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MARKS AND SPENCER GROUP PLC
CHRISTMAS TRADING - 13 WEEKS TO 30 DECEMBER 2023

M&S SUSTAINS STRONG SALES MOMENTUM

Third quarter sales growth, constant currency	£m	Total Sales %	Like-for-Like %
Food	2,332	10.5	9.9
Clothing & Home	1,236	4.8	4.8
Total UK	3,568	8.5	8.1
International	288	(6.4)	
Group	3,856	7.2	

Ocado Retail sales are not included in this statement and are reported separately by Ocado Group plc.

Stuart Machin, Chief Executive said: "Our strategy to reshape M&S for growth has enabled sustained sales momentum across Food and Clothing & Home over the Christmas period. Thank you to our customers for shopping with us and to our colleagues who worked incredibly hard.

In Food, we led the market on volume growth every month with a c.7% increase across the quarter, and served more customers than ever before. Core categories grew strongly and renewal stores, which cater to larger basket shops, performed particularly well, as more customers looked to us for more of their full shop.

In Clothing & Home, we delivered a good performance with sales growing ahead of the market and less stock going into sale. Womenswear has been the standout, growing volume and value significantly ahead of the market.

Underpinning the strong performance in both businesses is our commitment to trusted value – unbeatable M&S quality at the best possible price. In Food, we inflated below the market, with quality perception increasing further. In Clothing & Home, style perception continued to improve and we maintained our lead on quality and value, delivering an increase in full price sales mix and our highest full price market share for over a decade.

We enter 2024 with a spring in our step, but clear eyed on the near-term challenges. We are determined to deliver our objective of driving 1% growth in market share in both businesses and to up the pace of our transformation: keeping a relentless focus on trusted value; accelerating our store rotation and renewal plans; doubling down on our supply chain programmes to improve availability and lower costs; and resetting our data, digital and technology strategy to unlock benefits in future years.

Our vision is to be the most trusted retailer, doing the right thing for our customers, with quality products at the heart of everything we do, and we are just at the beginning of what we can achieve. Lots done, lots to do, lots of opportunity ahead."

Food sales increased 10.5%, with LFL sales up 9.9%. M&S was the top performing grocer in volume growth terms¹ over the Christmas period and the quarter, with growth of c.7%, as we served more customers in the period. Supply chain improvements helped to drive better availability year-on-year, although there is more to do. Categories such as meat, poultry, produce, grocery and in-store bakery delivered strong growth, supported by our programme of innovation and quality upgrades. 'Remarksable' value sales grew c.18% as we continue to invest in trusted value.

Clothing & Home sales increased 4.8%, with LFL sales also up 4.8% driven by growth in average selling price, partly a result of reduced promotions year-on-year. Market share increased², led by the strong performance of womenswear, supported by improved customer perceptions of style, quality and value. Store sales increased 2.0%, with new full line stores performing ahead of plan. Online sales grew 10.9%, with improved carrier service levels compared with last year and strong demand for click and collect. Knitwear, denim, and top of range Autograph lines performed well. Full price sales mix improved and stock into sale reduced 6% year-on-year. With a deeper initial cut in line with our objective of a shorter clearance sale, sell through rates have been encouraging.

International sales were down 6.4%, largely driven by the planned timing of franchise shipments in the Middle East and Asia and more challenging market conditions in India. We are reviewing our priorities, working with our franchise partners, to improve performance.

Outlook. As we enter the new year and FY25, expectations for economic growth remain uncertain, with consumer and geopolitical risks. We also face additional cost increases from higher than anticipated wage and business rates related cost inflation. Nevertheless, the strong Christmas trading performance provides confidence that the results for the year will be consistent with market expectations.

Employee share save scheme. We are very pleased that with improved trading performance and the resultant increase in the share price, over 9,200 colleagues - the majority being customer service assistants - are expected to benefit from the vesting of the 2020 employee share save scheme on 1 February 2024. A colleague saving a typical £150 per month in the scheme will gain over £10,000. To satisfy this, M&S applied to issue 70m new ordinary shares on 14 December 2023.

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1. Kantar FMCG Purchase Panel; Total grocery 4 and 12 weeks ended 24 December 2023
2. Kantar Fashion Clothing & Footwear 12 weeks ended 10 December 2023

- Ends -

Important Notice:

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 2023 Annual Report (pages 56-65).

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.