

Date: Embargoed until 07:00 hrs, Thursday 4 May 2023
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Photographs: <https://www.nextplc.co.uk/media/image-gallery/campaign-images>

NEXT

First Quarter Trading Statement – 4 May 2023

HEADLINES

- In the thirteen weeks to 29 April full price sales¹ were down **-0.7%** versus last year, moderately ahead of our guidance for this period, which was to be down -2%.
- We are maintaining our sales and profit guidance for the full year, with profit before tax forecast to be **£795m** and Earnings Per Share (EPS) of **501.9p**.

SALES PERFORMANCE

Full Price Sales Performance by Business Division

Full price sales performance by business division, versus last year is set out below.

Full price sales by division		13 weeks to 29 April 2023/24 vs 2022/23
Online		- 1.6%
Retail		- 0.6%
Total Product full price sales		- 1.2%
Finance interest income		+7.4%
Total full price sales inc. interest income		- 0.7%

Total Trading Sales Including Markdown and Clearance Sales

Total Trading sales², including markdown³ and Clearance sales⁴, were up +1.2% versus last year, this was driven by higher Clearance sales. Last year we had very little Clearance stock available, as a result of stock shortages in the run up to Christmas 2021. This year, Clearance stock levels have returned to normal and are commensurate with pre-COVID levels.

¹ Full price sales are VAT exclusive sales (including the full value of commission based sales), less items sold in Sale events and Clearance. They also exclude Joules sales and sales through Total Platform. Full price sales are not statutory sales.

² Total Trading sales exclude sales through Total Platform and Joules. Trading sales are not statutory sales.

³ Markdown sales are those attributed to our main Sale events (mid-season and end-of-season Sales).

⁴ Clearance sales are those attributed to previous seasons' stock, sold through our Online Clearance tab and Clearance Outlet stores.

GUIDANCE FOR FULL PRICE SALES, PROFIT AND EARNINGS PER SHARE

Our guidance for full price sales and profit before tax remains unchanged from that given in our Year End Results in March. For clarity, our guidance is set out below.

Full Price Sales Guidance

Although our first quarter performance moderately exceeded our sales guidance, we believe it is too early in the year to alter our overall sales expectations for either the half or full year. To maintain our first half forecast, we have moderated our sales forecast for the second quarter, which is now planned to be -5% down on last year (previous guidance was -4%). This adjustment seems reasonable, as some of the first quarter's success, particularly in holiday clothing sales leading up to Easter, might have been pulled forward from the second quarter.

Shareholders might wonder why we are so cautious for sales in Q2. As we explained in March, the second quarter last year benefited from unusually warm weather *and* pent-up demand for events such as weddings, proms etc.

The table below sets out our guidance compared to last year and *four years ago*. As can be seen, the four year comparison looks sensible, at +18.7% for both halves of the year.

Full price sales guidance for 2023/24	Versus last year	Four year variance versus 2019/20 ⁵
First half (e)	- 3.0%	+18.7%
Second half (e)	- 0.2%	+18.7%
Full year guidance	- 1.5%	+18.7%

NEXT Profit and EPS Full Year Guidance

The table below sets out our unchanged guidance for the full year.

NEXT Profit and EPS guidance	Full year guidance	Versus last year
NEXT Profit before tax	£795m	- 8.7%
Pre-tax EPS	656.1p	- 6.4%
Post-tax EPS	501.9p	- 12.5%

CASH FLOW, SHAREHOLDER DISTRIBUTIONS AND INVESTMENTS

We are maintaining our guidance for £220m of surplus cash generation (after interest, tax, capital expenditure and ordinary dividends). It remains our intention that surplus cash will be (1) returned to shareholders through share buybacks or (2) invested in equity stakes in potential Total Platform clients. In the first quarter we purchased £55m of shares at an average price of £67.52 and spent £8.5m acquiring the brand name, domain names and intellectual property of Cath Kidston.

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.

⁵ Analysts' note: Over the last two years we compared sales against the year commencing **2 February 2019** in order to account for the 53-week year in 2020/21. When comparing *this year*, which commenced **29 January 2023**, against 2019/20 we are comparing against the year commencing **27 January 2019**, to account for the calendar drift that has occurred over the last four years.

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.