

Issued: 13 January 2022

MARKS AND SPENCER GROUP PLC CHRISTMAS 2021/2022 TRADING STATEMENT 13 WEEKS TO 1 JANUARY 2022

M&S SUSTAINS STRONG PERFORMANCE THROUGH THE CHRISTMAS PERIOD

Third quarter sales, constant currency	£m	Change vs 20/21 %	Change vs 19/20 %
Food	1,915	10.0	12.4
Clothing & Home	1,084	37.7	3.2
Total UK	2,999	18.6	8.9
International	272	17.4	5.1
Group	3,272	18.5	8.6
<i>Memo:</i>			
<i>Clothing & Home online</i>	361	2.3	50.8
<i>Food ex hospitality and franchise</i>	1,706	6.7	16.4

The impact of Covid in 2020/21 renders comparisons to the prior year less meaningful. To aid understanding, throughout this document the comparative period in commentary relates to the 13 weeks to 28 December 2019.

Steve Rowe, Chief Executive said:

“Trading over the Christmas period has been strong, demonstrating the continued improvements we’ve made to product and value. Clothing & Home has delivered growth for the second successive quarter, supported by robust online and full price sales growth. Food has maintained its momentum, outperforming the market over both 12 and 24 months. The market continues to be impacted by the headwinds and tailwinds that we reported in the first half, but I remain encouraged that our transformation plan is now driving improved performance.”

- **Food** sales increased 12.4%, with sales excluding hospitality and franchise up 16.4%. Retail parks and Simply Food stores continued to outperform. Encouragingly, the larger basket sizes we saw in the first half continued through the Christmas period as customers used M&S for more of their everyday shopping. As a result, M&S was the fastest growing major store-based Food retailer in the period. The business generated its highest ever Christmas sales with December growth in line with the performance for the quarter. In addition, although not included in these numbers, M&S products performed strongly on Ocado.com, representing c.30% of baskets in December.
- **Clothing & Home** sales increased 3.2%. Full price sales grew by 45% as we maintained our trusted value trading stance, reducing the amount of product sold on promotion by 66% and stock into sale by 21% compared to 2019/20. Online sales continued to be strong, with growth of 50.8%

supported by substantial expansion of in-store fulfilment. Store sales were down 10.8% on 2019/20 with retail parks up, continuing to outperform stores in city centres.

- **International** sales increased 5.1%, with online sales more than doubling. Performance was driven by Clothing & Home growth in the Republic of Ireland and key markets such as India after Covid related restrictions were eased. In addition, we generated strong growth through online marketplaces and in franchise shipments to the Middle East.
- During the period, the Group further strengthened its balance sheet and liquidity position. We repaid the December 2021 bond maturity through cash and signed a new £850m Revolving Credit Facility maturing in June 2025. In addition, we disposed of two warehouses for a total cash consideration of £42.5m.
- In November, we indicated that we expected the strong trading we had seen in the early part of the quarter to be sustained. As a result of our performance in the balance of the period, we are more confident of our ability to deliver the increased guidance we set, and now expect full year profit before tax and adjusting items of at least £500m. This assumes no further material restrictions or lockdowns.

We will report full year results for the 52 weeks ended 2 April 2022 on 25 May 2022. Given the impact of Covid in 2020/21 renders comparisons less meaningful, results will be presented against the 52-week period in 2019/20, as well as the comparable 52-week period in 2020/21.

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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 2021 Annual Report (pages 47-57).

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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