.

3.5 INVESTMENT IN AND LOANS TO JOINT VENTURE

PURPOSE

Our balance sheet includes an investment in a joint venture, Clicklink Logistics Limited, which is used to support our business and the generation of our profits.

This note shows the cost of the investment in, and loans made to, the joint venture. It also includes details of the share of profit and any dividends received from the joint venture during the year.

ACCOUNTING POLICIES

Joint arrangements: *The Partnership applies IFRS 11 Joint Arrangements to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Partnership has assessed the nature of its joint arrangements and determined them to be joint ventures.*

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.

The consolidated financial statements include the Partnership's share of the profit or loss and other comprehensive income of the equity accounted investees, from the date that joint control commences until the date that joint control ceases.
John Lewis plc and GXO Logistics UK II Limited are both investors in Clicklink Logistics Limited. Each party owns 50% of the equity of Clicklink Logistics Limited and decisions regarding Clicklink Logistics Limited require the unanimous consent of both parties.

	Investment £m	Loan £m	Total £m
Cost			
At 27 January 2024	2	1	3
At 25 January 2025	2	1	3
At 31 January 2026	**2**	**1**	**3**
Share of profit			
At 27 January 2024	2	-	2
Share of profit	1	-	1
At 25 January 2025	3	-	3
Share of profit	1	-	1
At 31 January 2026	**4**	**-**	**4**
At 27 January 2024	4	1	5
At 25 January 2025	5	1	6
At 31 January 2026	**6**	**1**	**7**

3.6 COMMITMENTS AND CONTINGENCIES

PURPOSE

A commitment represents a contractual obligation to make a payment in the future. We have commitments for capital expenditure. Contingent liabilities are potential future cash outflows where the likelihood of payment is more than remote but is not considered probable or cannot be measured reliably.

In line with accounting standards, commitments and contingencies are not included within the balance sheet, but are detailed in the note below. The amounts below represent the maximum amounts that we are obliged to pay.

At 31 January 2026, contracts had been entered into for future capital expenditure of £40m (2025: £24m) of which £29m (2025: £18m) relates to property, plant and equipment and £11m (2025: £6m) relates to intangible assets.

Notes to the consolidated financial statements (continued)

4 CURRENT ASSETS

4.1 INVENTORIES

PURPOSE

Our inventory is the stock available for sale or for manufacturing our products. This note sets out the make-up of our inventories between raw materials, work in progress and finished goods and goods for resale. Our raw materials and work in progress are primarily related to Herbert Parkinson and Leckford Farm. Slow-moving and obsolete inventory is assessed each reporting period and an appropriate provision is made against the inventory balance. The value of inventory is shown net of provisions. Once the inventory is sold, it is charged to cost of sales in the consolidated income statement.

ACCOUNTING POLICIES

Inventory valuation: *Inventory is stated at the lower of cost, which is computed on the basis of average unit cost, and net realisable value. Inventory excludes merchandise purchased by the Partnership on a sale or return basis, where the Partnership does not have the risks and rewards of ownership. Slow-moving and obsolete inventory is assessed for impairment at each reporting period based on past experience and an appropriate provision is made. Inventory also includes a 'right to return goods' asset, which represents the value of inventory expected to be returned as a result of customers exercising their rights under the Partnership's returns policy. The expected level of returns is based on past experience.*

	2026 £m	2025 £m
Raw materials	**3**	3
Work in progress	**1**	1
Finished goods and goods for resale	**720**	718
	724	722

Provisions against inventories of £28m were charged (2025: £28m charged) to cost of sales.

Finished goods and goods for resale includes £10m (2025: £11m) representing inventory we expect to be returned from sales to customers made this financial year.

4.2 SHORT-TERM INVESTMENTS

PURPOSE

Our short-term investments represent amounts on short-term deposits. They are deposited for a period of greater than 90 days but less than one year with financial institutions.

ACCOUNTING POLICIES

Short-term investments: *Short-term investments comprise tradable securities and deposits with original maturities of greater than 90 days but less than one year. Maturity periods are not the sole factor. Investments in Variable Net Asset Values with a weighted average maturity of less than 90 days are included within short-term investments due to the fact they do not bear an insignificant risk of changes in value.*

	2026 £m	2025 £m
Short-term investments	**194**	153

For the 53 week period ended 31 January 2026, the effective interest rate on short-term investments was 4.5% (2025: 5.3%) and these investments had an average maturity of 122 days (2025: 134 days). Maturities on the £194m go out to May 2026.

4.3 CASH AND CASH EQUIVALENTS

PURPOSE

Our cash and cash equivalents include cash in hand and cash placed on short-term deposits of less than 90 days with financial institutions and money market funds.

ACCOUNTING POLICIES

Cash and cash equivalents: *Cash and cash equivalents on the balance sheet comprise cash at bank and in hand and short-term deposits with original maturities of less than 90 days which are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, net cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts.*

	2026 £m	2025 £m
Cash at bank and in hand	**173**	159
Short-term deposits	**767**	766
	940	925

For the 53 week period ended 31 January 2026, the effective interest rate on short-term deposits was 4.3% (2025: 5.0%) and these deposits had an average maturity of five days (2025: eight days).

At 31 January 2026, £6m (2025: £14m) of the Partnership's cash balance was pledged as collateral. This is part of the Partnership's insurance arrangements and the release of these funds is subject to approval from third parties.

Included within cash and cash equivalents is £9m (2025: £nil) of restricted cash held by a subsidiary undertaking. This amount represents cash held in ring-fenced accounts to meet the regulatory capital requirements of the Financial Conduct Authority's Prudential Sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries. Consequently, these funds are strictly reserved for this regulatory purpose and are not freely available for general use or distribution by the wider Group.

Cash at bank and in hand includes cash equivalents of credit and debit card transactions not yet settled and other cash in transit balances of £89m (2025: £94m).

5 LIABILITIES - NON-CURRENT AND CURRENT

5.1 BORROWINGS AND OVERDRAFTS

PURPOSE

Our borrowings comprise bonds, bank loans, bank overdrafts and Share Incentive Plan shares, which are held in trust for the benefit of Partners.

ACCOUNTING POLICIES

Borrowings: *Borrowings are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost. Where there is an effective related fair value hedge, the movement in the fair value attributable to the hedged risk is separately disclosed.*

Arrangement costs for bonds and loan facilities in respect of debt are capitalised and amortised over the life of the debt at a constant rate. Finance costs are charged to the income statement, based on the effective interest rate of the associated borrowings.

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised. Qualifying assets are those that take a substantial period of time to get ready for their intended use. Capitalisation commences when both expenditure on the asset and borrowing costs are being incurred. Capitalisation ceases when the asset is ready for its intended use. The capitalisation rate used to determine the borrowing costs eligible for capitalisation is 7.2% (2025: 7.8%).

Share Incentive Plan: *The Share Incentive Plan (SIP or BonusSave) is initially measured at fair value and the liability is subsequently measured at amortised cost. It is de-recognised once the liability has been settled.*

	2026 £m	2025 £m
Current:		
Share Incentive Plan shares (SIP)	**(4)**	(8)
	(4)	(8)
Non-current:		
Bank loan[1]	**(131)**	(131)
4¼% Bond, 2034	**(300)**	(300)
Unamortised bond and loan transaction costs	**4**	5
	(427)	(426)

[1] The £131m bank loan is repayable in December 2028.

All borrowings are unsecured, denominated in Sterling and are repayable on the dates shown, at par.

The Partnership operates the BonusSave scheme, a Share Incentive Plan, which allowed Partners to elect to invest part of their Partnership Bonus back into the Partnership. The BonusSave scheme is closed to new entrants and investments. SIP shares were issued as part of the BonusSave scheme. Partners who have invested part of their Partnership Bonus in SIP shares are entitled to a dividend, the amount of which is determined from year to year by the Partnership Board. The amounts receivable in a winding up would be limited to the amounts that have been paid on the SIP shares. The amounts in respect of SIP shares are classified as debt as the Partnership has a clear obligation to repay the amounts.

5.1 BORROWINGS AND OVERDRAFTS (CONTINUED)

The BonusSave scheme is operated by John Lewis Partnership Trust Limited which purchased SIP shares on behalf of Partners who previously chose to invest a portion of their bonus for this purpose. At 31 January 2026, the value of SIP shares held by John Lewis Partnership Trust Limited on behalf of Partners was £4m (2025: £8m), following redemptions during the year. This is £100m lower than the value of SIP shares issued of £104m (2025: £104m).

The SIP shares shown as current borrowings above reflect amounts owed directly to Partners in respect of the scheme. The cash flow movement as a result of the net subscriptions and redemptions of shares of £4m (2025: £4m) is shown as an operating cash flow in the consolidated statement of cash flows alongside the Partnership Bonus, if paid during the year.

5.2 TRADE AND OTHER PAYABLES

PURPOSE

Trade and other payables include amounts owed by the Partnership. We owe payments to suppliers for goods or services that have been invoiced or accrued, and to HMRC in the form of taxes and social security. Amounts are payable to our Partners through salaries and our annual profit share, the Partnership Bonus. Deferred income includes amounts owed to customers through goods or services to be delivered, including in respect of free warranties. Non-current trade and other payables and non-current deferred income balances are not expected to be settled within the next financial year.

ACCOUNTING POLICIES

Trade payables: *Trade payables are initially recognised at fair value and subsequently measured at amortised cost. Trade payables include supply chain financing arrangements.*

Deferred income: *Deferred income is recognised when the Partnership has received cash in advance of providing a good or service. It includes revenue in respect of free warranties for Technology products. The Partnership allocates a portion of the consideration received for the Technology product to the free warranty on a cost plus margin basis. The amount allocated to the free warranty is deferred and recognised as revenue over the period of the guarantee on a straight-line basis.*

ACCOUNTING ESTIMATES

Liabilities: *Liabilities recognised in this note at the reporting date include amounts for unredeemed gift vouchers and gift cards. In order to estimate these liabilities, management must make assumptions around likely redemption rates. Management must therefore exercise a degree of estimation when predicting redemption patterns based on actual experience over the most recent 24 months.*

Deferred income: *In relation to free warranties, deferred income is based on the expected future repair or replacement costs for all goods sold with a free warranty, plus a margin. The expected future costs are based on historical evidence of claims and costs to repair or replace. Management exercises a degree of estimation regarding the margin percentage.*

	2026 £m	2025 £m
Current:		
Trade payables	**(1,171)**	(1,130)
Other payables	**(133)**	(160)
Other taxation and social security	**(175)**	(159)
Accruals	**(163)**	(142)
Deferred income	**(63)**	(72)
Partnership Bonus	**(35)**	-
	(1,740)	(1,663)
Non-current:		
Deferred income	**(23)**	(26)
	(23)	(26)

5.2 TRADE AND OTHER PAYABLES (CONTINUED)

The carrying amount of trade and other payables approximates their fair value.

The Partnership offers a supply chain financing (SCF) programme through partnership with banks to enable suppliers to receive their payment earlier. The election to utilise the programme is the sole decision of the supplier. As the Partnership continues to have a contractual obligation to pay its suppliers under commercial terms which are unaffected by any utilisation of the programme, and it does not retain any ongoing involvement in the SCF, the related payables are retained on the Partnership's balance sheet and classified as trade payables. The payments to the banks are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating – i.e. payments for the purchase of goods and services.

As at 31 January 2026, trade payables included £4m (2025: £nil) owed under SCF arrangements. Of these, suppliers had already received payment from the finance providers of £3m (2025: £nil).

	2026 Days	**2025 Days**
Range of payment due dates:		
Trade payables part of supplier finance arrangements	7-60	N/A
Comparable trade payables not part of supplier finance arrangements	0-90	N/A

Other payables principally relate to liabilities in respect of unredeemed gift cards and gift vouchers of £101m (2025: £105m). During the year £472m (2025: £430m) of gift cards and gift vouchers were issued and £477m (2025: £441m) was recognised in the income statement.

Included in deferred income are contract liabilities for free warranties of £20m (2025: £24m) and payments from customers for goods and services in advance of providing a good or service at the balance sheet date of £49m (2025: £54m). During the year an amount of £16m (2025: £17m) was recognised in the income statement over the period covered by the free warranties. The deferral for the year was £12m (2025: £15m). All of the contract liabilities for goods and services sold but not delivered at 25 January 2025 have been recognised as revenue in the 53 week period ended 31 January 2026.

5.3 OTHER LIABILITIES HELD AT AMORTISED COST

PURPOSE

Other liabilities at amortised cost are amounts owed by the Partnership in respect of certain property transactions included as part of a sale and leaseback transaction. In these transactions, certain plant, property and equipment assets did not meet the sale criteria in IFRS 15 Revenue from Contracts with Customers. The accounting therefore reflects that these plant, property and equipment assets have not been sold and remain on the balance sheet. In substance, these are financing transactions. Non-current other liabilities at amortised cost are not expected to be settled within the next financial year.

ACCOUNTING POLICIES

Other liabilities at amortised cost: *Other liabilities at amortised cost are initially recognised at fair value and subsequently measured at amortised cost. They are increased by the interest charge and decreased by the payments made.*

	2026 £m	2025 £m
Current:		
Other liabilities held at amortised cost	**(2)**	(2)
	(2)	(2)
Non-current:		
Other liabilities held at amortised cost	**(56)**	(58)
	(56)	(58)

Notes to the consolidated financial statements (continued)
5.4 ANALYSIS OF NET DEBT

PURPOSE

Net debt summarises our debt position as at the year end, excluding any pension deficit. Net debt incorporates the Partnership's borrowings, bank overdrafts, fair value of derivative financial instruments, other liabilities held at amortised cost and obligations under leases. These liabilities are offset by cash and cash equivalents, short-term investments and a portion of debt transaction costs that relate to the remaining duration of the debt. This note shows how our net debt position has moved from the prior year end, split out between cash movements and non-cash movements.

	2025	Cash movements	Non- cash movements		**2026**
			Fair value gains/(losses)	Other, including lease additions, terminations, modifications and reassessments	
	£m	£m	£m	£m	**£m**
Non-current assets					
Derivative financial instruments	1	-	(1)	-	**-**
	1	-	(1)	-	**-**
Current assets					
Cash and cash equivalents	925	15	-	-	**940**
Short-term investments	153	41	-	-	**194**
Derivative financial instruments	5	(3)	(1)	-	**1**
	1,083	53	(1)	-	**1,135**
Current liabilities					
Borrowings and overdrafts	(8)	4	-	-	**(4)**
Other liabilities held at amortised cost	(2)	2	-	(2)	**(2)**
Lease liabilities	(152)	250	-	(256)	**(158)**
Derivative financial instruments	(3)	13	(19)	-	**(9)**
	(165)	269	(19)	(258)	**(173)**
Non-current liabilities					
Borrowings	(431)	-	-	-	**(431)**
Unamortised debt transaction costs	5	-	-	(1)	**4**
Other liabilities held at amortised cost	(58)	-	-	2	**(56)**
Lease liabilities	(1,652)	-	-	34	**(1,618)**
Derivative financial instruments	-	-	(1)	-	**(1)**
	(2,136)	-	(1)	35	**(2,102)**
Total, and movements	(1,217)	322	(22)	(223)	**(1,140)**

Notes to the consolidated financial statements (continued)
5.4 ANALYSIS OF NET DEBT (CONTINUED)

Reconciliation of net cash flow to net debt

	2026 £m	2025 £m
Increase/(decrease) in net cash and cash equivalents in the year	**15**	(103)
Cash outflow from borrowings	**-**	300
Cash outflow/(inflow) from movement in short-term investments	**41**	(107)
Cash outflow from SIP shares	**4**	4
Cash outflow from other liabilities held at amortised cost	**2**	2
Cash outflow from movement in other net debt items	**260**	248
Cash movement in net debt for the year	**322**	344
Opening net debt	**(1,217)**	(1,370)
Non-cash movement in net debt for the year	**(245)**	(191)
Closing net debt	**(1,140)**	(1,217)

Our total borrowings and lease liabilities are summarised below.

	Borrowings £m	Lease liabilities £m	**Total £m**
At 27 January 2024	(743)	(1,849)	**(2,592)**
Movements arising from operating cash flows	4	93	**97**
Movements arising from financing cash flows	300	141	**441**
Other non-cash movements	-	(189)	**(189)**
At 25 January 2025	(439)	(1,804)	**(2,243)**
Movements arising from operating cash flows	4	95	**99**
Movements arising from financing cash flows	-	155	**155**
Other non-cash movements	-	(222)	**(222)**
At 31 January 2026	**(435)**	**(1,776)**	**(2,211)**

Other non-cash movements in lease liabilities reflect the unwind of the discount on the lease liability and changes to lease agreements such as changes to future rental charges, extensions and new leases.

Borrowings exclude unamortised bond transaction costs of £3m (2025: £4m) and unamortised loan transaction costs of £1m (2025: £1m).

5.5 LEASE LIABILITIES

PURPOSE

The Partnership enters into leases for property, plant and equipment. The Partnership's lease portfolio principally comprises property leases of land and buildings in relation to Waitrose and John Lewis shops, distribution centres and head offices. The leases typically run for terms between five and 100 years and may include break clauses or options to renew beyond the non-cancellable periods. The majority of the Partnership's lease payments are subject to market review, usually every five years, and some lease agreements include rental payments contingent on turnover or economic indices. These contingent lease payments are excluded from the calculation of lease liabilities under IFRS 16 Leases.

ACCOUNTING POLICIES

Lease liabilities: *The Partnership assesses whether a contract is or contains a lease based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.*

At inception or on reassessment of a contract that contains a lease component, the Partnership allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Under IFRS 16, the Partnership recognises right-of-use assets and lease liabilities at the lease commencement date. The lease liabilities are initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Partnership's incremental borrowing rate. Generally, the Partnership uses the incremental borrowing rate as the discount rate and this rate is determined on a portfolio basis, in relation to asset type and location.

Lease liabilities are subsequently measured at amortised cost and are increased by the interest charge and decreased by the lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or, as appropriate, changes in the assessment of whether a renewal or purchase option is reasonably certain to be exercised or a break clause is reasonably certain not to be exercised.

The Partnership has elected to apply the exemption for recognising right-of-use assets and lease liabilities on the balance sheet where the underlying asset is of low value. Lease expenses relating to low value assets will be recognised in the income statement on a straight-line basis.

In relation specifically to vehicle leases, the Partnership has also elected to apply the exemption for short-term leases and therefore will not recognise right-of-use assets and lease liabilities on the balance sheet for vehicle leases of less than 12 months in duration.

Contingent rentals are recognised as an expense in the income statement when incurred.

Sub-lease income is recognised as other operating income on a straight-line basis over the sub-lease term, less allowances for situations where recovery is doubtful.

Sale and leaseback: *A sale and leaseback transaction is where the Partnership sells an asset and immediately leases back the same asset from the buyer. On sale, the property, plant and equipment asset is derecognised from the balance sheet and the Partnership measures a right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the rights of use retained by the Partnership. The Partnership also recognises a lease liability at the date of the transaction. Any gain or loss that relates to the rights of the buyer is recognised in the income statement. Judgement is exercised in assessing whether assets have been sold in accordance with IFRS 15 Revenue from Contracts with Customers.*

5.5 LEASE LIABILITIES (CONTINUED)

The following amounts are included in the Partnership's consolidated financial statements in respect of its leases:

	2026 £m	2025 £m
Depreciation charge for right-of-use assets (excluding impairment) (see note 3.2)	**(153)**	(151)
Interest expense on lease liabilities (see note 2.6)	**(95)**	(93)
Expense relating to short-term leases	**(3)**	(3)
Expense relating to variable lease payments not included in lease liabilities	**(1)**	(3)
Total cash outflow for leases comprising interest and capital payments (see note 5.4)	**(250)**	(234)
Additions to right-of-use assets (see note 3.2)	**135**	126
Carrying amount of right-of-use assets (see note 3.2)	**1,267**	1,260
Income from sub-leasing right-of-use assets	**9**	10

We do not disclose potential future undiscounted lease payments not included in lease liabilities as these are subject to a high level of judgement regarding expected lease extension terms and future end dates. Additionally, the values of rental payments are subject to future market rates applicable as at the date of extension which are parameters not yet publicly known. As a result, we do not consider the potential future undiscounted lease payments to be able to be reliably estimated. There were no leases not yet commenced to which the Partnership is committed that are not included in lease liabilities as at year end.

5.6 PROVISIONS

PURPOSE

We incur liabilities which have some uncertainty regarding the timing or the future cost required to settle them. These are termed provisions and have been estimated and provided for at the year end. Our provisions primarily relate to the expected cost of long leave, expected customer refunds, insurance claims, reorganisation costs and property-related costs.

ACCOUNTING POLICIES

Provisions: *Provisions are recognised when the Partnership has an obligation in respect of a past event, it is more likely than not that payment (or a non-cash settlement) will be required to settle the obligation and where the amount can be reliably estimated. Provisions are discounted when the time value of money is considered material.*

Employee benefits: *The Partnership has a scheme to provide up to six months' paid leave after 25 years' service (long leave). The cost of providing the benefits under the scheme is determined using the projected unit credit actuarial valuation method. The current service cost is included within operating profit in the consolidated income statement. The financing elements of long leave are included in finance costs in the consolidated income statement. Actuarial gains or losses are taken directly to the consolidated income statement.*

ACCOUNTING ESTIMATES

Provisions: *As the provision for liabilities under the long leave scheme is assessed on an actuarial basis, estimates are required for the appropriate discount rate, staff turnover, salary increases and inflation.*

	Long leave £m	Customer refunds £m	Insurance claims £m	Reorganisation £m	Other £m	Total £m
At 25 January 2025	(114)	(20)	(22)	(8)	(34)	(198)
Charged in the financial year	(13)	(18)	(7)	(16)	(1)	(55)
Released in the financial year	-	-	1	5	15	21
Utilised	15	20	8	8	2	53
At 31 January 2026	**(112)**	**(18)**	**(20)**	**(11)**	**(18)**	**(179)**
Of which:						
Current	(42)	(18)	(5)	(11)	(9)	(85)
Non-current	(70)	-	(15)	-	(9)	(94)

The Partnership has a long leave scheme, open to all Partners, which provides up to six months' paid leave after 25 years' service. There is no proportional entitlement for shorter periods of service. The provision for the liabilities under the scheme is assessed on an actuarial basis, reflecting Partners' expected service profiles, salary growth, National Insurance and overtime earnings assumptions. The real discount rate applied differs from the real discount rate used for the Partnership's retirement benefits (note 6.1) as it reflects a rate appropriate to the shorter duration of the long leave liability, so as to accrue the cost over Partners' service periods.

Provisions for customer refunds reflect the Partnership's expected liability for returns of goods sold based on experience of rates of return.

The provision for insurance claims covers potential liabilities arising from claims that fall below certain thresholds. These claims relate to the Partnership's employer's, public and vehicle third party liability insurances. The provision is recognised when there is a present obligation arising from a past event, including both reported and incurred but not reported claims as of the reporting date. The provision is calculated using independent actuarial assessments.

Provisions for reorganisation reflect restructuring and redundancy costs, principally in relation to simplifying central teams and John Lewis shops (note 2.5).

5.6 PROVISIONS (CONTINUED)

Other provisions primarily include property-related costs, principally dilapidations provisions. Dilapidations provisions are calculated with reference to specific lease terms, where we can reliably estimate the expected cost and payment for dilapidations is probable. In making this assessment, we consider the recent history of dilapidations payments and the time horizon for any payments. The effect of discounting non-current provisions is not individually material.

6 RETIREMENT BENEFITS

PURPOSE

The Partnership's pension scheme is made up of two parts: the defined benefit section and the defined contribution section. The defined benefit section provides a non-contributory pension in retirement based on Partners' pensionable pay and pensionable service. The defined contribution section is where contributions made by Partners and the Partnership are invested in a choice of funds and then the contributions and investment returns are used to buy benefits on retirement.

The consolidated balance sheet includes a net retirement benefit asset or liability, which is the expected future cash flows to be paid out by the defined benefit section of the pension scheme, offset by assets held by the scheme to meet these liabilities. The expected liabilities are calculated by an actuary using a number of financial and demographic assumptions whilst the assets are held at fair value. The defined benefit section of the scheme closed to future accrual on 1 April 2020.

The defined contribution section of the scheme is available to all Partners and pays fixed contributions into individual investment funds on Partners' behalf. There is therefore no liability on the Partnership balance sheet relating to the defined contribution section of the pension scheme, other than any accrual for the previous period's monthly defined contribution payments.

This note details the financial and demographic assumptions made in estimating the defined benefit obligation, together with an analysis of the components of the pension liability. It also explains where these amounts have been recorded in the consolidated balance sheet and the consolidated income statement.

ACCOUNTING POLICIES

Employee benefits: *The defined benefit scheme assets are held separately from the Partnership. The cost of providing benefits under the defined benefit section of the scheme is determined using the projected unit credit actuarial valuation method, which measures the liability based on service completed and allows for projected future increases.*

Remeasurements of defined benefit pension schemes due to experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income during the period in which they arise.

There are a number of unfunded pension liabilities, where the actuarially assessed costs of providing the benefit are charged to the consolidated income statement. There are no assets supporting these arrangements.

Contributions to the Partnership's defined contribution section are charged to the income statement as they are incurred. The Partnership has no further obligation once the contributions have been made.

CRITICAL ACCOUNTING ESTIMATES

Retirement benefits: *This section details the assumptions used to calculate the total defined benefit pension obligation. This is the estimate of the current cost of meeting future benefits to be paid out by the pension scheme. The calculation requires the application of a discount rate to estimate the present day fair value of the pension payments, as well as assumptions on mortality rates and inflation. Given the size of the Partnership's defined benefit obligation, relatively small movements in these assumptions could cause a material adjustment to the carrying amount of the obligation. Sensitivity analysis on the key assumptions is provided in note 6.6. The pension scheme asset includes a variety of assets including those where a market quotable price is not available (Level 3). The assets are valued by third party fund managers using a variety of valuation models (see note 6.5).*

6.1 RETIREMENT BENEFITS

The pension scheme operated by the Partnership is the John Lewis Partnership Trust for Pensions. The scheme is governed by a corporate trustee which is independent of the Partnership. The Trustee is responsible for the operation and governance of the scheme, including making decisions regarding the scheme's investment strategy.

The scheme includes a funded final salary defined benefit section, providing pensions and death benefits to members. This scheme closed to new members and future accrual on 1 April 2020 and all active members of the scheme moved to become deferred members.

All contributions to the defined benefit section of the pension scheme to meet the obligations are funded by the Partnership. The scheme also includes a defined contribution section where contributions are made by both Partners and the Partnership.

There is also an unfunded pension arrangement, for which there are no supporting assets.

Actuarial valuation

The pension scheme is subject to a full actuarial valuation every three years using assumptions set by the Trustee following consultation with the Partnership and Scheme Actuary. The valuation determines if the pension scheme has sufficient assets available to meet future benefit payments. If a deficit exists, the Trustee and Partnership must agree to the corrective action(s) required to repair the deficit.

The most recent valuation was carried out by an independent professionally qualified actuary as at 31 March 2022, and resulted in an actuarial surplus of £320m (31 March 2019: deficit of £58m). The market value of the assets of the scheme as at 31 March 2022 was £6,934m (31 March 2019: £6,012m). The actuarial valuation showed that these assets were sufficient to cover 105% (31 March 2019: 99%) of the benefits which had accrued to members. As a result of the 2022 valuation, the Partnership and the Trustee agreed to stop making deficit reducing contributions. We are in the process of finalising the 31 March 2025 actuarial valuation.

Pension commitments recognised in these accounts have been calculated based on the preliminary funding results as at 31 March 2025, which has been rolled forward by actuaries to reflect the assets and liabilities of the scheme as at 31 January 2026, calculated on assumptions that are appropriate for accounting under IAS 19.

IAS 19 accounting valuation

In the financial statements the liabilities are determined in accordance with IAS 19: Employee Benefits. At the year end, there was an IAS 19 accounting pension deficit of £560m (£444m after deferred tax), compared to £363m (£296m after deferred tax) as at 25 January 2025. The accounting position reflects the gap between the market value of pension assets held by our defined benefit scheme and the IAS 19 value of our pension liabilities.

At the year end, IAS 19 pension liabilities for the defined benefit obligation for funded arrangements were £3,870m, up from £3,834m at 25 January 2025, with the increase largely attributable to inflation being higher than expected and the impact of updated membership data, partly offset by an increase in the discount rate as a result of increasing interest rate expectations. The market value of pension assets was £3,323m, down from £3,484m at 25 January 2025.

Differences between the actuarial valuation and accounting valuation

Differences arise between the actuarial valuation and accounting valuation, mainly due to the use of different assumptions to value the liabilities and the different calculation dates. The discount rate used for the accounting valuation is prescribed by the accounting standard and assumes that pension assets are invested in high quality (AA) corporate bond yields of an appropriate term. The actuarial discount rate is determined based on assumptions set by the Trustee following consultation with the Partnership and Scheme Actuary, and takes into account the scheme's actual investment strategy, expected evolution of the investment strategy (the journey plan) and the Trustee's view of the Partnership's covenant.

6.1 RETIREMENT BENEFITS (CONTINUED)

Whilst the accounting valuation is useful for comparing pension schemes across different businesses, it does not take into account the scheme's actual investment strategy, often producing a higher value of liabilities than the technical provisions valuation for schemes with a high proportion of deferred members, and therefore it is of less use for scheme funding purposes. It is the actuarial valuation that determines the funding position of the scheme and any deficit reducing contributions that may be required.

Investment strategy

The Trustee's investment strategy is consulted upon with the Partnership. The investment strategy is designed to ensure the scheme can pay members' benefits as they fall due, while also targeting full funding on a low dependency basis. The Trustee will pursue an investment strategy that generates investment returns in excess of government bonds but with a risk level that is commensurate with the strength of the covenant.

The Trustee continues to manage scheme risks carefully and appropriately. It has a hedge in the form of a liability matching strategy designed to protect against movements in interest rates and inflation on the actuarial basis. At 30 January 2026 the hedge was at c.80% of low dependency liabilities, within the tolerance range of the target hedge ratio of 81%, equivalent to 100% of funded technical provisions liabilities.

Risk management

The cost of the scheme to the Partnership depends upon a number of assumptions about future events. Future contributions may be higher or lower than those currently agreed if these assumptions are not borne out in practice or if different assumptions are agreed in the future.

Specific risks include:

- Changes in future expectations of price inflation: the majority of the scheme's benefit obligations are linked to inflation (subject to a cap) and higher inflation will lead to higher liabilities. Changes in the liabilities due to changes in inflation expectations are broadly offset by the Trustees' liability matching strategy as detailed in note 6.5 (the liability matching scheme is designed to hedge the actuarial liabilities and not the accounting measurement of liabilities);
- Changes in the discount rate used to value pension liabilities: a lower discount rate will lead to higher liabilities. On an actuarial basis, changes in the technical provision liabilities due to changes in the discount rate are broadly offset by the Trustees' liability matching strategy as detailed above. On an accounting basis, if the change in the discount rate is driven solely by a change in credit spreads (and not gilt movements which is what the liability matching strategy hedges) then there will not be an offsetting impact on the assets for accounting purposes;
- The return on assets being lower than assumed: if the rate of growth in assets falls below the discount rate used to value the liabilities then the pension deficit (surplus) will increase (reduce). This is offset in part by the Trustee's investment strategy of holding a diversified portfolio of assets as detailed in note 6.5;
- Falls in asset values not being matched by similar falls in the value of liabilities: a fall in plan assets will lead to an increase (reduction) in the deficit (surplus). This is offset in part by the Trustee's investment strategy of holding a diversified portfolio of assets as detailed in note 6.5;
- Unanticipated increase in life expectancy leading to an increase in the scheme's liabilities: an increase in life expectancy would mean pensions are expected to be paid for a longer period, increasing the obligations and increasing (decreasing) the scheme's deficit (surplus). This is mitigated in part by the benefit design including a Life Expectancy Adjustment Factor, whereby future pensions coming into payment are adjusted to allow for increases in life expectancy.

6.2 ASSUMPTIONS

PURPOSE

This section details the assumptions used to calculate the total defined benefit pension obligation. This is the estimate of the current cost of meeting future benefits to be paid out by the pension scheme. The calculation includes applying a discount rate to estimate the present day fair value of the pension payments, allowing for future expected increases in earnings and pension payments and the life expectancy of the members of the pension scheme.

Financial assumptions

Scheme assets are stated at market values at 31 January 2026. The following financial assumptions have been used to value the obligation:

	2026	2025
Discount rate	**5.82%**	5.72%
Future Retail Price Index (RPI) inflation	**2.92%**	3.02%
Future Consumer Price Index (CPI) inflation	**2.64%**	2.70%
Increase in pensions – in payment		
Pre-April 1997	**1.87%**	1.89%
April 1997-April 2016	**2.77%**	2.84%
Post-April 2016	**1.87%**	1.89%
Increase in pensions – deferred	**2.64%**	2.70%

Nominal discount rate: IAS 19 requires that the nominal discount rate is set by reference to market yields on high quality (AA) corporate bonds of a suitable term consistent with the scheme cash flows. The Partnership's pension scheme has cash flows spanning out over 50 years and a duration of 15 years. The model adopted by the Partnership is a yield curve approach, based on high quality corporate bonds. Where there are no high quality corporate bonds of appropriate duration to reference, an extrapolation from other bond yields is required.

Future RPI and CPI inflation: The inflation assumptions used to calculate the Partnership's defined benefit pension obligations are based on a cash flow weighted UK Government bond market implied rate of RPI, which is then adjusted for inflation risk. The Partnership has reflected the impact of RPI reform to align RPI with CPIH (a variant of the Consumer Price Index that includes an estimate of housing costs) expected from 2030 onwards. An inflation risk premium of 0.3% has been applied until 2030, increasing to 0.4% beyond this date. A long-term gap of 1.0% between RPI and CPI has been applied until 2030, reducing to 0.1% beyond this date.

Demographic assumptions

The post-retirement mortality assumptions used in valuing the pension liabilities were based on the S4 (2025: S3) series standard tables. Based on scheme experience, the probability of death at each age was multiplied by 107% for males and 94% for females who were non-pensioners and 100% for males and 94% for females who were pensioners (2025: 112% for males and 95% for females who were non-pensioners and 103% for males and 92% for females who were pensioners). Future improvements in life expectancy have been allowed for in line with the Continuous Mortality Investigation (CMI) 2024 improvements model (2025: CMI 2023, smoothing parameter of 7.0) subject to a long-term trend of 1.25%. This has resulted in a £20m increase in the defined benefit obligation.

The average life expectancies assumed were as follows:

	2026		2025	
	Male	**Female**	Male	Female
Average life expectancy for a 65 year old (in years)	21.6	24.1	21.2	24.1
Average life expectancy at age 65, for a 50 year old (in years)	22.0	25.1	21.5	24.9

6.3 AMOUNTS RECOGNISED IN THE FINANCIAL STATEMENTS

PURPOSE

This section details the amounts recognised in our consolidated financial statements in relation to the defined benefit section of our pension scheme. This consists of the net pension asset and liability, recognised on our balance sheet, the cost of providing the pension benefit over the year, recognised in the income statement, and actuarial gains and losses (being changes in assumptions, or assumptions not being borne out in practice), which are recognised in the statement of comprehensive income/(expense). The movements are broken down into the key components that impact the defined benefit section of the pension scheme.

Amounts recognised in the balance sheet	**2026 £m**	2025 £m
Defined benefit obligation for funded arrangements	**(3,870)**	(3,834)
Total value of scheme assets	**3,323**	3,484
Total funded defined benefit liability at end of financial year	**(547)**	(350)
Defined benefit obligation for unfunded arrangements	**(13)**	(13)
Defined benefit liability at end of year (net)	**(560)**	(363)

PURPOSE

The cost of providing the pension scheme over the year, recognised in the consolidated income statement, is broken down as follows:

- *Service cost is the cost to the Partnership of future benefits earned by members which is attributable to members' service in the current period. Following the closure of the defined benefit section of the pension scheme on 1 April 2020, no further service costs will be recognised;*
- *Contribution expense is in respect of the Partnership's contributions to the defined contribution section of the pension scheme and cash supplements in respect of certain Partners in lieu of future pension accrual;*
- *Administrative expenses are in relation to the pension scheme. Net interest on the net defined benefit liability is made up of the interest cost on pension liabilities and interest income on pension assets.*

Amounts recognised in the income statement	**2026 £m**	2025 £m
Contribution expense[1]	**(128)**	(120)
Administrative expenses – funded by the pension scheme	**(1)**	(4)
Administrative expenses – funded by the employer	**(15)**	(10)
Total operating expense	**(144)**	(134)
Net interest on net defined benefit liability	**(21)**	(15)
Total pension charge	**(165)**	(149)

[1] Includes Partnership contributions to the defined contribution section of the pension scheme of £127m (2025: £119m), together with cash supplements in respect of certain Partners in lieu of future pension accrual of £1m (2025: £1m).

6.4 RECONCILIATION OF RETIREMENT BENEFITS

Amounts recognised in equity	2026 £m	2025 £m
Return on plan assets less than interest income	**(124)**	(248)
Remeasurements:		
– Gain from changes in financial assumptions	**88**	188
– Gain from changes in demographic assumptions	**7**	7
– Experience losses	**(150)**	(11)
Total loss recognised in equity	**(179)**	(64)

PURPOSE

The net defined benefit pension asset/(liability) is the difference between the total pension liability (being the expected cost of making future defined benefit pension payments) and scheme assets. The table below details movements in the net defined benefit pension asset/(liability) during the year. Movements in scheme assets are explained further in 6.5.

Movements in the net defined benefit asset/(liability) are as follows:

- *Pension expense, which is the cost associated with providing defined benefit pension benefits over the year. This is equal to the pension operating expense set out above in 6.3, but excluding contribution expense and administrative expenses met directly by the employer;*
- *Contributions paid into the scheme will increase the value of the net pension asset;*
- *Gains or losses recognised in equity relating to returns on plan assets being different to the interest income and remeasurements (explained further below).*

Reconciliation of net defined benefit (liability)/asset	2026 £m	2025 £m
Net defined benefit liability at beginning of year	**(363)**	(287)
Pension charge	**(22)**	(19)
Contributions	**4**	7
Total losses recognised in equity	**(179)**	(64)
Net defined benefit liability at end of year	**(560)**	(363)

PURPOSE

The total pension liability (or defined benefit obligation) represents the current cost of meeting the future benefits to be paid out by the scheme. The movements in the defined benefit obligation are broken down into key areas that impact the obligation as follows:

- *Future pension obligations are stated at present value. A discount rate is used to calculate the current value of the future liability;*
- *The interest on pensions liabilities is the unwinding of this discount rate and is charged to the income statement within net finance costs.*

Remeasurements arise from the uncertainty in making assumptions about future events when calculating the liability. These may arise from changes in assumptions, for example movements in the discount rate, or experience adjustments which result from differences between the assumptions made and what actually occurred over the period. Remeasurements are recognised in equity and shown in the statement of comprehensive income/(expense).

Any cash benefits paid out by the scheme will reduce the defined benefit obligation.

6.4 RECONCILIATION OF RETIREMENT BENEFITS (CONTINUED)

Reconciliation of defined benefit obligation	**2026 £m**	2025 £m
Defined benefit obligation at beginning of year	**(3,847)**	(4,030)
Interest on pension liabilities	**(213)**	(208)
Remeasurements:		
– Gain from changes in financial assumptions	**88**	188
– Gain from changes in demographic assumptions	**7**	7
– Experience losses	**(150)**	(11)
Benefits paid	**232**	207
Defined benefit obligation at end of year	**(3,883)**	(3,847)

The scheme liabilities are 47.2% (2025: 56.0%) in respect of deferred scheme participants and 52.8% (2025: 44.0%) in respect of retirees.

The weighted average duration of the main trust scheme liabilities at the end of the year is 15 years (2025: 15 years).

PURPOSE

The pension scheme holds a number of investments to meet future pension payments, referred to as the assets of the scheme. This note details movements in the value of pension assets during the year. The movements are broken down into key areas that impact the pension assets as follows:

- *Interest income on assets represents the expected return on investments if it is in line with the discount rate. It is calculated as the discount rate at the beginning of the year multiplied by the value of the assets at the beginning of the year. This is recognised within net finance costs in the income statement;*
- *Return on plan assets greater/(less) than interest income represents how much greater or less the actual return is than the interest income. This is recognised in equity and shown in the statement of comprehensive income/(expense).*

Any cash benefits paid out or expenses paid by the scheme will reduce the value of the scheme's assets.

Contributions paid into the scheme will increase the value of the scheme's assets.

Reconciliation of value of assets	**2026 £m**	2025 £m
Value of assets at the beginning of year	**3,484**	3,743
Interest income on assets	**192**	193
Return on plan assets less than interest income	**(124)**	(248)
Benefits paid	**(232)**	(207)
Administrative expenses paid	**(1)**	(4)
Contributions	**4**	7
Value of assets at the end of year	**3,323**	3,484

Notes to the consolidated financial statements (continued)
6.5 ANALYSIS OF ASSETS

				2026				2025
	Quoted £m	**Unquoted £m**	**Total £m**	**Total %**	Quoted £m	Unquoted £m	Total £m	Total %
Equities								
UK	**-**	**-**	**-**	**0.0%**	-	-	-	0.0%
Rest of the World	**2**	**-**	**2**	**0.1%**	-	-	-	0.0%
Bonds								
Government - Rest of the world	**33**	**-**	**33**	**1.0%**	-	-	-	0.0%
Corporates - UK	**1**	**-**	**1**	**0.0%**	-	-	-	0.0%
Corporates - Rest of the world	**81**	**-**	**81**	**2.4%**	-	-	-	0.0%
Other - Rest of the world	**37**	**-**	**37**	**1.1%**	-	-	-	0.0%
Property								
UK	**-**	**155**	**155**	**4.7%**	-	304	304	8.7%
				-				
Alternative assets								
Liability driven investments	**2,001**	**-**	**2,001**	**60.2%**	1,946	14	1,960	56.3%
Hedge funds	**-**	**78**	**78**	**2.3%**	-	110	110	3.2%
Private equity	**-**	**328**	**328**	**9.9%**	-	367	367	10.5%
Other alternative assets	**156**	**346**	**502**	**15.1%**	-	451	451	12.9%
Cash and other	**105**	**-**	**105**	**3.2%**	292	-	292	8.4%
Total market value of assets	**2,416**	**907**	**3,323**	**100.0%**	2,238	1,246	3,484	100.0%

Equities and bonds which are traded on active markets are included at the quoted price, which is normally the bid price. Level 3 assets are investments where a market quotable price is not available. The fair values of these assets are derived in accordance with IFRS 13 and provided by the relevant fund manager. Final audited year end valuations for some of these assets are not available until after the Partnership's annual financial statements have been signed.

Freehold properties are stated at fair value as determined by CBRE Ltd, who are Royal Institution of Chartered Surveyors (RICS) Registered Valuers. Valuations included in the financial statements are valued as at 31 December 2025 in accordance with the current edition of the RICS Valuation – Professional Standards Global and UK, and Financial Reporting Standard 102. The valuer's opinion of fair value was primarily derived using comparable recent market transactions on arm's length terms, and reflects the rental income from current tenants, the remaining term of current leases, and market rents for the locations in which the properties are based. The fair value of the indirect property assets is based on the most recent available fund valuation at 31 December 2025 adjusted for cash flows to year end.

6.5 ANALYSIS OF ASSETS (CONTINUED)

Hedge funds, private equity funds, private credit funds, insurance linked funds and infrastructure funds are valued at fair value by the investment managers or their third party agents, having regard to professional valuations, asset values and other appropriate financial information. Hedge funds and insurance linked funds are valued monthly including at the end of January. For private equity funds, private credit funds and infrastructure funds, fair values are based on the most recently available quarterly valuations adjusted where relevant for cash flows to year end. This is 31 December 2025 for all funds with the exception of £118m of private equity funds and £78m of other alternative assets for which this is 30 September 2025. Various different valuation methods and assumptions are utilised by the fund managers as appropriate for the underlying investment including discounted cash flows, enterprise value, cost plus accrued interest and external pricing. Where internal cash flow modelling has been performed, significant assumptions will include discount rate and expected cash flows. The sensitivity of significant assumptions to the valuation of Level 3 assets has not been disclosed as the diversified nature of the portfolio and the wide range of different assumptions adopted by each fund manager make disclosure impractical.

Due to the complex nature of valuing the quarterly priced assets, which includes private equity funds, private credit funds, infrastructure funds and property, no estimate has been used to determine the year end valuation for these assets to 31 January 2026 as any valuation difference is not expected to be material.

Assets sold after the year end and prior to signing of the financial statements are stated at the realised value within 'cash and other'.

Financial instruments including derivatives are valued in accordance with note 1.1.5.

Liability driven investments include directly held UK Government bond and cash equivalent assets valued at £2,683m (2025: £2,537m) and associated repurchase agreements and swaps valued at £(682)m (2025: £(577)m). This is part of the Trustee's interest rate and inflation hedging strategy (liability matching strategy).

Other alternative assets include investments in infrastructure funds of £168m (2025: £172m), private debt of £179m (2025: £278m) and multi-asset credit of £156m (2025: £nil).

Property assets include a segregated property portfolio valued at £89m (2025: £219m) and property assets held in private investment companies valued at £67m (2025: £85m).

Cash and other includes cash deposits of £67m (2025: £287m), pending cash for unsettled transactions of £5m (2025: £5m), forward foreign exchange contracts of £10m (2025: £(7)m) and other items valued at £22m (2025: £7m).

Actual return on assets	**2026 £m**	2025 £m
Interest income on assets	**192**	193
Return on plan assets less than interest income	**(124)**	(248)
Actual return on assets	**68**	(55)

6.6 SENSITIVITY ANALYSIS

PURPOSE
The defined benefit obligation is volatile given that it is based on a number of long-term assumptions, which are likely to change over time. Illustrated below is the sensitivity of the defined benefit obligation to changes in key assumptions.

The sensitivities have been derived using approximate methods which are consistent with the rest of the disclosure and calculated by changing the relevant assumption while holding all other assumptions constant, except where this directly impacts other assumptions, such as pension increase assumptions which are also based on consumer price inflation indices:

	£m	% change
Defined benefit obligation as at 31 January 2026	(3,883)	
Sensitivity of:		
– 0.1% pts increase to discount rate[1]	54	1.40%
– 1.0% pts increase to discount rate[1]	487	12.50%
– 0.1% pts increase to retail price inflation	(21)	(0.50)%
– 0.1% pts increase to consumer price inflation	(20)	(0.50)%
– A one-year increase in life expectancy	(108)	(2.80)%

[1] The discount rate and inflation sensitivities do not allow for the impact of the liability matching strategy, which is designed to hedge interest rate (based on movements in gilts) and inflation risks related to the pension scheme's liabilities (as measured on the actuarial basis). It is not feasible to disclose the sensitivity of the liability matching strategy to movements in IAS 19 assumptions as the liability matching strategy has been put in place by the Trustee to match the actuarial liability not the IAS 19 liability to which the sensitivities disclosed above relate.

6.7 OTHER ARRANGEMENTS

JLP Scottish Limited Partnership

On 30 January 2010, the Partnership entered into an arrangement with the Trustee to address an element of the scheme deficit that existed at that time.

The Partnership established two partnerships, JLP Scottish Limited Partnership and JLP Scottish Partnership, which are both consolidated within these Partnership financial statements.

Together with another Partnership company, JLP Scottish Limited Partnership provided sufficient capital to JLP Scottish Partnership to enable it to procure property assets with an original market value of £151m from other Partnership companies in 2010. The Partnership retains control over these properties, including the flexibility to substitute alternative properties. The properties held in JLP Scottish Partnership have been leased back to John Lewis plc and Waitrose Limited.

As a partner in JLP Scottish Limited Partnership, the pension scheme is entitled to an annual share of the profits of the JLP Scottish Limited Partnership each year over 21 years, from 2010. At the end of this period, the Partnership capital allocated to the pension scheme will be reassessed, depending on the funding position of the pension scheme at that time, with a potential value of up to £100m. At that point, the Partnership may be required to transfer this amount in cash to the scheme.

Under IAS 19, the investment held by the pension scheme in JLP Scottish Limited Partnership, a consolidated entity, does not represent a plan asset for the purpose of the Partnership's consolidated financial statements. Accordingly, the pension deficit position presented in these consolidated accounts does not reflect the £98m (2025: £88m) investment in JLP Scottish Limited Partnership held by the pension scheme. The distribution of JLP Scottish Limited Partnership profits to the pension scheme is reflected as pension contributions in these consolidated financial statements on a cash basis.

6.7 OTHER ARRANGEMENTS (CONTINUED)

John Lewis Properties plc guarantee

As part of agreeing the funding valuation in 2017, John Lewis Properties plc provided a corporate guarantee to the pension scheme. This guarantee, which was amended in 2020, means that if John Lewis plc fails to make any payments due to the scheme, then the pension scheme can claim against John Lewis Properties plc for those payments. As part of the guarantee, John Lewis Properties plc is required to maintain an adjusted net asset value of at least £800m, or £760m if any reduction in this value results from a fall in the market value of properties.

Waitrose Limited guarantee

As part of agreeing the funding valuation in 2020, Waitrose Limited provided a corporate guarantee to the pension scheme. This guarantee means that if John Lewis plc fails to make any payments due to the scheme, then the pension scheme can claim against Waitrose Limited for those payments. There is no requirement for Waitrose Limited to maintain a minimum net asset position.

The guarantees have improved the recovery to the pension scheme in the event of insolvency of the Partnership. The pension scheme would be entitled to claim against either or both of John Lewis Properties plc and Waitrose Limited under these arrangements. The fair value of these guarantees is immaterial as there is negligible credit risk. This reflects that the Partnership is a going concern and therefore the probability of the guarantees being exercised by the Trustee is considered remote.

Notes to the consolidated financial statements (continued)

7 FINANCIAL RISK MANAGEMENT

7.1 MANAGEMENT OF FINANCIAL RISKS

PURPOSE

The principal financial risks that we are exposed to relate to the capital structure and long-term funding of the Partnership and also to the markets and counterparties we are exposed to in our operations. These risks can be summarised as: capital and long-term funding risk, liquidity risk, interest rate risk, foreign currency risk, credit risk and energy risk. This note details how each of these risks is managed.

7.1.1 CAPITAL AND LONG-TERM FUNDING RISK

The Partnership's objectives when managing capital are to safeguard its ability to continue as a going concern, provide returns for its Partners and to maintain a prudent level of funding. The Partnership is a long-term business, held in trust for the benefit of its Partners.

The Partnership's capital management strategy is to maintain a prudent capital structure, seeking to maintain a financial risk profile consistent with an investment grade credit rating to ensure the long-term financial sustainability of the Partnership. Although the Partnership does not have an external credit rating, it routinely monitors its capital and liquidity requirements, whilst maintaining an appropriate level of liquidity (cash plus undrawn committed credit facilities) and a managed debt maturity profile to reduce refinancing risk and ensure continuity of funding. Forms of borrowing include bond issues, bank debt, assets acquired via leases, any pension deficit and Share Incentive Plan shares as part of the BonusSave scheme.

7.1.2 LIQUIDITY RISK

In line with the Partnership Board approved Treasury Standard, the Partnership is required to hold a minimum amount of liquidity, made up of a mixture of cash and undrawn committed credit facilities. Liquidity requirements are managed in line with short- and long-term cash flow forecasts and reviewed against the Partnership's debt portfolio and maturity profile. Surplus cash is invested in accounts, short-term deposits and other short-term investments with sufficient, prudent liquidity determined by the above mentioned cash flow forecasts. The Partnership actively reviews and manages its cash holdings, sources of debt and committed credit facilities. Greater emphasis has been placed on cash balances providing a material portion of the Partnership's overall liquidity, with undrawn committed credit facilities complementing these balances.

At the year end, the Partnership had an undrawn committed credit facility of £460m (2025: £420m). This facility matures in May 2030, with two one-year extension options subject to the lenders' approval. In addition to this facility the Partnership had a listed bond at the year end totalling £300m (2025: £300m), due to mature in 2034, and a term loan of £131m (2025: £131m), due to mature in December 2028. The bond has a fixed coupon. The maturity profiles of financial debt are set out below.

The Partnership's listed bonds, bank loans and committed credit facilities contain financial covenants. Throughout the year, the Partnership maintained comfortable headroom against its covenants. The following analysis shows the contractual undiscounted cash flows payable under financial liabilities and derivative financial liabilities at the balance sheet date:

	Carrying amount £m	Total contractual cash flows £m	Due within 1 year £m	Due between 1 and 2 years £m	Due 2 years and beyond £m
Non-derivative financial liabilities					
Borrowings and overdrafts	(431)	(435)	(4)	-	(431)
Interest payments on borrowings	-	(138)	(21)	(21)	(96)
Other liabilities held at amortised cost	(58)	(78)	(4)	(4)	(70)
Lease liabilities[1]	(1,776)	(2,718)	(232)	(228)	(2,258)
Trade and other payables	(1,502)	(1,502)	(1,502)	-	-
Derivative financial liabilities					
Derivative contracts – receipts	-	364	324	40	-
Derivative contracts – payments	-	(373)	(332)	(41)	-
At 31 January 2026	**(3,767)**	**(4,880)**	**(1,771)**	**(254)**	**(2,855)**

[1]The lease liabilities due two years and beyond can be further broken down as £(610)m 2-5 years, £(771)m 5-10 years, £(419)m 10-15 years and £(458)m 15 years and beyond.

7.1 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)

7.1.2 LIQUIDITY RISK (CONTINUED)

	Carrying amount £m	Total contractual cash flows £m	Due within 1 year £m	Due between 1 and 2 years £m	Due 2 years and beyond £m
Non-derivative financial liabilities					
Borrowings and overdrafts	(434)	(439)	(8)	-	(431)
Interest payments on borrowings	-	(156)	(23)	(23)	(110)
Other liabilities held at amortised cost	(60)	(82)	(4)	(4)	(74)
Lease liabilities[1]	(1,804)	(2,918)	(237)	(230)	(2,451)
Trade and other payables	(1,432)	(1,432)	(1,432)	-	-
Derivative financial liabilities					
Derivative contracts – receipts	-	372	322	50	-
Derivative contracts – payments	-	(371)	(321)	(50)	-
At 25 January 2025	**(3,730)**	**(5,026)**	**(1,703)**	**(257)**	**(3,066)**

[1] The lease liabilities due two years and beyond can be further broken down as £(588)m 2-5 years, £(789)m 5-10 years, £(494)m 10-15 years and £(575)m 15 years and beyond.

For the purposes of this note, the foreign currency element of forward foreign currency contracts is translated at spot rates prevailing at the year end.

7.1.3 INTEREST RATE RISK

In order to manage the risk of interest rate fluctuations on the Partnership's financial debt and cash, the Partnership maintains a mix of fixed and floating rate debt (69% fixed) in line with the Partnership Board approved Treasury Standard. An analysis of the Partnership's financial liabilities is detailed below. Exposures to interest rate fluctuations are managed, when required, using interest rate derivatives. For 2024/25, the interest rate swap contracts were designated as fair value hedges and fair value movements were recognised within the income statement. Derivative financial instruments recognised as fair value hedges during the year were effective.

7.1.4 FOREIGN CURRENCY RISK

The Partnership uses derivative financial instruments to manage exposures to movements in exchange rates arising from transactions with overseas based suppliers and other organisations. A foreign exchange management committee exists and meets regularly to oversee the foreign exchange purchasing activities for each brand. Foreign currency exposures are hedged primarily using forward foreign exchange contracts covering up to 100% of forecast direct exposures on a rolling basis. Forward foreign exchange contracts used to hedge forecast currency requirements are designated as cash flow hedges with fair value movements recognised in equity. Derivative financial instruments that were designated as cash flow hedges during the year were effective. At the balance sheet date, the notional value of open forward foreign currency contracts of £363m (2025: £372m) had been entered into, to hedge purchases in foreign currencies which will mature over the next 18 months.

7.1 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)

7.1.5 CREDIT RISK

The Partnership has no significant exposure to an individual customer's credit risk due to transactions being principally of a high volume, low value and short maturity. Cash deposits and other financial instruments give rise to credit risk on the amounts due from counterparties. These risks are managed by restricting such transactions to an approved list of counterparties, who have an investment grade credit rating by at least two of the three primary rating agencies. Appropriate credit limits are designated to each counterparty.

The Partnership considers its maximum exposure to credit risk is as follows:

	2026 £m	2025 £m
Trade and other receivables	141	146
Short-term investments	194	153
Cash and cash equivalents	940	925
Derivative financial instruments	1	6
	1,276	1,230

7.1.6 ENERGY RISK

The Partnership actively manages the energy cost risk associated with the Partnership's activities. The Partnership regularly reviews its pricing exposure to diesel, electricity and gas consumption and determines strategies for forward purchasing and hedging of energy costs using flexible purchase contracts and by entering into over-the-counter diesel and gas swap contracts.

Road fuel cost exposures are hedged primarily using over-the-counter diesel and gas swaps covering up to 100% of forecast direct exposures on a rolling basis. Swaps used to hedge forecast road fuel requirements are designated as cash flow hedges with fair value movements recognised in equity. Derivative financial instruments that were designated as cash flow value hedges during the year were effective. At the balance sheet date, the notional value of open swaps of £8m (2025: £7m) had been entered into, to hedge future purchases of road fuel.

7.1.7 SENSITIVITY ANALYSIS

The following analysis illustrates the sensitivity of the Partnership's financial instruments to changes in market variables, namely UK interest rates and the US Dollar and Euro to Sterling exchange rates. The level of sensitivities chosen, being 1% movement in Sterling interest rates and a 10% movement in Sterling when compared to the US Dollar and Euro, provide a reasonable basis to measure sensitivity whilst not being the Partnership's view of what is likely to happen in the future.

The analysis excludes the impact of movements in other provisions and market variables on the carrying value of pension, which are included in notes 5.6 and 6.6.

The analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating rate borrowings and the proportion of financial instruments in foreign currencies are constant throughout the year, based on positions as at year end.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of interest costs to movements in interest rates is calculated using floating rate debt and investment balances prevailing at the year end;
- Changes in the carrying value of derivative financial instruments not in hedging relationships are assumed only to affect the income statement;
- All derivative financial instruments designated as hedges are assumed to be fully effective.

7.1 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)

7.1.7 SENSITIVITY ANALYSIS (CONTINUED)

	2026		2025	
	Income statement +/- £m	**Equity +/- £m**	Income statement +/- £m	Equity +/- £m
UK interest rates +/- 100 bps (2025: +/- 100 bps)	**9**	**-**	8	-
US Dollar exchange rate (GBP/USD) +/- 10% (2025: +/- 10%)	**-**	**23**	-	23
Euro exchange rate (GBP/EUR) +/- 10% (2025: +/- 10%)	**-**	**9**	-	11

7.2 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

PURPOSE

This note sets out the currency exposure of our financial assets and liabilities. The currency analysis details the amount of financial assets, primarily cash and cash equivalents, and financial liabilities, held in Sterling or other currencies, together with the amounts at floating or fixed interest rates. The maturity analysis provides an indication of repayment phasing for the financial liabilities.

7.2.1 ANALYSIS OF FINANCIAL ASSETS

Short-term trade and other receivables and derivative financial assets are excluded from this analysis, on the basis that they are primarily non-interest bearing and denominated in Sterling.

Currency analysis	**Floating rate £m**	**Non-interest bearing £m**	**Total £m**
Sterling financial assets	1,020	113	1,133
Other financial assets	1	-	1
At 31 January 2026	1,021	113	1,134
Sterling financial assets	969	109	1,078
Other financial assets	-	-	-
At 25 January 2025	969	109	1,078

Floating rate assets are short-term deposits and investments at market rates or the base rate of the relevant currency. Non-interest bearing balances include cash in shops and credit and debit card transactions not yet settled.

7.2.2 ANALYSIS OF FINANCIAL LIABILITIES

Short-term trade payables are excluded from this analysis on the basis that they are all non-interest bearing.

Currency analysis	**Fixed rate £m**	**Floating rate £m**	**Total £m**
All Sterling			
At 31 January 2026	**(2,131)**	**(134)**	**(2,265)**
At 25 January 2025	(2,160)	(138)	(2,298)

Notes to the consolidated financial statements (continued)

8 OTHER NOTES

8.1 SHARE CAPITAL

PURPOSE

Share capital consists of ordinary shares. It is measured as the number of shares issued and fully paid, multiplied by their nominal value.

	2026	2025
	Issued and fully paid £m	Issued and fully paid £m
Equity		
Deferred ordinary shares		
612,000 of £1 each	1	1

The deferred ordinary shares rank in all respects as equity shares except that each share has 1,000 votes in a vote taken on a poll.

The deferred ordinary shares are held by John Lewis Partnership Trust Limited in trust for the benefit of Partners. Ultimate control rests with John Lewis Partnership Trust Limited.

8.2 RELATED PARTY TRANSACTIONS

PURPOSE

Two or more parties are considered to be related if one party has direct or indirect control or significant influence over financial or operating policies of the other party. We have a number of related parties with whom we transact, including the Trustee of the John Lewis Partnership Trust for Pensions, key management personnel and certain related charities. We are required by UK-adopted IFRS to detail the transactions made in the year with related parties to draw attention to the possibility that our financial position and results may have been affected by them. This disclosure allows us to demonstrate that we are transacting fairly with all our related parties.

8.2.1 SUBSIDIARIES AND RELATED UNDERTAKINGS

All transactions between the Partnership and its direct and indirect subsidiaries and related undertakings are eliminated upon consolidation, and therefore do not need to be disclosed separately. A list of subsidiaries and related undertakings within the Partnership is included within note 15. Loans to joint ventures are disclosed in note 3.5.

8.2.2 ARRANGEMENTS WITH PENSION SCHEME TRUSTEE

The Partnership entered into an arrangement with the Trustee of the John Lewis Partnership Trust for Pensions on 30 January 2010. Details of this arrangement are set out in note 6.7.

8.2.3 OTHER TRANSACTIONS

Key management compensation has been disclosed in note 2.8.3.

During the year the Partnership provided administrative support services to charities related to the Partnership. The estimated value of these support services is £0.2m (2025: £0.2m). The Partnership also made donations totalling £2m (2025: £2m) to the John Lewis Partnership Foundation.

8 OTHER NOTES (CONTINUED)

8.3 SUBSEQUENT EVENTS

PURPOSE

Events that take place after the balance sheet date of 31 January 2026 and before the date the financial statements are signed are recorded in this note. In order to be disclosed, these events must be sufficiently material to warrant disclosure.

After 31 January 2026, the Partnership announced plans to modernise the own brand hospitality and Partner Dining Rooms in the majority of our John Lewis shops through partnering with a specialist third party, Benugo. This will see a number of Partners transfer to Benugo, under Transfer of Undertakings Protection of Employment (TUPE) regulations.

After 31 January 2026, the Partnership announced its exit from the Build to Rent activity. See also note 2.5.

COMPANY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET as at 31 January 2026

A financial snapshot of the Company, showing our assets and how they are financed.

Notes		2026 £m	2025 £m
	Current assets		
	Trade and other receivables	**-**	-
	Non-current assets		
11	Investments	**118**	111
	Total assets	**118**	111
	Current liabilities		
	Non-current liabilities		
12	Borrowings	**(104)**	(104)
	Total liabilities	**(104)**	(104)
	Net assets	**14**	7
	Equity		
13	**Share capital**	**1**	1
	Capital redemption reserve	**5**	5
	Retained earnings	**8**	1
	Total equity	**14**	7

The Company's profit for the financial year was £7m (2025: £2m loss).

The financial statements on pages 119 to 124 were approved by the Board of Directors on 27 March 2026 and signed on its behalf by Jason Tarry and Andy Mounsey, Directors, John Lewis Partnership plc.

Jason Tarry and Andy Mounsey
Directors, John Lewis Partnership plc
27 March 2026

Registered number 00238937

The accompanying notes are an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY for the 53 week period ended 31 January 2026

Notes		Share capital £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
	Balance at 27 January 2024	1	5	3	9
10	Loss for the year and total comprehensive income	-	-	(2)	(2)
	Balance at 25 January 2025	1	5	1	7
10	Profit for the year and total comprehensive income	-	-	7	7
	Balance at 31 January 2026	**1**	**5**	**8**	**14**

The accompanying notes are an integral part of the financial statements.

Notes to the Company financial statements

9 ACCOUNTING POLICIES

PURPOSE

John Lewis Partnership plc (the Company) prepares its accounts in compliance with UK-adopted IFRS and in conformity with the requirements of the Companies Act 2006. Below we set out material accounting policies applied by the Company in the current reporting period where they are different, or additional, to those used by the Partnership. The accounting policies are set in line with the requirements of UK-adopted IFRS and there have been no changes in accounting policies during the year other than those set out under 'Amendments to accounting standards' in note 1.1.4 to the Partnership's consolidated financial statements.

Basis of preparation

The separate financial statements of the Company are drawn up in accordance with UK-adopted IFRS and in conformity with the requirements of the Companies Act 2006. The Company's accounting policies are aligned with the Partnership's accounting policies as described in note 1 to the Partnership's consolidated financial statements. Additional accounting policies are noted below.

John Lewis plc settles transactions on behalf of John Lewis Partnership plc for administrative convenience, including amounts in respect of subscription for BonusSave, dividend payments and amounts owed to tax authorities. The settlement of these transactions is reflected in the intercompany loan. As a result, no cash flows through John Lewis Partnership plc and no cash is generated from its operations, so a Company cash flow statement is not required.

Going concern

In determining the appropriate basis of preparation of the financial statements for the 53 week period ended 31 January 2026, the Directors are required to consider whether the Company can continue in operational existence for a period of at least 12 months from the approval of the financial statements.

The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the Company in the context of the trading position of the Company, for the reasons set out in note 1.1.1 to the Partnership's consolidated financial statements. Consequently, the Directors have concluded that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Investment in subsidiary undertakings

The Partnership has a number of investments in subsidiary companies. Investments are valued at cost, less allowances for impairment. Investments are reviewed for evidence of a trigger for potential impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable.

10 PROFIT AND LOSS OF THE COMPANY FOR THE 53 WEEK PERIOD

PURPOSE

The Company is exempt from disclosing a full income statement as allowed by the Companies Act 2006, therefore the profit for the Company for the year is disclosed within this note.

As permitted by Section 408 of the Companies Act 2006, John Lewis Partnership plc has not presented its own income statement or statement of comprehensive income/(expense). The result dealt with in the accounts of the Company amounted to a £7m profit (2025: £2m loss), including a £9m dividend income in the year (2025: £nil). Details of auditor's remuneration are provided in note 2.4 to the Partnership's consolidated financial statements.

Notes to the Company financial statements (continued)

11 INVESTMENTS

PURPOSE

This note sets out the value of the shares owned or amounts loaned to subsidiary companies directly invested in by the Company, which, together with their own subsidiaries, consolidate to form the Partnership.

The Company has the following investments at 31 January 2026:

	Subsidiary		Other	
	Shares in John Lewis plc	Loan to John Lewis plc	Shares in John Lewis Partnership Trust Limited	Total
	£m	£m	£m	£m
At 25 January 2025	11	100	-	111
Movements	-	7	-	7
At 31 January 2026	11	107	-	118

The intercompany loan from the Company to John Lewis plc is non-interest bearing with no specific repayment terms, principally in relation to the Share Investment Plan and other intercompany balances.

12 BORROWINGS

PURPOSE

Borrowings consist of long-term loans from funds managed by John Lewis Partnership Trust Limited in respect of Share Incentive Plan shares, which are allocated to Partners who are entitled to a dividend.

	2026 £m	2025 £m
Non-current:		
Loans from Partnership companies	**(104)**	(104)
	(104)	(104)

Loans from Partnership companies are unsecured, repayable on demand and interest free. There is a corresponding loan receivable from John Lewis plc in respect of the Share Investment Plan shares (see note 11).

Notes to the Company financial statements (continued)

13 SHARE CAPITAL

PURPOSE

Share capital consists of ordinary shares and is measured as the number of shares issued and fully paid multiplied by their nominal value.

	2026	2025
	Issued and fully paid £m	Issued and fully paid £m
Equity		
Deferred ordinary shares		
612,000 of £1 each	1	1

The deferred ordinary shares rank in all respects as equity shares except that each share has 1,000 votes in a vote taken on a poll.

The deferred ordinary shares are held by John Lewis Partnership Trust Limited in trust for the benefit of Partners. Ultimate control rests with John Lewis Partnership Trust Limited.

14 RELATED PARTY TRANSACTIONS

PURPOSE

Two or more parties are considered to be related if one party has direct or indirect control or significant influence over financial or operating policies of the other party. We have a number of related parties with whom we transact, including the Trustee of the John Lewis Partnership Trust for Pensions. We are required by UK-adopted IFRS to detail the transactions made in the year with related parties to draw attention to the possibility that our financial position and results may have been affected by them. This disclosure allows us to demonstrate that we are transacting fairly with all our related parties.

14.1 LOAN TO JOHN LEWIS PLC

The loan to John Lewis plc has been disclosed in note 11.

14.2 OTHER TRANSACTIONS

Arrangements with the Trustee of the John Lewis Partnership Trust for Pensions are disclosed within note 8.2.2 to the Partnership's consolidated financial statements.

Notes to the Company financial statements (continued)

15 SUBSIDIARIES AND RELATED UNDERTAKINGS

The Company has a number of subsidiaries and related undertakings which contribute to the overall profitability of the Partnership. In accordance with section 409 of the Companies Act 2006 and Schedule 4 of The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, a full list of related undertakings, registered office addresses and the percentages of share class owned as at 31 January 2026 are disclosed below.

The Company's two direct 100% owned subsidiaries as at 31 January 2026 were:

Name	Principal activity	Country of incorporation	Class of share	Percentage shareholdings
John Lewis Partnership BTR Limited	Holding company	England & Wales[1]	Ordinary	100%
John Lewis plc	Retailing and corporate services	England & Wales[1]	Ordinary	100%

[1] The address of the registered office is 1 Drummond Gate, Pimlico, London, SW1V 2QQ.

John Lewis Partnership BTR Limited is a holding company set up in connection with our residential property business. See also Note 8.

The whole of the ordinary share capital of the subsidiary undertakings of John Lewis plc and John Lewis Partnership BTR Limited as shown below and on the next page are held within the Partnership. Except where noted, all of these subsidiary undertakings operate wholly or mainly in the United Kingdom.

Subsidiary and related undertakings of John Lewis Partnership BTR Limited:

Name	Principal activity	Country of incorporation	Class of share	Percentage shareholdings
BTR (Operating) Limited	Property management company	England & Wales[1]	Ordinary	100%
John Lewis Partnership BTR (Bromley Development) Limited	Property holding company	England & Wales[1]	Ordinary	100%
John Lewis Partnership BTR (Reading Development) Limited	Property holding company	England & Wales[1]	Ordinary	100%
John Lewis Partnership BTR (West Ealing Development) Limited	Property holding company	England & Wales[1]	Ordinary	100%

[1] The address of the registered office is 1 Drummond Gate, Pimlico, London, SW1V 2QQ.

Notes to the Company financial statements (continued)
15 SUBSIDIARIES AND RELATED UNDERTAKINGS (CONTINUED)

Subsidiary and related undertakings of John Lewis plc:

Name	Principal activity	Country of incorporation	Class of share	Percentage shareholdings
Admiral Park Retail Management Limited	Property holding company	Guernsey[1]	Ordinary[13]	54%
Buy.Com Limited	Dormant	England & Wales[2]	Ordinary	100%
Clicklink Logistics Limited	Joint venture	England & Wales[3]	Ordinary	50%
Dishpatch Limited	Food retailing	England & Wales[2]	Ordinary	100%
Herbert Parkinson Limited	Manufacturing and making up	England & Wales[2]	Ordinary	100%
JLP Insurance Limited	Insurance	Guernsey[4]	Ordinary	100%
JLP Scotland Limited	Non-trading	Scotland[5]	Ordinary	100%
JLP Scottish Limited Partnership[11]	Investment holding undertaking	Scotland[5]	Partnership interest	100%
JLP Scottish Partnership[12]	Investment holding undertaking	Scotland[5]	Partnership interest	100%
John Lewis Car Finance Limited	Car finance	England & Wales[2]	Ordinary	100%
John Lewis Finance Limited	Financial services	England & Wales[2]	Ordinary	100%
John Lewis Hong Kong Limited	Sourcing company	Hong Kong[6]	Ordinary	100%
John Lewis India Private Limited	Sourcing company	India[7]	Ordinary	100%
John Lewis International Limited	International retail	England & Wales[2]	Ordinary	100%
John Lewis Partnership Pensions Trust	Non-trading	England & Wales[2]	Ordinary	100%
John Lewis Properties plc	Property holding company	England & Wales[2]	Ordinary	100%
John Lewis PT Holdings Limited	Holding company	England & Wales[2]	Ordinary	100%
Jonelle Jewellery Limited	Dormant	England & Wales[2]	Ordinary	100%
Jonelle Limited	Dormant	England & Wales[2]	Ordinary[10]	100%
Park One Management Limited	Provision of management services	England & Wales[8]	Ordinary	37%
Peter Jones Limited	Dormant	England & Wales[2]	Ordinary	100%
The Odney Estate Limited	Dormant	England & Wales[2]	Ordinary	100%
Waitrose (Jersey) Limited	Food retailing	Jersey[9]	Ordinary	100%
Waitrose (Guernsey) Limited	Food retailing	Guernsey[1]	Ordinary	100%
Waitrose Limited	Food retailing	England & Wales[2]	Ordinary	100%

[1] The address of the registered office is Redwood House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 1WA.
[2] The address of the registered office is 1 Drummond Gate, Pimlico, London, SWIV 2QQ.
[3] The address of the registered office is Lancaster House, Nunn Mills Road, Northampton NN1 5GE.
[4] The address of the registered office is PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey GY1 4ET.
[5] The address of the registered office is John Lewis & Partners, 60 Leith Street, Edinburgh EH1 3SP.
[6] The address of the registered office is Suite 3201, Jardine House, 1 Connaught Place, Central, Hong Kong.
[7] The address of the registered office is 3rd Floor, Tower B, Signature Towers, South City, Sector - 30, Gurgaon, Haryana 122001, India.
[8] The address of the registered office is Number 22 Mount Ephraim, Tunbridge Wells, Kent TN4 8AS.
[9] The address of the registered office is 3rd Floor, 44 Esplanade, St Helier, Jersey JE4 9WG.
[10] Jonelle Limited has three classes of shares, each with a nominal value of £1.
[11] John Lewis Partnership Pensions Trust and JLP Scotland Limited are the Limited Partners. John Lewis plc is the General Partner.
[12] JLP Scottish Limited Partnership and John Lewis Properties plc are the General Partners.
[13] Admiral Park Retail Management Limited has two classes of shares, each with a nominal value of £1.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

The Directors are responsible for preparing the Annual Report and Partnership and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Partnership and Company financial statements for each financial year. Under that law they have elected to prepare the Partnership and Company financial statements in accordance with UK-adopted international accounting standards (UK-adopted IFRS) and applicable law.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- For the Partnership and Company financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards (UK-adopted IFRS);
- Assess the Partnership and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Partnership or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Partnership's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Jason Tarry
Director, John Lewis Partnership plc
27 March 2026

FIVE YEAR FINANCIAL RECORD for the 53 week period ended 31 January 2026

Income statement	**2026 £m**	2025[1] £m	2024[1] £m	2023[1] £m	2022[1] £m
Revenue					
Waitrose	7,996	7,472	7,137	6,750	6,984
John Lewis	3,727	3,641	3,644	3,784	3,854
	11,723	11,113	10,781	10,534	10,838
Adjusted operating profit					
Waitrose	256	227	105		
John Lewis	58	45	61		
Other Partnership	(72)	(48)	(44)		
	242	224	122		
Operating profit/(loss)	85	196	147	(160)	118
Net finance costs	(106)	(99)	(91)	(74)	(145)
Profit before tax, Partnership Bonus and exceptional items	134	126	42	(78)	181
Exceptional items	(120)	(29)	14	(156)	(162)
Partnership Bonus	(35)	-	-	-	(46)
As a percentage of eligible pay	2%	-	-	-	3%
(Loss)/profit before tax	(21)	97	56	(234)	(27)
Taxation	(22)	(17)	(15)	36	(41)
(Loss)/profit for the financial year	(43)	80	41	(198)	(68)
Number of Partners at financial year end	63,800	66,400	70,500	74,300	78,600
Average number of full-time equivalent employees	46,100	48,100	50,800	53,300	56,000

[1] Prior years are 52 week periods. The current year is a 53 week period.

Balance sheet	**2026 £m**	2025 £m	2024 £m	2023 £m	2022 £m
Non-current assets	4,487	4,485	4,547	4,674	5,362
Current assets	2,147	2,105	2,233	2,026	2,423
Total assets	6,634	6,590	6,780	6,700	7,785
Current liabilities	(2,003)	(1,924)	(2,162)	(1,987)	(2,175)
Non-current liabilities	(2,784)	(2,636)	(2,625)	(2,609)	(2,862)
Total liabilities	(4,787)	(4,560)	(4,787)	(4,596)	(5,037)
Net assets	1,847	2,030	1,993	2,104	2,748
Borrowings	(431)	(434)	(733)	(655)	(815)
Net debt	(1,140)	(1,217)	(1,370)	(1,520)	(1,294)

GLOSSARY

Throughout the Annual Report and Accounts, APMs have been reported. These are presented to provide stakeholders with additional financial information on the performance of the Partnership. These APMs should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

The measures detailed below are not defined by UK-adopted IFRS and therefore may not be directly comparable with other companies' APMs - this includes those in the retail industry.

Debt ratio

The Debt ratio compares our Adjusted net debt to EBITDA. This measure is important as it provides an indication of our ability to repay our debts.

During the year, we revised our Debt ratio calculation, changing the inputs to align with common market practice and to be more relevant in assessing performance. The measure Adjusted net debt has replaced Total net debts and is compared against EBITDA instead of Adjusted cash flow. The impact of these changes are shown in the relevant sections below. There is no impact on the financial statements.

	2026 £m	2025 £m
Adjusted net debt	**(1,155)**	(1,231)
EBITDA	**719**	743
Debt ratio	**1.6x**	1.7x

The Debt ratio as reported under the old calculation for the period ended 25 January 2025 is shown below:

	2025 As reported £m
Total net debts	(1,640)
Adjusted cash flow	616
Debt ratio	2.7x

Adjusted net debt

The Partnership's borrowings and overdrafts, lease liabilities, derivative financial instruments, less any unrestricted cash and cash equivalents, short-term deposits and investments. This measure has been updated to remove the pension deficit and to use the statutory measure of cash and cash equivalents less any restricted cash instead of liquid cash, short-term deposits and investments. Liquid cash excluded cash in transit and other cash floats held in shops.

	2026 £m	2025 £m	2025 As reported £m
Borrowings and overdrafts	**(431)**	(434)	(434)
Derivative financial instruments	**(9)**	3	3
Other liabilities held at amortised cost	**(58)**	(60)	(60)
Lease liabilities	**(1,776)**	(1,804)	(1,804)
Cash and cash equivalents and short term investments	**1,134**	1,078	-
Net debt	**(1,140)**	(1,217)	(2,295)
Restricted cash	**(15)**	(14)	-
Adjusted net debt[1]	**(1,155)**	(1,231)	(2,295)
Pension deficit (after deferred tax)			(296)
Liquid cash, short-term deposits and investments			951
Total net debts			(1,640)

[1] Adjusted net debt has replaced Total net debts in the debt ratio calculation for 2025/26.

GLOSSARY (CONTINUED)

EBITDA

Operating profit before Partnership Bonus, exceptional items, depreciation and amortisation. This measure is important to assess our Debt ratio. This measure has replaced Adjusted cash flow.

	2026 £m	2025 £m	2025 As reported £m
Operating profit	**85**	196	196
add back			
Depreciation, amortisation and write-offs	**479**	518	518
Exceptional items (net)	**120**	29	29
Partnership Bonus	**35**	-	-
EBITDA[1]	**719**	743	743
less			
Lease adjusted interest			(98)
Tax excluding tax on exceptional items			(29)
Adjusted cash flow			616

[1] EBITDA has replaced Adjusted cash flow in the debt ratio calculation for 2025/26.

Profit before tax, Partnership Bonus and exceptional items (PBTBE)

Profit before tax, Partnership Bonus and exceptional items. This measure is important as it allows for a comparison of underlying profit performance.

	2026 £m	2025 £m
Profit before tax, Partnership Bonus and exceptional items	**134**	126
Exceptional items	**(120)**	(29)
Partnership Bonus	**(35)**	-
(Loss)/profit before tax	**(21)**	97

Adjusted operating profit

Adjusted operating profit represents operating profits used to assess the performance of all the Lines of Business of the Partnership and to determine the allocation of resources. It excludes exceptional items, profit or loss on disposal of property, net interest, Partnership Bonus and tax. Refer to note 2.1 for further detail.

2026	**Waitrose £m**	**John Lewis £m**	**Other Partnership £m**	**Partnership £m**
Adjusted Operating Profit/(loss)	**256**	**58**	**(72)**	**242**
Other operating expenses - exceptional items				(120)
Partnership Bonus				(35)
Loss on property disposals				(2)
Operating profit				**85**

2025	**Waitrose £m**	**John Lewis £m**	**Other Partnership £m**	**Partnership £m**
Adjusted Operating Profit/(loss)	**227**	**45**	**(48)**	**224**
Other operating expenses - exceptional items				(29)
Partnership Bonus				-
Profit on property disposals				1
Operating profit				**196**

GLOSSARY (CONTINUED)

Reconciliation of Total trading sales to Revenue

2026	Waitrose £m	John Lewis £m	Partnership £m
Total trading sales	**8,559**	**4,888**	**13,447**
Deduct:			
Value added tax	(478)	(794)	(1,272)
Sale or return and other accounting adjustments	(85)	(367)	(452)
Revenue	**7,996**	**3,727**	**11,723**

2025	Waitrose £m	John Lewis £m	Partnership £m
Total trading sales	**7,997**	**4,763**	**12,760**
Deduct:			
Value added tax	(456)	(773)	(1,229)
Sale or return and other accounting adjustments	(69)	(349)	(418)
Revenue	**7,472**	**3,641**	**11,113**

Reconciliation of Cash to Total liquidity

	2026 £m	2025 £m
Cash and cash equivalents	**940**	925
Short term investments	**194**	153
Undrawn credit facility	**460**	420
Total liquidity	**1,594**	1,498

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LEWIS PARTNERSHIP plc

1. Our opinion is unmodified

We have audited the financial statements of John Lewis Partnership plc ("the Company") for the 53 week period ended 31 January 2026 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, Company balance sheet, Company statement of changes in equity and the related notes, including the accounting policies in note 1 of the consolidated financial statements of the group (also termed as "the Partnership") and the accounting policies in note 9 of the Company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 January 2026 and of the Group's loss for the 53 week period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. Our audit opinion is consistent with our report to the Audit and Risk Committee. We have fulfilled our ethical responsibilities under, and we are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, unchanged from 2025, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, our findings ("our results") from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Recoverability of store CGUs (Cash Generating Units)

- Property, plant and equipment – specific CGUs within the overall balance of £2,809m (2025: £2,766m)
- Right-of-use assets – specific CGUs within the overall balance of £1,267m (2025: £1,260m)

Our assessment of the risk is that it has reduced since the prior year.

Refer to pages 80-81 (accounting policies), and pages 82-86 (financial disclosures).

The risk	*Our response*
Forecast-based assessment Under IAS 36 'Impairment of Assets', the Group is required to complete an impairment review of its store CGUs where there are indicators of impairment or impairment reversal. Judgement is required in identifying indicators of impairment charges or reversals and estimation is required in determining the recoverable amount of the Group's store portfolio. The Group has significant property, plant and equipment (PPE) and right-of-use assets (ROUAs) on the consolidated balance sheet. In the period, a net impairment reversal of £3m was recognised in relation to store CGUs of the John Lewis and Waitrose operating segments. There is a risk that the carrying value of store CGUs may be higher than their recoverable amounts. Where there is an indicator of impairment and a review for impairment is conducted, the recoverable amount is determined based on the higher of 'value-in use' (VIU) or 'fair value less costs of disposal'. The recoverable amount is calculated at a CGU level, and individual stores are considered to be individual CGUs. The recoverable amount of a CGU relies on a number of assumptions, most notably short-term sales growth and gross profit margin, both of which involve a high degree of estimation uncertainty.	**Our procedures included:** **Methodology choice:** We evaluated the methodology, completeness and accuracy of the Group's impairment triggers using our knowledge of the Group, its operating environment, our industry knowledge of current market conditions and other information obtained during the audit. **Model principles and reperformance:** We tested the design, completeness and accuracy of the VIU model against the requirements of the accounting standard and involved our Data Analytics specialists to reperform the Group's VIU calculations. **Methodology assessment:** We assessed the reasonableness of the methodology for allocation of online revenue and related cost to John Lewis CGUs, using our understanding of market practice and changes in customer purchasing behaviours. **Control operation:** We engaged our IT Audit specialists to evaluate the design and implementation, and operating effectiveness of relevant IT controls used in deriving elements of the online sales allocation rates for CGUs within the John Lewis operating segment. **Our sector experience:** We evaluated assumptions used by the Group, in particular those relating to forecast revenue growth and profit margins.

The risk	*Our response*
Auditor judgement is also required to assess whether the financial statement disclosures in note 3.2 over the sensitivities estimated by the Group for these assumptions, as well as for other assumptions such as central costs allocation, is acceptable. The effect of these matters is that, as part of our risk assessment, we determined that the recoverability of store CGUs would be an area that has the greatest effect on the allocation of auditor resources and directing the efforts of the engagement team, whilst the carrying value of John Lewis store CGUs had a higher degree of estimation uncertainty compared to Waitrose. The potential range of reasonable outcomes is also greater than our materiality for the financial statements as a whole. The financial statements (note 3.2) disclose the sensitivity estimated by the Partnership for the John Lewis store CGUs.	**Benchmarking assumptions:** We compared the Directors' key assumptions to externally derived data. We engaged our macro-economic specialists to provide historical and forecast benchmark data for growth in the sectors the Group operates. We compared the Directors' forecasts to our own, after adjustments for the Group's relative historic performance against the sectors more broadly. We critically assessed the Directors' key assumptions relating to forecast profit margins against historical performance and assessed the reasonableness of margin improvement plans. **Sensitivity analysis**: We performed sensitivity analysis to stress-test the impairment calculation to changes in key assumptions and critical judgments for triggered CGUs to assess their impact on the recoverability of the store CGUs. **Assessing transparency:** We assessed the Group's disclosures in respect of impairment, including the sensitivity disclosures for changes in the key assumptions. We performed the tests above rather than seeking to rely on further controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results:** We found the carrying amount of store CGUs and the related impairment charge and disclosure to be acceptable (2025: acceptable).

Defined benefit pension schemes

Net defined benefit liability of £560m (2025: £363m)

- Gross defined benefit liability of £3,883m (2025: £3,847m)
- Level 3 assets of £907m (2025: £1,232m)

Our assessment of the risk is that it has remained unchanged.

Refer to page 102 (accounting policies), and pages 103-112 (financial disclosures).

The risk	*Our response*
Subjective valuation A significant level of estimation is required in order to determine the valuation of the gross defined benefit liability. Small changes in the key assumptions (in particular, discount rates, inflation and mortality rates) can have a material impact on the carrying amount. In addition, within the pension asset portfolio there are a number of assets whose valuation requires significant judgement as a result of quoted prices being unavailable (Level 3 assets). Certain of these include assets for which a net asset valuation ('NAV') as at the period-end date is not readily available, and therefore additional audit procedures are necessary given the nature of the valuation. Level 3 asset holdings together represented £907m (2025: £1,232m). The effect of these matters is that, as part of our risk assessment, we determined that the valuation placed on the net defined benefit liability carries a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 6.6) disclose the sensitivity estimated by the Partnership for the gross defined benefit liability.	**Our procedures over the gross defined benefit liability included:** **Assessing assumptions:** We used our actuarial specialists to challenge the key assumptions used to estimate the defined benefit obligation (in particular, the discount rate, inflation and mortality rates). This involved comparing the assumption to available market data and our expectations based on the scheme profile. **Assessing base data:** We assessed whether the data used in the current year defined benefit obligation valuation is consistent with that prepared at the preliminary funding valuation as at 31 March 2025. We used our actuarial specialists to challenge the methodology used to roll-forward the results of the preliminary funding valuation as at 31 March 2025. **Our procedures over Level 3 assets included:** **Tests of details:** We assessed historical accuracy of valuations for a sample of assets to help inform whether current valuations were appropriate. Additionally, we obtained direct confirmations from third party fund managers to support the valuation of assets stated in the financial statements. **Methodology choice:** We assessed the valuation methodologies used with reference to the International Private Equity and Venture Capital Valuation guidance (IPEV) for private equity funds. For private credit and infrastructure funds we assessed the valuation methodologies

The risk	*Our response*
	adopted for fair value principles consistent with the accounting framework. **Our procedures over disclosures included:** **Assessing transparency:** We considered the adequacy of the Group's disclosures in respect of the sensitivity of the defined benefit obligation to these assumptions and disclosure of estimation uncertainty over the valuation of level 3 pension assets. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balances is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results:** We found the valuation of the Gross defined benefit liability and valuation of Level 3 assets to be acceptable (2025: acceptable).

Recoverability of parent Company's investment in subsidiary

- Investment of £118m (2025: £111m)

Our assessment of the risk is that it is consistent with the prior year.

Refer to page 121 (accounting policies and financial disclosures).

The risk	*Our response*
Low risk, high value The carrying value of the parent Company's investment in subsidiary balance amounts to £118m (2025: £111m). The recoverability of the balance is not at a high risk of significant misstatement or subject to significant judgment. However, due to the materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effort on our overall parent Company audit.	**Our procedures included:** **Test of details:** We compared the carrying value of the investment in subsidiary with the net assets of the relevant subsidiary included within the Group consolidation, to identify whether the net asset values of the subsidiary, being an approximation of its minimum recoverable amount, were in excess of the carrying amount. **Assessing subsidiary audit:** We assessed the work performed over its subsidiary and considered the results of the work on the subsidiary's profit and net assets. We performed the tests above rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to audit evidence primarily through the detailed procedures described. **Our results** We found that the Company's conclusion that there is no impairment of its investment in subsidiary to be acceptable (2025: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Our application of materiality

Materiality for the Group financial statements as a whole was set at £30.0m (2025: £28.0m), determined with reference to a benchmark of Group revenue as disclosed in note 2.2, of which it represents 0.26% (2025: 0.25%). We consider total revenue to be the most appropriate benchmark as it provides a more stable measure year on year than profit before tax.

Materiality for the parent Company financial statements as a whole was set at £3.6m (2025: £3.4m), determined with reference to a benchmark of Company total assets, of which it represents 3.05% (2025:3.10%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2024: 75%) of materiality for the financial statements as a whole, which equates to £22.5m (2025: £21m) for the Group and £2.7m (2025: £2.6m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements

exceeding £1.5m (2025: £1.4m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 25 components, having considered our evaluation of the Group's legal and operational structure, existence of common information systems and level of controls as at the aggregated legal entity level, and our ability to perform audit procedures centrally.

Of those, we identified two quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Accordingly, we performed audit procedures on two components, of which we involved component auditors in performing the audit work on one component. We also performed the audit of the parent Company.

The Group auditor instructed the component auditor as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back.

We set the component materialities, ranging from £3.6m to £20.4m, having regard to the mix of size and risk profile of the Group across the components.

Certain areas within the financial reporting process, including the consolidation process and management override of controls, entity-level controls, intercompany transactions, assessment of applicable laws and regulations, related party balances, derivatives, tax, payroll and provisions were performed at group level.

Our audit procedures covered 98% of group total revenue. We performed audit procedures in relation to components and consolidation adjustments that overall accounted for 97% of the total profit and losses that make up group profit before tax (PBT) and the debits and credits that make up 95% of the group total assets.

For the remaining components for which we performed no audit procedures, no component represented more than 1% of Group total revenue or Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meetings with the component auditor to discuss Group audit risks relevant to the component, including the key audit matter in respect of recoverability of store CGUs.

We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed, with a particular focus on work related to recoverability of store CGUs.

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

4. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's and company's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1.1.1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the Audit and Risk Committee, internal audit, legal counsel, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board, Audit and Risk Committee, Nomination Committee and Remuneration Committee minutes;
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team including the component auditor and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited perceived pressure on management to achieve an expected revenue target, no indicators that management possess the attitude, character or ethical values which would cause them to knowingly commit a dishonest act, and limited opportunity to commit fraud.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test at the Group level and for selected components based on risk criteria relevant to the Group and comparing the identified entries to supporting documentation. These included journal entries posted or approved by irregular users, posted by senior leadership team, or posted and approved by the same user.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group auditor to the component auditor of relevant laws and regulations identified at the Group level, and a request for the component auditor to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, pensions legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines, litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: groceries supply code of practice (GSCOP), consumer rights, health and safety, general data protection regulation (GDPR), anti-bribery and money laundering, employment law and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing

non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 125, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Lourens de Villiers

(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square, London, E14 SGL
27 March 2026

GENERAL INFORMATION

John Lewis Partnership plc is a public company limited by shares, incorporated and registered in England & Wales under company number 00238937.

INDEPENDENT AUDITOR
KPMG LLP

REGISTERED OFFICE
John Lewis Partnership plc, 1 Drummond Gate, Pimlico, London, SW1V 2QQ.

PREFERENCE SHARES
Any remaining queries relating to the Preference Shares previously in issue (which were cancelled in November 2016) should be directed to the Company Secretariat, John Lewis Partnership plc, 1 Drummond Gate, Pimlico, London, SW1V 2QQ.

MORE INFORMATION
For more information about the John Lewis Partnership please visit:
www.johnlewispartnership.co.uk
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CONTACT INFORMATION
You are invited to contact us with your enquiry or comments. To enable us to respond to your enquiry as quickly as possible, please use the 'Contact us' section on the John Lewis Partnership website.