

NEXT

Trading Statement – 1 August 2024

HEADLINES

- In the **second quarter** full price sales¹ were up **+3.2%** versus last year, exceeding our expectations by £42m. Given the exceptional summer last year, we had forecasted that Q2 would be down -0.3%.
- In the **first half** (H1), full price sales were up **+4.4%** versus last year. Our guidance for this period was to be up +2.5%.
- **Total Group sales**², including markdown, subsidiaries and investments, in H1 were up **+8.0%**.
- We have increased our **profit guidance** for the full year by +£20m to **£980m**, up +6.7% versus last year. The profit improvement came from additional sales (£11m) and cost savings (£9m), mainly in logistics.

SALES PERFORMANCE

The weather last summer was exceptionally favourable for clothing retailers, so we had planned for full price sales to be down -0.3% in the second quarter this year. Our full price sales in the UK (Online and Retail combined) were only slightly ahead of our expectations, up +0.4%; Overseas sales online were much better than expected, and were up +21.9%.

Group sales, which includes sales in our subsidiaries, were up +8.0% in the first half. The additional growth in Group sales came from the acquisition of FatFace and an increase in our shareholding in Reiss, both of which occurred in Q3 last year.

Full price sales performance versus last year, by business division, is set out below for the second quarter and the first half.

Full price sales by division versus last year	Q2: 13 weeks to 27 July	First half: 26 weeks to 27 July
Online NEXT UK	+0.6%	+2.2%
Online LABEL UK	+7.9%	+4.8%
Online Overseas	+21.9%	+22.8%
Total Online	+8.1%	+8.4%
Retail	- 4.7%	- 2.6%
Total Product full price sales	+3.2%	+4.3%
NEXT Finance interest income	+3.3%	+4.9%
Total NEXT full price sales	+3.2%	+4.4%
Total Group sales		+8.0%

¹ Full price sales include all items sold in NEXT Retail, NEXT Online including third-party brands, and NEXT Finance interest income, but excludes Sale events, Clearance, Total Platform commission and subsidiaries' sales.

² Total Group sales are the sum of total sales (full price and markdown) from all of the Group's divisions plus revenue from subsidiary companies. Subsidiaries' turnover is calculated using our share of our subsidiaries' turnover. For example, we own 74% of Joules so we include 74% of their sales in our top line.

END-OF-SEASON SALE

Last year's surplus stock was particularly low, and was down -22% on the previous year. This year we returned to more normal levels of surplus and, as planned, went into Sale with surplus stock up +21% on last year (down -5% on two years ago). Clearance rates are in line with our internal forecasts.

FULL PRICE SALES FOR THE REST OF THE YEAR

We are maintaining our guidance for full price sales in the second half to be up +2.5% versus last year. This might seem cautious when compared with the performance in the first half, which was up +4.4%. However, when compared to *two years ago*, growth in the first half and the forecast for the second half are almost identical. The table below shows our forecast growth for both halves of the year compared to last year and two years ago.

Full price sales guidance	Versus last year	Versus 2 years
First half (actual)	+4.4%	+7.7%
Second half (forecast)	+2.5%	+7.3%
Full year (forecast)	+3.4%	+7.5%

GUIDANCE FOR SALES, PROFIT AND EARNINGS PER SHARE

Our revised guidance for sales and profit³ for the full year is summarised below.

Guidance for the full year 2024/25	Full year £ (e)	% Versus 2023/24
Full price sales	£4.9bn	+3.4%
Total Group sales inc. markdown, subsidiaries and investments	£6.2bn	+6.0%
NEXT Group profit before tax	£980m	+6.7%
Pre-tax EPS	818.8p	+8.1%
Post-tax EPS	616.5p	+6.5%

Total Group sales for the full year are expected to be up +6.0% on last year, which is +2.6% higher than our expected growth in NEXT Trading full price sales of +3.4%. The difference is the result of acquisitions completed during last year. We acquired 97% of FatFace in October 2023 and increased our equity share in Reiss from 51% to 72% in September 2023.

INTERIM RESULTS

We are scheduled to announce our results for the first half of the year on Thursday 19 September 2024.

³ NEXT Group profit before tax excludes: (1) the cost of brand amortisation, (2) the profit attributable to shares that we do not own in subsidiary companies, and (3) an exceptional, non-cash, loss relating to the closure of our defined benefit pension scheme.

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.

Date: Embargoed until 07:00 hrs, Thursday 1 August 2024

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