

Issued: 8 January 2021

MARKS AND SPENCER GROUP PLC
CHRISTMAS 2020/2021 TRADING STATEMENT
13 WEEKS TO 26 DECEMBER 2020

‘Continued robust trading performance in the face of volatile Covid headwinds’

| Third quarter revenue, constant currency | £m | Total Q3 revenue by period | | | | |
|---|--------------|----------------------------|---------------------|-------------------------|----------------------------------|-----------------------|
| | | Total Q3 | Like-for-like Q3 | Pre-Nov Restrictions | Nov ¹ Restrictions | December ¹ |
| Total UK | 2,529 | -8.2% | -7.6% | -3.6% | -19.5% | -3.6% |
| Food | 1,742 | 2.2% | 2.6% | 5.0% | -4.5% | 4.4% |
| Clothing & Home ² | 787 | -25.1% | -24.1% | -16.8% | -40.5% | -19.4% |
| International | 239 | -10.4% | | | | |
| Group | 2,768 | -8.4% | | | | |
| Memo – Clothing & Home Online | 353 | 47.5% | | 35.6% | 62.2% | 47.0% |

1. November restrictions - lockdown in England from 5 November - 1 December

2. There was an estimated 0.8% adverse impact on C&H revenue, as a result of the planned closure of operations on 26 December and the shift in the reporting calendar

Steve Rowe, Chief Executive said:

“Given the on-off restrictions and distortions in demand patterns our trading was robust over the Christmas period. More importantly beneath the Covid clouds we saw a very strong performance from the Food business including Ocado Retail and a further acceleration of Clothing & Home online. I want to thank all my colleagues for a first-class execution of Christmas for our customers in near impossible conditions.

Near term trading remains very challenging but we are continuing to accelerate change under our Never the Same Again programme to ensure the business emerges from the pandemic in very different shape.”

- Food LFL sales increased 2.6%, with LFL ex-hospitality up 5.7%. On a comparative basis this performance was even stronger given reduced food-on-the-move sales and lower footfall in town and city centres. During the four-week lead up to Christmas, customers responded to our innovative seasonal product, and LFL sales ex-hospitality and franchise grew by 8.7% with large retail park and Simply Food stores significantly outperforming. Operating changes including the Vangarde supply chain programme and investment in store technology resulted in stronger service and reduced waste. On top of this Ocado Retail further sustained its recent positive performance with the participation of M&S products remaining strong.

- In Clothing & Home good progress in repositioning ranges and shape of buy was concealed by the continuing restrictions and demand distortions: revenue decreased 25.1% reflecting an in-store sales decline of 46.5%, partly offset by strong online sales growth of 47.5%. The sales mix remained heavily biased to Covid influenced product such as sleepwear and leisurewear. As we shift to trusted value many blanket promotions were removed, and the ratio of full price sales improved with full price sales declining a more modest 4.8% and online orders more than doubling. As a result, the stock position as we entered the latest lockdown was strong. The online business, now under the MS2 umbrella, performed well with fulfilment from both Castle Donington and BOSS (our ship from store system) helping to increase volume and release the pressure on store stock.
- International revenue decreased 10.4% impacted by changing restrictions across the globe. Targeted actions helped to support the doubling of online sales and in our owned markets trading trends improved. Near-term franchise performance continues to be impacted by the changes in partner stock requirements as a result of the pandemic.
- In the period we issued a £300m bond maturing in 2026 and repurchased £136m of bonds expiring in December 2021, further strengthening the group's debt and liquidity profile.
- The free trade agreement with the EU means we will not incur tariffs on our core UK sales. However potential tariffs on part of our range exported to the EU, together with very complex administrative processes, will significantly impact our businesses in Ireland, the Czech Republic and our franchise business in France which we are actively working to mitigate.
- The announcement of an effective UK wide lockdown, potentially enduring until Easter will impact store sales and we are continuing to actively manage our Clothing & Home stock and our store cost base accordingly.

We will report full year results for the 53 weeks ended 3 April 2021 on 26 May 2021. The inclusion of a 53rd week of trading is not expected to make a material contribution to group performance. Results will be presented on a comparable 52 week basis.

- Ends -

Statements made in this announcement that look forward in time or that express management's beliefs, expectations or estimates regarding future occurrences and prospects are "forward-looking statements" within the meaning of the United States federal securities laws. These forward-looking statements reflect Marks & Spencer's current expectations concerning future events and actual results may differ materially from current expectations or historical results. Any forward-looking statements are subject to various risks and uncertainties, including, but not limited to, failure by Marks & Spencer to predict accurately customer preferences; decline in the demand for products offered by Marks & Spencer; competitive influences; changes in levels of store traffic or consumer spending habits; effectiveness of Marks & Spencer's brand awareness and marketing programmes; general economic conditions including, but not limited to, those related to the Covid-19 pandemic or a downturn in the retail or financial services industries; acts of war or terrorism worldwide; work stoppages, slowdowns or

strikes; and changes in financial and equity markets. For further information regarding risks to Marks & Spencer's business, please consult the risk management section of the 2020 Annual Report (pages 33-42).

The forward-looking statements contained in this document speak only as of the date of this announcement, and Marks & Spencer does not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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