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UNSCHEDULED TRADING UPDATE - 19 JUNE 2023

HEADLINES

- Trading in the last seven weeks has been materially better than the guidance we issued in May and we are updating the market accordingly.
- Full price sales¹ in the first seven weeks of the second quarter were up **+9.3%** versus last year. This compares to our guidance of **-5%**. In the period, we have beaten our full price sales estimates by £93m.
- We are upgrading our full price sales guidance for the full year by £137m and our full year profit guidance by **£40m to £835m**.

REASONS FOR IMPROVED PERFORMANCE

We believe the reasons for the over-performance are as follows:

1. **The change in weather.** The onset of warmer weather has made a significant difference to our performance, particularly coming after a wet and cold April.
2. In an inflationary environment, **annual salary increases** deliver a significant uplift in real household income at the time they are awarded. For example, during April annual inflation² was running at 8.7% and monthly inflation was 1.2%; if an individual received a pay rise of 5.0%, then their real income would have risen by 3.8% *in that month*. We do not think it is a coincidence that sales stepped forward so markedly at a time of year when many organisations make their annual pay awards.

OUTLOOK FOR THE REST OF THE YEAR

If recent pay rises and the sudden change in weather have indeed contributed to the current over-performance, then it is reasonable to expect that the effect will diminish over time because ongoing inflation will slowly erode the positive effect of annual pay increases. This is why we are not anticipating the current performance to continue at the same level going forward, albeit we have moderately improved our guidance for the rest of the year (see guidance below).

¹ Full price sales are VAT exclusive sales (including the value of commission based sales), less items sold in Sale events and Clearance. They do **not** include sales from Joules and Total Platform. Full price sales are not statutory sales.

² Source: Office of National Statistics, Consumer Prices Index (CPI) published 24 May 2023.

GUIDANCE FOR FULL PRICE SALES AND PROFIT BEFORE TAX

Our new guidance is set out in the tables below, alongside the previous guidance we gave in our Q1 Trading Statement on 4 May 2023.

Revised full price sales guidance for the rest of the year and full year

Full price sales versus last year	Actuals and new guidance versus last year	Previous guidance versus last year
Q1 (actual for reference)	- 0.7%	- 0.7%
Q2 actuals to date (7 weeks)	+9.3%	- 5.0%
Year to date (actuals)	+3.0%	- 2.4% ³
Rest of year guidance	+0.5%	- 1.1% ⁴
Full year guidance	+1.4%	- 1.5%

Revised sales and profit guidance for the full year

This revised guidance increases our full price sales for the full year by £137m (of which £93m has already been achieved). Profit before tax for the full year is now expected to be £835m, which is £40m higher than our previous guidance.

Full year guidance	New guidance	Versus last year	Previous guidance	Versus last year
Full price sales	£4.67bn	+1.4%	£4.53bn	- 1.5%
NEXT Profit before tax	£835m	- 4.1%	£795m	- 8.7%

SECOND QUARTER TRADING STATEMENT

Our next sales update will cover the first 26 weeks of the year to 29 July 2023 and is scheduled for Thursday 3 August 2023.

Regulatory Information

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.

This announcement contains Inside Information as defined in Article 7 of the Market Abuse Regulation.

³ Previous guidance of -2.4% is the combination of Q1 actuals of -0.7% and Q2 guidance of -5%, as given in our Q1 Trading Statement.

⁴ Previous guidance of -1.1% is the combination of Q2 guidance of -5% and H2 guidance of -0.2%, as given in our Q1 Trading Statement.