

1 November 2023

**ASOS plc**  
**Global Online Fashion Destination**

**Final results for the period to 3 September 2023**  
**Turnaround on-track, delivering on "Driving Change" objectives and readying for a profitable return to growth in FY25**

**Summary financial results**

£m <sup>1</sup>	Period to 3 Sep 2023 (FY23)	Year ended 31 Aug 2022 (FY22)	Change	CCY change (adjusted, LfL) <sup>2,3,4</sup>
<b>Headline measures</b>				
Adjusted group revenue <sup>5</sup>	<b>3,538.0</b>	3,936.5		(11%)
<i>Adjusted gross margin<sup>5</sup></i>	<b>44.2%</b>	43.6%	60bps	
Adjusted EBITDA <sup>5</sup>	<b>124.5</b>	183.9	(59.4)	
Adjusted EBIT <sup>5</sup>	<b>(29.0)</b>	44.1	(73.1)	
<i>Adjusted EBIT margin<sup>5</sup></i>	<b>(0.8%)</b>	1.1%	(190bps)	
Adjusted (loss)/profit before tax <sup>5</sup>	<b>(70.3)</b>	22.0	(92.3)	
Net debt <sup>5</sup>	<b>(319.5)</b>	(152.9)	(166.6)	
Free cash outflow <sup>5,6</sup>	<b>(213.0)</b>	(339.8)	126.8	
<b>Statutory measures</b>				
Group revenue	<b>3,549.5</b>	3,936.5	(10%)	
<i>Gross margin</i>	<b>41.1%</b>	43.6%	(250bps)	
Operating Loss	<b>(248.5)</b>	(9.8)	(238.7)	
Loss before tax	<b>(296.7)</b>	(31.9)	(264.8)	

**Strategic update and results summary**

- FY23 in-line with guidance provided in our P4 trading update, with H2 adjusted EBIT up more than 100% year-on-year ('YoY') and FY23 free cashflow<sup>6</sup> up more than £125m YoY despite double-digit revenue decline, reflecting material improvements to core profitability and strong inventory management.
- Executed on Driving Change agenda priorities: reduced stock levels by c.30%, increased profit per order<sup>7</sup> by over 30%, refinanced the balance sheet bringing stability with the removal of profit-based covenants, and refreshed the leadership team to bring new energy and expertise.
- Significant operational progress: 84% of the c.£1.1bn stock carried forward cleared through in the year, stock operating under the new commercial model in H2 delivered stronger sell-through, Test & React pilot for high-fashion product produced c.500 options with lead times of c.two weeks, Partner Fulfils scaled to 33 brands across six markets, and technology now in place to accelerate the rollout and provide ASOS Fulfilment Services on Direct to Consumer product.
- With strong foundations in place, FY24 will prioritise a shift 'Back to Fashion', leveraging ASOS' strengths to offer the best and most relevant product, styled the ASOS way, with an exciting and seamless customer experience geared around fashion and excitement. This will be supported by £30m incremental investment into marketing while maintaining an obsession with operational excellence and disciplined capital allocation.
- Final cleansing of stock over FY24 will remain a drag on sales growth and profitability through the year. Expect to exit FY24 with majority of stock operating on the new commercial model and inventory restored to pre-COVID levels, Test & React scaled to over 10% of own brand, and 200% growth in Partner Fulfils.
- Anticipate sales decline of 5% to 15% in FY24, with positive adjusted EBITDA and material cash generation driven by stock sell-through, further reducing net debt. In FY25, we expect to return to growth with EBITDA margin around pre-COVID levels.

**ASOS plc**  
**Global Online Fashion Destination**

**Final results for the period to 3 September 2023**

**José Antonio Ramos Calamonte, Chief Executive Officer said:**

"FY23 was a year of good progress for ASOS in a very challenging environment and I am proud of what the business has achieved. We have reduced our stock balance by c.30%, significantly improved the core profitability of the business, strengthened our balance sheet, and refreshed our leadership team. Encouragingly, stock that was brought in under our new commercial model over the summer months has performed strongly and this gives us the confidence to accelerate the rollout of our new processes. As such, we are taking decisive action in FY24 to clear stock brought in under our old model while substantially improving our speed to market and investing in our brand, reminding our customers what we're really about: fashion."

**CEO Review**

**Where were we a year ago?**

In my first CEO review 12 months ago, I explained that we had more stock than we'd like, which had eroded our profitability and destabilised our balance sheet; and that some of our customers, brands or activities were simply unprofitable. While external factors had amplified the situation, our focus on growth without due consideration for the cost had contributed significantly and our high level of stock was exacerbated by poor operating practices – we were too slow and inefficient. We launched our Driving Change agenda, framed internally as a two-step plan. Firstly 'Back to Basics', which involved reducing our stock levels, transitioning to a new commercial model; improving profitability; refreshing our leadership team with the energy and talent required to turn things around; and refinancing our balance sheet. This first stage was ultimately about bringing stability and laying solid foundations. Our next step, 'Back to Fashion', is focused on regaining the hearts and minds of our target consumer, accelerating towards our new commercial model, and retaining a disciplined approach to profitability and cash generation.

**What have we achieved over the last 12 months?**

In FY23 we have refinanced our balance sheet and removed profit-based covenants, providing the flexibility to take the right decisions in the long-term interests of the business, and also returned to cash generation in the second half of the year. Operationally, we comprehensively re-defined our commercial model to align with best-in-class fashion principles: focusing on speed and flexibility of intake with better planning; incentivising sell-through in-season; and clearing stock as-we-go to maintain a healthier stock profile.

We have begun to embed an intense focus on speed and operational excellence throughout our organisation and successfully piloted our best-in-class Test & React model for our highest fashion product, which moves from design to site within two weeks. To increase speed and flexibility with our partner brands, we invested in new technology infrastructure that will enable the rollout of ASOS Fulfilment Services ('AFS') to support our stockless Direct to Consumer ('DTC') model, Partner Fulfils. We empowered a Central Merchandise Planning team with greater control and oversight over forecasting and managing our stock. We sold through 84% of the £1.1bn of inventory brought forward from FY22 (£130m or 13ppt of which was through the write-off of our oldest stock), reduced intake levels to better align with demand, began to operate Spring Summer ('SS') intake on the new commercial model, and ended the year with a cleaner stock position and c.30% less stock (ahead of our c.20% guidance).

As part of the profit focus under our Driving Change agenda, we delivered the c.£300m of profit improvement and cost saving measures designed to mitigate the inflationary and returns rate headwinds and improve core order profitability by over 30%, by exiting or correcting unprofitable brands, customers, and activities. The cost savings are particularly evident in our outbound supply chain with distribution costs as a percentage of sales improving by 120bps due to measures including the discontinuation of UK split orders and favourable negotiations with carriers. We did this while bedding in a new leadership team committed to establishing a culture of operational excellence.

Our progress has been the result of a huge effort by ASOSers, a transformation of our mindset, and a resilience to keep pushing when our results aren't yet reflective of our actions. While some of these initiatives inevitably led to lower customer acquisition and higher levels of churn, the customers that remain are more profitable and therefore sustainable.

## **Where are we going?**

ASOS has over 23m active customers globally, c.£3.5bn in revenues, and a highly successful collection of own brands operating at scale. We have an enviably strong position from which to build our future. We have churned unprofitable brands, activities, and customers, many of the latter picked up over the pandemic, but we remain c.30% bigger than FY19, with c.4m additional active customers. In FY24 we will accelerate our plans to transition to our new commercial model, prioritising near-term cash generation and the long-term interests of the business over short-term revenue growth and profitability. The benefits of our new model will become clearly visible in our profitability and growth in FY25 and beyond.

While fashion has always been a fiercely competitive industry, I am very clear on what makes ASOS unique and why we have the right to win market share with a profitable and cash generative model. ASOS is structurally set up to win again by putting speed at the heart of its culture and operations. By obsessively focusing on cultivating our strengths, we can offer an exciting proposition to consumers while also generating attractive returns for our shareholders. This stems from five strategic priorities:

### **1. Best & most relevant product**

We must offer our customers the best assortment – the most exciting fashion from the most relevant brands for fashion-loving 20-somethings, perfectly blended with a set of our own unique brands that can only be found at ASOS. Our own brands are already a key differentiator, with more than two-thirds of our global customer base having purchased an own brand item in the last twelve months, and they are a great customer acquisition tool, with 55% of new customer orders containing an own brand product. The combination of exclusive and relevant own brands with the curation of the most exciting and additive product from partner brands is our critical competitive advantage. This is where we must strive for leadership, invest our energy, and focus our innovation. As a pure-play online retailer, without the volume demands of stocking a global store estate, we can move faster with less risk, but we have not been maximising this competitive advantage. We will move faster in everything we do, work more closely with our brand partners, and obsess over bringing the most relevant fashion product to consumers.

### **2. Destination for style**

ASOS is the only place where brands can show their potential in a perfectly blended fashion context, and the only place where consumers can experience their favourite brands with our differentiated visual language, creating an inspirational, rather than transactional, customer experience. This is a core competitive advantage and where we must continue to differentiate. Our in-house studio shoots all our product, creating a distinct visual identity. This not only drives better engagement with our customers but is critical to our relationships with brand partners, who see a huge opportunity to reach a different customer segment than is often their core. This approach is not new: it has always been a core part of the ASOS proposition. But we will make improvements to our customer experience to translate this critical differentiator more directly into economic benefits.

### **3. A customer journey created around fashion and excitement**

Our target market is fashion-loving 20-somethings. This tightly-defined market segment means we can authentically offer our customers an exciting, engaging, and relevant fashion experience, connecting with them at the earliest stage of their fashion journey and providing inspiration, not just a transaction. Their fashion journey does not begin with performance marketing and promotions - by relying on these activities to drive sales, we can miss the key stages in a customer's journey and risk losing them to peers. Our ability to inspire is a significant competitive advantage, but we must bring that to life for our customers however we engage with them. As we improve our product and double-down on our unique style, we must reignite our brand heat and remind consumers we are first and foremost about fashion, not convenience or discounting. It is our ambition to restore our share of voice and

show up at every stage in the customer journey – from discovery to purchase through to loyalty and advocacy. We will build stronger relationships with our best customers and turn them into advocates for our brand.

#### **4. Competitive convenience**

Convenience remains a key reason to shop online and we do not overlook its role in our future growth, but we will not look to convenience as a core differentiator. We must always offer a seamless experience, easy to shop, with a competitive delivery proposition, returns policy, and methods of payment. We keep ourselves at the level of our best competitors in this area and will be a fast follower of innovation. We made changes to our proposition over the last year to reflect this, yet we continue to offer delivery within two days to 95% of our customers globally. We also go beyond many peers in our commitment to free returns in core geographies. In some geographies, we have recently introduced paid returns after 14 days, encouraging quicker returns and increasing the likelihood of the product being resold at full price, thus aligning the incentives of our customers with our own interests. We will constantly reassess whether we are investing into the areas that matter most to our customers.

#### **5. Disciplined capital allocation**

Our unique value proposition has a flywheel effect on our financials, supporting higher average basket value, stronger full price sell-through, lower returns rates, reduced churn, and faster stock turn, ultimately improving our profitability and cash generation and providing the resources to drive our growth. This is underpinned by operational excellence and efficient capital allocation, allowing us to invest behind our strengths in a disciplined way, relentlessly removing waste to invest into opportunity. We remain committed to our international model, with every region making a positive variable profit contribution in FY23, and we see long-term growth potential in all our core markets. Our core markets (UK, Germany, France, US), are already – or have the potential to be – large and profitable. Accordingly, we will invest our resources significantly into these markets, with dedicated marketing, localised assortment and a best-in-class convenience proposition supported by local infrastructure (i.e., distribution centres). Outside of our core markets, we will typically use central marketing and assortment, leverage adjacent infrastructure, and consider wholesale of our own brand to build brand awareness and supplement our scale. We will constantly reassess the classification of our markets and adapt our approach where necessary to maximise the return on our investment over the mid-term.

#### **Priorities for the year ahead**

In FY24 we will focus on delivering three things to develop our competitive advantage:

##### **1. More relevant product through disciplined stock management and an obsession with speed**

###### *Managing our stock to optimise value creation*

We have significantly intensified our focus on stock management as a critical enabler of our plan to bring the newest and most compelling assortment to our customers. Optimising our stock position and fully transitioning to our new commercial model requires three elements:

- (i) Eliminating old stock, turning it into cash:

From FY18 to FY22, our stock levels doubled and so too did our discounts, significantly eroding our gross margin and with it our profitability. While external factors amplified the situation, our stock build-up really was driven by poor operating practices – we were too slow and inefficient and held stock for too long, believing we had limitless “shelf space” and in the knowledge that we could eventually sell the stock profitably. We have made good progress over the last 12 months, clearing 84% of the £1.1bn of stock carried forward into the year, £130m of which was through a write-off of our oldest stock and clearance off-site. We reduced total inventory by 30%, ahead of the c.20% guided at the beginning of the year. But we must finish the job over the course of the coming months. Over FY24, we will clear the remaining c.16% of FY22 stock left over, together with that carried forward from FY23. Our remaining FY23 stock relates predominantly to the Autumn Winter (‘AW’) season, for which intake was ordered under our old commercial model.

(ii) A more disciplined, flexible stock purchasing model:

We must also increase the accuracy and flexibility of our purchasing to improve the quality of available product and reduce older stock carried forward in the future. We have put in place more rigorous planning of stock purchasing, with oversight from a central merchandising team, and we are significantly increasing our speed to market and the flexibility of our intake. By reducing the time from design to site, we have better data to support our purchasing decisions. For our highest fashion product developed under our Test & React model, we can test the demand for a product before committing in significant depth. For our partner brands, we are rolling out Partner Fulfils and AFS alongside our wholesale model to increase flexibility for both parties and maximise the availability of the most exciting product while balancing inventory risk. Given the more than 6-month average lead time on product, orders for AW22 were placed before the rollout of our new strategy and as such, intake remained high over H1 FY23. We were able to adapt intake for SS23 but mainly by reducing width, not depth, which negatively impacted sales over H2 FY23. As we move through FY24 we will benefit from cleaner intake with reduced depth, more accurately reflecting expected stock turn under our new commercial model. Through FY25 we will increasingly benefit from our improving speed and flexibility.

(iii) In-season stock management:

Under our new commercial model, we manage our high-fashion stock in-season, to guarantee that we reach the end of the season with the minimum level of stock unsold, and hence our future operations will not be “polluted” with old stock. This releases cash to invest in new stock, removes detractors from the site, and creates space for newness. This is supported by: improvements to our sourcing, enabling investment into the price and quality of our product; our more disciplined and flexible purchasing (above); and increased fashion-led marketing to drive the right traffic to our site. We will tackle non-performing stock immediately, which leads to a better realised price as discounting closer to the season requires shallower markdown. Ultimately, we focus on new, in-season, full-price product and underscore our value as a reliable source of fashion. This benefits both customers and the partner brands on our platform, creating a virtuous cycle of better relationships with more relevant brands and access to better product. That is precisely what we started to do in SS23. The average age of stock in our October mid-season sale is just 13 weeks, compared to 44 weeks in FY22. This reflects both our progress on clearing through older stock in the last twelve months, as well as our new approach of clearing high-fashion stock close to the end of the season, thus reducing the amount of product carried forward to SS24.

*Obsession with speed*

Our obsession with speed is key to unlocking more relevant product across both our own brands and our partner brands. Through our very successful pilot, we have now launched c.500 Test & React options going from design to site in around two weeks. To date, we have seen this stock turning three times quicker than our business-as-usual own brand product despite engaging in no promotional activity, while generating a gross margin several percentage points higher than our own brand average. Promisingly, the Test & React options launched to date are resonating particularly strongly with our youngest customers and getting substantial organic influencer pick-up on social media. At present, Test & React makes up less than 1% of own brand sales but scaling this up to over 10% of own brand by the end of FY24 and c.30% in the medium term will bring more exciting product, have a meaningful impact on our gross margin, and support a cleaner stock profile.

	Test & React vs. BAU
Average cover	c.6 weeks shorter
Average discount depth	15ppts shallower
Gross basket value	>£50 higher
Average customer age	2.5 years younger

Our refreshed commercial leadership team will also bring new ways of working with our brand partners, further strengthening relationships with strategic brands, collaborating on product and marketing campaigns, sharing data and insights, and strengthening our back-end processes to accelerate on-boarding of new product and new brands.

Our flexible fulfilment model, encompassing Partner Fulfils and AFS, is an important tool, giving access to both additional product and better availability from highly relevant brands. Over the course of FY23, we have scaled our Partner Fulfils offer to 33 brands in six markets and invested in our technology and team to support twice the number of brands in double the number of markets in FY24 as well as launching AFS.

### *Better sourcing*

We will also offer better, more relevant product by improving our sourcing. Simply by sourcing from the right locations, simplifying our processes, and consolidating our supplier base we see a 2 to 3ppt intake margin opportunity over the mid-term, which brings benefits not just in terms of own brand pricing, but also quality, speed, and corporate responsibility standards in our supply chain. In H2 FY23 we have already achieved a c.2 ppt YoY increase in intake margin on ASOS Design Womenswear, where our changes are furthest progressed. This has enabled investment into lower prices, ensuring our own-brand product is competitive both in terms of price and quality.

## **2. Strengthen our relationship with consumers**

ASOS pioneered the use of cultural marketing, content marketing and organic social media to build engagement and relevance with young fashion lovers. In recent years, exacerbated by our stock build-up, ASOS customer experience and engagement has too often centred around discounting or convenience, not fashion and brand storytelling. Over time, ASOS has become overly focused on promotion and performance marketing and we must re-focus on building higher quality customer engagement centred around fashion inspiration and excitement. Customers will love ASOS because we have the best and most relevant product, because we are a destination for style, because we offer a customer experience geared around fashion and excitement and, but not only, because of the convenience of our offer. We must bring that to life in our communication, in our products, and in all our experiences. We will do this by re-igniting our brand, growing appeal amongst our target audience by being present with our fashion message in the earlier stages of the customer journey, and by focusing every interaction with our customers on fashion.

In FY24, we will invest a greater proportion of our marketing budget into re-igniting our brand, making ASOS famous for fashion again. This will include a £30m incremental investment focusing on the UK market. We will iterate our plans throughout the year as we understand what resonates most with our target customer. Starting in November, we will:

- i) Launch a UK brand marketing campaign, "ASOS Your Way," giving the consumer a richer sense of what ASOS stands for, collaborating with crowd-sourced creators, with 40 million impressions within 12 days.
- ii) Run experiential guerrilla marketing activities on a regular pulse including the launch of a London pop-up in November.
- iii) Build an always-on influencer programme spanning micro to mega influencers with a combined reach of over 50 million, with the aim of increasing our earned media value (the equivalent value of media a brand receives from creators without paying).
- iv) Develop ambassador relationships, working with those ambassadors and collaborators who will authentically strengthen our credentials as a destination for style.
- v) Significantly enhance our social media presence.

The benefits of brand marketing are lagging. Within 3-6 months we expect to see greater share of voice on social and increased brand search and over H2, we will start to see increased visits, improved conversion, new active customers, greater order frequency, and a halo effect of stronger returns on performance marketing.

In FY23, customer churn has increased, in part due to actions we have taken to improve the core profitability of the business, including changes designed to improve the behaviours of some of our least profitable customers. Overall, these changes have been successful: profit per order increased by approximately one-third. In some cases, these changes have resulted in us losing very unprofitable customers whose behaviours we are unable to improve, which is an accepted part of the strategy. However, some of our country-level profitability initiatives will have inadvertently caused us to churn higher quality, or 'not-yet-profitable' customers, and our approach in FY24 and beyond must be to better connect with our most fashion-engaged customers, thus improving retention.

Our retention strategy includes elements such as improved customer experience, customer care, and personalisation of customer communications. Premier is also a critical tool for improving the customer experience of our most loyal and most valuable customers, driving an increase in UK average customer value of c.75% compared to the rest of our base. At present, our Premier offer is focused on an enhanced delivery proposition, but there is a significant opportunity to enrich our offer, driving lifetime value and preventing early churn amongst our highest quality customers. We will reinvigorate Premier to increase its appeal based on fashion rather than just convenience, including for example exclusive access to events (including the upcoming London pop-up), early access to promotions, and free gifts including Face & Body samples.

### **3. We will reduce our costs to serve, remove waste and improve our use of data**

While we begin to look again towards growth, we will retain our focus on operational excellence, simplifying all our processes and removing wasted time and cost to reinvest into productive commercial activities. One aspect of this is better prioritisation, ensuring we are allocating resource to projects that will generate a return. As such this FY24 priority is as much about saying 'no' as it is improving the way we operate.

Under our new commercial model, we will operate with less stock going forward. Having already reduced stock levels by c.30% over the last 12 months, we have a further c.16% reduction planned for FY24. In this context, post the year-end, we have reviewed our capacity requirements and started a process to mothball our second UK fulfilment centre in Lichfield in late FY24 following the completion of our automation work. The decision to open and automate Lichfield was taken in 2019 without the ability to break the contract. Mothballing the site provides an annual cost saving of c.£20m and provides the flexibility to either sell the facility or re-open it, depending on our capacity needs (see note 17 for further details).

A key focus area for waste in FY24 is returns. While we continue to believe that free returns are a core part of our customer proposition, there are good returns and bad returns. Good returns help acquire new customers, increase basket size, and are an integral part of a profitable customer lifetime. Bad returns are from unprofitable customers, serial returners, or for an unnecessary cause – for example, poor quality or inaccurate sizing. We will constantly strive to eliminate bad returns through: closer scrutiny of returns data to identify high returning products, brands, or materials; corrective action to improve the size, fit, and quality of our products; and AI forecasting to drive better decision-making.

Our culture of operational excellence will be aided by increased access to an improved use of data throughout our organisation and we continue to innovate in this area. We continue to develop our data science and machine learning capabilities which we deploy both across our business areas and to improve the customer experience. In addition, this year we have started to explore how generative AI can support our business – we have early access to Microsoft's AI and Copilot capabilities. Having already rolled out GitHub Copilot to support software engineering, we will soon be piloting 300 business users with Microsoft 365 Copilot which will support our internal productivity. We are also collaborating with Microsoft on developing use cases for generative AI.

### **Outlook & guidance**

Over FY23, we improved our core profitability, delivering c.£300m of benefits under the Driving Change agenda; made good progress on improving our stock profile; gained confidence in our operational initiatives including our new commercial model, Test & React, and Partner Fulfills; and laid strong foundations for the years ahead.

Our mid-term priorities are leveraging our strengths: to offer the best & most relevant product; be a destination for style; build a customer journey created around fashion and excitement; and offer competitive convenience. These things will drive our economic model, delivering stronger order economics and delivering better customer lifetime value.

In FY25 we expect to deliver revenue growth and return EBITDA margin to around pre-COVID levels (c.6%). In the medium-term we have confidence in our ability to return to double-digit growth; steadily improve gross margin back

towards c.50%; maintain EBITDA sustainably ahead of capex, interest, tax, and leases; reduce capex to 3-4% of sales; and deliver inventory of c.100 days.

FY24 is about taking the necessary action to get us to that path. We expect the annualisation of Driving Change agenda profit initiatives to broadly mitigate the impacts of fixed cost deleverage from our expected revenue decline.

However, our priorities of accelerating towards our new commercial model and strengthening our relationship with consumers require investment in the near term. These investments are twofold:

- i) Incremental marketing investment of c.£30m (c.1% increase in our operating cost ratio) into re-igniting our brand, making ASOS famous for fashion again.
- ii) The discounting of stock carried forward to exit the year with a clean stock position. We may use off-site clearance channels, sacrificing margin to limit cannibalisation.

As such, our expectations for FY24 are:

- Sales decline of 5 to 15%, with P4 FY23 trends continuing through the first half of FY24 and a return to growth in the final quarter of FY24.
- Adjusted EBITDA positive.
- Stock back to pre-COVID levels (c.£600m as previously communicated).
- Capex of c.£130m.
- Positive cash generation, reducing our net debt position.

The mothball of our second UK fulfilment centre in Lichfield will result in the remaining £45m automation spend, usually classified as capital expenditure, being recorded as an adjusting item in the FY24 income statement.

ASOS has ended FY23 a smaller but more resilient business and remains one of the leading players in online 20-something fashion. While the market has evolved and our model has adapted accordingly, we mustn't lose sight of our core purpose. Our strength in the past came from our relentless focus on bringing the most exciting fashion to consumers with a focus on inspiration and style. By doubling down on that winning formula and evolving our culture to place speed at the heart of everything we do, we can win again.

ASOS will next update the market with a post-close H1 trading update in March 2023, followed by a full H1 results update in April 2023.

## **José Antonio Ramos Calamonte**

Chief Executive Officer

## **Notes**

<sup>1</sup> All numbers subject to rounding throughout this document.

<sup>2</sup> Constant currency is calculated to take account of hedged rate movements on hedged sales and spot rate movements on unhedged sales.

<sup>3</sup> Calculation of metrics, or movements in metrics, on an ex-Russia basis involves the removal of Russia from FY22 performance. This adjustment allows YoY comparisons to be made on a like-for-like basis following the decision to suspend trade in Russia on 2 March 2022. The exception to this is visits, where ASOS has also excluded any visits from Russia in FY23, in addition to FY22.

<sup>4</sup> Like-for-like sales are adjusted to remove the benefit of the additional three days of trading in P4 FY23 (1 June to 3 September 2023) vs. P4 FY22 (1 June to 31 August 2022) and the additional three days of trading in FY23 (1 September 2022 to 3 September 2023) vs. FY22 (1 September 2021 to 31 August 2023). The impact of the additional days is c.3% at group level in P4 FY23 and c.1% in FY23.

<sup>5</sup> The alternative performance measures used by ASOS are explained and defined and reconciled to statutory measures on page 38-40.

<sup>6</sup> Free cash flow is net cash generated from operating activities, less payments to acquire intangible and tangible assets, payment of the principal portion of lease liabilities and net finance expenses.

<sup>7</sup> Profit per order is calculated as variable contribution divided by billed orders.



## Financial review

All revenue growth figures are stated at constant currency ('CCY') throughout this document unless otherwise indicated.

	Period to 3 September 2023						
	UK	EU	US	RoW <sup>1</sup>	Total reported	Adjusting items <sup>2</sup>	Total adjusted
	£m	£m	£m	£m	£m	£m	£m
Retail sales <sup>3</sup>	1,494.6	1,127.3	443.6	322.7	3,388.2	(11.5)	3,376.7
Revenue from other services <sup>4</sup>	59.8	29.4	57.5	14.6	161.3	-	161.3
<b>Total revenue</b>	<b>1,554.4</b>	<b>1,156.7</b>	<b>501.1</b>	<b>337.3</b>	<b>3,549.5</b>	<b>(11.5)</b>	<b>3,538.0</b>
Cost of sales					(2,090.5)	115.9	(1,974.6)
<b>Gross profit</b>					<b>1,459.0</b>	<b>104.4</b>	<b>1,563.4</b>
Distribution expenses					(429.7)	-	(429.7)
Administrative expenses					(1,279.8)	115.1	(1,164.7)
Other income					2.0	-	2.0
<b>Operating loss</b>					<b>(248.5)</b>	<b>219.5</b>	<b>(29.0)</b>
Finance income					5.0	-	5.0
Finance expense					(53.2)	6.9	(46.3)
<b>Loss before tax</b>					<b>(296.7)</b>	<b>226.4</b>	<b>(70.3)</b>

## Overview

ASOS realised an adjusted loss before tax of £70.3m, reflecting a challenging market backdrop characterised by weak consumer sentiment and high inflation; alongside delivery of the Driving Change agenda, which included wide-ranging actions to improve the business's profitability and increased financing costs, including those associated with the refinancing announced in May 2023. Within this, profitability improved substantially in the second half of the year as the initiatives under the Driving Change agenda began to yield benefits and the impact of an increasing returns rate first seen in May 2022 was annualised.

The reported loss before tax of £296.7m includes the impact of adjusting items totalling £226.4m. These included the stock-write off programme announced at the start of the year (£133.2m), property related costs resulting from a reduction in the business's head office and warehouse footprint (£60.7m) and consultancy and restructuring costs (£31.0m), as well as amortisation relating to the Topshop brands (£10.7m) and immaterial items relating to prior years £9.2m. The total cash outflow relating to adjusting items in the period was £53.4m of which £30.8m related to refinancing fees. Further detail on each of these items can be found in note 3 on pages 25-28.

To simplify our processes and make our reporting more efficient we have aligned our internal and external reporting periods. Previously our external reporting was on a twelve-month basis from 1 September to 31 August, whereas internally the weekly nature of our trading is captured in either a 52-week or 53-week year. As such, FY23 ran from 1 September 2022 to 3 September 2023 and therefore included an additional three trading days compared to FY22 (1 September 2021 to 31 August 2022). The impact of this on group sales growth was c.1% for FY23 and c.3% for P4 (1 June 2023 to 3 September 2023), with like-for-like sales growth disclosed in the P4 Trading Statement issued on 26 September 2023. The associated profit and cash flow impact was immaterial. FY24 will be a 52-week period to 1 September 2024.

## Revenue

FY23 total sales declined by -11%<sup>5</sup> (-10% on a reported basis) year-on-year ('YoY'), with the decline accelerating to -15% (-12% on a reported basis) in the second half of the year from -7% (-8% reported) in the first half.

Across the year the group's top-line sales performance has been impacted by a combination of market and company-specific factors. From a market perspective, there have been three major headwinds: weak consumer sentiment based on cost-of-living concerns; the apparel market underperforming relative to total retail; and gains in online penetration during the pandemic reverting to a more normalised long-term trajectory as consumers return to stores. All these headwinds have particularly impacted younger consumers.<sup>6</sup>

The second half of the year was also more affected by deliberate profitability actions taken under the Driving Change agenda, which were introduced from January onwards, as well as a trough in new, fashion-led product entering the business during July and August as action taken to reduce intake coincided with usual seasonal factors.

<b>KPIs excluding Russia<sup>7</sup></b>	<b>Period to 3 September 2023</b>	Year ended 31 August 2022	Change
Active customers <sup>8</sup> (m)	<b>23.3</b>	25.7	(9%)
Average basket value <sup>9</sup>	<b>£40.33</b>	£37.59	7%
Average basket value CCY <sup>10</sup>	<b>£39.65</b>	£37.59	5%
Average order frequency <sup>11</sup>	<b>3.59</b>	3.83	(6%)
Total shipped orders (m)	<b>83.7</b>	98.3	(15%)
Total visits (m)	<b>2,661.3</b>	2,896.2	(8%)
Conversion <sup>12</sup>	<b>3.1%</b>	3.4%	(30bps)

Active customers declined -9% YoY as we continued to churn lower quality customers acquired during the pandemic and employed more discipline in our marketing approach in response to weaker demand. Our profitability actions also included remedial action to improve profitability among loss-making customer segments, driving higher levels of churn. Premier customers declined -11% YoY, reflecting increases to subscription prices and the introduction or increase of minimum order thresholds for free delivery. Average basket value ('ABV') increased by 5%, as pricing increases more than offset the markdown investment used to clear aged inventory. Accordingly, profit per order is over 30% higher<sup>13</sup>.

Both visits and conversion stepped back YoY, as customers made more considered purchases.

## Performance by market

### UK

<i>UK KPIs</i>	<i>Period to 3 September 2023</i>
Total Sales	-12% (-13% LfL)
Visits	-10%
Orders	-17%
Conversion	-40bps
ABV	+5%
Active Customers	8.1m (-9%)

Sales in the UK declined by -13% against a difficult consumer backdrop characterised by high inflation and weak sentiment, particularly among the younger ASOS demographic<sup>6</sup>, and deteriorated further in the summer months as challenging weather conditions impacted the wider apparel sector. These factors favoured lower price points and resulted in aggressive discounting in the market as competitors acted to clear excess inventory. The step up in online penetration witnessed during the pandemic continued to reverse, albeit remaining above pre-pandemic levels<sup>14</sup>.

Sales in the period were also impacted by planned profitability actions, including a demand-based approach to deploying marketing spend, pricing changes and fine-tuning the delivery proposition. The price of a Premier subscription was increased in November 2022 but subsequently reversed in May 2023 due to a larger than expected impact on Premier sign-ups. Active customers in the UK were down -9%, also reflecting market conditions as well as measures taken by the business to improve its profitability. These included initiatives designed to minimise the impact of loss-making customers which in some instances resulted in elevated (but intentional) churn, including of certain Premier customer segments.

An increase in average selling price ('ASP') underpinned an ABV increase of 5% to partially offset the impact of fewer orders (-17%), which may also reflect proposition changes designed to encourage our customers to consolidate purchases into fewer, larger orders and hence minimise delivery and returns processing costs. Meanwhile visits (-10%) and conversion (-40bps) reflect more considered purchasing behaviour in a cost-of-living crisis alongside restraint on marketing spend in a weak demand environment.

### EU

<i>EU KPIs</i>	<i>Period to 3 September 2023</i>
Total Sales	-1% (-4% CCY)
Visits	-6%
Orders	-9%
Conversion	-10bps
ABV	+9%
ABV (CCY)	+7%
Active Customers	10.1m (-7%)

Sales in the EU were more resilient than other regions, down -4% CCY as ABV growth (7% CCY) partially offset lower order volumes (-9%). In addition to price increases, ABV benefitted from a stronger performance in AW categories (which are higher ASP) relative to SS. As in the UK, visits and conversion were both back (-6% and -10bps respectively) due to a combination of business specific and market factors.

On a country level, the Netherlands and Southern Europe continued to outperform while Scandinavia and Rest of Europe countries were weaker in response to the more aggressive profitability measures being implemented. Our core European geographies of France and Germany traded below the EU average but broadly in line with the local markets.

### US

<i>US KPIs</i>	<i>Period to 3 September 2023</i>
Total Sales	-6% (-14% CCY)
Visits	-5%
Orders	-17%
Conversion	-40bps
ABV	+13%
ABV (CCY)	+4%
Active Customers	2.9m (-12%)

Total US sales fell by -14% CCY, reflecting challenges in visits (-5%) and conversion (-40bps), with all three metrics deteriorating in response to wide-ranging actions to improve the region's profitability from January onwards. A -17% decline in orders was not offset by the 4% CCY increase in ABV, and active customers were also back -12% reflecting discipline on paid media spend in a weaker demand environment. Wholesale performed well relative to the rest of the segment.

## Rest of World

RoW KPIs	Period to 3 September 2023 excluding Russia <sup>7</sup>	Period to 3 September 2023 including Russia
Total Sales	-15% (-16% CCY)	-29% (-30% CCY)
Visits	-15%	-37%
Orders	-23%	-38%
Conversion	-20bps	Flat
ABV	+11%	+14%
ABV (CCY)	+10%	+12%
Active Customers	2.2m (-17%)	2.2m (-35%)

Rest of World ('RoW') sales fell by -16% CCY and excluding Russia from the base period, reflecting widespread profitability measures outside our core geographies from January onwards. As in other regions, RoW was impacted by price increases and changes to the delivery proposition including price increases and changes to thresholds, resulting in higher ABV (10% CCY) but fewer orders (-23%), with active customers (-17%), visits (-15%) and conversion (-20bps) back as marketing investment was rebased. From a country perspective, Middle East and North Africa ('MENA') performed well while Australia and Asia Pacific ('APAC') were more challenging.

### Gross margin

Adjusted gross margin<sup>2</sup> rose 60bps YoY to 44.2% with margin expansion in the second half of the year largely driven by pricing and freight but partially offset by trading activity including higher levels of discounting as the clearance of older inventory was prioritised in a promotional apparel market during the final months of the year.

Reported gross margin was 41.1% (-250bps YoY), with the key difference versus adjusted gross margin being the impact of the stock write-off programme of £118.5m<sup>2</sup> announced to facilitate the transition to the new commercial operating model alongside FY22 results.

### Operating expenses

£m	Period to 3 September 2023	% of sales	Year ended 31 August 2022	% of sales	Change in £ value
Distribution costs	(429.7)	12.1% <sup>15</sup>	(523.7)	13.3%	18%
Warehousing	(416.4)	11.8% <sup>15</sup>	(427.0)	10.8%	2%
Marketing	(195.0)	5.5% <sup>15</sup>	(223.5)	5.7%	13%
Other operating costs	(400.4)	11.3% <sup>15</sup>	(380.7)	9.7%	(5%)
Depreciation and amortisation	(152.9)	4.3% <sup>15</sup>	(139.1)	3.5%	(10%)
<b>Total operating costs (excl. adjusting items)</b>	<b>(1,594.4)</b>	<b>45.1%<sup>15</sup></b>	(1,694.0)	43.0%	6%
Adjusting items <sup>2</sup>	(115.1)	3.2%	(53.9)	1.4%	(114%)
<b>Total operating costs</b>	<b>(1,709.5)</b>	<b>48.1%</b>	(1,747.9)	44.4%	2%

Total operating costs excluding adjusting items decreased by -6% YoY, with an 18% reduction in distribution costs and a 13% fall in marketing spend contributing to the improvement. However, the deleverage resulting from reduced volume caused adjusted operating costs as a percentage of sales to increase by 210bps despite strong control of fixed costs.

Distribution costs at 12.1% of sales decreased by 120bps YoY as the impact of stronger basket economics, simplification of our network and successful supplier negotiations offset higher fuel charges. The reduced number of orders in the year (-15%) resulted in lower outbound delivery costs. Cost saving measures under the Driving Change agenda included the simplification of our UK network through the discontinuation of "split orders", fulfilling individual customer orders from one stock pool and negating double carrier costs. Rate negotiations with certain regional suppliers combined with a scaling back of our delivery proposition in some markets reduced distribution cost per parcel. These benefits have more than offset the headwinds from higher fuel charges.

Warehouse costs as a percentage of sales increased by 100bps YoY to 11.8% due to inflation across labour, consumables, and utilities in all fulfilment centres. This increase was weighted to the first half the year (+210bps to 12.4% in H1), as higher stock levels caused inefficiencies in our warehouses at the start of FY23. As inventory reduced in the second half of the year, ancillary and offsite storage locations were closed while changes were made to simplify our UK returns network and drive improvements in pick and pack efficiency. As a result, warehouse costs were 30bps lower YoY in H2.

Marketing costs decreased by 13% YoY and fell 20bps to 5.5% of sales as spend on performance marketing was optimised to deliver the greatest return on investment. This included a more dynamic approach, scaling back marketing spend in response to softer demand and instead investing in discounting to drive sales in a highly promotional market. Spend was optimised within different channels and geographies generating efficiencies, which helped to offset some of the elevated customer acquisition costs experienced in H1.

Other operating costs increased 160bps YoY as a percentage of sales (excluding adjusting items). The annualised payroll cost at the start of the year was much higher than the average for FY22 as the annual pay rise compounded higher entry headcount, in part due to new headcount added across FY22 and a higher level of vacancies in FY22. This was partly mitigated by headcount reduction and tighter control of vacancies through the year, such that by the end of the financial year headcount was on average 11% lower YoY. Contractual increases in third party technology services and overhead costs (including electricity, insurance, rates, and waste management costs) have also contributed to the overall increase, however these have been partly offset by rationalisation across our central cost base as part of the Driving Change agenda.

Across the P&L, and in line with targets that were set earlier in the year, profit improvement and cost mitigation measures have delivered c.£300m of benefits in FY23, mitigating headwinds from inflation and an increasing returns rate. These include the pricing increases and sourcing improvements that have impacted gross profit, as well as actions taken to rationalise the supply chain network and reduce overhead costs. Initiatives were also launched to minimise the impact of unprofitable geographies, customers, and brands on our platform, including reversing historical over-investment in our convenience proposition, changing the way we service specific customer segments, and refining our approach to branded promotion. These changes have initially reduced customer numbers and sales, but ultimately support ASOS' ambition to deliver sustainably profitable and cash generative growth in the medium-term.

Depreciation and amortisation costs (excluding adjusting items) as a percentage of sales increased by 80bps YoY. The increase in depreciation and amortisation relates to growth in intangible assets including data services, operations systems and improvements to web and payments platforms.

## **Interest**

ASOS incurred a finance expense (excluding adjusting items) of £46.3m compared to £23.0m in FY22. This reflected an increase in the level of drawn borrowings, rising interest rates (SONIA at 5.2% at the end of the year from 1.7% at the start) and a higher margin payable post the May 2023 refinancing (see Net Debt, Refinancing and Liquidity section below).

Fees in relation to the covenant waiver, either ineligible for capitalisation or written off once the Revolving Credit Facility ('RCF') was replaced by the new Bantry Bay Capital Limited ('Bantry Bay') refinancing, have been treated as adjusting items.

Finance income of £5.0m includes interest earned on deposits at financial institutions. A higher level of return in FY23 compared to the £0.9m in FY22 reflected a higher average cash balance and a rising global interest rate environment.

## **Taxation**

The reported effective tax rate is 24.8% based on the reported loss before tax of £296.7m. This loss creates a deferred tax asset, recognised at 25%. This is broadly in line with the HY23 effective tax rate of 25%.

## Earnings per share

Both basic and diluted loss per share were 213.0p (FY22: basic and diluted loss per share of 30.9p). The higher loss was a function of a higher reported loss before tax of £296.7m (FY22: £31.9m last year) partially offset by more shares in issue following the equity raise in May 2023. The potentially convertible shares related to both the convertible bond and ASOS' employee share schemes have been excluded from the calculation of diluted loss per share as they are anti-dilutive for the period ended 3 September 2023.

## Free cash flow

<b>£m</b>	<b>Period to 3 September 2023</b>	Year ended 31 August 2022
Operating cash flow	<b>16.4</b>	(120.4)
Purchase of property, plant & equipment and intangible assets	<b>(177.9)</b>	(182.9)
Payment of lease liabilities (principal)	<b>(22.4)</b>	(26.3)
Interest received	<b>4.5</b>	0.9
Interest paid	<b>(33.6)</b>	(11.1)
<b>Free cash flow (before financing)</b>	<b>(213.0)</b>	(339.8)
Issuance of equity	<b>77.6</b>	-
Proceeds from borrowings	<b>200.0</b>	-
Repayment of borrowings	<b>(1.7)</b>	-
Refinancing fees	<b>(30.8)</b>	-
<b>Cash flow</b>	<b>32.1</b>	<b>(339.8)</b>

There was a free cash outflow<sup>16</sup> (before items relating to financing) of £213.0m for the year, including a cash inflow of £45.8m in H2 FY23 after a £258.8m outflow in the first half of the year.

The inflow from adjusted EBITDA of £124.5m and closing inventory being £180.4m lower year-on-year (excluding the impact of the one-off stock write-off) was more than offset by adverse working capital movements due to a decrease in trade and other payables. This was largely due to lower intake receipts and operating costs in the second half of the year.

Cash was also used to fund a capital investment of £177.9m, including committed spend in relation to the delayed automation projects in Lichfield and Atlanta, and technology projects including in support of the Partner Fulfill expansion. Finally, interest and refinancing costs increased due to the drawdown of the group's previous RCF in September 2022 (the 'Old RCF') and the utilisation of the £200m term loan from Bantry Bay ('Term Loan') during the year, with a small offset from interest income as surplus cash was invested as interest rates increased.

Refinancing fees in the year totalled £30.8m relating firstly to a waiver of the covenants applicable to the Old RCF in October 2022, then the subsequent amendment and extension of the Old RCF in May 2023 (prior to announcement of the Bantry Bay refinancing). Together with interest payable on the new refinancing of £8.0m, consultancy spend of £1.2m and the accelerated payment of interest on the Old RCF, the incremental cash cost of refinancing in the year was £45.5m.

## Net debt, Refinancing and Liquidity

<b>£m</b>	<b>Period to 3 September 2023</b>	Year ended 31 August 2022
Convertible bond (fair value of debt component)	<b>464.4</b>	451.0
Term loan	<b>184.8</b>	-
Nordstrom loan	<b>20.4</b>	22.0
Put option liability	<b>3.2</b>	2.9
<b>Borrowings</b>	<b>672.8</b>	475.9
Cash & cash equivalents	<b>(353.3)</b>	(323.0)
<b>Net debt (excluding lease liabilities)</b>	<b>319.5</b>	152.9

Excluding lease liabilities, the business started the year with borrowings of £475.9m and net debt of £152.9m after cash and cash equivalents of £323.0m. On 8 September 2022, £250m was drawn under the £350m Old RCF. Following the May 2023 refinancing with specialist lender Bantry Bay the Old RCF was repaid in full using the new Term Loan with the balance funded from the proceeds from the issuance of equity. The Term Loan is stated net of directly attributable unamortised refinancing costs.

Cash and undrawn facilities totalled £428.3m at year-end (FY22: £673.0m) and included cash and cash equivalents of £353.3m (FY22: £323.0m) and the undrawn new RCF provided as part of the Bantry Bay refinancing of £75.0m (FY22: undrawn Old RCF of £350.0m).

## Sean Glithero

Interim Chief Financial Officer

## Notes

<sup>1</sup> Rest of World

<sup>2</sup> The adjusting items and the alternative performance measures used by ASOS are explained and defined in note 3 and on pages 38-40 respectively.

<sup>3</sup> Retail sales are internet sales recorded net of an appropriate deduction for actual and expected returns, relevant vouchers, discounts and sales taxes.

<sup>4</sup> Income from other services comprises of delivery receipt payments, marketing services, commission on partner-fulfilled sales and revenue from wholesale sales.

<sup>5</sup> Total adjusted sales, on a CCY basis, excluding Russia from H1 FY22, and removing the impact of the 3 extra trading days in FY23.

<sup>6</sup> Kantar Total Market | Spend YoY % Change | Online | Total Adultwear | 24 & 52 w/e 20th August 2023 vs LY

<sup>7</sup> Calculation of metrics, or movements in metrics, on an ex-Russia basis involves the removal of Russia from FY22 performance. This adjustment allows YoY comparisons to be made on a like-for-like basis following the decision to suspend trade in Russia on 2 March 2022. The exception to this is visits, where ASOS have also excluded any visits from Russia in FY23, in addition to FY22.

<sup>8</sup> Active customers defined as having shopped in the last 12 financial months.

<sup>9</sup> Average basket value is defined as adjusted net retail sales divided by shipped orders.

<sup>10</sup> Average basket value CCY is calculated as adjusted constant currency net retail sales divided by shipped orders.

<sup>11</sup> Average order frequency is calculated as total shipped orders divided by active customers.

<sup>12</sup> Conversion is calculated as total shipped orders divided by total visits.

<sup>13</sup> Profit per order is calculated as variable contribution divided by billed orders.

<sup>14</sup> BRC-KPMG Retail Sales Monitor for August 2023.

<sup>15</sup> As a percentage of adjusted revenue.

<sup>16</sup> Free cash flow is net cash generated from operating activities, less payments to acquire intangible and tangible assets, payment of the principal portion of lease liabilities and net finance expenses.

**Investor and analyst meeting:**

The group will be hosting an in-person presentation for analysts at 9.30am at ASOS HQ, Greater London House, NW1 7FB. A live webcast will also be available, and a recording of the presentation will be uploaded to the ASOS investor relations website afterwards.

To access live please dial +44 330 088 5830 and use Meeting ID: 868 8702 0931 and passcode: 474916. A live stream of the event will be available [here](#).

A recording of this webcast will be available on the ASOS Plc investor centre website after the event: <https://www.asosplc.com/investor-relations/>

**For further information:****Investors:**

Holly Cassell, ASOS Head of Investor Relations

Tel: 020 7756 1000

**Media:**

Jonathan Sibun / Will Palfreyman, Teneo

Tel: 020 7353 4200

**Background note**

ASOS is a destination for fashion-loving 20-somethings around the world, with a purpose to give its customers the confidence to be whoever they want to be. Through its app and mobile/desktop web experience, available in nine languages and in over 200 markets, ASOS customers can shop a curated edit of nearly 50,000 products, sourced from nearly 900 global and local third-party brands alongside a mix of fashion-led own brand labels – including ASOS Design, ASOS Edition, ASOS 4505, Collusion, Reclaimed Vintage, Topshop, Topman, and Miss Selfridge. ASOS aims to give all its customers a truly frictionless experience, with an ever-greater number of different payment methods and hundreds of local deliveries and return options, including Next-Day Delivery and Same-Day Delivery, dispatched from state-of-the-art fulfilment centres in the UK, US, and Germany.

**Forward looking statements:**

This announcement may include statements that are, or may be deemed to be, “forward-looking statements” (including words such as “believe”, “expect”, “estimate”, “intend”, “anticipate” and words of similar meaning). By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances, and actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect management’s view with respect to future events as at the date of this announcement. Save as required by applicable law, ASOS plc undertakes no obligation to publicly revise any forward-looking statements in this announcement, whether following any change in its expectations or to reflect events or circumstances after the date of this announcement.



## Consolidated Income Statement

For the financial period 1 September 2022 to 3 September 2023

1 September 2022 to 3 September 2023				Year ended 31 August 2022		
	Adjusted	Adjusting items	Total	Adjusted	Adjusting items	Total
Note	£m	(Note 3) £m	£m	£m	(Note 3) £m	£m
<b>Revenue</b>	<b>3,538.0</b>	<b>11.5</b>	<b>3,549.5</b>	3,936.5	–	3,936.5
Cost of sales	(1,974.6)	(115.9)	(2,090.5)	(2,219.0)	–	(2,219.0)
<b>Gross profit</b>	<b>1,563.4</b>	<b>(104.4)</b>	<b>1,459.0</b>	1,717.5	–	1,717.5
Distribution expenses	(429.7)	–	(429.7)	(523.7)	–	(523.7)
Administrative expenses	(1,164.7)	(115.1)	(1,279.8)	(1,170.3)	(53.9)	(1,224.2)
Other income	2.0	–	2.0	20.6	–	20.6
<b>Operating (loss)/profit</b>	<b>(29.0)</b>	<b>(219.5)</b>	<b>(248.5)</b>	44.1	(53.9)	(9.8)
Finance income	5	5.0	5.0	0.9	–	0.9
Finance expense	5	(46.3)	(53.2)	(23.0)	–	(23.0)
<b>(Loss)/Profit before tax</b>	<b>(70.3)</b>	<b>(226.4)</b>	<b>(296.7)</b>	22.0	(53.9)	(31.9)
Income tax credit/(expense)	6	17.4	73.6	(5.3)	6.4	1.1
<b>(Loss)/Profit for the financial period</b>	<b>(52.9)</b>	<b>(170.2)</b>	<b>(223.1)</b>	16.7	(47.5)	(30.8)
			<b>pence per share</b>			<b>pence per share</b>
<b>(Loss) per share</b>						
Basic per share	7		(213.0)			(30.9)
Diluted per share	7		(213.0)			(30.9)

## Consolidated Statement of Comprehensive Income

For the financial period 1 September 2022 to 3 September 2023

	<b>1 September 2022 to 3 September 2023 £m</b>	Year ended 31 August 2022 £m
<b>Loss for the financial period</b>	<b>(223.1)</b>	<b>(30.8)</b>
<b>Items that will not be reclassified to Group income statement</b>		
Net fair value (losses)/gains on cash flow hedges	<b>(60.1)</b>	51.2
Tax on items that will not be reclassified	<b>9.7</b>	(13.4)
	<b>(50.4)</b>	37.8
<b>Items that may be subsequently reclassified to Group income statement</b>		
Net translation movements offset in reserves	<b>(0.3)</b>	0.3
Net fair value gains/(losses) on cash flow hedges	<b>30.5</b>	(25.9)
Fair value movements reclassified from cash flow hedge reserve to Group income statement	<b>1.7</b>	(15.6)
Tax on items that may be reclassified	<b>(7.7)</b>	9.5
	<b>24.2</b>	(31.7)
<b>Other comprehensive (loss)/income for the period</b>	<b>(26.2)</b>	6.1
<b>Total comprehensive loss for the period attributable to owners of the parent company</b>	<b>(249.3)</b>	<b>(24.7)</b>

## Consolidated Balance Sheet

As at 3 September 2023

	Note	3 September 2023 £m	31 August 2022 £m
<b>Non-current assets</b>			
Goodwill and other intangible assets	8	700.5	683.9
Property, plant and equipment	9	362.6	351.7
Right-of-use assets	10	295.2	380.3
Investment Properties		10.9	–
Derivative financial assets		4.1	27.0
Deferred tax assets		17.8	–
		<b>1,391.1</b>	1,442.9
<b>Current assets</b>			
Inventories		768.0	1,078.4
Trade and other receivables		81.4	88.2
Derivative financial assets		22.4	41.4
Cash and cash equivalents	11	353.3	323.0
Current tax assets		9.4	23.0
		<b>1,234.5</b>	1,554.0
<b>Current liabilities</b>			
Trade and other payables	12	(680.4)	(993.3)
Borrowings	13	(1.5)	(1.4)
Lease liabilities	10	(25.3)	(24.3)
Derivative financial liabilities		(6.0)	(21.0)
Provisions	14	(2.0)	–
		<b>(715.2)</b>	(1,040.0)
<b>Net current assets</b>		<b>519.3</b>	514.0
<b>Non-current liabilities</b>			
Borrowings	13	(671.3)	(474.5)
Lease liabilities	10	(303.7)	(355.8)
Deferred tax liabilities		–	(58.2)
Derivative financial liabilities		(0.5)	(11.6)
Provisions	14	(68.2)	(41.9)
		<b>(1,043.7)</b>	(942.0)
<b>Net assets</b>		<b>866.7</b>	1,014.9
<b>Equity attributable to owners of the parent</b>			
Called up share capital		4.2	3.5
Share premium		322.6	245.7
Other reserves		73.1	82.4
Retained earnings		466.8	683.3
<b>Total equity</b>		<b>866.7</b>	1,014.9

## Consolidated Statement of Changes in Equity

For the financial period 1 September 2022 to 3 September 2023

	Called up share capital	Share premium	Other reserves	Retained earnings	Total equity
	£m	£m	£m	£m	£m
<b>At 1 September 2022</b>	<b>3.5</b>	<b>245.7</b>	<b>82.4</b>	<b>683.3</b>	<b>1,014.9</b>
Loss for the period	–	–	–	(223.1)	(223.1)
Other comprehensive loss for the period	–	–	(26.2)	–	(26.2)
<b>Total comprehensive loss for the period</b>	<b>–</b>	<b>–</b>	<b>(26.2)</b>	<b>(223.1)</b>	<b>(249.3)</b>
Cash flow hedges gains and losses transferred to non-financial assets	–	–	16.9	–	16.9
Share issue	0.7	76.9	–	–	77.6
Share-based payments charge	–	–	–	6.4	6.4
Tax relating to share option scheme	–	–	–	0.2	0.2
<b>Balance as at 3 September 2023</b>	<b>4.2</b>	<b>322.6</b>	<b>73.1</b>	<b>466.8</b>	<b>866.7</b>
At 1 September 2021	3.5	245.7	70.8	714.0	1,034.0
Loss for the year	–	–	–	(30.8)	(30.8)
Other comprehensive income for the year	–	–	6.1	–	6.1
Total comprehensive income/(loss) for the year	–	–	6.1	(30.8)	(24.7)
Cash flow hedges gains and losses transferred to non-financial assets	–	–	5.5	–	5.5
Share-based payments charge	–	–	–	0.8	0.8
Tax relating to share option scheme	–	–	–	(0.7)	(0.7)
Balance as at 31 August 2022	3.5	245.7	82.4	683.3	1,014.9

Retained earnings includes the share-based payments reserve, and employee benefit trust reserve.

## Consolidated Cash Flow Statement

For the financial period 1 September 2022 to 3 September 2023

	<b>1 September 2022 to 3 September 2023 £m</b>	Year to 31 August 2022 £m
<b>Operating loss</b>	<b>(248.5)</b>	<b>(9.8)</b>
Adjusted for:		
Depreciation of property, plant and equipment, right-of-use assets and investment property	<b>67.8</b>	61.0
Amortisation of other intangible assets	<b>104.7</b>	88.8
Impairment charges on non-financial assets	<b>32.1</b>	19.2
Share-based payments charge	<b>5.2</b>	0.6
Other non-cash items	<b>1.8</b>	(4.9)
Settlement of contingent consideration in relation to employee benefits	-	(6.0)
Decrease/(increase) in inventories	<b>310.4</b>	(258.7)
Decrease/(increase) in trade and other receivables	<b>12.7</b>	(34.2)
(Decrease)/increase in trade and other payables	<b>(304.9)</b>	21.5
Increase/(decrease) in provisions	<b>16.8</b>	(1.3)
<b>Cash used in operating activities</b>	<b>(1.9)</b>	<b>(123.8)</b>
Net income tax received	<b>18.3</b>	3.4
<b>Net cash generated from/(used in) operating activities</b>	<b>16.4</b>	<b>(120.4)</b>
<b>Investing activities</b>		
Purchase of other intangible assets	<b>(136.2)</b>	(109.2)
Purchase of property, plant and equipment	<b>(41.7)</b>	(73.7)
Interest received	<b>4.5</b>	0.9
<b>Net cash used in investing activities</b>	<b>(173.4)</b>	<b>(182.0)</b>
<b>Financing activities</b>		
Proceeds from issue of ordinary shares	<b>77.6</b>	-
Proceeds from borrowings	<b>200.0</b>	-
Drawdown of revolving credit facility	<b>250.0</b>	-
Repayment of borrowings	<b>(251.7)</b>	-
Refinancing fees	<b>(30.8)</b>	-
Repayment of principal portion of lease liabilities	<b>(22.4)</b>	(26.3)
Interest paid	<b>(33.6)</b>	(11.1)
<b>Net cash generated from/(used in) financing activities</b>	<b>189.1</b>	<b>(37.4)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>32.1</b>	<b>(339.8)</b>
Opening cash and cash equivalents	<b>323.0</b>	662.7
Effect of exchange rates on cash and cash equivalents	<b>(1.8)</b>	0.1
<b>Closing cash and cash equivalents</b>	<b>353.3</b>	<b>323.0</b>

## 1 GENERAL INFORMATION

The financial information contained within this preliminary announcement for the periods from 1 September 2022 to 3 September 2023 and 1 September 2021 to 31 August 2022 do not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year to 31 August 2022 have been filed with the Registrar of Companies and those for the period to 3 September 2023 will be filed following the Company's annual general meeting. The auditors have reported on the 2023 accounts: their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

ASOS Plc ('the Company') and its subsidiaries (together, 'the Group') is a global fashion retailer. The Group sells products across the world and has websites targeting countries that include the UK, US, Australia, France, Germany, Spain, Italy, Sweden, the Netherlands, Denmark and Poland. The Company is a public limited company whose shares are publicly traded on the London Stock Exchange. The Company is incorporated and domiciled in the UK and the address of its registered office is Greater London House, Hampstead Road, London NW1 7FB.

The financial period represents the period from 1 September 2022 to 3 September 2023 (prior financial year: the year ended 31 August 2022). This does not constitute a change in accounting reference date. The Group will present results on a 52 or 53 week period in future periods to align with internal reporting timelines. The financial information comprises the results of the Company and its subsidiaries.

## 2 SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS) and with the requirements of the Companies Act 2006 and the Listing rules as applicable to companies reporting under those standards.

The financial statements have been prepared under the historical cost basis of accounting, excluding derivative financial instruments which are held at fair value. The financial statements are presented in sterling and all values are rounded to the nearest million pounds except where otherwise indicated.

### 2.2 Changes in presentation

#### Other comprehensive income

Other comprehensive income is now disclosed as a separate statement from the consolidated income statement.

#### Consolidated balance sheet

The presentation of the consolidated balance sheet has been updated as follows:

- Goodwill and other intangible assets are now disclosed as one line item
- Right-of-use assets are now presented separately from property, plant and equipment
- The employee benefit trust reserve which was previously disclosed separately is now reported within retained earnings
- The cash flow hedge reserve, convertible bond reserve and translation reserve are grouped and presented as Other Reserves in the consolidated balance sheet, and within the consolidated statement of changes in equity

The comparatives have also been updated to reflect these changes.

#### Consolidated cash flow statement

The presentation of the consolidated cashflow statement has been updated so that movements in provisions are shown separately. These were previously included within movements in trade and other payables. Comparatives have been updated.

## 2 SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES - CONTINUED

### 2.3 Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for a period of at least 12 months from the date of approval of the financial statements, and therefore continue to adopt the going concern basis in preparing the financial statements. To support this assessment, detailed cash flow forecasts were prepared for the 18-month period to February 2025.

In assessing the Group's going concern position, the Directors have considered the Group's detailed budgeting and forecasting process which reflects the Group's financial performance, position and cash flows over the going concern period (the base case). These cash flow forecasts represent the Directors' best estimate of trading performance and cost implications in the market based on current agreements, market experience and consumer demand expectations. In conjunction with this, the Directors considered the Group's business activities and principal risks, reviewing the Group's cash flows, liquidity positions and borrowing facilities for the going concern period.

The review included the continued availability of existing borrowings, principally related to the new Bantry Bay debt facility and issued convertible bonds, details of which can be found in Note 13. At 3 September 2023, the Group was fully drawn on the £200m term loan with Bantry Bay, and had an undrawn Revolving credit facility ("RCF") of £75m, with a maturity of April 2026, along with £500m convertible bonds with a maturity of April 2026. The only covenant the Group is subject to under the debt facilities is a minimum liquidity covenant of £90m, based on available cash and cash equivalents and amounts undrawn under the RCF, which is the primary test within the going concern assessment.

#### Key assumptions– forecasting business cashflows

The assessment of the Group's going concern position required significant management judgement, including in determining the key assumptions that have the greatest impact on forecasts of future business performance and the range of reasonably possible outcomes of those assumptions. The economic environment has remained challenging throughout FY23 with cost of living pressures continuing to impact customer spending and sentiment. It is not known how long this will continue to directly impact the business and consumer behaviour, nor the impact that a changed economy will have on consumers over the going concern period. For the purposes of the Group's going concern assessment, the Directors have therefore made assumptions on the likely future cash flows in the uncertain macro environment. The assumptions considered include the continued transition to the Group's new operating model and subsequent working capital improvements, as well as a marginal improvement in the macro trading environment, with the online fashion market assumed to return to growth on an aggregated basis across the Group's key territories. The base case assumes the market backdrop within the initial going concern period is to remain challenging, resulting in assumed year-on-year Group sales declines in FY24 of between (5)% and (15)%, returning to year-on-year double digit sales growth and subsequent market share gains by the end of the assessment period. The base case also assumes modest year-on-year improvements in adjusted gross margin during FY24, with up to c.300bps growth vs FY23 towards the end of the assessment period.

Aligned to the Group's principal risks, the Directors have also considered various severe but plausible downside scenarios against the base case, comprising of the following assumptions:

- Sales growth reduction;
- Gross margin reduction;
- Potential working capital cash impacts.

The downside scenarios are considered and mapped by half, with the greater degree of assumption-based improvements and subsequent volatility in the outer periods commanding more severe downside sensitivities. Sensitivities mapped against the base case within the downside case are highlighted below:

<b>Downside vs base case</b>	<b>H1 FY24</b>	<b>H2 FY24</b>	<b>H1 FY25</b>
Sales	(5)%	(10)%	(15)%
Gross Margin	(140)bps	(250)bps	(220)bps
Working Capital impact (average)	£(76)m	£(84)m	£(73)m

## 2 SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES - CONTINUED

Should the Group see such significant events unfold it has several mitigating actions it can implement to manage its liquidity risk, such as deferring capital investment spend, deferring or reducing stock intake to match the sales reduction, and implementing further cost management to maintain a sufficient level of liquidity headroom during the going concern period. The combined impact of the above downside scenarios and mitigations does not trigger a minimum liquidity breach at any point in the going concern period, and offers suitable headroom above the threshold referred to in the Bantry Bay debt facility.

Reverse stress tests have also been performed on both the Group's revenue and gross margin. The tests under consideration hold all metrics in line with the downside case highlighted above, analysing how far the stress metric would need to decline against the base case to cause a liquidity event. Such results would have to see a minimum of c.30% decline in sales over the base case, or a decline in gross margin from the base case of c.650bps across the entire assessment period. Both are considered remote based on results of previous significant economic events and recent trading performance, particularly on the basis that the Group is annualising the challenging market conditions experienced in FY23.

In assessing the group's ability to continue as a going concern the directors have considered climate change risks. Transitional risk outcomes are expected to manifest in the short to medium term (2025 to 2030). As the going concern assessment covers the 18 months to February 2025 (i.e. the very beginning of the TCFD transitional risk period) it is not considered that climate-related risks result in any material uncertainties affecting the Group's ability to continue as a going concern.

Based on the above, the Directors have concluded that, on the basis of there being liquidity headroom under both the base case and downside scenarios, and the consideration that the reverse stress test scenario is remote, it is appropriate to adopt the going concern basis of accounting in the preparation of the Group's annual financial statements, with no material uncertainty to disclose.

### 2.5 Amendments to published standards

The Group has considered the following amendments to published standards that are effective for the Group for the financial period beginning 1 September 2022 and concluded that they are either not relevant to the Group or that they do not have a significant impact on the Group's financial statements other than disclosures.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

The following standards and revisions will be effective for future periods:

- IFRS 17 'Insurance Contracts'
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements' on the disclosure of accounting policies
- Amendments to IAS 1 'Presentation of Financial Statements' on the classification of liabilities as current or non-current
- Amendments to IAS 1 'Presentation of Financial Statements' on non-current liabilities with covenants
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' on the definition of accounting estimates
- Amendments to IAS 12 'Income Taxes' on Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to IFRS 16 'Leases' on Lease Liability in a Sale and Leaseback
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' on the sale or contribution of assets between an investor and its associate or joint venture

The Group has considered the impact of the remaining above standards and revisions and have concluded that they will not have a significant impact on the Group's financial statements.



## 2 SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES - CONTINUED

### 2.6 Alternative performance measures (APMs)

In the reporting of financial information, the Directors use various APMs. These APMs should be considered in addition to, and are not intended to be a substitute for, IFRS measurements. As they are not defined by International Financial Reporting Standards, they may not be directly comparable with other companies' APMs.

The Directors believe that these APMs provide additional useful information for understanding the financial performance and health of the Group. They are also used to enhance the comparability of information between reporting periods (such as adjusted profit) by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance.

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes. The APMs that the Group has focused on in the period are defined and reconciled on pages 38 to 40. All of the APMs relate to the current period's results and comparative periods.

### 3 ADJUSTED PROFIT BEFORE TAX

In order to provide shareholders with additional insight into the year-on-year performance of the business, an adjusted measure of profit is provided to supplement the reported IFRS numbers, and reflects how the business measures performance internally. Adjusted items are those which are significant either by virtue of their size and/or nature, the inclusion of which could distort comparability between periods. The assessment is made both on an individual basis and, if of a similar type, in aggregate.

The consolidated income statement is presented in a columnar format to enable users of the financial statements to see the Group's performance before adjusting items, the adjusting items, and the statutory total on a line-by-line basis. An analysis of the adjusting items included in the consolidated income statement, together with the impact of these items on the consolidated cash flow statement, is disclosed below.

<b>1 September 2022 to 3 September 2023</b>	<b>Revenue</b>	<b>Cost of sales</b>	<b>Administrative expenses</b>	<b>Finance expenses</b>	<b>Total adjustments before tax</b>	<b>Tax</b>	<b>Total</b>
	£m	£m	£m	£m	£m	£m	£m
<b>Driving change agenda</b>							
Commercial operating model change	11.5	(130.0)	(14.7)	-	(133.2)	33.2	(100.0)
Property-related costs	-	-	(60.2)	(0.5)	(60.7)	15.2	(45.5)
Other strategic initiatives	-	-	(24.6)	(6.4)	(31.0)	7.4	(23.6)
<b>Amortisation of acquisition intangibles</b>	-	-	(10.7)	-	(10.7)	2.7	(8.0)
<b>Other items</b>	-	14.1	(4.9)	-	9.2	(2.3)	6.9
	<b>11.5</b>	<b>(115.9)</b>	<b>(115.1)</b>	<b>(6.9)</b>	<b>(226.4)</b>	<b>56.2</b>	<b>(170.2)</b>
<b>Year to 31 August 2022</b>							
	Revenue	Cost of sales	Administrative expenses	Finance expenses	Total adjustments before tax	Tax	Total
	£m	£m	£m	£m	£m	£m	£m
ASOS Reimagined	-	-	(25.4)	-	(25.4)	4.8	(20.6)
Main Market transition costs	-	-	(5.7)	-	(5.7)	(1.1)	(6.8)
Impairment of Leavesden assets	-	-	(18.5)	-	(18.5)	2.3	(16.2)
Employee and other liabilities relating to acquisition of Arcadia brands	-	-	6.4	-	6.4	(1.2)	5.2
Amortisation of acquired intangible assets	-	-	(10.7)	-	(10.7)	1.6	(9.1)
	-	-	(53.9)	-	(53.9)	6.4	(47.5)

### 3 ADJUSTED PROFIT BEFORE TAX - CONTINUED

#### Driving change agenda

In October 2022, ASOS' new CEO delivered an assessment of the business's strengths and weaknesses and launched the Driving Change agenda to return ASOS to profitability and cash generation. This strategy centred around four pillars:

- a. **A renewed commercial model:** A new approach to buying, merchandising, managing and clearing stock designed to increase flexibility and improve stock turn, increasing full price sales and generating cash.
- b. **Stronger order economics and a lighter cost profile:** Actions to improve order profitability in all markets while reducing costs in all parts of the business.
- c. **Robust, flexible balance sheet:** Ensuring sufficient flexibility in the Group's balance sheet to successfully execute its strategy while aligning investment with capacity requirements to ensure a more efficient allocation of capital.
- d. **Enabled by a reinforced leadership team and refreshed culture:** Reinforcing the Senior Leadership team with strategic hires while embedding a more innovative culture at all levels.

Various items of income and expenditure have been incurred during the period in relation to this, as outlined below.

#### Commercial operating model

A key focus for ASOS in FY23 has been the introduction of the new commercial operating model which was approved by the Board during the current financial period. The new model involves a more disciplined approach to intake, increased speed to market and clearing product more quickly to reduce the Group's inventory requirement, increase full price sales and hence gross margin, and improve customer engagement. To unlock these benefits, the Group must also clear old stock acquired under its previous ways of working. As such and in addition to clearance via its own platform, ASOS is utilising offsite clearance routes to support its transition to the new model.

To transition to the new model, a reshaping of the inventory portfolio has been required, and as a result additional costs have been recognised totalling £133.2m. This comprises losses on stock cleared during the period, net of income received of £11.5m, as well as provisions for stock (either held as at FY22 or committed to purchase as at FY22) that will be sold through alternative clearance channels (i.e. not via the ASOS website). Extraction and relevant holding costs totalling £14.7m have also been incurred.

#### Property related costs

During the period it was agreed to vacate a number of Group-occupied sites, including office and warehouse space. As a result, costs of £60.7m have been incurred, comprising the following:

<b>1 September 2022 to 3 September 2023</b>	<b>£m</b>
Impairment of property, plant and equipment (a)	<b>(5.6)</b>
Impairment of intangible assets (a)	<b>(1.7)</b>
Impairment of right of use assets (a)	<b>(20.0)</b>
Impairment of investment property (a)	<b>(1.3)</b>
Accelerated depreciation (b)	<b>(7.6)</b>
Exit provisions (c)	<b>(18.3)</b>
Other closure costs (d)	<b>(6.2)</b>
	<b>(60.7)</b>

- a) Impairment of assets for sites vacated during the financial period. The related assets have been written off in full.
- b) The remaining useful economic lives of corresponding sites have been reassessed to align with closure dates, resulting in an acceleration in depreciation of these assets. The existing depreciation of these assets (depreciation that would have been recognised absent of a closure decision) is recognised within adjusted profit, whereas accelerated depreciation above this is recognised outside of adjusted profit.
- c) Exit provisions relate to onerous contract costs on leased sites that have been identified for closure. Upon initial recognition of exit provisions, management uses its best estimates of the relevant costs to be incurred as well as expected closure dates. This excludes business rates on leased property which are recognised in the period they are incurred. Whilst the properties remain vacant, ongoing expenses relating to lease interest, onerous provision unwinds and business rates will be reported outside adjusted profit given they do not relate to operational sites of the Group.
- d) Relates to negotiated exit costs to vacate certain leased sites ahead of the lease end date.

### 3 ADJUSTED PROFIT BEFORE TAX - CONTINUED

#### Other strategic initiatives

Other priorities for FY23 communicated at the FY22 results included: (i) stronger order economics and a lighter cost profile, (ii) a robust, flexible balance sheet, and, (iii) a reinforced leadership team and refreshed culture. ASOS has progressed with each of these priorities during the period, with costs of £31.0m incurred and excluded from adjusted profit. These predominantly relate to external consultancy costs to support the launch of the programme and the identification of initiatives (£8.9m), severance costs (£7.7m), costs incurred associated with the revolving credit facility covenant waiver and subsequent refinancing during the year (£8.1m - refer to Note 13 for more detail) and other business restructuring costs (£6.3m). The Driving Change agenda has replaced the Group's ASOS Reimagined programme that commenced in the prior year.

Costs incurred last year in relation to ASOS Reimagined totalled £25.4m, bringing cumulative change agenda costs incurred to date to £250.3m (including the commercial model change and property initiatives), of which £63.0m is cash.

#### Amortisation of acquired intangible assets

Amortisation of acquired intangible assets is adjusted for as acquisitions are outside business-as-usual operations for ASOS. These assets would not normally be recognised outside of a business combination, therefore the associated amortisation is adjusted.

#### Other items

During the period, the Group corrected in-aggregate and individually immaterial items relating to prior years totalling £9.2m.

#### Prior year adjusting items

Items recognised outside adjusted profit in the prior year relate to:

- **ASOS Reimagined** - A multi-year programme to enable the business to accelerate delivery of the strategy and medium-term plan set out at the Capital Markets Day held on 10 November 2021. This has subsequently been replaced by the Group's Driving Change agenda.
- **Main Market transition costs** - ASOS' transition to the Main Market of the London Stock Exchange, which was completed on 22 February 2022.
- **Impairment of Leavesden assets** - A non-cash impairment charge relating to the right-of-use assets and associated fixtures and fittings at part of ASOS' Leavesden office.
- **Employee and other liabilities relating to Arcadia acquisition** - The release of a contingent liability relating to employee and other costs, which was originally recognised as part of the Arcadia acquisition in February 2021.

#### Classification as adjusting items

Given a number of the costs incurred as part of the above programmes facilitate future ongoing cost savings, it was considered whether it was appropriate to report these costs within adjusted profit/(loss). Whilst they arise from changes in the Group's underlying operations, they can be separately identified, are significant in size/nature and their inclusion within adjusted profit/(loss) does not facilitate meaningful comparison between financial periods. Furthermore, the costs incurred arise as a result of implementing changes for the future to evolve and reshape the business and are therefore not reflective of ordinary, in-year trading activity, and for areas being closed or restructured, these operations no longer relate to the Group's trading operations. Exclusion from adjusted profit/(loss) is therefore considered appropriate.

### 3 ADJUSTED PROFIT BEFORE TAX - CONTINUED

#### Cash flow impact of adjusting items

The total cash flow impact of adjusting items is as follows:

	<b>1 September 2022 to 3 September 2023</b>	Year to 31 August 2022
	<b>£m</b>	£m
Commercial operating model change	<b>3.5</b>	-
Other strategic initiatives (including ASOS Reimagined)	<b>(56.9)</b>	(12.5)
Main Market transition costs	-	(5.7)
<b>Total adjusting items within cash flow</b>	<b>(53.4)</b>	(18.2)

Other strategic initiatives includes £30.8m fees paid in relation to refinancing included within cash flows from financing activities, as detailed in Note 13.

An additional property initiative was approved after the balance sheet date for which costs are expected next year that will be excluded from adjusted profit. Refer to Note 17 for additional information.

### 4 SEGMENTAL ANALYSIS

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reporting on components of the Group that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The Chief Operating Decision Maker has been determined to be the Management Committee (renamed from the Executive Committee as part of the Group's Driving Change agenda). It is the Management Committee that reviews the Group's internal reporting in order to assess performance and allocate resources across the business. In doing so, the Management Committee reviews performance across the Group via a number of sources, comprising regular monthly management accounts, and ad hoc analysis that provides deep dives into different areas, including territory, brands and revenue streams.

In determining the Group's operating segments, management has considered the level of information which is regularly reviewed by the Management Committee. Information regularly reviewed by the Management Committee is at a consolidated Group level only, with some disaggregated revenue information and associated metrics provided for the geographical territories of the UK, the US, Europe and the Rest of the World. However, decisions on resource allocation are not made based on this information. Such decisions are made on ad hoc analysis, separately provided to the Management Committee, and does not constitute information that is either regularly provided to, nor reviewed by, the Management Committee. As a result, it has been concluded that the Group has only one operating segment (the Group level).

Information by Geographical territory is included below in line with the entity-wide disclosure requirements of IFRS 8 "Operating Segments".

#### 4 SEGMENTAL ANALYSIS - CONTINUED

	1 September 2022 to 3 September 2023				
	UK	EU	US	Rest of world	Total
	£m	£m	£m	£m	£m
Retail sales	1,494.6	1,127.3	443.6	322.7	3,388.2
Income from other services	59.8	29.4	57.5	14.6	161.3
Total revenue	1,554.4	1,156.7	501.1	337.3	3,549.5
Cost of sales					(2,090.5)
Gross profit					1,459.0
Distribution expenses					(429.7)
Administrative expenses					(1,279.8)
Other income					2.0
Operating loss					(248.5)
Finance income					5.0
Finance expense					(53.2)
Loss before tax					(296.7)
Non-current assets <sup>1</sup>	994.1	177.9	162.0	-	1,334.0

  

	Year to 31 August 2022				
	UK	EU	US	Rest of world	Total
	£m	£m	£m	£m	£m
Retail sales	1,703.3	1,142.6	472.7	454.0	3,772.6
Income from other services	59.5	27.4	58.7	18.3	163.9
Total revenue	1,762.8	1,170.0	531.4	472.3	3,936.5
Cost of sales					(2,219.0)
Gross profit					1,717.5
Distribution expenses					(523.7)
Administrative expenses					(1,224.2)
Other Income					20.6
Operating loss					(9.8)
Finance income					0.9
Finance expense					(23.0)
Loss before tax					(31.9)
Non-current assets <sup>1</sup>	1,006.7	188.8	185.2	-	1,380.7

<sup>1</sup> Non-current assets above exclude goodwill, derivative financial assets and deferred tax assets.

The above presentation is consistent with the analysis provided to the chief operating decision maker within the monthly management accounts.

Due to the nature of its activities, the Group is not reliant on any individual major customers.

#### 5 FINANCE INCOME AND EXPENSES

	1 September 2022 to 3 September 2023	Year ended 31 August 2022
	£m	£m
<b>Finance income</b>	<b>5.0</b>	0.9
Interest on convertible bond and other borrowings	(50.8)	(19.5)
IFRS 16 lease interest	(5.6)	(5.4)
Provisions – unwind of discount	(1.6)	(0.2)
Interest capitalised	4.8	2.1
<b>Total finance expense</b>	<b>(53.2)</b>	(23.0)

## 6 TAXATION

	1 September 2022 to 3 September 2023	Year to 31 August 2023
	£m	£m
Current year UK tax	-	(11.8)
Current year overseas tax	3.4	0.9
Adjustment in respect of prior year corporation tax	(4.1)	(3.0)
<b>Total current tax credit</b>	<b>(0.7)</b>	<b>(13.9)</b>
Origination and reversal of temporary differences	(73.2)	11.2
Adjustment from changes in tax rates	(0.1)	0.2
Adjustment in respect of prior years	0.4	1.4
<b>Total deferred tax (credit)/charge</b>	<b>(72.9)</b>	<b>12.8</b>
<b>Total income tax credit in income statement</b>	<b>(73.6)</b>	<b>(1.1)</b>
Analysed as:		
Tax on adjusted profit	(17.4)	5.3
Tax on items excluded from adjusted profit	(56.2)	(6.4)
<b>Total income tax credit in income statement</b>	<b>(73.6)</b>	<b>(1.1)</b>
Effective tax rate	<b>24.8%</b>	<b>3.4%</b>

## 7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company ASOS Plc by the weighted average number of ordinary shares in issue during the period. Own shares held by the Employee Benefit Trust and Link Trust are excluded from the weighted average number of ordinary shares.

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the period, excluding own shares held, adjusted for the effects of potentially dilutive ordinary shares. The dilutive impact is calculated as the weighted average of all potentially dilutive ordinary shares. These represent share options granted by the Group, including performance-based options, where the scheme to date performance is deemed to have been earned. It also includes the number of shares that would be issued if all convertible bonds are assumed to be converted unless the convertible instrument is out-of-the-money and not expected to convert. All operations are continuing for the periods presented.

	1 September 2022 to 3 September 2023	Year to 31 August 2022
<b>Weighted average share capital</b>		
Weighted average shares in issue for basic earnings per share (no. of shares)	<b>104,729,376</b>	99,696,028
Weighted average effect of dilutive options (no. of shares) <sup>1</sup>	-	-
Weighted average effect of convertible bond (no. of shares) <sup>2</sup>	-	-
<b>Weighted average shares in issue for diluted earnings per share (no. of shares)</b>	<b>104,729,376</b>	99,696,028
<b>Loss after tax for the financial period (£m)</b>		
Loss attributable to owners of the parent company for basic earnings per share	<b>(223.1)</b>	(30.8)
Interest expense on convertible bonds <sup>1</sup>	-	-
<b>Diluted loss attributable to owners of the parent company for diluted loss per share</b>	<b>(223.1)</b>	(30.8)
<b>Basic loss per share (pence per share)</b>	<b>(213.0)</b>	(30.9)
<b>Diluted loss per share (pence per share)</b>	<b>(213.0)</b>	(30.9)

<sup>1</sup> Dilutive shares and interest not included where their effect is anti-dilutive

<sup>2</sup> The impact of convertible bonds on the weighted average share capital has been excluded as it is not assumed they will be exercised

## 8 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Brands	Customer relationships	Domain names	Software	Assets under construction	Total
	£m	£m	£m	£m	£m	£m	£m
<b>Cost</b>							
As at 1 September 2022	35.5	219.4	24.4	0.2	752.4	3.6	1,035.5
Additions	–	–	–	–	109.4	17.1	126.5
Transfers	–	–	–	–	1.7	(1.7)	–
<b>As at 3 September 2023</b>	<b>35.5</b>	<b>219.4</b>	<b>24.4</b>	<b>0.2</b>	<b>863.5</b>	<b>19.0</b>	<b>1,162.0</b>
<b>Accumulated amortisation and impairment</b>							
As at 1 September 2022	0.3	12.0	4.7	–	334.6	–	351.6
Amortisation expense	–	7.8	3.1	–	93.8	–	104.7
Impairment charge for the period	–	–	–	–	3.1	2.1	5.2
<b>As at 3 September 2023</b>	<b>0.3</b>	<b>19.8</b>	<b>7.8</b>	<b>–</b>	<b>431.5</b>	<b>2.1</b>	<b>461.5</b>
<b>Net book value at 3 September 2023</b>	<b>35.2</b>	<b>199.6</b>	<b>16.6</b>	<b>0.2</b>	<b>432.0</b>	<b>16.9</b>	<b>700.5</b>
<b>Cost</b>							
As at 1 September 2021	33.4	219.4	24.4	0.2	636.8	0.8	915.0
Additions	2.1	–	–	–	114.6	3.8	120.5
Transfers	–	–	–	–	1.0	(1.0)	–
As at 31 August 2022	35.5	219.4	24.4	0.2	752.4	3.6	1,035.5
<b>Accumulated amortisation and impairment</b>							
As at 1 September 2021	0.3	4.3	1.7	–	256.5	–	262.8
Amortisation expense	–	7.7	3.0	–	78.1	–	88.8
As at 31 August 2022	0.3	12.0	4.7	–	334.6	–	351.6
Net book value at 31 August 2022	35.2	207.4	19.7	0.2	417.8	3.6	683.9

Intangible assets under construction relates to spend on software-based projects, including the enhancement of the Group's mobile apps/website, and other software. No individual projects are material in value.

## 9 PROPERTY, PLANT AND EQUIPMENT

	Fixtures, fittings, plant and machinery £m	Computer hardware £m	Assets under construction £m	Total £m
<b>Cost</b>				
As at 1 September 2022	408.5	41.1	65.4	515.0
Additions	1.1	0.6	46.2	47.9
Transfers	1.1	1.3	(2.4)	–
<b>As at 3 September 2023</b>	<b>410.7</b>	<b>43.0</b>	<b>109.2</b>	<b>562.9</b>
<b>Accumulated depreciation and impairment</b>				
As at 1 September 2022	134.8	26.0	2.5	163.3
Charge for the period	25.4	6.0	–	31.4
Impairment charge for the period	5.2	0.1	0.3	5.6
<b>As at 3 September 2023</b>	<b>165.4</b>	<b>32.1</b>	<b>2.8</b>	<b>200.3</b>
<b>Net book value at 3 September 2023</b>	<b>245.3</b>	<b>10.9</b>	<b>106.4</b>	<b>362.6</b>
<b>Cost</b>				
As at 1 September 2021	386.2	34.4	16.1	436.7
Additions	21.5	6.7	50.1	78.3
Transfers	0.8	–	(0.8)	–
As at 31 August 2022	408.5	41.1	65.4	515.0
<b>Accumulated depreciation and impairment</b>				
As at 1 September 2021	101.9	20.8	–	122.7
Charge for the year	25.5	5.2	–	30.7
Impairment charge for the year	7.4	–	2.5	9.9
As at 31 August 2022	134.8	26.0	2.5	163.3
Net book value at 31 August 2022	273.7	15.1	62.9	351.7

Significant assets under construction as at 3 September 2023 consisted primarily of amounts spent to automate the Atlanta fulfilment centre totalling £58.0m (2022: £41.5m) and the Lichfield fulfilment centre £46.8m (2022: £16.2m).

## 10 LEASES

### Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period. Right-of-use assets comprise entirely leases for land and buildings.

	1 September 2022 to 3 September 2023 £m	Year to 31 August 2022 £m
At the beginning of the period	380.3	345.2
Modifications	(9.6)	69.2
Impairment charge	(20.0)	(9.3)
Depreciation charge	(35.9)	(30.3)
Transfers to investment property	(12.8)	–
Foreign exchange differences	(6.8)	5.5
At the end of the period	295.2	380.3

The Group presents additions to right-of-use assets in line with the disclosure requirements of IFRS 16 'Leases'. In doing so, modifications above includes the impact of lease terminations, modifications and reassessments, and changes to dilapidation estimates.

Right-of-use assets totalling £12.8m were transferred to investment property during the year and relate to sites the Group sublets, or that are currently vacant with the intention of subletting.



## 10 LEASES - CONTINUED

### Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<b>1 September 2022 to 3 September 2023</b>	Year to 31 August 2022
	<b>£m</b>	£m
At the beginning of the period	<b>380.1</b>	328.9
Modifications	<b>(21.1)</b>	71.3
Payments	<b>(28.0)</b>	(31.7)
Interest expense	<b>5.6</b>	5.4
Foreign exchange differences	<b>(7.6)</b>	6.2
<b>At the end of the period</b>	<b>329.0</b>	380.1
Current	<b>25.3</b>	24.3
Non-current	<b>303.7</b>	355.8
<b>Total</b>	<b>329.0</b>	380.1

## 11 CASH AND CASH EQUIVALENTS

	<b>As at 3 September 2023</b>	As at 31 August 2022
	<b>£m</b>	£m
Cash in hand and bank balances	<b>85.6</b>	137.5
Money market fund investments	<b>142.7</b>	145.5
Deposits at financial institutions	<b>125.0</b>	40.0
<b>Closing cash and cash equivalents</b>	<b>353.3</b>	323.0

Cash and cash equivalents includes uncleared payment provider receipts of £63.3m, which are typically due within 3 business days (2022: £51.2m).

Included within cash and cash equivalents is £4.1m (2022: £0.8m) of cash collected on behalf of partners of the Direct to Consumer fulfilment proposition 'Partner Fulfils'. ASOS Payments UK Limited and the Group are entitled to interest amounts earned on the deposits and amounts are held in a segregated bank account that is settled on a monthly basis.

## 12 TRADE AND OTHER PAYABLES

	<b>As at 3 September 2023</b>	As at 31 August 2022
	<b>£m</b>	£m
Trade payables	<b>71.3</b>	94.0
Other payables	<b>174.7</b>	255.6
Accruals	<b>238.7</b>	401.8
Returns provision	<b>108.2</b>	147.2
Deferred revenue	<b>52.1</b>	54.4
Taxation and social security	<b>35.4</b>	40.3
	<b>680.4</b>	993.3

Trade and other payables have been presented in more detail than previously in order to provide more useful information to users of the financial statements. In doing so, the allocation between some categories has changed. Prior periods have been represented where relevant. The reduction in total trade and other payables is predominantly as a result of lower intake receipts and operating costs in the second half of the year as the Group transitions to its new commercial operating model.

## 13 BORROWINGS

	<b>As at 3 September 2023</b>	As at 31 August 2022
	<b>£m</b>	£m
Convertible bond	<b>464.4</b>	451.0
Term Loan	<b>184.8</b>	-
Nordstrom loan	<b>20.4</b>	22.0
Put option liability	<b>3.2</b>	2.9
<b>Total</b>	<b>672.8</b>	475.9
Current	<b>1.5</b>	1.4
Non-current	<b>671.3</b>	474.5
<b>Total</b>	<b>672.8</b>	475.9

### Convertible bonds

On 16 April 2021 the Group issued £500m of convertible bonds. The unsecured instruments pay a coupon of 0.75% until April 2026, or the conversion date, if earlier. The initial conversion price was set at £79.65 per share. The fair value of the debt component was determined using the market interest rate for an equivalent non-convertible bond, deemed to be 3.4%. As a result, £440.1m was recognised as a liability in the balance sheet on issue and the remainder of the proceeds, £59.9m, which represents the equity component, was credited to reserves. Issue costs of £9.0m were allocated between equity (£1.0m) and debt (£8.0m).

### Term loan

In May 2023, the Group entered into a £200m senior term loan and a £75m super senior revolving facility (the "New RCF") (together the "New Facilities") with specialist lender Bantry Bay Capital Limited through to April 2026, with the optionality to further extend to May 2028 subject to meeting lender requirements. The New Facilities have replaced the previous £350m revolving credit facility (the "Old RCF") which was due to expire in November 2024 following the amendment and extension announced alongside the Company's interim results on 10 May 2023. Fees totalling £21.7m were incurred, of which £15.8m was applied to the term loan, with the remainder relating to the New RCF and capitalised within prepayments.

Both the senior term loan and New RCF (when drawn) bear interest at a margin above SONIA. The New RCF incurs commitment fees at a market rate.

The New Facilities are subject only to a minimum liquidity covenant defined as cash and cash equivalents plus amounts undrawn under the New RCF. The New Facilities carry a fixed and floating charge over all assets of the following chargors in the Group – ASOS Plc, ASOS.com Limited, ASOS Intermediate Holdings Limited, Mornington & Co (No. 1) Limited and Mornington & Co (No. 2) Limited.

### Nordstrom Loan

On 12 July 2021 the Group announced a strategic partnership with Nordstrom, a US-based multi-channel retailer, to drive growth in North America. As part of this venture, Nordstrom purchased a minority interest in ASOS Holdings Limited which holds the Topshop, Topman, Miss Selfridge and HIIT brands in exchange for £10 as well as providing a £21.9m loan. The loan attracts interest at a market rate of 6.5% per annum. The resulting liability is £20.4m as at 3 September 2023 (2022: £22.0m), this is following a partial repayment of the loan totalling £1.7m (2022: £nil) being made in the period. As part of this agreement a written put option was provided to Nordstrom over their shares in ASOS Holdings Limited, valued at £3.2m as at 3 September 2023.

### 13 BORROWINGS - CONTINUED

#### Refinancing fees included in cash flow

Refinancing fees included in the cash flow statement total £30.8m, and are reconciled to their location in the financial statements as follows:

Fee description	Cash	Income statement			Balance sheet	
		Administrative expenses	Finance costs		Borrowings	Prepayments
		Outside adjusted profit	Outside adjusted profit	Within adjusted profit		
	£m	£m	£m	£m	£m	£m
Fees incurred in relation to covenant waiver exercise in October 2022	7.1	1.7	4.0	1.4	-	-
Extension fees incurred in May 2023 for old RCF	2.0	-	2.0	-	-	-
Refinancing fees for New Facilities	21.7	-	-	-	15.8	5.9
<b>Total</b>	<b>30.8</b>	<b>1.7</b>	<b>6.0</b>	<b>1.4</b>	<b>15.8</b>	<b>5.9</b>
Other non-cash (write off of previously capitalised fees)	-	-	0.4	-	-	-
<b>Total</b>	<b>30.8</b>	<b>1.7</b>	<b>6.4</b>	<b>1.4</b>	<b>15.8</b>	<b>5.9</b>

### 14 PROVISIONS

	Dilapidations	Onerous occupancy	Total
	£m	£m	£m
<b>As at 1 September 2022</b>	<b>41.9</b>	<b>-</b>	<b>41.9</b>
<b>Recognised</b>	<b>11.2</b>	<b>18.3</b>	<b>29.5</b>
<b>Utilised</b>	<b>-</b>	<b>(1.8)</b>	<b>(1.8)</b>
<b>Unwinding of discount</b>	<b>1.3</b>	<b>0.3</b>	<b>1.6</b>
<b>Exchange differences</b>	<b>(1.0)</b>	<b>-</b>	<b>(1.0)</b>
<b>As at 3 September 2023</b>	<b>53.4</b>	<b>16.8</b>	<b>70.2</b>
<b>Current</b>	<b>-</b>	<b>2.0</b>	<b>2.0</b>
<b>Non-current</b>	<b>53.4</b>	<b>14.8</b>	<b>68.2</b>
<b>As at 3 September 2023</b>	<b>53.4</b>	<b>16.8</b>	<b>70.2</b>
As at 1 September 2021	43.2	-	43.2
Recognised	10.8	-	10.8
Effects of movements in discount rates	(13.2)	-	(13.2)
Unwinding of discount	0.2	-	0.2
Exchange differences	0.9	-	0.9
As at 31 August 2022	41.9	-	41.9
Current	-	-	-
Non-current	41.9	-	41.9
As at 31 August 2022	41.9	-	41.9

Dilapidations are recognised where there is a present obligation to repair and restore leased properties to their pre-occupancy state at the end of the lease term.

Where the Group no longer operates from a leased property, onerous property contract provisions are recognised for the least net cost of exiting from the contract. The amounts provided are based on the Group's best estimates of the likely committed outflows and site closure dates. These provisions do not include rent in accordance with IFRS 16, however do include unavoidable costs related to the lease such as service charges and insurance.

## 15 NET DEBT RECONCILIATION

Group net debt comprises cash and cash equivalents less any borrowings drawn down at period-end (including accrued interest), but excluding outstanding lease liabilities.

	Lease liabilities £m	Borrowings £m	Cash and cash equivalents £m	Total £m
<b>As at 1 September 2022</b>	<b>(380.1)</b>	<b>(475.9)</b>	<b>323.0</b>	<b>(533.0)</b>
<b>Cash flow movements</b>	<b>28.0</b>	<b>(154.5)</b>	<b>27.6</b>	<b>(98.9)</b>
Cash flow excluding interest	22.4	(198.3)	32.1	(143.8)
Net interest paid/(received)	5.6	28.0	(4.5)	29.1
Financing fees paid	-	15.8	-	15.8
<b>Non-cash movements</b>	<b>23.1</b>	<b>(42.4)</b>	<b>2.7</b>	<b>(16.6)</b>
Movement in lease liabilities	21.1	-	-	21.1
Foreign exchange impacts	7.6	-	(1.8)	5.8
Accrued interest	(5.6)	(42.4)	4.5	(43.5)
<b>As at 3 September 2023</b>	<b>(329.0)</b>	<b>(672.8)</b>	<b>353.3</b>	<b>(648.5)</b>
<b>Net debt (excluding leases)</b>				<b>(319.5)</b>
As at 1 September 2021	(328.9)	(463.2)	662.7	(129.4)
<b>Cash flow movements</b>	<b>31.7</b>	<b>5.7</b>	<b>(340.7)</b>	<b>(303.3)</b>
Cash flow excluding interest	26.3	-	(339.8)	(313.5)
Net interest paid/(received)	5.4	5.7	(0.9)	10.2
<b>Non-cash movements</b>	<b>(82.9)</b>	<b>(18.4)</b>	<b>1.0</b>	<b>(100.3)</b>
Movement in lease liabilities	(71.3)	-	-	(71.3)
Foreign exchange impacts	(6.2)	-	0.1	(6.1)
Accrued interest	(5.4)	(18.4)	0.9	(22.9)
As at 31 August 2022	(380.1)	(475.9)	323.0	(533.0)
Net debt (excluding leases)				(152.9)

## 16 CONTINGENT LIABILITIES

From time to time, the Group is subject to various legal proceedings and claims that arise in the ordinary course of business, which due to the fast-growing nature of the Group and its ecommerce base, may concern the Group's brand and trading name or its product designs. All such cases brought against the Group are robustly defended and a liability is recorded only when it is probable that the case will result in a future economic outflow which can be reliably measured.

The Group is currently party to legal proceedings in overseas territories. These proceedings are in their very early stages and the Group is robustly defending them. Given the early stages, the Group cannot make any assessment of the likelihood nor quantum of any outcome. No provision has therefore been recognised on the Group's balance sheet.

The Group is currently party to a voluntary disclosure made to an overseas tax authority in relation to potentially overclaimed VAT. Suppliers to the Group have historically charged VAT on services which should possibly have been charged without VAT. If it is concluded that VAT should not have been charged, ASOS will be required to either repay circa £90m to the related tax authority and reclaim said amounts from the suppliers or reach multi-party, non-cash agreements between the tax authority, the suppliers and ASOS. At this time it is unclear whether VAT should or should not have been charged, with facts supporting both views. The correct position will ultimately be determined by the relevant tax authorities, and as a result the Group considers there to be only a possible risk that a payment will be required. The Group is actively working with the suppliers and tax authorities to conclude and notes that in either scenario the tax authority concerned has not suffered a loss of tax revenue as amounts claimed by ASOS have been matched by payments made by suppliers.

## **17 POST BALANCE SHEET EVENTS**

After the balance sheet date, on 6 October 2023, the Board approved the commencement of a process to either sell or mothball the Lichfield fulfilment centre, following completion of the automation project in late FY24. At the year-end, the site was in use and will remain as such until the automation work completes.

At the year-end, assets held in relation to Lichfield totalled circa £110m, as well as lease liabilities of circa £30m. Costs to complete the automation are estimated at £45m. As a result of the decision, an impairment of the existing assets is likely to be required, which together with committed future automation spend, will be recognised directly within administrative expenses, and outside adjusted profit. Any impairments are ultimately dependent on future decisions regarding the site, which include recommissioning the site, leaving vacant, or securing the sale of the related equipment and assigning the lease.

## ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Group uses the below non-IFRS performance measures to allow shareholders to better understand underlying financial performance and position. These should not be seen as substitutes for IFRS measures of performance and may not allow a direct comparison to other companies.

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure																																												
Revenue growth at constant currency	None	ASOS calculates constant currency (CCY) growth by adjusting the current year reported revenue number for the impact of year-on-year changes in the hedge rate on hedged sales and year-on-year spot rate movements on unhedged sales. The current period also adjusts for the impact of the three additional trading days in FY23. This provides revenue growth on a like-for-like basis vs. last year, giving users of the accounts a better view of underlying sales performance that is not impacted by exchange rate fluctuations.	<p>This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.</p> <table border="1"> <thead> <tr> <th></th> <th>1 September 2022 to 3 September 2023</th> <th>Year to 31 August 2022</th> <th>Growth</th> </tr> <tr> <th></th> <th>£m</th> <th>£m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Adjusted Revenue<sup>1</sup></td> <td>3,448.0</td> <td>3,859.7</td> <td>(11)%</td> </tr> <tr> <td>Impact of foreign exchange translation, non-underlying Jobber income and LFL financial periods</td> <td>101.5</td> <td>-</td> <td>-</td> </tr> <tr> <td>Excluding Russia</td> <td>-</td> <td>76.8</td> <td>-</td> </tr> <tr> <td><b>Group revenue</b></td> <td><b>3,549.5</b></td> <td><b>3,936.5</b></td> <td><b>(10)%</b></td> </tr> </tbody> </table> <p><sup>1</sup> Adjusted revenue, stated on a constant currency basis, excluding Russia from H1 FY22, and removing the impact of the 3 extra trading days in FY23.</p> <table border="1"> <thead> <tr> <th></th> <th>Year to 31 August 2022</th> <th>Year to 31 August 2021</th> <th>Growth</th> </tr> <tr> <th></th> <th>£m</th> <th>£m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Revenue at constant currency</td> <td>3,972.7</td> <td>3,910.5</td> <td>2%</td> </tr> <tr> <td>Impact of foreign exchange translation</td> <td>(36.2)</td> <td>-</td> <td>-</td> </tr> <tr> <td>Group revenue</td> <td>3,936.5</td> <td>3,910.5</td> <td>1%</td> </tr> </tbody> </table>		1 September 2022 to 3 September 2023	Year to 31 August 2022	Growth		£m	£m	%	Adjusted Revenue <sup>1</sup>	3,448.0	3,859.7	(11)%	Impact of foreign exchange translation, non-underlying Jobber income and LFL financial periods	101.5	-	-	Excluding Russia	-	76.8	-	<b>Group revenue</b>	<b>3,549.5</b>	<b>3,936.5</b>	<b>(10)%</b>		Year to 31 August 2022	Year to 31 August 2021	Growth		£m	£m	%	Revenue at constant currency	3,972.7	3,910.5	2%	Impact of foreign exchange translation	(36.2)	-	-	Group revenue	3,936.5	3,910.5	1%
	1 September 2022 to 3 September 2023	Year to 31 August 2022	Growth																																												
	£m	£m	%																																												
Adjusted Revenue <sup>1</sup>	3,448.0	3,859.7	(11)%																																												
Impact of foreign exchange translation, non-underlying Jobber income and LFL financial periods	101.5	-	-																																												
Excluding Russia	-	76.8	-																																												
<b>Group revenue</b>	<b>3,549.5</b>	<b>3,936.5</b>	<b>(10)%</b>																																												
	Year to 31 August 2022	Year to 31 August 2021	Growth																																												
	£m	£m	%																																												
Revenue at constant currency	3,972.7	3,910.5	2%																																												
Impact of foreign exchange translation	(36.2)	-	-																																												
Group revenue	3,936.5	3,910.5	1%																																												
Retail sales	Revenue	<p>Internet sales recorded net of an appropriate deduction for actual and expected returns, relevant vouchers, discounts and sales taxes.</p> <p>Retail sales exclude income from delivery receipt payments, marketing services, commission on partner-fulfilled sales and revenue from wholesale sales.</p>	<p>A measure of the Group's trading performance focusing on the sale of products to end customers. Used by management to monitor overall performance across markets, and the basis of key internal KPIs such as ABV.</p> <p>A reconciliation of this measure is included in Note 4.</p>																																												
Adjusted revenue	Revenue	Revenue excluding the impact of adjusting items.	<p>A measure of the Group's revenue and gross profitability, excluding the impact of any adjusting items.</p> <p>Reconciliation is shown below:</p> <table border="1"> <thead> <tr> <th></th> <th>1 September 2022 to 3 September 2023</th> <th>Year to 31 August 2022</th> </tr> <tr> <th></th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>3,549.5</td> <td>3,936.5</td> </tr> <tr> <td>Adjusting items</td> <td>(11.5)</td> <td>-</td> </tr> <tr> <td><b>Adjusted revenue</b></td> <td><b>3,538.0</b></td> <td><b>3,936.5</b></td> </tr> <tr> <td>Gross profit</td> <td>1,459.0</td> <td>1,717.5</td> </tr> <tr> <td>Adjusting items</td> <td>104.4</td> <td>-</td> </tr> <tr> <td><b>Adjusted gross profit</b></td> <td><b>1,563.4</b></td> <td><b>1,717.5</b></td> </tr> <tr> <td>Gross margin</td> <td>41.1%</td> <td>43.6%</td> </tr> <tr> <td><b>Adjusted gross margin %</b></td> <td><b>44.2%</b></td> <td><b>43.6%</b></td> </tr> </tbody> </table>		1 September 2022 to 3 September 2023	Year to 31 August 2022		£m	£m	Revenue	3,549.5	3,936.5	Adjusting items	(11.5)	-	<b>Adjusted revenue</b>	<b>3,538.0</b>	<b>3,936.5</b>	Gross profit	1,459.0	1,717.5	Adjusting items	104.4	-	<b>Adjusted gross profit</b>	<b>1,563.4</b>	<b>1,717.5</b>	Gross margin	41.1%	43.6%	<b>Adjusted gross margin %</b>	<b>44.2%</b>	<b>43.6%</b>														
	1 September 2022 to 3 September 2023	Year to 31 August 2022																																													
	£m	£m																																													
Revenue	3,549.5	3,936.5																																													
Adjusting items	(11.5)	-																																													
<b>Adjusted revenue</b>	<b>3,538.0</b>	<b>3,936.5</b>																																													
Gross profit	1,459.0	1,717.5																																													
Adjusting items	104.4	-																																													
<b>Adjusted gross profit</b>	<b>1,563.4</b>	<b>1,717.5</b>																																													
Gross margin	41.1%	43.6%																																													
<b>Adjusted gross margin %</b>	<b>44.2%</b>	<b>43.6%</b>																																													
Adjusted gross margin	None	Gross profit divided by revenue and excluding the impact of adjusting items.																																													

## ALTERNATIVE PERFORMANCE MEASURES (APMs) - CONTINUED

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure																																				
Adjusted EBIT	Operating (loss)/profit	Profit before tax, interest, and any adjusting items excluded from adjusted profit before tax (see below).	A measure of the Group's underlying profitability for the period, excluding the impact of any transactions outside of the ordinary course of business and not considered to be part of ASOS' usual cost base. Used by management to monitor the performance of the business each month.																																				
Adjusted (loss)/profit before tax	(Loss)/profit before tax	Adjusted (loss)/profit before tax excludes items recognised in reported profit or loss before tax which, if included, could distort comparability between periods. In determining which items to exclude, the Group considers items which are significant either by virtue of their size and/or nature, or that are non-recurring.	<table border="1"> <thead> <tr> <th></th> <th>1 September 2022 to 3 September 2023</th> <th>Year to 31 August 2022</th> </tr> <tr> <th></th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td><b>Operating loss</b></td> <td><b>(248.5)</b></td> <td>(9.8)</td> </tr> <tr> <td>Adjusting items excluding finance costs (Note 3)</td> <td><b>219.5</b></td> <td>53.9</td> </tr> <tr> <td><b>Adjusted EBIT</b></td> <td><b>(29.0)</b></td> <td>44.1</td> </tr> <tr> <td>Net finance costs (Note 5)</td> <td><b>(48.2)</b></td> <td>(22.1)</td> </tr> <tr> <td>Add back adjusting finance costs (Note 3)</td> <td><b>6.9</b></td> <td>-</td> </tr> <tr> <td><b>Adjusted (loss)/profit before tax</b></td> <td><b>(70.3)</b></td> <td>22.0</td> </tr> <tr> <td>Group revenue</td> <td><b>3,549.5</b></td> <td>3,936.5</td> </tr> <tr> <td>Adjusting items</td> <td><b>(11.5)</b></td> <td>-</td> </tr> <tr> <td><b>Adjusted Group revenue</b></td> <td><b>3,538.0</b></td> <td>3,936.5</td> </tr> <tr> <td><b>Adjusted EBIT margin</b></td> <td><b>(0.8)%</b></td> <td>1.1%</td> </tr> </tbody> </table>		1 September 2022 to 3 September 2023	Year to 31 August 2022		£m	£m	<b>Operating loss</b>	<b>(248.5)</b>	(9.8)	Adjusting items excluding finance costs (Note 3)	<b>219.5</b>	53.9	<b>Adjusted EBIT</b>	<b>(29.0)</b>	44.1	Net finance costs (Note 5)	<b>(48.2)</b>	(22.1)	Add back adjusting finance costs (Note 3)	<b>6.9</b>	-	<b>Adjusted (loss)/profit before tax</b>	<b>(70.3)</b>	22.0	Group revenue	<b>3,549.5</b>	3,936.5	Adjusting items	<b>(11.5)</b>	-	<b>Adjusted Group revenue</b>	<b>3,538.0</b>	3,936.5	<b>Adjusted EBIT margin</b>	<b>(0.8)%</b>	1.1%
	1 September 2022 to 3 September 2023	Year to 31 August 2022																																					
	£m	£m																																					
<b>Operating loss</b>	<b>(248.5)</b>	(9.8)																																					
Adjusting items excluding finance costs (Note 3)	<b>219.5</b>	53.9																																					
<b>Adjusted EBIT</b>	<b>(29.0)</b>	44.1																																					
Net finance costs (Note 5)	<b>(48.2)</b>	(22.1)																																					
Add back adjusting finance costs (Note 3)	<b>6.9</b>	-																																					
<b>Adjusted (loss)/profit before tax</b>	<b>(70.3)</b>	22.0																																					
Group revenue	<b>3,549.5</b>	3,936.5																																					
Adjusting items	<b>(11.5)</b>	-																																					
<b>Adjusted Group revenue</b>	<b>3,538.0</b>	3,936.5																																					
<b>Adjusted EBIT margin</b>	<b>(0.8)%</b>	1.1%																																					

Details of adjusting items are included within Note 3.

Adjusted EBITDA	No direct equivalent	Adjusted EBIT above, adjusted for depreciation, amortisation and impairments.	EBITDA is used to review the Group's profit generation and the sustainability of ongoing capital reinvestment and finance costs.																								
			<table border="1"> <thead> <tr> <th></th> <th>1 September 2022 to 3 September 2023</th> <th>Year to 31 August 2022</th> </tr> <tr> <th></th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td><b>Adjusted EBIT (above)</b></td> <td><b>(29.0)</b></td> <td>44.1</td> </tr> <tr> <td>Add back depreciation and amortisation (per cash flow)</td> <td><b>172.5</b></td> <td>149.8</td> </tr> <tr> <td>Add back impairment (per cash flow)</td> <td><b>32.1</b></td> <td>19.2</td> </tr> <tr> <td>Less depreciation and amortisation excluded from adjusted profit<sup>1</sup></td> <td><b>(19.6)</b></td> <td>(10.7)</td> </tr> <tr> <td>Less impairment excluded from adjusted profit<sup>2</sup></td> <td><b>(31.5)</b></td> <td>(18.5)</td> </tr> <tr> <td><b>Adjusted EBITDA</b></td> <td><b>124.5</b></td> <td>183.9</td> </tr> </tbody> </table>		1 September 2022 to 3 September 2023	Year to 31 August 2022		£m	£m	<b>Adjusted EBIT (above)</b>	<b>(29.0)</b>	44.1	Add back depreciation and amortisation (per cash flow)	<b>172.5</b>	149.8	Add back impairment (per cash flow)	<b>32.1</b>	19.2	Less depreciation and amortisation excluded from adjusted profit <sup>1</sup>	<b>(19.6)</b>	(10.7)	Less impairment excluded from adjusted profit <sup>2</sup>	<b>(31.5)</b>	(18.5)	<b>Adjusted EBITDA</b>	<b>124.5</b>	183.9
	1 September 2022 to 3 September 2023	Year to 31 August 2022																									
	£m	£m																									
<b>Adjusted EBIT (above)</b>	<b>(29.0)</b>	44.1																									
Add back depreciation and amortisation (per cash flow)	<b>172.5</b>	149.8																									
Add back impairment (per cash flow)	<b>32.1</b>	19.2																									
Less depreciation and amortisation excluded from adjusted profit <sup>1</sup>	<b>(19.6)</b>	(10.7)																									
Less impairment excluded from adjusted profit <sup>2</sup>	<b>(31.5)</b>	(18.5)																									
<b>Adjusted EBITDA</b>	<b>124.5</b>	183.9																									

1 Comprises £18.3m within property initiatives, and £1.3m within the commercial operating model change

2 Comprises £28.6m within property initiatives, and £2.9m within strategic initiatives

## ALTERNATIVE PERFORMANCE MEASURES (APMs) - CONTINUED

Performance measure	Closest IFRS measure	Definition	How ASOS uses this measure		
Net cash/(debt)	No direct equivalent	Cash and cash equivalents less the carrying value of borrowings (including accrued interest) drawn down at period-end, but excluding outstanding lease liabilities.	A measure of the Group's liquidity. Information is included in Note 15. A reconciliation is included below:		
				<b>1 September 2022 to 3 September 2023</b>	Year to 31 August 2022
				<b>£m</b>	<b>£m</b>
			Cash and cash equivalents	<b>353.3</b>	323.0
			Borrowings	<b>(672.8)</b>	(475.9)
			Lease liabilities	<b>(329.0)</b>	(380.1)
			<b>Net borrowings</b>	<b>(648.5)</b>	(533.0)
			Add-back lease liabilities	<b>329.0</b>	380.1
			<b>Group net debt</b>	<b>(319.5)</b>	(152.9)
Free cash flow	No direct equivalent	Free cash flow is net cash generated from operating activities, less payments to acquire intangible and tangible assets, payment of the principal portion of lease liabilities and net finance expenses.	A measure of the cash generated by the Group outside cash flows relating to M&A and financing transactions, which allows management to better assess the cash being generated by the business. A reconciliation to the Group cash flow is shown below:		
				<b>1 September 2022 to 3 September 2023</b>	Year to 31 August 2022
				<b>£m</b>	<b>£m</b>
			Cash used generated from/(used in) operations (per cash flow)	<b>16.4</b>	(120.4)
			Purchase of tangible and intangible assets	<b>(177.9)</b>	(182.9)
			Repayment of principal portion of lease liabilities	<b>(22.4)</b>	(26.3)
			Net interest paid	<b>(29.1)</b>	(10.2)
			<b>Free cash flow</b>	<b>(213.0)</b>	(339.8)



## Appendix 1 – Total sales growth by period in sterling, including Russia

### Period to 3 September 2023

£m	P1 <sup>1</sup>	YOY%	P2 <sup>1</sup>	YOY%	P3 <sup>1</sup>	YOY%	P4 <sup>1</sup>	YOY%	2022/23 FY	YOY%
UK total sales	591.3	(8%)	212.4	(15%)	370.3	(14%)	380.4	(13%)	1,554.4	(12%)
EU total sales	417.3	7%	169.3	(10%)	283.5	(4%)	286.6	(4%)	1,156.7	(1%)
US total sales	198.1	15%	71.1	(11%)	121.2	(15%)	110.7	(19%)	501.1	(6%)
ROW total sales	129.8	(30%)	51.3	(45%)	83.9	(13%)	72.3	(26%)	337.3	(29%)
<b>Total sales<sup>3</sup></b>	<b>1,336.5</b>	<b>(4%)</b>	<b>504.1</b>	<b>(17%)</b>	<b>858.9</b>	<b>(11%)</b>	<b>850.0</b>	<b>(12%)</b>	<b>3,549.5</b>	<b>(10%)</b>

### Year ended 31 August 2022

£m	P1 <sup>1</sup>	YOY%	P2 <sup>1</sup>	YOY%	P3 <sup>1</sup>	YOY%	P4 <sup>1</sup>	YOY%	2021/22	YOY%
UK total sales	645.2	13%	250.3	(2%)	431.8	4%	435.5	6%	1,762.8	7%
EU total sales	390.2	(3%)	187.2	(3%)	294.0	(5%)	298.6	6%	1,170.0	(1%)
US total sales	172.6	7%	80.1	13%	141.9	21%	136.8	18%	531.4	14%
ROW total sales	185.1	(20%)	93.4	1%	96.4 <sup>2</sup>	(33%)	97.4	(30%)	472.3	(22%)
<b>Total sales<sup>3</sup></b>	<b>1,393.1</b>	<b>2%</b>	<b>611.0</b>	<b>-%</b>	<b>964.1<sup>2</sup></b>	<b>(2%)</b>	<b>968.3</b>	<b>2%</b>	<b>3,936.5</b>	<b>1%</b>

### Year ended 31 August 2021

£m	P1 <sup>1</sup>	YOY%	P2 <sup>1</sup>	YOY%	P3 <sup>1,4</sup>	YOY%	P4 <sup>1,4</sup>	YOY%	2020/21	YOY%
UK total sales	571.3	35%	254.5	46%	415.9	85%	410.3	5%	1,652.0	36%
EU total sales	400.6	18%	193.8	22%	310.1	33%	280.8	(6%)	1,185.3	15%
US total sales	161.7	12%	71.2	8%	117.5	25%	115.8	4%	466.2	12%
ROW total sales	230.5	16%	92.3	1%	144.5	2%	139.7	(19%)	607.0	1%
<b>Total sales<sup>3</sup></b>	<b>1,364.1</b>	<b>23%</b>	<b>611.8</b>	<b>25%</b>	<b>988.0</b>	<b>43%</b>	<b>946.6</b>	<b>(3%)</b>	<b>3,910.5</b>	<b>20%</b>

<sup>1</sup> Periods are as follows:

P1: four months to 31 December

P2: two months to 28/29 February

P3: three months to 31 May

P4: three months to 31 August at year-end 2021 and 2022, period to 3 September in 2023

<sup>2</sup> In the tables above RoW and Group total sales for P3 have been restated. This restatement relates to the removal of the £19.3m gain on RUB hedges, which was reported as revenue at P3 but subsequently reallocated to other income at year-end 2022.

<sup>3</sup> Includes retail sales, wholesale and income from other services comprising delivery receipt payments, marketing services and commission on partner-fulfilled sales.

<sup>4</sup> P3 is restated to reflect only March, April, and May. P4 has been restated to include June.

## Appendix 2 – Total sales growth by period at constant currency, including Russia

### Period to 3 September 2023

£m	P1 <sup>1</sup> YOY%	P2 <sup>1</sup> YOY%	P3 <sup>1</sup> YOY%	P4 <sup>1</sup> YOY%	2022/23 YOY%
UK total sales	(8%)	(15%)	(14%)	(13%)	(12%)
EU total sales	6%	(12%)	(7%)	(4%)	(3%)
US total sales	(2%)	(20%)	(20%)	(16%)	(13%)
ROW total sales	(31%)	(46%)	(14%)	(25%)	(30%)
<b>Total sales<sup>3</sup></b>	<b>(6%)</b>	<b>(20%)</b>	<b>(13%)</b>	<b>(12%)</b>	<b>(11%)</b>

### Year ended 31 August 2022

£m	P1 <sup>1</sup> YOY%	P2 <sup>1</sup> YOY%	P3 <sup>1</sup> YOY%	P4 <sup>1</sup> YOY%	2021/22 YOY%
UK total sales	13%	(2%)	4%	6%	7%
EU total sales	2%	1%	(2%)	9%	2%
US total sales	11%	12%	15%	4%	10%
ROW total sales	(15%)	2%	(33%) <sup>2</sup>	(31%)	(20%)
<b>Total sales<sup>3</sup></b>	<b>5%</b>	<b>1%</b>	<b>(2%)<sup>2</sup></b>	<b>1%</b>	<b>2%</b>

### Year ended 31 August 2021

£m	P1 <sup>1</sup> YOY%	P2 <sup>1</sup> YOY%	P3 <sup>1,4</sup> YOY%	P4 <sup>1,4</sup> YOY%	2020/21 YOY%
UK total sales	35%	46%	85%	5%	36%
EU total sales	17%	20%	34%	(7%)	15%
US total sales	16%	13%	40%	15%	21%
ROW total sales	20%	9%	10%	(14%)	6%
<b>Total sales<sup>3</sup></b>	<b>24%</b>	<b>26%</b>	<b>47%</b>	<b>(1%)</b>	<b>22%</b>

<sup>1</sup> Periods are as follows:

P1: four months to 31 December

P2: two months to 28/29 February

P3: three months to 31 May

P4: three months to 31 August at year-end 2021 and 2022, period to 3 September in 2023

<sup>2</sup> In the tables above RoW and Group total sales for P3 have been restated. This restatement relates to the removal of the £19.3m gain on RUB hedges, which was reported as revenue at P3 but subsequently reallocated to other income at year-end 2022.

<sup>3</sup> Includes retail sales, wholesale and income from other services comprising delivery receipt payments, marketing services and commission on partner-fulfilled sales.

<sup>4</sup> P3 is restated to reflect only March, April, and May. P4 has been restated to include June.

## Appendix 3 – Total adjusted<sup>1</sup> sales growth by period at constant currency, excluding Russia

### Period to 3 September 2023

£m	P1 <sup>2</sup> YOY%	P2 <sup>2</sup> YOY%	P3 <sup>2</sup> YOY%	P4 <sup>2,5</sup> YOY%	2022/23 <sup>5</sup> YOY%
UK total sales	(9%)	(15%)	(15%)	(16%)	(13%)
EU total sales	6%	(12%)	(8%)	(7%)	(4%)
US total sales	(2%)	(20%)	(21%)	(19%)	(14%)
ROW total sales <sup>4</sup>	(10%)	(16%)	(14%)	(28%)	(16%)
<b>Total sales<sup>3</sup></b>	<b>(4%)</b>	<b>(15%)</b>	<b>(14%)</b>	<b>(15%)</b>	<b>(11%)</b>

### Year ended 31 August 2022

£m	P1 <sup>2</sup> YOY%	P2 <sup>2</sup> YOY%	P3 <sup>2</sup> YOY%	P4 <sup>2</sup> YOY%	2021/22 YOY%
UK total sales	13%	(2%)	4%	6%	7%
EU total sales	2%	1%	(2%)	9%	2%
US total sales	11%	12%	15%	4%	10%
ROW total sales <sup>4</sup>			(7%) <sup>6</sup>	(4%)	
<b>Total sales<sup>3</sup></b>			<b>2%</b> <sup>6</sup>	<b>6%</b>	

<sup>1</sup> Adjusted sales are reported sales excluding non-underlying items

<sup>2</sup> Periods are as follows:

P1: four months to 31 December

P2: two months to 28/29 February

P3: three months to 31 May

P4: three months to 31 August at year-end 2021 and 2022, period to 3 September at 2023

<sup>3</sup> Includes retail sales, wholesale and income from other services comprising delivery receipt payments, marketing services and commission on partner-fulfilled sales.

<sup>4</sup> Calculation of metrics, or movements in metrics, on an ex-Russia basis involves the removal of Russia from H1 FY22 performance following the decision to suspend trade in Russia on 2 March 2022.

<sup>5</sup> LFL growth calculated by removing the impact of the 3 extra trading days in FY23

<sup>6</sup> In the tables above RoW and Group total sales for P3 have been restated. This restatement relates to the removal of the £19.3m gain on RUB hedges, which was reported as revenue at P3 but subsequently reallocated to other income at year-end 2022.