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**Photographs:** <http://www.nextplc.co.uk/media/image-gallery/campaign-images>

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## Trading Statement – 6 May 2021

### HEADLINES

- Full price sales in the thirteen weeks to 1 May were down -1.5% on two<sup>1</sup> years ago. Our previous central guidance assumed that Q1 would be down -10% and we have beaten this Q1 forecast by £75m.
- We have increased our central guidance for full year profit before tax by +£20m to £720m<sup>2</sup>.
- This profit upgrade accounts for the £75m sales over-achievement in Q1. We have not raised our sales guidance for the rest of the year, which remains at +3% against two years ago.

### FULL PRICE SALES PERFORMANCE BY BUSINESS CHANNEL

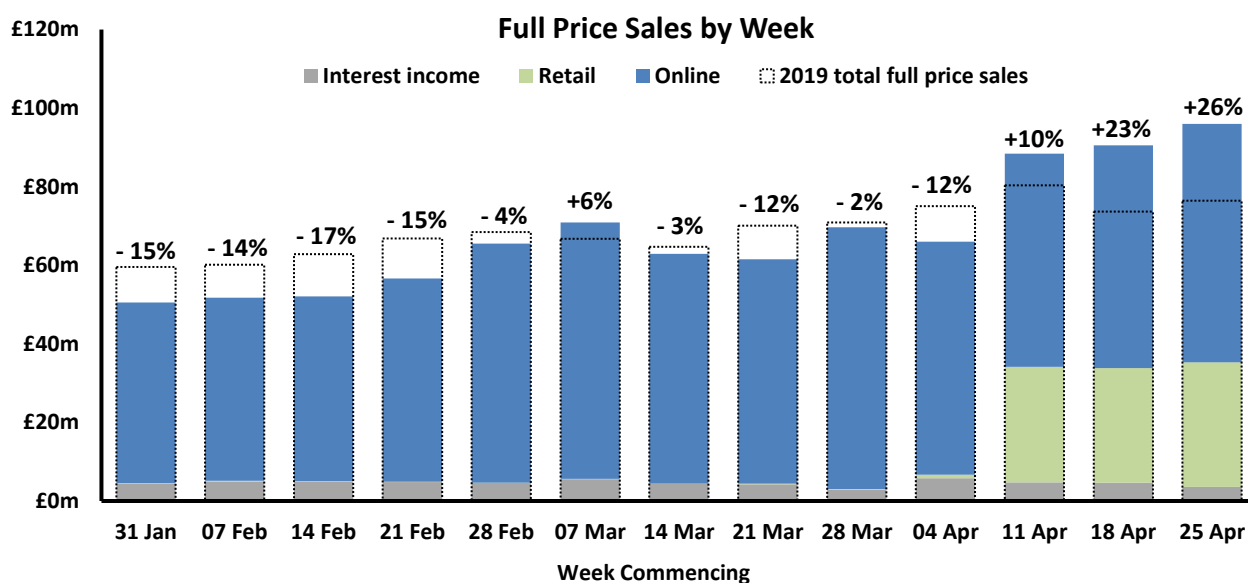
Full price sales (VAT exclusive) versus 2019	Thirteen weeks to 1 May
Online NEXT UK	+63%
Online LABEL UK	+71%
Online Overseas	+67%
<b>Total Online</b>	<b>+65%</b>
Retail (UK and Ireland)	- 76%
<b>Total Product full price sales</b>	<b>- 0.6%</b>
Finance interest income	- 12%
<b>Total full price sales including interest income</b>	<b>- 1.5%</b>

<sup>1</sup> Sales comparisons in this Trading Statement are given relative to two years ago (2019/20) as we believe this is more meaningful than comparing with 2020/21, which was affected by COVID.

<sup>2</sup> Profit before tax estimates presented in this document exclude the impact of IFRS 16 Leases.

## Full Price Sales by Week

The chart below shows full price sales by week and by sales channel. Finance interest income is shown in grey, Retail sales in green and Online product sales in blue. The dotted black line shows the total full price sales for 2019. The percentage variance against two years ago is shown at the top of each bar. Almost all of our Retail stores were closed for the first ten weeks of the quarter with the majority reopening on 12 April. The strong sales growth we have experienced in the last three weeks is due to pent-up demand built up over the last three months and is very unlikely to be indicative of demand for the rest of the year.



### Product Full Price Sales Performance - Analysis and Explanation

Overall full price product sales (excluding interest income) were only down -0.6% despite the ten-week closure of our Retail stores. The number makes it appear as if almost all the sales we lost in stores were simply transferred Online. This was not the case. In fact, very few of the Retail sales lost on adult clothing were recovered Online.

In reality, it was the growth in Online sales of NEXT Homeware, third-party brands (through LABEL) and NEXT Childrenswear, along with increasing sales Overseas, that served to make up for the sales we lost in our stores. The performance by category is clearly explained in the table below, which sets out the variance in total full price sales (i.e. Retail and Online added together) by product category and geography.

Total full price sales by product category (Retail and Online added together)	Full price sales % versus 2019	Full price sales £m versus 2019
UK NEXT-branded Adult clothing	- 46%	- £150m
UK NEXT-branded Childrenswear	+2%	+£3m
UK NEXT-branded Home	+12%	+£17m
<b>UK NEXT brand</b>	<b>- 22%</b>	<b>- £130m</b>
UK LABEL third-party brands (including Lipsy sold in stores)	+67%	+£64m
<b>TOTAL UK full price sales</b>	<b>- 9%</b>	<b>- £66m</b>
Overseas Online	+67%	+£77m
Overseas Retail (Republic of Ireland)	- 100%	- £16m
<b>Total full price product sales</b>	<b>- 0.6%</b>	<b>- £5m</b>

### **Post Lockdown Sales in Retail and Online**

In the last three weeks sales have been exceptionally strong and, versus two years ago, total full price sales were up +19%. In that period, full price sales in like-for-like Retail stores were up +2% and Online sales were up +52%.

### **Sales Expectations for the Rest of the Year**

Evidence from last year suggests that this post lockdown surge will be short lived, and we expect sales to settle back down to our guidance levels within the next few weeks. We are therefore maintaining our sales guidance for full price sales for the rest of the year to be up +3% versus 2019. Within this guidance, we have maintained the assumption that Retail will be down -20% and Online will be up +24%<sup>3</sup>.

### **Finance Interest Income**

Interest income was down -12% in Q1 and in line with our expectations. We are maintaining our forecast for the full year to be down -8%. The reduction in interest income is due to the lower customer receivables balance, which reduced last year during the pandemic as a result of lower credit sales and strong payments. Full details of the Finance business outlook were given in the Full Year Results issued on 1 April.

## **FULL PRICE SALES AND PROFIT GUIDANCE**

Full price sales to date have been £75m better than expected, adding around £20m of additional profit to our forecast. We are therefore increasing our central guidance for profit before tax from £700m to £720m. Our revised central, upside and downside scenarios for full price sales and profit before tax are set out below.

	<b>Downside scenario</b>	<b>Central scenario</b>	<b>Upside scenario</b>
Q1 full price sales versus 2019/20	- 1.5%	- 1.5%	- 1.5%
<b>Rest of year</b> full price sales versus 2019/20	+0.0%	+3.0%	+7.0%
<b>Full year</b> full price sales versus 2019/20	- 0.4%	+1.9%	+5.0%
<b>Profit before tax</b>	<b>£680m</b>	<b>£720m</b>	<b>£755m</b>
Profit before tax versus 2019/20	- 6.7%	- 1.2%	+3.6%

## **SECOND QUARTER TRADING STATEMENT**

Our next sales update will cover the first 26 weeks of the year to 31 July 2021, and is scheduled for Wednesday 4 August 2021.

<sup>3</sup> In the guidance issued with our Full Year Results on 1 April we forecast Online full price sales for the full year to be up +31%. This guidance assumed Q1 would be up +52% and the rest of the year would be up +24%.

#### Forward Looking Statements

Certain statements in this Trading Update are forward looking statements. These statements may contain the words “anticipate”, “believe”, “intend”, “aim”, “expects”, “will”, or words of similar meaning. By their nature, forward looking statements involve risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. As such, undue reliance should not be placed on forward looking statements. Except as required by applicable law or regulation, NEXT plc disclaims any obligation or undertaking to update these statements to reflect events occurring after the date these statements were published.