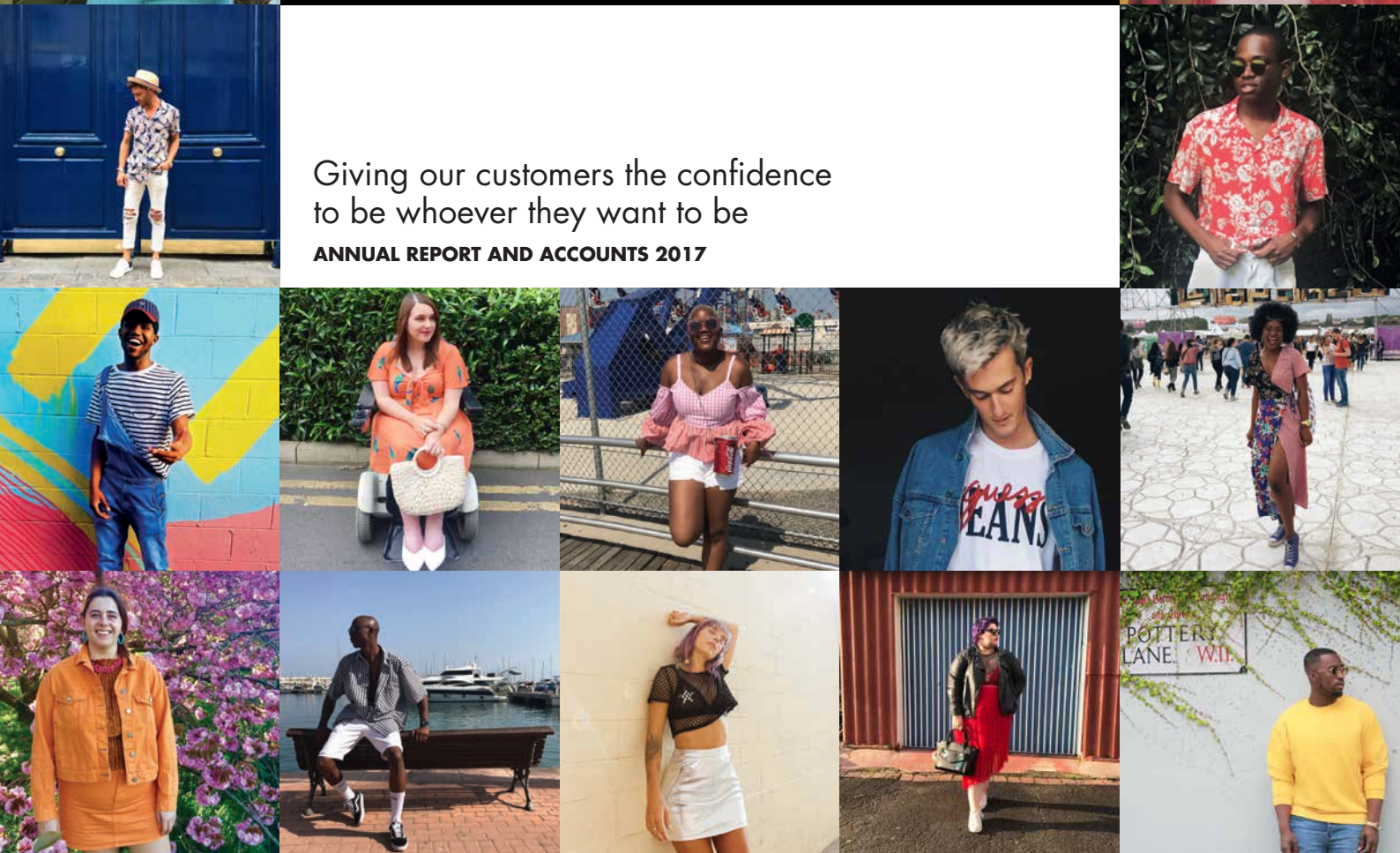




asos

Giving our customers the confidence
to be whoever they want to be

ANNUAL REPORT AND ACCOUNTS 2017



CEO'S STRATEGIC OVERVIEW



Nick Beighton
Chief Executive Officer

Everything we do at ASOS starts with our purpose and what's important to the people whose lives we touch. This enables us to create truly amazing products and customer experiences for 20-somethings all over the world.

Part of my role is to make sure our purpose is central to everything we do – and to give our people the support and freedom to achieve it. Over the following pages, you'll see how our purpose guides our strategic thinking: our view of the markets in which we operate; our strategy and business model; and our objectives, measures and risks.



CONTENTS

STRATEGIC REPORT

Pages 1-9

Our CEO Nick Beighton explains our strategic approach and business model

Pages 10-16

Learn how we deliver the ASOS experience

Our Strategy

- 1 Our guiding beliefs
- 2 Knowing our market
- 4 Appealing to 20-somethings
- 6 Our business model
- 8 How we create value

The ASOS Experience

- 10 Being inspired
- 12 Finding the look
- 14 Getting and wearing...
- 16 ...and sharing

We give people the confidence to be whoever they want to be...

Our guiding beliefs

Our purpose – to give people the confidence to be whoever they want to be – rests on some deep-rooted beliefs. We believe in a world where people have the freedom to explore and express themselves without judgement, no matter who they are or where they're from. Where people value themselves and feel proud of who they are. Where individuality is a source of confidence, because difference makes the world a better place.

This mindset guides everything we do. The huge diversity of our product range. The inspirational content we share. The people and partners we choose to work with. At the heart of the culture we've created at ASOS you'll find authenticity, bravery and creativity. Our people have all three, and this makes our business soar.



GOVERNANCE REPORT

FINANCIAL STATEMENTS

Pages 17-46

Read about how we've performed in 2017

Performance Review

- 18 Performance Highlights
- 19 Chairman's Statement
- 20 CEO's Operational Review
- 24 Key Performance Indicators
- 26 Risk Report
- 32 CFO's Financial Review
- 36 Corporate Responsibility Report

Pages 47-74

Our governance introduced by Chairman Brian McBride

- 48 Chairman's Governance Overview
- 49 Board of Directors
- 52 Corporate Governance Report
- 57 Audit Committee Report
- 60 Directors' Remuneration Report
- 72 Directors' Report
- 74 Statement of Directors' Responsibility

Pages 75-113

Our full financial results and notes for the year

- 76 Independent Auditors' Report to the Members of ASOS Plc
- 80 Consolidated Statement of Total Comprehensive Income
- 81 Consolidated Statement of Changes in Equity
- 82 Consolidated Statement of Financial Position
- 83 Consolidated Statement of Cash Flows
- 84 Notes to the Financial Statements
- 105 Company Statement of Changes in Equity
- 106 Company Statement of Financial Position
- 107 Company Statement of Cash Flows
- 108 Notes to the Company Financial Statements
- 111 Five-Year Financial Summary (unaudited)
- 113 Company Information

...we want to be the world's number one destination for fashion-loving 20-somethings...

Knowing our market

Our mission is to be the number one destination for fashion-loving 20-somethings. But we specifically avoid defining what it means to be number one. We believe there's always more we can do, and we don't want our mission to have an end point. Instead, we strive towards a goal that's always pulling us forward. There's a necessary restlessness here that gives us a powerful edge in our market.

Our customers move quickly, and so should we. We operate in a world that's constantly changing – fashion, technology and 20-somethings themselves are in perpetual motion. So continuous evolution and innovation is fundamental to who we are as a business. ASOS is a perpetual work in progress, but one with a very specific market focus.



20-SOMETHING CONSUMER BEHAVIOUR

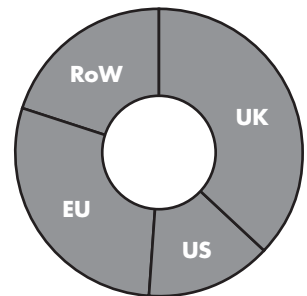
The way our target age group lives and thinks creates enormous opportunity for our business globally.

- 31% of British 15- to 24-year-olds agree that social media is a good source of inspiration for buying clothes.¹
- Millennials spend three hours a day online on their phones.²
- 80% of millennials are online shoppers:²
- 70% of US Gen Z consumers say it's important that products align with their beliefs.³
- 62% of millennials have visited YouTube on their phones in the last month.²
- On average, millennials are on seven different social media networks and are actively using four of them.²

1 Mintel, 2016
 2 GWI, 2017
 3 Vision Critical, 2016
 4 Rest of World

2017 ASOS RETAIL SALES BY REGION

Total
£1,876.5m
+34%



UK
£698.2m
+16%

US
£261.6m
+46%

EU
£544.1m
+45%

RoW⁴
£372.6m
+52%

...our market is hugely dynamic and fast-paced...

Our sustained concentration on the global 20-something fashion and beauty space gives us a constant stream of potential new customers. And this market focus is one of our biggest strengths, playing into our strategy, style and communications.

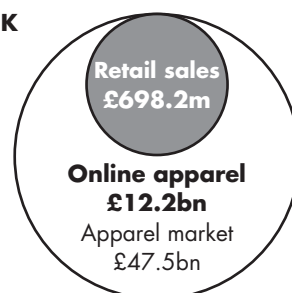
With the worldwide reach of the internet and social media platforms, there's much more of a common culture followed and enjoyed by 20-somethings. Fashion trends happen around the world, rather than market by market. Celebrities often have global appeal. And we want to engage our customers in much the same way.



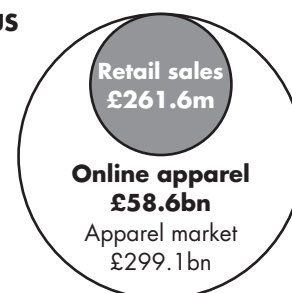
DETAILED MARKET POTENTIAL BY REGION

We continue to see considerable opportunity for material growth across our key markets. The apparel market is undergoing significant channel shift, with growth in the online apparel market outstripping growth in the overall market globally. Expectation is that online penetration will continue to increase, and we are well placed to capitalise on this shift in customer behaviour. In the UK, our home market, the online apparel market has grown at over twice the rate of the apparel market across the last five years. Our retail sales growth has continued to surpass growth in the online apparel market in all of our key territories.

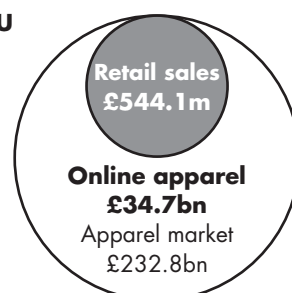
UK



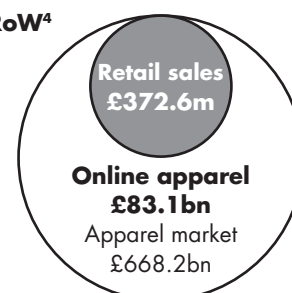
US



EU



RoW⁴



Source: Conlumino – total apparel and online apparel from all channels (clothing and footwear)

...we understand our market by looking through our customers' eyes...

Appealing to 20-somethings

ASOS was born in the UK – one of the most competitive, dynamic fashion markets in the world. This has made us sharp, focused and forward-looking. We may get inspiration from our competitors, but we're not driven by what they're doing. You don't win a race by looking over your shoulder; you win it by focusing on the finish line and running hard.

So we never take our eyes off our 20-something customers and where they're going.

This helps us to reach our customers with the next new thing quickly – often before anyone else. And the fact that we're an online retailer allows us to be borderless and to tap into an enormous global market.



ASOS AT A GLANCE

Numbers tell part of our story. Ours are on the rise – here's a snapshot of where we are now.

- **15.4m** active customers
- **8** offices worldwide
- **3** global warehouses
- Curation of **c.850** third-party brands
- Offering **85,000** SKUs
- Over **20m** social media followers
- Over **1.5bn** visits annually

ASOS COMMUNITY

There's a thriving community at the heart of our business. In both our bricks-and-mortar buildings and our digital spaces, we share, inspire, support, inform and encourage each other – and we do this at scale.

- **Over 3,500** employees at our London HQ and growing
- Customers in **more than 230** countries and territories
- **1,600 video pieces** published in the last 12 months
- **80 minutes** spent on average each month in the ASOS app
- **Over 60,000** pieces of content created each month
- **20 ASOS Insiders** with a collective Instagram following of **625,000+**

...and this helps us to create and curate products that fashion-loving 20-somethings love...

Our ambition is to be the destination for this market: a must-have app on people's phones and tablets; the place they think of when it comes to fashion, style and beauty.

By 'destination' we mean the entire ecosystem we create through our products, our content and our technology. We build relationships with our customers by offering them a

collection of experiences and having authentic conversations with them.

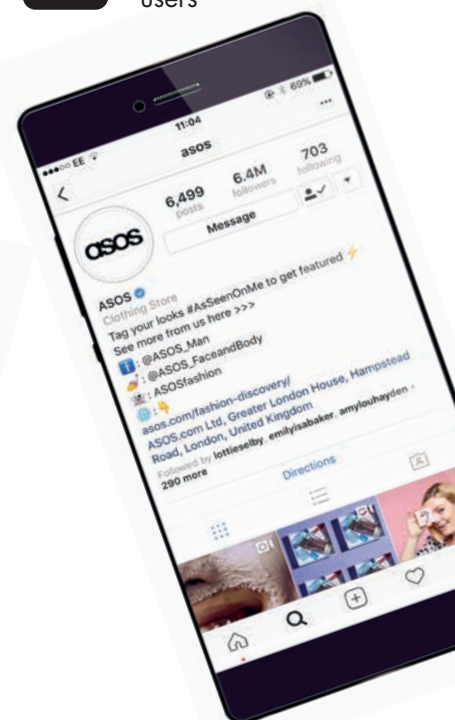
In the experiences we create, we take the role of a best friend – someone who knows exactly what you'd like and tells you about the next new thing. Our customers trust us to inspire them; and we can do this because we know them so well.



f **5.1m**
followers



Instagram **9.3m**
users



Twitter **1.4m**
followers



ASOS has more than one account with Facebook, Twitter and Instagram. The screen shots above are representative of a single account for each.

...we structure the business to create sustainable value...

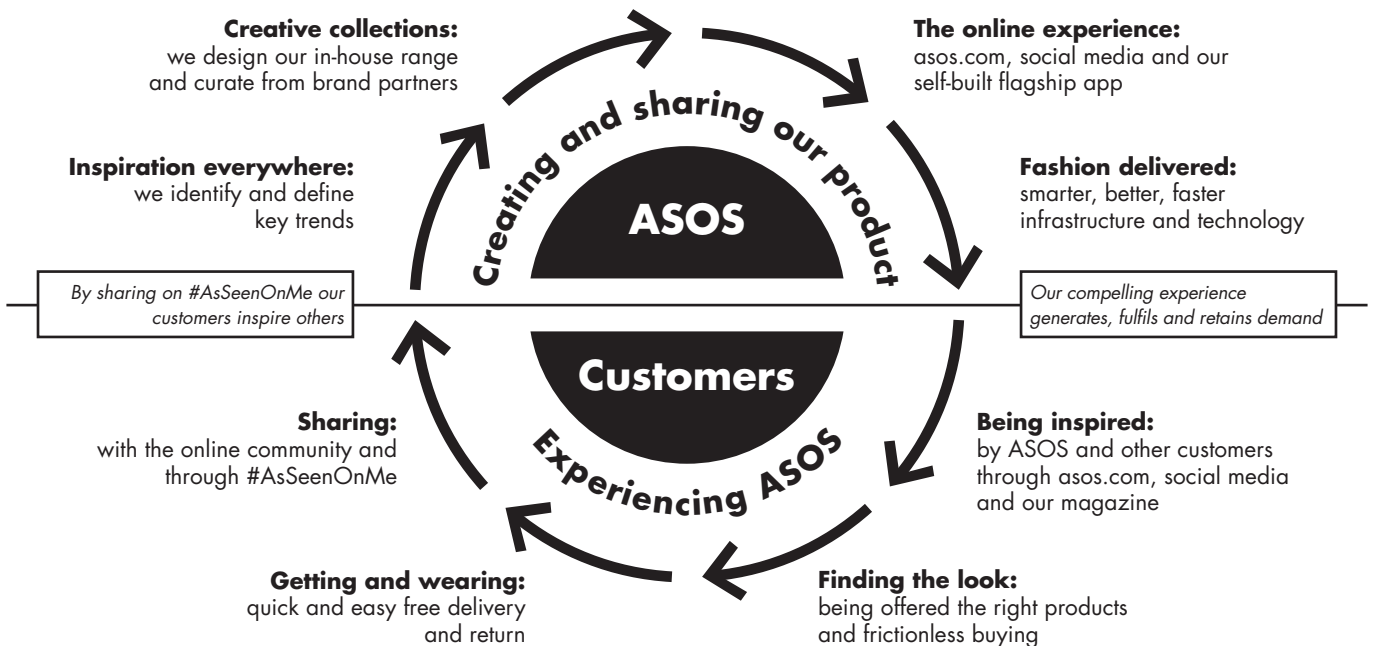
Our business model

Our business model captures our strategy for growing and evolving with our market. Some elements are cultural: having the right people, values and behaviour in ASOS. Some are logistical: making sure our infrastructure and technology allow us to continuously scale and improve. And some are about our proposition: the unique blend of fashion products and inspirational experiences we create for our customers.

All of these elements need to work together at real pace to drive high growth through restless innovation in our products, technology and content, while strengthening our long-term sustainability. We put around 5,000 new items on our site each week – the equivalent of an entire Oxford Street shop. This year alone we'll deliver over 1,300 technology releases – each an improvement to our customer experience. And



WE CREATE AND CURATE PRODUCTS AND EXPERIENCES THAT INSPIRE FASHION-LOVING 20-SOMETHINGS



See our business model in action on pages 10 to 16

...we're proud of our unique culture – the ASOS difference...

we're publishing more than 60,000 pieces of content every month – every single one a moment to inspire our customers. This continual velocity is intrinsic to the way we operate. As is our commitment to delivering Fashion with Integrity.

Fashion is one of the top five polluting industries on the planet. With profit comes responsibility, so we're playing our

part in lessening fashion's impact. The beauty of our size and success is that they allow us to lead and influence how our industry works. We're setting some ambitious targets in this area – and bringing partners along with us on the journey. Our business model and culture fuel our sustainable growth – and create a unique experience for our customers.



WHAT MAKES US DIFFERENT

Living our PURPOSE

Giving people the confidence to be who they want to be through everything we say and do – including setting standards for inclusivity, diversity, and ethical and sustainable fashion

Our unique PRODUCT

Creating and curating the most relevant fashion, face + body products for every fashion-loving 20-something

Our best-in-class PROPOSITION

Delivering compelling, friction-free digital and physical experiences that inspire and delight our customers

Power of our PEOPLE

Supporting our customers, our partners and our amazing ASOSers to realise their potential

HOW WE DO IT

We're authentic, brave and creative

We always look through our customers' eyes

We're restless, turning left when others turn right

We're inclusive and bring people together

We have fun along the way

THE VALUE WE CREATE

Underlying/ongoing:

Financial value

For our shareholders, employees, suppliers and partners

Read about our objectives and KPIs on page 8

Non-financial value

For all our stakeholders and the world at large

Find out more in our Fashion with Integrity report on pages 36 to 46

Future/dynamic:

Strategic value

For the growth of our business and our ability to deliver our purpose

Read about our objectives and KPIs on page 8

...we set and measure objectives and assess risks...

How we create value

We deliberately set our operating metrics to be disruptive. Pricing our EBIT margin at 4% allows us to innovate and invest much harder and faster than our competitors, while still staying sharp through the discipline needed to be a consistently profitable business.

We're looking for the right balance between longer-term investments, such as technology and logistics, and ones with more immediate benefit. We've also learnt the value of

following our instincts – when you're breaking the mould, there is no playbook. Backing mobile seven years ago seems like a no-brainer now, but it was innovative at the time. We knew that moving to free delivery and returns was the right thing to do, so we did it.

Our key planks for growth are technology, fashion, content and infrastructure – and we're doing exciting things in all of these areas. Increasing our use of artificial intelligence to



OBJECTIVES

Financial objectives

- Generate medium-term sales growth at 20 to 25% to provide cash to invest in the business, while maintaining a 4% EBIT margin

Strategic objectives

- Inspire with great **content**
- Curate **products** loved by 20-somethings
- Lead online retailing with bespoke **technology**
- Deliver through efficient, large-scale **logistics**

KPIS (See full KPIs on p24)

Key financial measures

- Revenue
- Gross retail margin
- Gross profit
- Operating profit
- EBIT margin
- Profit after tax
- Diluted EPS
- Net assets

Key strategic measures

- Active customers
- Total orders
- Total visits
- Average order frequency
- ABV (average basket value)
- % Mobile device visits
- Group conversion
- Net Promoter Score

Associated risks (See full risks on p26)

Financial performance risks

- Disruption to marketing dynamics
- Core business model not sufficiently profitable
- Foreign exchange

Strategic performance risks

- Brand name
- Entrepreneurial culture
- Brand name
- Product quality/ethical trading standards
- Entrepreneurial culture
- Digital experience
- Security of customer data
- IT/infrastructure
- IT capacity/keeping pace
- Supply chain risks

...to keep the business in robust shape to deliver our purpose.

enhance our customer experience and operating model. Creating new product ranges and brands, including our own non-ASOS brands. Amplifying our content so that we're everywhere our customers are. Investing big in global logistics and in warehouses in Europe and the US to improve delivery speeds and our ability to scale.

We are, of course, mindful of potential risks. One is simply getting the fashion wrong. We buy broad and shallow and

turn over stock very quickly, which also creates a scarcity incentive for customers. What keeps me awake at night? The risk of growing complacent. We have to stay on our toes – forever restless and relentlessly focused on our 20-something customers. And we will.

Nick Beighton
Chief Executive Officer



THE ASOS EXPERIENCE

We work hard behind the scenes to create the best possible experience for our customers. Here, we pull back the curtain to show some of the things we do to shape the ASOS experience at four key points on the customer journey.



>20m

followers on our social media platforms

BEING INSPIRED

Inspiration is our heart and soul. When people buy from us, they're buying a look, a trend, a lifestyle. So we bring our products to life through useful and inspirational online content – wherever our customers are.

We are social

Our customers expect us to be on whatever channel they're on – Facebook, Instagram, Snapchat, YouTube, Twitter – and new ones yet to come. We move at the speed of our audience and are in constant dialogue with them: talking, showing, listening, understanding, improving. To keep up with 20-somethings' huge appetite for video, we've more than trebled the amount of moving content on our platforms in the last 12 months, leading to almost 66 million views, a 100% increase year on year.

Our team of 80+ content producers are immersed on our social channels day in and day out. Their skill is in knowing what we want to say as a brand and saying this in a way that works for each audience on each channel and in each market. For example, we might



showcase the same product line using live activity in Facebook and through stories on Instagram.

ASOS Insiders

We understand our customers because so many of us are ASOS customers. It's hard to find a better example of this than our

ASOS Insiders. These 20-something online influencers work with us – offering styling tips to our global followers and showing off their latest ASOS buys on our website and dedicated social channels.

Our 20 Insiders are the faces of our brand and are much loved by our community, with double the engagement of our branded channels. But this isn't just about engagement. Customers who engage with Insiders shop at ASOS six times more than the average customer.

The ASOS magazine

Our flagship magazine has the highest circulation – 450,000 – of any fashion magazine in the UK. Adding in our other three main markets, US, France and Germany, takes our readership to 710,000.

Products and packaging aside, our magazine is the only physical manifestation of our brand. We use it to reward our customers with fantastic content and fashion edits, and to nurture and champion fresh talent and ideas. It's boundary-pushing and inclusive, featuring diversity like no other magazine of its type – see page 41 for more.

"I love ASOS. Ever since my first experience years ago I've never cared to shop anywhere else. If I see something I like the look of either on social media or out and about I immediately go straight to ASOS."

UK customer



TECHNOLOGY ON THE MOVE

Our customers are mobile-native and eager for the next new thing. This means constant innovation when it comes to technology – and one way we stay ahead of the game is by holding hackathons to bring creativity and technology together.

It also means an increasing focus on mobile, which brings over 70% of our traffic globally. Our app is our mobile powerhouse. Built from scratch by us to create the very best ASOS experience, it has a rare 5-star rating in global app stores. With features like Apple Pay and visual search – and video content and voice search coming soon – it keeps us in the palm of our customers' hands.

“The fact that the selection from the Curve line is CURRENT AND SEXY AND CHIC is seriously the greatest!!! THANK YOU, ASOS!!!”

US customer

Our 20-something customers are plugged into what’s going on around the world as it happens. And when they see something they fancy wearing, they don’t want to wait for it. So our absolute focus is on giving our customers everything they want and need at speed.

Our in-house label sits alongside a highly curated and diverse selection of third-party brands. We find and create products that are as unique and inspiring as the 20-somethings who wear them.

As we’re not restricted by store space, we can stock 85,000 products at any one time. This gives us the freedom to be creatively brave and to offer the biggest product ranges in the business. And this makes us one of a kind in our market: trend-setting and inclusive.

ASOS in-house design

Our in-house design team are some of the world’s best at discovering trends, finding the perfect fabric or print, and styling it in the most creative ways. We’re inspired by everything from magazines and music videos to street markets in Tokyo and Seoul to clubs in London and New York.

Our on-site pattern-cutting facility means we can create samples in days and take new products from ideas to shipping within weeks. This positions us ahead of the competition and results in much better stock sales at full price.

Inspirational fashion made from sustainable materials, such as cotton, is important to our customers – and finding new ways to provide this really matters to us. For example, 85% of our menswear range uses recycled polyester. And in womenswear, we’ll soon be using offcuts of previous dresses to make new ones.

Brand partners

We stock c.850 brands of all shapes and sizes: from big global names to virtually unknown local designers. We turn over roughly 20% of our partners each season to keep things fresh, and pride ourselves in finding and growing true fashion talent.

Our annual Fashion Discovery competition rewards two emerging brands with £50,000 each, a featured collection on our site, and support and mentoring from some of the best in the business. It also uncovers a rich seam of talent for our buyers and helps us tap into some of the most exciting new designers out there.

We are selective with third-party products. We know that 20-somethings trust us to choose brands and products that reflect who they are and what’s important to them – value, fashion and integrity. So when something appears on asos.com, people know it deserves its place there.

Our corporate responsibility section, pages 36 to 46, explains how we work with our brand partners on ethical trade and sustainable practices.

Inclusive design

We believe fashion should be for everyone. So we broke the mould by offering true size options for our entire range of styles – from normal everyday items to hot trends. Our womenswear specialist ranges include Curve, Tall, Petite and Maternity. And we have the entire spectrum of men’s sizes covered, from small to big to tall. We also have a pioneering unisex range. Our customers have shown their appreciation with their wallets – and where we’ve led, high street stores are starting to follow.

110

people in our in-house design team



FINDING THE LOOK



FASHION AS A FORCE FOR GOOD

Since 2010 we've been working alongside a Kenyan clothing manufacturer to train and employ people in some of the country's poorest communities. In 2017, we launched our second Made in Kenya collection under our flagship Eco Edit brand. The collection features designs inspired by the local environment and prints based on drawings by local primary school children.

Our manufacturing partner, SOKO Kenya, now employs 50 people who cut and make the Made in Kenya pieces based on our designs. The ASOS Foundation and SOKO Community Trust also train local people to make clothes through a Stitching Academy and give graduates low-cost equipment to start their own businesses. We've also run a series of workshops on women's health, family finance and eye care in rural villages around SOKO Kenya.

Find out more about how we're using fashion as a force for good on pages 36 to 46.



There's nothing quite like the moment a customer opens their ASOS package and takes in everything about the product they've bought. So we do all we can to help people get to this point as quickly and painlessly as possible. We believe there should be no barriers to getting things from ASOS, wherever people are. We're making constant improvements to our technology and our delivery, returns and customer care services – enhancing our tech, logistics and people to deliver a frictionless experience, every time.

Easy ordering

We don't want a single sticking point when it comes to ordering. So we're 'killing the keyboard' on mobile. Customers can log

in to our iOS app using Touch ID. We gather key details in the app, so there's little or nothing to enter to place an order. Instead of typing in credit card information, customers can upload a photo of their card to the app. And they can use Apple Pay to buy in an instant.

Hassle-free delivery and returns

Our mantra for delivery is faster, cheaper, better. We're constantly making brave decisions for the good of our customers, and ultimately for the business – such as free delivery and returns, midnight cut-off times for orders and a year's unlimited UK next-day delivery for £9.95.

We listen to what our customers tell us. They want to know where their orders are, so we now have tracked services on 98% of global deliveries. People hate waiting in for parcels, so we're trebling the size of our UK click & collect network and are launching new click & collect services in Italy, Germany and the US this calendar year.

Our ambitions and scale make us a coveted partner for carriers. In fact, innovative firms such as DPD come to us first when trialling and launching new services, such as Follow My Parcel. This means we can be first to

market with ground-breaking offerings, like InPost parcel lockers where people can drop off their returns 24/7.

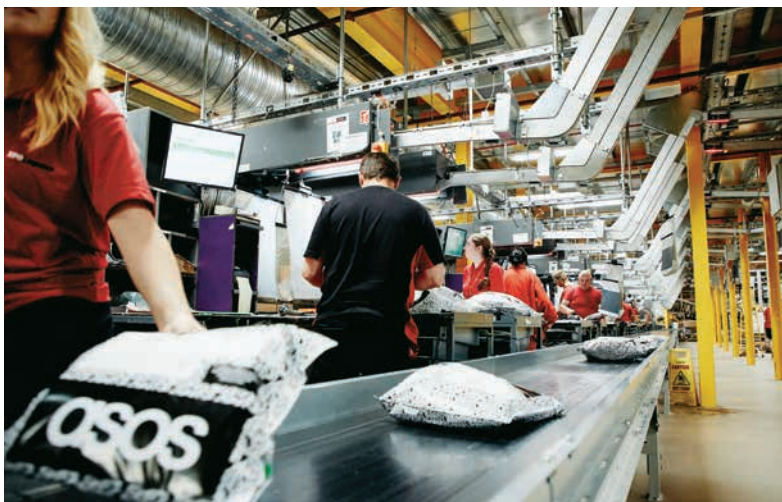
We're also adding fulfilment centres around the world to bring down delivery times. And we're increasing automation in our warehouses to get products to customers quicker than ever.

The future of delivery and returns is smarter and ever more convenient. Same day delivery, quicker refunds, in-app communications for complete transparency. Constant innovation. Better services. Delighted customers.

Constant care

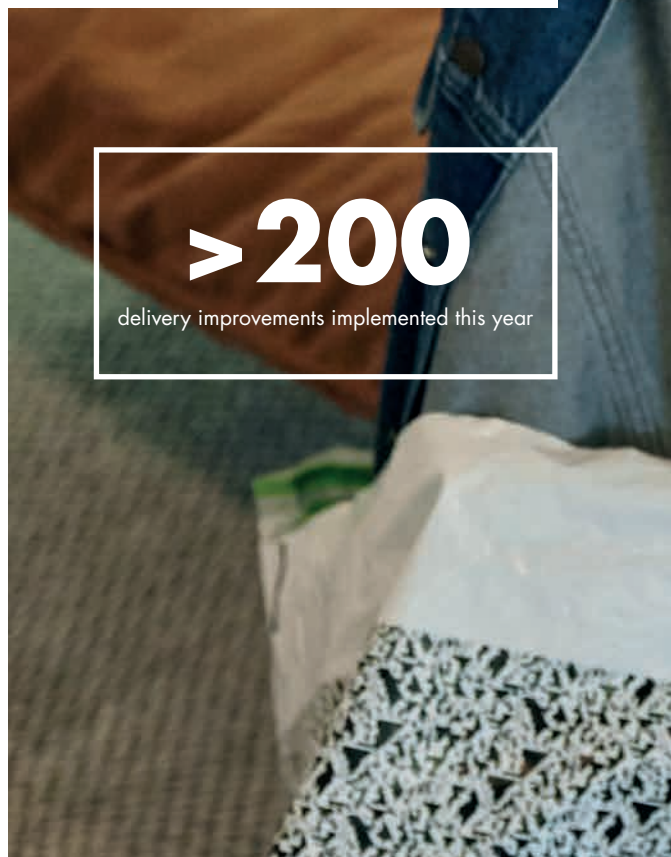
We're here for our customers 24/7 and 365 days a year, with native support in eight languages. And we respond wherever people contact us, whether it's over the phone, through Twitter, Whatsapp or Facebook Messenger, by email or live chat. If customers switch channels, we switch seamlessly with them.

Being completely digital shouldn't mean being faceless. We're responsive, we're human, we're helpful. And we're always finding ways to care for our customers better.



CARBON CONTROL

Our 'faster, cheaper, better' delivery and returns mantra also means better for the planet. So we consider the environmental impact of every decision we make. This is one reason why we never split an order, but bundle multiple items into a single delivery. This is partly why we're increasing self-service options like click & collect in key markets. It's also why we encourage customers to use our original packaging for returns, which we then recycle. We're also making better use of data to streamline deliveries and reduce carbon emissions. As our customers will be the first to tell you, what's better for the planet is better for its people.



> 200
delivery improvements implemented this year

A man with dark hair, wearing a tan long-sleeved sweater and a watch, is sitting on a brown leather sofa. He is looking down at a blue denim jacket that is draped over the sofa. The jacket is partially inside a white plastic bag. The background is slightly blurred, showing a room with a blue mat on the floor.

GETTING AND WEARING...

“Delivery is beyond good, always been next day with zero problems. DPD tracking is super helpful.”

UK customer

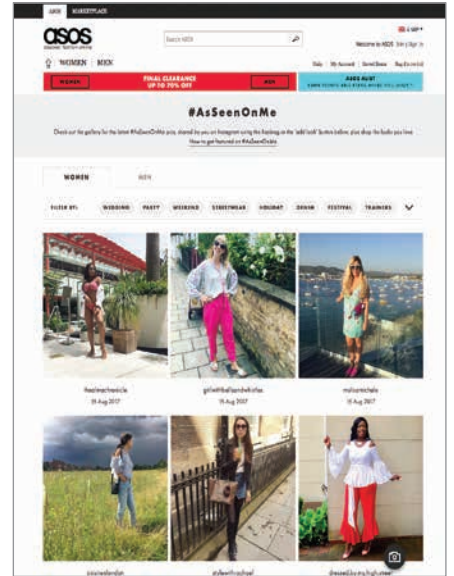
20-somethings are the selfie generation. With a sophisticated camera always in hand and friends in online communities everywhere, they live in a connected world. And it's a global one too – we see the same trends and interests on the streets of Tokyo and Tyneside, Toronto and Tijuana.

Our customers love sharing how they look and inspiring each other. So we do all we can to encourage a community of creative ASOS-lovers. Like-minded people who style up for real life and just have to share the look straight away.

#AsSeenOnMe

Instagram is where our customers live – 90% of its 800m users are under 35. It's the perfect place for visual sharing. So in 2014 we launched the hashtag #AsSeenOnMe to capture our customers' photos and videos in one beautiful stream. Customers can also upload their #AsSeenOnMe images to other social platforms and to our website, where we have a gallery featuring the latest shots.

It's a great way for people to show off their creativity and styling nous while helping other customers edit our products and shop for themselves. This also gives us valuable data that we're increasingly using to personalise our recommendations. The better we know our customers, the faster we can help them find that perfect look.



...AND SHARING

"I like the sizing thing you have. It's great and I tell all my friends about it."

UK customer

70,500
#AsSeenOnMe followers on Instagram

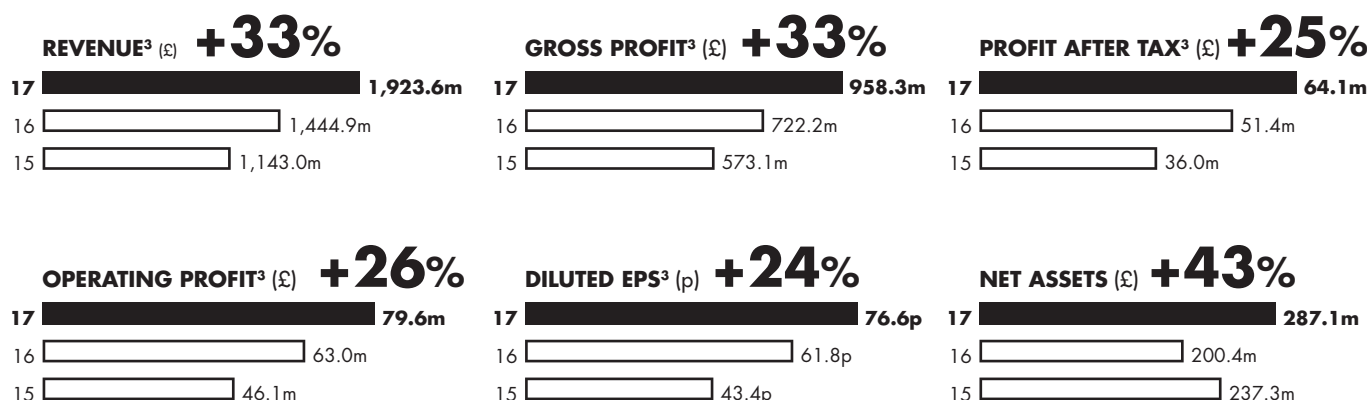


18 Performance Highlights
19 Chairman's Statement
20 CEO's Operational Review
24 Key Performance Indicators
26 Risk Report
32 CFO's Financial Review
36 Corporate Responsibility Report

PERFORMANCE REVIEW

PERFORMANCE HIGHLIGHTS

- Retail sales grew strongly at **+34%** on a reported basis and **+27%** on a constant currency basis
- Solid UK growth of **+16%** and a strong international performance at **+47%** (constant currency **+36%**) aided by the reinvestment of the FX tailwind
- Retail gross margin up **10bps** on prior year despite material price investment
- Continued strong customer engagement with active customers¹ **+24%**, average basket value **+2%** and average order frequency² **+5%**
- Total orders shipped **49.6m**, **+30%** year on year
- Transition to Eurohub 2 phase one is complete, US warehouse plans progressing well
- Strong cash position of **£160.3m** supporting growth and enabling business investment



1 Defined as having shopped in the last twelve months as at 31 August 2017.

2 Calculated as last twelve months' total orders divided by active customers.

3 The figures for 2017 are statutory measures. The figures for 2015 and 2016 are adjusted measures as they exclude exceptional items in relation to the legal settlement in 2016, and the discontinued operations in China. See notes 4 and 8 to the financial statements for further details.



I'm pleased to be writing this as we mark another year of continued strong growth, with a 33% increase in sales across all markets.

We've delivered this while making substantial improvements to our infrastructure to unlock more growth. It's no small achievement to push through fundamental changes behind the scenes while growing at pace in an increasingly crowded marketplace – and continuing to keep a laser focus on meeting customers' needs. Our performance is a tremendous credit to the commitment and passion of everyone at ASOS.

Strategic opportunities and challenges

The ASOS mission hasn't changed: to be the world's number one destination for fashion-loving 20-somethings.

We still see huge potential for ASOS in every market. 20-something fashion is global; and online penetration still has lots of room to grow. Our focus continues to be on finding ways in each market to give customers more of what they want, using technology and data to provide customers with a more personalised, convenient and reliable service, as Nick talks about in his operational review on page 20. We also believe that delivering Fashion with Integrity at scale will be a powerful – and essential – differentiator within our industry, and you can read about how we're doing this on pages 36 to 46.

We're very aware of the possibility of disruption, having disrupted retail from the outside ourselves. There are some sizeable

operations with huge resources that are extremely interested in our market space. But we also believe there are opportunities within any new disruptive force. This makes it all the more important that we truly understand our business model, and particularly our purpose – why we're here and how we're different – something that we've done a lot of work on in 2017.

Behind the scenes

The past year has seen some fundamental changes to our infrastructure, with developments like the opening of our second full-scale warehouse, Eurohub 2. We've also upgraded our systems to enable more international growth, and have brought our entire global Customer Care team into one large centre in the UK.

Other initiatives in progress include the expansion of our London head office to accommodate our ever-growing team, as well as a two-year programme to overhaul our retail system to more efficiently deliver a better customer experience while scaling as we grow. Importantly, we've managed these large-scale transformational programmes without slowing our growth.

Our people and culture

We could do none of this without the passionate, committed and talented people at ASOS all working towards our goals and purpose. I'd like to thank them on behalf of the Board and our shareholders for all they do. We know that we're asking people to raise their game as the business grows, and that this becomes more challenging each year. We're extremely fortunate to have

people who are engaged and energised by the challenge. And we work hard to maintain our unique and inclusive culture that encourages authenticity, bravery, creativity and fun.

Board update

The Board's focus is to ensure ASOS continues to lead the way in customer experience and that we're prepared for the growth ahead. We exercise diligence so that our long-term investments – such as new systems and warehouse facilities – don't affect the agility of the business and the experience we deliver. We're also very aware that customers are becoming more conscious of how businesses use their data. With new European data regulations on the horizon, we're making sure we put the data we collect to good use and manage risks while giving customers the transparency and control they expect from the businesses they engage with.

This year, for the first time, we conducted an external review of Board effectiveness (see the summary on page 54). We all must raise our levels of performance as the Company grows, and the Board is no exception.

Dividend strategy

The Board has again decided not to declare a dividend. We generate a significant return on invested capital, and we firmly believe the right thing for the business and our shareholders is to invest in the opportunities that lie ahead.

Looking ahead

We are looking to the future with confidence and are excited about the opportunities that lie ahead. We will remain restless and totally focused on the evolving expectations of our customers. And we will do everything we can to strengthen and clearly communicate what makes ASOS different – for our exceptional employees, partners and millions of customers around the world.

Brian McBride
Chairman



ASOS is delighted to report record sales and profit for the year to 31 August 2017 in line to marginally ahead of expectations. The Group retail sales growth of 34% to £1,876.5m (2016: £1,403.7m) was once again driven by strong product, proposition improvements and further price investments across major markets. As previously noted, the continuing FX tailwind enabled reinvestment at a faster rate than initially planned.

Retail gross margin increased by 10bps to 48.6% (2016: 48.5%) as price investments in the US, Europe and some RoW territories were offset by a higher full price mix. Delivery receipts grew 18% aided by higher next-day delivery usage and the expansion of Premier globally.

Continuing profit before tax and exceptional items grew by 26% to £80.0m (2016: £63.7m).

The successful rollout of ASOS's new technology platform delivers micro-service architecture with fully native mobile experience in android and iOS apps and a vastly improved all new checkout. The platform allows for significantly greater transaction volume at enhanced levels of stability. A critical benefit of the new platform is the increased ability to deliver technical change and innovation at pace; the number of technology releases this year surpassed expectations at 1,300 vs. 490 in the prior year. The coming year will see a further acceleration in velocity, delivering many more customer enhancements, new payment methods, new language sites and stronger customer engagement.

ASOS continued to increase capacity and efficiency at Barnsley, successfully transitioned to phase 1 of the new Eurohub 2 fulfilment centre with ongoing work to further double its capacity and automate its operations. In August ASOS signed a lease for a new fulfilment centre in the US, which is expected to be operational by Autumn 2018. The investments ASOS is making across logistics will lay the foundations for a c.60% increase in unit capacity and c.£4 billion of net sales.

Our global potential

ASOS continues to see considerable opportunity across key markets. The global apparel market continues to undergo significant channel shift, with growth online outstripping the overall market. Online penetration will continue to increase and ASOS is well placed to capitalise on this shift in customer behaviour.

In the UK, the online apparel market has grown at more than twice the rate of the overall apparel market across the last five years. ASOS's consistent double-digit sales growth has continued to surpass growth in the online apparel market in all of our key territories.

ASOS's market share of online sales remains modest particularly in international markets. ASOS will continue to invest to grow the business at pace to take advantage of the global opportunity.

Our unique product – Creating and curating the most relevant product for fashion-loving- 20-somethings

ASOS offers customers the greatest, most relevant choice of fashion at the right price whatever their shape, size or style. The ASOS Brand is positioned alongside a curated edit of the best third party brands, sourced from across the globe. Sales of ASOS Brand account for c.41% of sales. Newness is important to our customers and is a key differentiator of the ASOS offering. Each week c.5,000 new styles are launched with c.85,000 products in stock at any one point in time.

The brand portfolio continues to evolve. Almost 200 new brands were introduced during the year whilst a similar number were edited out. The combination of ASOS Brand and exclusive collaborations with brands leads to c.60% of ASOS product only being available to customers through the ASOS sites, an additional point of differentiation.

Building on last year's launch, ASOS is accelerating its activewear offering, with football and golf ranges now accompanying a greater choice of true sports performance wear including gym, run and yoga. The ASOS 4505 activewear range will launch in 2018 along with range extensions into snow and surf.

Last month ASOS relaunched 'Face + Body' which establishes ASOS as a destination for all things face, body, skin and hair. Initial reaction has been very positive in a market that is predicted to be worth £450bn p.a. globally by 2020.

ASOS's longstanding 'Fashion with Integrity' initiative encompasses nine principal aspects of ethical trading. This initiative is ambitious and is driving behaviour across the business. This covers fundamental human rights and ASOS has published a statement on modern slavery, become a signatory to the UN's Women's Empowerment Principles and recently signed a global framework agreement with IndustriALL, the world's largest trade union organisation representing 50 million workers in the retail sector. Publication of ASOS's full factory list for the first time also improved transparency of the supply chain.

'Fashion with Integrity' ultimately aims to ensure that the production of our products minimise negative impact on the environment. ASOS joined the Sustainable Apparel Coalition, giving ASOS insights

into environmental management systems across water and chemical management. The Group reached 70% full traceability across the viscose supply chain, allowing ASOS to identify risk hotspots associated with certain viscose producers. ASOS signed the Cotton Communique with the Clarence House International Sustainability Unit, committing to 100% sustainably sourced cotton by 2025 and are on track to hit a sustainable cotton target of 70% for 2017. ASOS also signed the Commitment to a Circular Fashion System (Global Fashion Agenda, Copenhagen) to support in the transition to a 'circular business'.

ASOS views its commitment to 'Fashion with Integrity' as a critical investment in the future of the business. Our twentysomething customers care deeply about ethical and environmental issues as does ASOS.

Our best-in-class proposition – Offering a friction-free experience at every stage of the journey

Brand experience

Significant investments during the year have driven strong engagement levels across ASOS's customer base. Site visits increased by 24% year-on-year; average order frequency improved by 5%; average basket value increased by 2% alongside a 20bps improvement in conversion. Active customers are now at 15.4m, representing a 24% increase since last year. ASOS continues to invest in and evolve its UK loyalty programme which is successfully driving increased purchase frequency and reduced rates of churn.

ASOS is continually striving for new ways to engage with its customer demographic, such as a focus on students with a calendar of acquisition and engagement activity aimed at growing penetration of this global population. ASOS's 'hero' campaign successfully reached students on campus and online in the UK, USA, France, Germany, Australia and Italy. The student discount proposition was extended into eight new markets with plans to further develop this programme during the current year.

ASOS maintained investment in relevant, emerging content formats like cross-channel video. Our videos were viewed more than 66 million times, a doubling on the prior year. ASOS continues to experiment with pioneering advertising trials across key international markets, on the platforms that matter most to fashion-loving-20 somethings. This activity is already driving heightened engagement across multiple territories.

ASOS is continually finding fresh ways to engage with both new and existing audiences, including two initiatives, 'Fashion Discovery' and 'ASOS Supports Talent'. 'Fashion Discovery' is an annual competition to discover and nurture the freshest UK fashion talent. 'ASOS Supports Talent' helps up-and-coming creatives to realise an important, culturally significant project by giving them funding, mentoring and a platform to showcase their skills.

Delivery and returns

ASOS continually enhances delivery and returns options, maintaining a best-in-class customer proposition with over 200 improvements implemented over the last twelve months.

ASOS's Click & Collect delivery proposition has now been expanded globally, UK total coverage increased to 9,000 locations with an improved Next Day order cut off of 7pm, whilst Click & Collect launched into Italy and the United States in September, giving an additional 11,000 collection points across those two territories.

During the year improvements were also made to Next Day and Standard Delivery propositions. Internationally, ASOS now offers tracked Standard Delivery services to a total of 61 countries across the world, and within the UK, Saturday was added as a Standard Delivery promise. Next Day Delivery weekend ordering cut-off has been extended to 8pm in the UK and a Saturday order cut off for Monday delivery has been introduced into a number of key European territories, giving the customer an extra 24 hours for Monday delivery.

For the year ahead, an Evening Next Day Delivery service will be launched into Germany's major cities whilst ASOS Instant, ASOS' same day delivery service, has just launched in London, with further UK cities to follow. Nominated Day Delivery will also be launched throughout the EU, allowing customers to select their preferred delivery date. There will be continued expansion of Click & Collect points globally, targeting the UK, France, Germany, Netherlands, Sweden and Australia.

Customer care

A key differentiator for ASOS is providing best-in-class service for customers throughout their entire ASOS experience. ASOS offers customer support 24/7 365 days a year across email, live chat, social media and telephony in nine languages. ASOS continues to maintain strong service levels, responding to all emails within one hour, all social media communications from customers within 15 minutes and all live chats or telephony calls within 30 seconds.

ASOS recently moved to a new 80,000 square feet Customer Care site in Leavesden, North Watford and are on track to complete the site during the first half of the new financial year. This investment in infrastructure and technical capability cost £11m and supports the ever growing customer base and allows insourcing of all Customer Care operations, improving the quality of the service and also reducing cost.



Warehousing

Investment in our site in Barnsley continues, with a fifth packing module currently being commissioned. Live testing is now underway and it will be fully operational for the start of the peak trading period. This will provide additional capacity for Black Friday volumes as well as supporting future growth. Planning permission for a small office extension has been granted and building works will commence in the next few weeks.

Eurohub 2, our warehouse in Berlin, was opened at the beginning of March and has quickly grown its volumes, now fulfilling c.95% of all EU orders. The local stockholding is now over 7.5m units and will grow to around 9m units in readiness for peak trading this year. The Phase 2 extension of Eurohub 2, which will double the square footage of the fulfilment centre, is on track with first deliveries of automation equipment expected shortly. The first phase of Automation is expected to go live by the end of 2018.

In addition to the existing US operation in Ohio, ASOS signed a lease for an existing 1 million square foot building located near Atlanta, Georgia. Fit out commences shortly and the facility is expected to be operational by Autumn 2018.

Technology

During the year, ASOS significantly ramped up the pace of both technology investment and implementation. At the start of the year ASOS completed the roll out of a new digital platform across all territories. This new platform is the backbone of the ASOS customer experience on both sites and apps. The new platform delivers

micro-service architecture with fully native mobile experience in android and iOS apps and a vastly improved, all new checkout. The new platform handled record volumes of transactions during peak trading period, which at one point reached 33 orders per second.

A critical benefit of this new platform is the enhanced ability to deliver technological change and innovation at pace. During the year, ASOS developed and rolled out over 1,300 individual releases across the platform compared to 490 in the previous year. The pace of change has exceeded expectations, demonstrating the flexibility of the new platform and the power of ASOS's growing engineering teams. During the year, ASOS added 120 engineers and technologists and plans to add a further c.200 over the next 12 months as velocity and momentum continue to accelerate.

During the first half of the year, ASOS completed the development of the global fulfilment software changes and technology required to open the Eurohub 2 fulfilment centre. This new fulfilment software was a major change, controlling which country sites have access to which stock pools, enabling further improvement of the delivery proposition for each of these countries. During the second half of the year this fulfilment logic was used to point the German, French, Spanish and Italian sites at the Eurohub stock pool. Improved conversion aided by better local inventory availability was achieved as a result.

Throughout the year ASOS delivered new capabilities for customers. Within the last six months these have included rolling out ApplePay globally; a fully rebuilt and

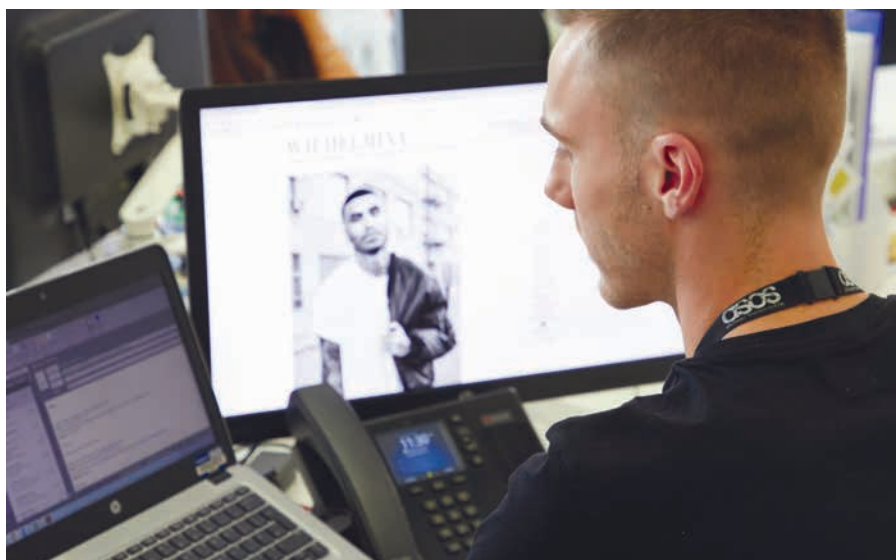
refreshed My Account section on sites and apps; extension of product recommendation algorithms to international sites; a size and fit recommendation tool, and a new image search capability (Style Match) within the iOS app. The migration of content management to a cloud based solution has also delivered a richer and more efficient editorial experience as well as delivering content to customers quicker.

ASOS has just developed and rolled out fully refreshed site navigation and search as well as category and brand list pages. These will improve how customers search, browse and explore products to support conversion and will further improve page download speeds globally. Looking forward, ASOS is continuing to leverage machine learning and experiment with augmented reality, in addition to progressing with a 'Customer Privacy Programme', focussed on delivering an open and transparent way for customers to manage their privacy needs, ahead of regulation that comes into effect in 2018.

Good progress has been made with major transformation programmes including the new end-to-end merchandising and planning system 'Truly Global Retail' (TGR) and a new finance system, both of which will support ability to buy, sell and account for stock in multiple locations and currencies. The first output from these programmes has already been seen, with a new clearance optimisation tool deployed to the first wave of categories, in readiness for summer sale period. The new people and finance systems are expected to go live in the first half of 2018.

ASOS will continue to evolve and innovate. Currently ASOS has seven country-specific websites. For the first time in four years, ASOS will add new local foreign sites, up to 13 by the end of FY18, ultimately giving the potential to cover all of ASOS's 200+ markets. Additionally ASOS will extend its premier proposition to new countries, further personalising customers' experience across sites and apps, improving the returns and refund experience, extending the student proposition to new countries and offering online gift vouchers to international customers.

Finally, to further drive global growth, ASOS will also launch additional payment methods, new language sites and delivery propositions.





Power of our people – Supporting our customers, our team and our partners to realise their potential

ASOS works hard to protect its special culture where colleagues feel valued, respected, enjoy their work, understand that they make a real difference each day and also have some fun along the way. ASOS aims to lead the way as a diverse, inclusive and inspiring place to work which attracts the very best talent. Being true to the ASOS values of being Authentic, Brave and Creative is at the heart of how the business works.

Everyone who works for ASOS is central to the Group's success. As at 31 August 2017, ASOS employed 3,579 people, with the majority based at our headquarters in Camden, North London and the Customer Care site in Leavesden, with smaller teams in Paris, Birmingham, Berlin, New York and Sydney. In FY18 ASOS plans to add a further 1,000 people to its team to support its accelerating pace of growth.

Attracting talent and investing in our people

Attracting, developing and retaining the best talent that will thrive in ASOS's fast-paced environment remains a number one priority. Over the past twelve months, ASOS has strengthened the senior team in critical areas with key appointments and promotions in Technology, Finance, People Experience Team, Supply Chain, Content and Engagement, Brand Experience, Corporate Responsibility and Legal. More widely across the business, apprenticeships

and internships remain important ways of attracting and developing talent and ASOS continues to build partnerships with a variety of universities and colleges.

Once the best talent has been brought on board, the focus is on developing and retaining people by offering opportunities that match both their professional and personal aspirations. ASOS has a robust learning offer to support its people through their journey at ASOS, offering them support to achieve professional qualifications, as well as role and departmental-specific training in a variety of coaching, classroom, psychometric, informal and social learning opportunities specific to the ASOS culture.

Investment

ASOS's investment in technology and logistics is delivering great results and is key to sustaining the strong growth momentum within the business. ASOS anticipates capital expenditure in FY18 to be between £200-£220m compared to the £168m invested during the year just ended, the second year of accelerated capex. As always, this investment will be funded from internally generated cash alongside existing robust cash balances. Whilst the group is likely to be free cash flow negative post capex in FY18, we expect the group to return to positive free cash flow post capex from FY19 onwards.

This accelerated spend will include substantial investments into the warehouse portfolio including further optimisation of Barnsley, automating and extending Eurohub 2 and fitting out the US site. These

investments will lay the foundation for c.60% more unit capacity and c.£4bn of net sales per annum.

Additionally ASOS will complete the implementation of a number of transformational technology programmes including the new retail and planning system TGR along with the finance and people systems. The extension and refit of the head office in Camden will continue, increasing space from 180,000 ft² to 243,000 ft² which, when combined with the very latest technology, will provide sufficient flexibility to accommodate future headcount growth.

The rollout of ASOS's new technology platform has enabled deployment of enhancements to the customer experience at ever greater velocity. The number of technology releases this year and the positive customer impact it has generated has surpassed expectations and ASOS will continue to accelerate investment in this area over the coming year, delivering many more customer enhancements, new payment methods, new language sites and stronger customer engagement.

Outlook

The new financial year has started well. Our increased sales guidance is 25-30% for FY18 inclusive of a modest FX tailwind, with EBIT margins stable at c.4% in line with market consensus. Medium term reported sales guidance of c.20%-25% is unchanged. ASOS expects EBIT margins to remain at a similar level into the medium term, with operating leverage in payroll and distribution offset by ongoing investment in technology and warehousing infrastructure to support continued growth. We are confident we are positioning ASOS to be the world's number one destination for fashion loving twenty-somethings.

Nick Beighton
Chief Executive Officer

KEY PERFORMANCE INDICATORS

Our performance indicators allow us to measure both the financial value we create for our stakeholders and the strategic value in growing our business and delivering on our purpose.

Key financial measures

This year is another year of strong overall trading performance, with revenue increasing, predominantly driven by strong international performance. Gross retail margin has held steady, leading to an increase in gross profit. The growth in operating profit is lower, due to increases in distribution costs driven by expansion of our delivery options. PBT margin is down slightly, as the increased distribution cost as a percentage of sales is largely offset by efficiencies in other areas. Profit after tax and diluted EPS have increased broadly in line with the increase in operating profit. The year-end net asset figure is 43% up on the prior year.

Our key financial measures give a clear indication of the overall financial performance and position of ASOS. In some cases, the figure is an alternative performance measure, i.e. not a statutory measure. In these cases, information is shown in the definition below to cross-reference to the corresponding statutory measure.

KPI	Definition	2017 performance	Change
Revenue	Retail sales, delivery receipts and third-party revenues, from continuing operations	£1,923.6m	up 33%
Gross retail margin	Gross retail profit as a percentage of gross retail sales	48.6%	up from 48.5%
Gross profit	Revenue less cost of sales, from continuing operations	£958.3m	up 33%
Operating profit	Profit from continuing operations before exceptional items, interest and tax	£79.6m	up 26%
EBIT margin	Operating profit (as above) as a percentage of total revenue	4.1%	down from 4.4%
Profit after tax	Profit from continuing operations after tax and before exceptional items	£64.1m	up 25%
Diluted EPS	Profit from continuing operations after tax and before exceptional items, divided by the weighted average number of shares in issue during the period, adjusted for the effects of potentially dilutive share options	76.6p	up 24%
Net assets	Total assets less total liabilities	£287.1m	up 43%

Key strategic measures

We've invested substantially in our customer experience – these efforts are reflected in the significant growth in our customer base. Active customers and total visits are both up; and an increase in order frequency coupled with an increase in the conversion rate has led to a 30% increase in total orders. Average basket value has shown a modest increase that is partly a reflection of changes in our product and country mix. The proportion of customers accessing our site through mobile devices continues to increase, supporting our decision to focus significant capital investment in our mobile offering. Net Promoter Score, an indicator of how likely customers are to recommend ASOS, has increased as shown below.

KPI	Definition	2017 performance	Change
Active customers	Number of customers transacting at least once a year (as at 31 August)	15.4m	up 24%
Total orders	Total orders shipped	49.6m	up 30%
Total visits	Number of visits to asos.com via any device	1,669m	up 24%
Average order frequency	Average number of orders per customer per year	3.22 orders pa	up 5%
ABV	Average basket value, being total order value before returns and discounts, including VAT, divided by total orders	£72.24	up 2%
Mobile device visits	Number of visits to asos.com on any mobile device divided by total visits	70.3%	up from 65.5%
Group conversion	Percentage of visits that convert to an order	3.0%	up from 2.8%
NPS	Net Promoter Score (as at 31 August 2017)	Score of 66	up from 63

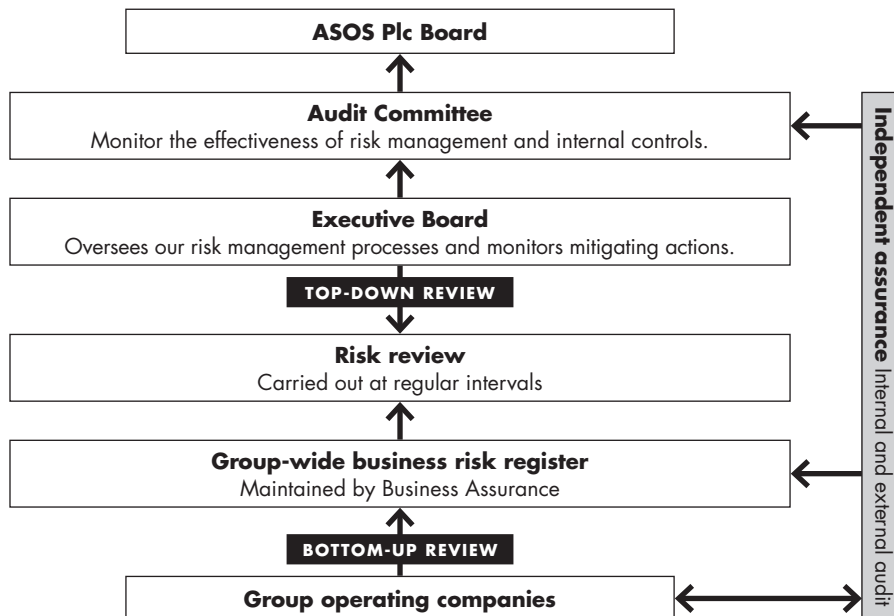
Effective risk management is critical to the achievement of our strategic objectives and to the long-term growth of our business. At ASOS, we've developed a Risk Management Framework that applies to every part of our business in the manner needed to be effective within our unique culture. It enables us to determine what our key risks are and how to manage them appropriately.

How we manage risk

At ASOS, we understand that risk is an integral part of realising our opportunity and reward, and that it's only through effective risk management and internal controls can risk truly become part of our decision-making process. Risk management is therefore critical to our day-to-day activities; failure to identify or manage risk could prevent us from achieving our strategic objectives and full growth potential. We seek to manage, not eliminate, risk – and to provide reasonable assurance against material misstatement or loss.

The Board has overall responsibility for risk management and application of control. This includes reviewing the robustness of our risk management and internal control process so that it remains fit for purpose in our fast-moving business. Responsibility for reviewing specific risk controls is delegated to the Audit Committee, while the Executive Board and management are responsible for implementing processes and controls within our risk appetite.

Our general counsel and company secretary has executive responsibility for Risk Management; and our Business Assurance department facilitates the day-to-day operation of the Group risk management process by ensuring there is a rigorous assessment of risk. Our Risk Management Framework and process continues to evolve in line with business change and is reviewed regularly by Business Assurance, the Executive Board and Audit Committee.



Our risk management process:

Risks are owned, managed and formally reviewed across the business using the following process:



IDENTIFY	ASSESS	MANAGE	MONITOR AND REVIEW	REPORT
<ul style="list-style-type: none"> – Risks are identified across each key business area in relation to achieving our business objectives – The ASOS leadership team and management are prompted to express their views and perceptions of risk with regard to their specific business area and across the business as a whole 	<ul style="list-style-type: none"> – Inherent and residual risks are assessed in accordance with our risk assessment methodology – Probability and impact of the risk materialising is rated, taking into account the effectiveness of any existing controls 	<ul style="list-style-type: none"> – Risk assessments assist in identifying controls to reduce material risk – Mitigation and action plans manage the risk within tolerance and appetite 	<ul style="list-style-type: none"> – Ongoing and explicit conversations about risk help promote a positive risk culture – Rapid growth in a business like ASOS will continually alter the profile of a risk, therefore risk reviews allow risk owners and management to see the effects of mitigation 	<ul style="list-style-type: none"> – Regular dialogue with our Executive Board on how effectively the risks are being managed – A comprehensive risk review is prepared for the Audit Committee highlighting key risks and any significant changes

Assurance and oversight of risk

Our assurance and oversight echoes the ‘Three Lines of Defence model’:

- **First Line:** Functional Assurance – day-to-day risk management in business operations including ownership and application of controls
- **Second Line:** Management Oversight – Business Assurance facilitate the risk management process by providing oversight, guidance and challenge. The Executive Board and Audit Committee also support the second line
- **Third Line:** Independent Assurance – internal and external audit provide independent assurance on our risk management activities and internal controls




Strengthening the way we manage risks

At ASOS, we strive to improve the ways in which we identify and manage risk and have made the following enhancements over the last 12 months:




- Formation of the Business Assurance department after recruiting a Business Assurance manager as a dedicated resource to focus on Enterprise Risk Management and Business Continuity Planning
- Increased our engagement with risk owners and improved monitoring of mitigation and action plans of key risks
- Further defined our tolerance towards risks




Principal risks and uncertainties

We have undertaken a comprehensive assessment of our principal risks and uncertainties, recognising that as a global business, some risks can be dynamic and influenced by the macroeconomic environment.


Risk	Mitigating activities	Change
MARKET RISKS		
<p>Disruption to the marketing dynamics</p> <p>Fashion – in particular online fashion retail – is an increasingly competitive space, with relatively low barriers to entry. We therefore face increasing competition from a variety of e-commerce players who attempt to capture the loyalty of our customers via their proposition and product offering. This can potentially increase costs or reduce the effectiveness of key e-commerce drivers (in particular brand and digital marketing activities).</p>	<ul style="list-style-type: none"> – Our business model is specifically based around engagement with customers, including providing them with a range of fashion services and content as well as great fashion retail – which in turn reduces the reliance on e-commerce drivers such as digital marketing – Having been one of the first movers in online fashion retail, we have greater experience in how to best use e-commerce drivers such as brand and digital marketing in a fashion context than newer entrants to the market, and we continue to drive greater effectiveness through innovation and improving efficiencies with our platform – Investment in broader marketing channels while testing other new opportunities – Continue to understand the drivers for loyalty and advocacy from our customers to further enhance our proposition 	 SAME
<p>Core business model, as developed in the UK, not sufficiently profitable on a scalable basis in global markets</p> <p>ASOS has developed a market-leading, profitable business model based on customer engagement, using the UK as our core learning ground. As we continue to strive towards our global ambitions, structuring our international business correctly becomes more and more important to deliver the required proposition in country so we don't stifle our top-line growth.</p>	<ul style="list-style-type: none"> – A proactive approach to monitoring consumer trends in key markets – including regular attendance at all major fashion weeks, catwalk shows, festivals, trips to fashion cities, signing up to blogs, as well as the use of freelance fashion experts to refresh internal knowledge to ensure we offer a well balanced, diverse product range to meet the demands of different customers and cultures – Employing and investing in experienced buyers, merchandisers and designers to tailor and align our products to our key territories – The use of a diverse, multifaceted sourcing and supply chain involving many different suppliers, so that products are produced at a range of prices, at rapid speed to our territories, in order to be able to get our customers the fashion they want when they want it – Use of zonal pricing to enable us to price appropriately for, and remain competitive in, each key market – A robust roadmap places a bigger emphasis on our journey towards internationalisation and growth in our key markets – Internal re-organisation of market structures and groups to provide an increased capacity to deliver our proposition in key markets – Our new warehouses in Europe and the US will expand our opportunity to fulfil key markets 	 UP
<p>Poorly engaging digital experience</p> <p>As an online retailer, our digital experience is our shop window and the core way we engage with our customers (whether that's on a computer or any smart device). Failure to offer our customers the core user experience they expect in any given market or failure to innovate in response to market demands/trends will result in a poorer customer experience.</p>	<ul style="list-style-type: none"> – Our Brand Experience and Digital Product team continue to focus on creating and recreating a consistently engaging ASOS digital experience – Improving customer relationship management activities to bring about more engaging and relevant contacts with customers at more appropriate times – We have customer user groups to give direct feedback on all elements of our digital experience, and our internal team increasingly focuses on the latest market and tech developments to make sure we identify and adopt new developments as quickly as we can – Continued growth in our Data Science team and investing in specialist skills to drive digital innovation and enhance customer experience 	 DOWN

Risk	Mitigating activities	Change
REPUTATIONAL RISKS		
<p>Brand name</p> <p>Internet-only businesses depend on their brand name. Failure or inability to support, protect and defend our trademarks, brands and online domain names in all relevant business locations – given that they are the ASOS shop window and the primary mechanism by which customers buy our products – could have a materially detrimental effect on the Group's performance, reputation and brand positioning in each of its key markets.</p>	<ul style="list-style-type: none"> – Being the first to use the ASOS brand name both for online retailing and on clothing labels – Global co-existence settlement agreed with the two material entities who had been trading in clothing in certain key markets prior to the business being formed under names that could have been interpreted as being similar to ASOS from a legal perspective – Robust strategy for actively pursuing and defending the ASOS brand name and all supporting trademarks, domain names and other intellectual property in all key markets in all relevant classes – Continue to expand our team of highly experienced intellectual property legal experts, headed by the group legal director and overseen by the general counsel and company secretary, to proactively execute that strategy and manage the ASOS trademark and domain name portfolios – Ever-increasing number of trademarks and domain names applied for and registered across the world 	 DOWN
<p>Security of customer data</p> <p>As a pure play online retailer, ASOS needs to gather and use customers' personal data for a diverse number of reasons, including to process orders, receive payment and effectively engage with our customers on a regular basis. Deliberate or accidental loss of data – either from external attack or an internal control weakness – could lead to reputational damage, compliance issues including substantial regulatory fines, and a loss of customer or employee confidence.</p>	<ul style="list-style-type: none"> – Strengthened our internal capabilities via our dedicated Cyber Security team to consider and mitigate internal and external IT and data security threats – Prioritised work streams in Cyber Security that focus on technical, cultural and process change to strengthen our internal controls and increase awareness of the possibility of cyber threats and the importance of data privacy – Recruitment of a Customer Privacy team and creation of a privacy programme to further safeguard the handling and use of customer data to ensure compliance with all applicable laws and customer expectations – Our Customer Privacy team is focussed on the consent and use of our customers' data so that we meet their expectations on how it's controlled, without hindering our ability to interact and engage with them through opt-ins and the use of cookies – Investment in greater technical and physical security controls to mitigate unauthorised access to customer data held on the Group's servers, including access restrictions and encryption of customer credit card data. Regular penetration testing takes place to identify any potential gaps in our controls – Continue to monitor threat intelligence on any unauthorised use of ASOS's brand name – Enhanced alert systems, particularly in case of attempted unauthorised access – Cross-functional communication across the business between our Cyber Security team and relevant employees in all key departments, including members of our Executive Board and Audit Committee, to ensure IT and data security is more proactively considered in all relevant business decisions. This includes the Information Security Steering Group, chaired by our Chief Information Officer 	 UP
<p>Inadequate or incorrectly adhered to product quality or ethical trading standards</p> <p>Ultimately, ASOS depends on the products it sells. Having an engaging, exciting customer experience and a first-class customer proposition is worthless if products don't match our customers' expectations. Our fashion must make them feel great. That depends on us setting appropriate product quality and ethical trading standards, and our suppliers meeting and adhering to those standards – something which becomes more crucial the bigger our brand gets and the greater our customers' expectations become in relation to the integrity of the brands they engage with.</p>	<ul style="list-style-type: none"> – Continued growth in our Sourcing and Ethical Trading teams, headed by our sourcing director and overseen by womenswear and menswear directors, as we continue to increase our capacity on product quality and ethical trading standards. This includes recruitment and application of our own sourcing teams in country – Sign-off of our Ethical Trading Programme, supported by our Fashion with Integrity governance structure, drives forward the ethical trading agenda – Continue to develop our internal capability to deliver a stronger audit programme, including recruitment of a senior code of practice manager to improve audit methodology and practice across our product supply chains – Influence, collaborate, guide and train our suppliers to support them in achieving our sustainable sourcing and ethical trade principles – Strengthening our existing sourcing manual and supply chain policies and standards, and establishing a cross-functional Modern Slavery Group as part of our long-standing ethical trade programme to protect workers against modern slavery within our product supply chains. Our suppliers are obliged to sign up to our policies – Increase capacity in our Garment Technology and QA testing teams while improving our product recall process to provide greater surety that the products we receive from our suppliers meet our product quality standards and expectations 	 SAME

Risk	Mitigating activities	Change
FINANCIAL RISKS		
<p>Foreign exchange movement</p> <p>We are a UK-based global retailer that sells products to customers across the world in many different currencies, while recognising our revenues in pounds sterling. Rapid global growth will continue to drive greater FX exposure and the Group therefore has potential exposure to volatility in interest in foreign exchange rates.</p>	<ul style="list-style-type: none"> – Taking out forward contracts to hedge key currencies in proportion to our calculated net exposure in line with our hedging policy, which is approved and overseen by the Audit Committee – Foreign currency balance re-translation, and forecasting of assets and liabilities, is performed regularly to prepare for any unexpected volatility. Our Executive Board frequently review margins so that adjustments can be made quickly when needed – Zonal pricing capability enables us to take into account the variability in costs including foreign exchange rates 	 DOWN
TECHNOLOGICAL RISKS		
<p>Robustness of IT systems and infrastructure</p> <p>As an online retailer, we're particularly reliant on our IT infrastructure. Any system performance issues, failures or inadequacies could cause serious interruption, therefore resilience in our systems is crucial to protect them so that we can continue trading and avoid business interruption.</p>	<ul style="list-style-type: none"> – Continued investment in IT systems, infrastructure, security and people to ensure that they meet the needs of the business and don't become obsolete or compromised – Our technology roadmap focuses on increasing resilience and capacity by re-platforming and moving a number of our key systems from our data centre into the Cloud – Business recovery plans to minimise the effects of damage or denial of access to infrastructure or systems – Recruitment of experienced tech personnel to continue to increase the robustness of all services across systems and infrastructure – The use of two DNS providers so we can switch over quickly if there's a failure – Clear strategies for decommissioning our legacy systems while increasing resilience in the interim 	 SAME
<p>IT capacity and capability fail to keep pace with growth and increasing complexity of the business</p> <p>As we continue to grow at a fast pace, we require ever more complex and sizeable technological systems. At the same time, technology itself continues to develop. Any failure to ensure that IT capacity and capability keep pace with the business could restrict the Group's ability to grow.</p>	<ul style="list-style-type: none"> – Detailed IT roadmap looking ahead across all areas, produced and agreed with the business to ensure capacity for growth – Cross-functional Truly Global Retail transformation project to upgrade retail technology systems to match ASOS's future retail requirements – Continued use of third-party expertise where we do not have the internal capability or capacity to ensure all roadmaps and plans can be met – Continued substantial capital expenditure investment in tech – Frequent dialogue with our in-house recruitment team on skills and headcount requirements as we continue to develop our internal team capacity and experience through recruitment of a further 200 technologists next year 	 DOWN

Risk	Mitigating activities	Change
SUPPLY CHAIN RISKS		
<p>Key third-party supplier or service provider failure</p> <p>Disruption to our business-critical operations caused by failure on the suppliers' part or from an over dependency on one supplier in our supply chain may affect our ability to fulfil orders and tarnish our reputation.</p>	<ul style="list-style-type: none"> — We use a number of service providers and supply chain delivery service providers (particularly with the additional warehousing capacity in Germany and the US) — Contingency is built into all of our logistic carriers and shipping ports and any other key services where possible, to avoid single points of failure — We have relationships with many more providers than we currently use in case we need extra support while continuing to monitor those existing carrier relationships — Our Procurement team continually review our suppliers' performance and on-boarding process 	 SAME
<p>Insufficient warehouse capacity</p> <p>ASOS continues to grow at pace, particularly internationally. This means we need ever more warehousing space and contingency that is close enough to customers to enable us to serve them in line with their expectations. Failure to align warehouse capacity and capability in order to keep pace with the business could limit our ability to grow.</p>	<ul style="list-style-type: none"> — We continue to maximise the available capacity in our main fulfilment centre in Barnsley by investing in more automation — Our warehouse in Germany has enhanced our capabilities to fulfil European orders and is currently going through the process of becoming fully automated to replicate Barnsley's operations — Investment in our new US warehouse to increase stockholding capacity while enabling a better proposition for US fulfilment and returns — Opening an additional returns centre in Poland to support our already established returns facility at Selby — Improved collaboration and forecasting between the Retail, Supply Chain and Commercial Finance departments to adapt to the changing business needs — Our Retail department operate with a tighter stock model as we continue to identify and realise the opportunities and advantages of our e-commerce-only business model 	 DOWN
<p>Warehouse disruption</p> <p>Any disruption to the Group's warehousing facilities due to physical property damage, disruption to systems, poor logistics management or staff-wide personnel issues could have a detrimental effect on our ability to fulfil customers' orders.</p>	<ul style="list-style-type: none"> — All warehouses are managed by large multinational companies specialising in the provision of these services — Continuous monitoring of service levels and warehouse handling to ensure goods are handled, packed and delivered in a timely manner — Continued improvements to worker pay, conditions and practices in our warehouses — Frequent communication and engagement with workers in our warehouses, including active liaison with the formal Employee Forum at Barnsley — Business recovery plans in place to minimise the effects of material disruption in any of our warehouses and resilience continues to be built into Barnsley — The expansion of our international fulfilment centres in Germany and the US will provide alternative stock pools to which demand could ultimately be transferred if there's long-term disruption at any fulfillment centre — All products are on relatively short lead times, with a steady flow of products into the warehouse, enabling the supply chain to be diverted to alternative locations if necessary within a manageable timeframe 	 SAME

PEOPLE RISKS

<p>Preserving our entrepreneurial culture as we continue to grow</p> <p>Protecting the entrepreneurial culture that ASOS has been built on is at the heart of what we do. As we get bigger we require more ways to manage and control the business without hindering our ability to foster our innovative, entrepreneurial, fast-moving culture.</p>	<ul style="list-style-type: none"> — Our purpose and culture is a critical part of the strategy — Ongoing development of our leadership team on the importance of safeguarding our culture — Roll-out of our employee forum and people board across our ASOS sites to feed back on how our workforce feel about culture and change — Giving all employees the opportunity to have fulfilling careers through employment policies, competitive remuneration and benefits packages, and career development opportunities — Key behaviours have been developed to show the qualities we're looking for in someone who works for ASOS 	 SAME
---	--	--



The outturn for 2017 shows another strong performance for ASOS. The significant sales growth coupled with tight control of operating expenditure has delivered year on year growth in profit. There has been considerable investment in capital projects in order to deliver the capability for future sales growth. The business is supported by a robust cash position.

Revenue

The Group generated retail sales growth of 34% during the year, with UK growth of 16% and strong international growth of 47% (36% constant currency). This result was driven by investments in price and proposition. International retail sales accounted for 63% (2016: 57%) of total retail sales.

UK retail sales grew by 16%, a solid performance in a more promotional market. The A-List loyalty scheme which annualised during the year, continued to aid increases in conversion and average order frequency. ASOS retained its first place position for unique visitors to apparel retailers in the 15-34 age range (Comscore, August 2017).

US retail sales grew by 46% (31% in constant currency) driven by price investments and the annualisation of improved delivery propositions coupled with key promotional events, which increased conversion and average basket value metrics.

EU retail sales grew by 45% (34% in constant currency) aided by the introduction of free returns across the whole of the EU, alongside prior year price investments annualising.

RoW retail sales grew significantly at 52% (42% constant currency), augmented by further price and proposition investments. Russia and Israel were the stand out performers, achieving triple digit sales growth over 200% and 150% respectively.

Delivery receipts increased by 18% which lagged retail sales growth as customers increasingly took advantage of more extensive free shipping options. The number of premier customers increased by 55%.

Year to 31 August 2017 £m	Group total	UK	US	EU	RoW	International total
Retail sales	1,876.5	698.2	261.6	544.1	372.6	1,178.3
Growth	34%	16%	46%	45%	52%	47%
Growth at constant exchange rate	27%	16%	31%	34%	42%	36%
Delivery receipts	40.8	16.1	6.3	10.8	7.6	24.7
Growth	18%	5%	15%	48%	19%	29%
Third-party revenues	6.3	6.0	0.2	0.1	–	0.3
Growth	(6%)	(6%)	100%	–	(100%)	–
Total revenues	1,923.6	720.3	268.1	555.0	380.2	1,203.3
Growth	33%	15%	45%	45%	51%	47%
Growth at constant exchange rate	27%	15%	30%	34%	41%	36%

Customer engagement

ASOS has seen a significant increase in active customers¹, finishing the financial year with 15.4m, up 24% compared to last year. Engaging content and investments in the technology platform have helped drive this growth as well as a 24% increase in the number of visits. The compelling nature of the ASOS proposition drove increases in average basket value of 2%. Conversion² increased by 20bps and average order frequency³ increased by 5%.

	Year to 31 August 2017	Year to 31 August 2016	Change
Active customers ¹ (m)	15.4	12.4	24%
Average basket value (including VAT)	£72.24	£70.84	2%
Average units per basket	2.87	2.82	2%
Average selling price per unit (including VAT)	£25.16	£25.09	–
Average order frequency ²	3.22	3.08	5%
Total orders (m)	49.6	38.3	30%
Total visits (m)	1,669.0	1,348.7	24%
Conversion ³	3.0%	2.8%	+20bps
Mobile device visits	70.3%	65.5%	+480bps
Net Promoter Score as at 31 August 2017 ⁴	66	63	5%

1 Defined as having shopped during the last 12 months as at 31 August 2017.

2 Calculated as last 12 months' total orders divided by active customers.

3 Calculated as total orders divided by total visits.

4 Net Promoter Score is based on a customer pulse survey.

Gross profitability

Group retail gross margin increased by 10bps to 48.6% compared to last year (2016: 48.5%) due to an improved markdown position through both increased full price mix and shallower depths on clearance activity. This benefit, coupled with the net FX tailwind, offset price investments and a continued shift into branded sales. Gross margin (including delivery receipts and third-party revenues) decreased by 20bps to 49.8% (2016: 50.0%) as faster free delivery options became more appealing to customers.

Year to 31 August 2017 £m	Group total	UK	US	EU	RoW	International total
Gross profit (£m)	958.3	330.6	164.6	262.6	200.5	627.7
Growth	33%	12%	47%	46%	47%	47%
Retail gross margin	48.6%	44.2%	60.4%	46.3%	51.8%	51.1%
Growth	10bps	(100bps)	110bps	30bps	(90bps)	10bps
Gross margin	49.8%	45.9%	61.4%	47.3%	52.7%	52.2%
Growth	(20bps)	(120bps)	80bps	30bps	(120bps)	–

Operating expenses

The Group increased its investment in operating resources by 33% to £878.7m, with the total operating costs to revenue ratio increasing by 10bps to 45.7% (2016: 45.6%).

£m	Year to 31 August 2017	% of sales	Year to 31 August ¹ 2016	% of sales	Change
Distribution costs	(299.2)	15.6%	(216.0)	14.9%	(39%)
Payroll and staff costs ²	(162.8)	8.5%	(132.6)	9.2%	(23%)
Warehousing	(168.5)	8.8%	(114.3)	7.9%	(47%)
Marketing	(86.8)	4.5%	(76.6)	5.3%	(13%)
Production	(6.8)	0.3%	(6.3)	0.4%	(8%)
Technology costs	(35.1)	1.8%	(24.5)	1.7%	(43%)
Other operating costs	(77.2)	4.0%	(57.3)	4.0%	(35%)
Depreciation and amortisation	(42.3)	2.2%	(31.6)	2.2%	(34%)
Total operating costs	(878.7)	45.7%	(659.2)	45.6%	(33%)

1 All numbers have been restated to remove the results of the discontinued operation in China.

2 Inclusive of non-cash share-based payment charges.

Distribution costs increased by 70bps to 15.6% of revenue, driven by investment into free return propositions, particularly in the RoW and EU, along with an improved standard delivery service and premier launches.

Payroll and staff costs decreased by 70bps to 8.5% of sales as a result of cost leveraging. Headcount has increased 34% (2017: 3,579; 2016³: 2,664). Non-cash share-based payment charges amounted to £7.6m (2016: £4.5m) relating to a third grant to senior management under the Long-Term Incentive Scheme during the year and Save As You Earn scheme to all employees.

Warehousing costs increased by 90bps to 8.8% of revenue due to ramp up and increased fulfilment mix from Eurohub 2 which is currently a more manual operation, partly offset by efficiencies achieved at Barnsley from automation investments.

Marketing costs decreased by 80bps to 4.5% of sales as a result of digital marketing efficiencies and a higher return on advertising spend, alongside a redistribution of spend towards customer propositions such as A-List and student discounts.

Other operating costs remained flat at 4.0% of revenue.

Depreciation and amortisation remained flat at 2.2% of revenue as a consequence of the strong sales growth versus prior year together with a significant element of capital expenditure being in relation to projects which go live in the next financial year.

Exceptional items

No exceptional items have been identified for the year to 31 August 2017.

In the comparative period to 31 August 2016, the Group settled trademark infringement disputes with high-performance cycle wear manufacturer Assos of Switzerland GmbH, and German menswear retailer Anson's Herrenhaus KG. This resulted in a one-off exceptional legal settlement cost of £20.9m (including associated legal fees) representing full, final and global settlement of all outstanding litigation.

Discontinued operations

No discontinued operations have occurred for the year to 31 August 2017.

In the comparative period to 31 August 2016, the Group discontinued its in-country China operation, which incurred an operating loss before tax of £3.6m up to the point of closure and one-off exceptional closure costs before tax of £6.5m, of which £4.4m was non-cash relating principally to the impairment of fixed assets.

Income statement

The Group generated continuing profit before tax and exceptional items of £80.0m, up 26% compared to last year, lower than sales growth due to gross margin investment of 20bps and a 10bps investment in operating costs.

£m	Year to 31 August 2017	Year to 31 August 2016		
		Before exceptional items	Exceptional items	After exceptional items
Continuing operations				
Revenue	1,923.6	1,444.9	–	1,444.9
Cost of sales	(965.3)	(722.7)	–	(722.7)
Gross profit	958.3	722.2	–	722.2
Distribution expenses	(299.2)	(216.0)	–	(216.0)
Administrative expenses	(579.5)	(443.2)	(20.9)	(464.1)
Operating profit	79.6	63.0	(20.9)	42.1
Net finance income	0.4	0.7	–	0.7
Profit before tax	80.0	63.7	(20.9)	42.8
Income tax expense	(15.9)	(12.3)	4.2	(8.1)
Profit after tax from continuing operations	64.1	51.4	(16.7)	34.7
Effective tax rate	19.9%	19.3%	(20.1%)	18.9%
Discontinued operations				
Loss before tax from discontinued operations	–	(3.6)	(6.5)	(10.1)
Tax from discontinued operations	–	0.3	(0.5)	(0.2)
Loss after tax from discontinued operations	–	(3.3)	(7.0)	(10.3)
Group results				
Group profit before tax	80.0	60.1	(27.4)	32.7
Income tax expense	(15.9)	(12.0)	3.7	(8.3)
Group profit after tax	64.1	48.1	(23.7)	24.4
Effective tax rate	19.9%	20.0%	(13.5%)	25.2%

3 Restated to remove the headcount relating to discontinued operations in China.

Taxation

The effective tax rate from continuing operations before exceptional items increased by 60bps to 19.9% (2016: 19.3%). This arose mainly from the deferred tax prior year adjustment in respect of losses in China and to an increase in expenses not deductible for tax purposes. The effective tax rate from continuing operations after exceptional items increased by 100bps to 19.9% (2016: 18.9%).

Going forward, ASOS expects the effective tax rate to be approximately 100bps higher than the prevailing rate of UK corporation tax due to permanently disallowable items.

Earnings per share

Basic and diluted earnings per share from continuing operations before exceptional items increased by 25% and 24% to 77.2p and 76.6p respectively (2016: 61.9p and 61.8p). This was driven by the increase in continuing profit before tax during the year.

Statement of financial position

The Group continues to enjoy a healthy financial position including a closing cash balance of £160.3m (2016: £173.3m).

The reduction in cash includes the payment of last year's £20.2m legal settlement (excluding legal fees) in relation to trademark infringement disputes with Assos of Switzerland GmbH and Anson's Herrenhaus KG.

Net assets increased by £86.7m to £287.1m during the year (2016: £200.4m) due to the increase in capital expenditure and inventory. The closing stock position was up 25% versus last year to ensure good stock availability to meet customer demand for the new season. In addition, there was a reduction of £12.8m in the fair value of the net liability position of outstanding forward contracts since 31 August 2016. This was due to hedges which were entered into pre-Brexit at adverse rates, settling during the period. The summary statement of financial position is shown below:

£m	Year to 31 August 2017	Year to 31 August 2016
Goodwill and other intangible assets	178.0	113.5
Property, plant and equipment	137.4	77.2
Derivative financial assets	1.3	-
Deferred tax asset	9.2	13.3
Non-current assets	325.9	204.0
Inventories	323.3	257.7
Net current payables	(452.1)	(355.7)
Cash and cash equivalents	160.3	173.3
Derivative financial liabilities	(64.5)	(76.0)
Current tax liability	(5.8)	(2.9)
Net assets	287.1	200.4

Statement of cash flows

The Group's cash balance decreased by £13.0m to £160.3m during the year (2016: £173.3m) as capital expenditure of £161.5m was partly offset by a cash inflow from operating activities of £145.9m. The working capital inflow is predominately made up of higher stock which reflects the higher level of sales expected for the new season compared to the prior year, offset by

a movement in trade payables comprising higher trade payables caused by the timing of payments. The prior year balance includes the accrual for the trademark infringement legal settlement of £20.2m, which was settled after the year-end. The summary statement of cash flows is shown below.

£m	Year to 31 August 2017	Year to 31 August 2016
Operating profit from continuing operations	79.6	42.1
Loss before tax from discontinued operations	-	(10.1)
Operating profit	79.6	32.0
Depreciation and amortisation	42.3	31.7
Losses on disposal of assets – continuing	0.5	0.8
Losses on disposal of assets – discontinuing	-	4.3
Working capital	24.1	69.1
Share-based payments charge	7.6	4.5
Other non-cash items	(0.6)	(1.7)
Tax paid	(7.6)	(10.0)
Cash inflow from operating activities	145.9	130.7
Capital expenditure	(161.5)	(79.2)
Net finance income received	0.5	0.7
Net cash inflow relating to Employee Benefit Trust ¹	1.8	0.7
Total cash (outflow)/inflow	(13.3)	52.9
Opening cash and cash equivalents	173.3	119.2
Effect of exchange rates on cash and cash equivalents	0.3	1.2
Closing cash and cash equivalents	160.3	173.3

1 Employee Benefit Trust and Capita Trust.

Fixed asset additions

£m	Year to 31 August 2017	Year to 31 August 2016
Technology	104.8	60.1
Warehouse	49.5	24.4
Office fixtures and fit-out	13.2	2.5
Total	167.5	87.0

ASOS continues to invest in warehousing and technology infrastructure to support future growth ambitions. The majority of technology spend related to the replatforming programme, the new global fulfilment programme and TGR programme including an end-to-end retail merchandising system with supporting finance system, whilst warehousing spend related to the build-out of Eurohub 2 and further automation in Barnsley. The office fixtures and fit out spend related to the new customer care site at Leavesden and the continued extension and fit out of the Head Office in Camden.



Helen Ashton
Chief Financial Officer



FASHION WITH INTEGRITY

Our corporate responsibility programme, Fashion with Integrity, epitomises our approach to business. It means managing all aspects of our business transparently, so our customers can enjoy fashion knowing they’re buying from a responsible company that’s actively working to minimise the negative effects of the fashion industry on people, animals and the environment. It means making socially responsible choices every day, investing in young people’s futures and building a truly inclusive community where every single customer has the confidence to be who they want to be.

Our Fashion with Integrity strategy is designed to support the delivery of our core business strategy and focuses on four pillars: our products, customers, business and community.

<p>Our products Respecting people and the planet with great products that our customers can trust</p>	<p>Our business Achieving growth in a way that adds social value and minimises environmental impacts</p>	<p>Our customers Helping young people look, feel and be their best</p>	<p>Our community Investing time and resource to make a real difference in our neighbourhoods</p>
--	---	---	---



HIGHLIGHTS OF THE YEAR

- Publishing our factory list covering all our tier one to tier three sites – this is updated every two months
- Publishing our first Modern Slavery Act Statement, setting out the steps we’ve taken to prevent modern slavery in our business operations and supply chains
- Making accelerated progress towards our 2020 goal of 95% more sustainable cotton in our collections
- Setting out our commitment to transition to a circular economy in fashion by signing the Global Fashion Agenda at the Copenhagen Fashion Summit
- Increasing the scope and accuracy of our carbon emissions reporting across the business
- Collecting and recycling 352 tonnes of cardboard and 458 tonnes of plastic mail packaging from our customers
- Producing ceremony and formalwear for athletes at the 2016 Paralympic Games and extending our partnership with the British Paralympic Association to include the PyeongChang 2018 Winter Paralympic Games and Tokyo 2020 Summer Paralympics
- Using our Paralympic partnership as a springboard to increase disability awareness within ASOS
- Celebrating diversity and positive self-image with inspirational stories in our magazine and editorial content
- Growing our partnership with Centrepoin, helping to provide essential mental health services to homeless young adults and to launch the UK’s first homelessness prevention helpline for 16- to 25-year-olds
- Training 70 young unemployed people with The Prince’s Trust and recruiting 14 graduates of this year’s Get into Fashion and Get into Technology courses
- Establishing a robust governance structure with 85 ASOS leaders and subject matter experts to drive our Fashion with Integrity strategy

A YEAR IN REVIEW WITH LOUISE MCCABE, DIRECTOR OF CORPORATE RESPONSIBILITY

This year, there's been a step change in how we integrate the four pillars of Fashion with Integrity into our core business. Our corporate responsibility priorities have been repositioned as strategic non-negotiables, and we've taken steps to engage every person in the business in understanding and achieving them, and in removing barriers to faster progress.

We've also introduced an extensive and robust governance structure for Fashion with Integrity. This will help us identify and overcome barriers to progress, and also support our UN Global Compact commitments on human rights, environment, labour conditions and business integrity. Over 85 senior leaders and subject experts from ASOS are participating in seven steering groups which report into a central executive board chaired by our CEO.

Some key themes emerging for us are transparency, the circular economy and diversity. These principles are woven through our approach to human rights, sustainability and social investment and are part of the fabric of how we do Fashion with Integrity at ASOS.

Transparency

In January, our Board approved a new Ethical Trade Strategy setting out our long-term vision for safeguarding workers' rights in our supply chains. We continue to build on our commitments to protect the rights of workers, particularly those most

vulnerable to modern slavery. To support this strategy, we're now publishing details of our manufacturing sites, and adopting a transparent approach to identifying and publishing our supply chain risks in our Modern Slavery Statement.

We've also increased the transparency and extent of our carbon emissions reporting by extending its scope and improving our assessment methodology. While this increases our reported carbon intensity, it gives a more realistic picture of where we are and helps us identify exactly how and where we can begin to decouple growth from emissions. We've also undertaken a number of detailed studies to help us understand how we can lessen the future carbon emissions impact of our logistics operations, packaging and customer deliveries.

Circular economy

In May this year, we signed a commitment to a Circular Fashion Future at the Copenhagen Fashion Summit. This signals our intention to shift from the current fashion model of 'take, make, use, dispose' to a circular model where materials are reclaimed and reused or regenerated instead of using virgin resources. We're looking forward to collaborating with our partners to reach our goals and support wider change across the fashion industry. As we begin our journey to a circular economy, we continue to speed up the pace

of change for the fabrics we use, and are already exceeding this year's targets for our 2020 goal of 95% more sustainable cotton in our collections.

Diversity

We continue to celebrate diversity at ASOS and this year I've been especially impressed with the content produced by the ASOS Magazine, website and social teams. This continues to celebrate and reflect the diversity of our 20-something audience within a changing landscape of gender, self-expression and body confidence. We have a particular focus on disability and, following the Paralympic Games in Rio, we're delighted to be continuing our successful partnership with the British Paralympic Association. We'll be providing formal and ceremony wear for PyeongChang 2018 Winter Paralympic Games and the Tokyo 2020 Summer Paralympics.

The ASOS Foundation has gone from strength to strength in 2017. I'm particularly proud of our partnership with Centrepoint, the UK youth homelessness charity. Funding from the ASOS Foundation has enabled Centrepoint to provide mental health support and to launch the UK's first national homelessness prevention helpline for young adults.

Louise McCabe

Director of Corporate Responsibility

FASHION WITH INTEGRITY KEY OBJECTIVES

Our product:

- Achieve 70% more sustainable cotton in our ranges

Our customer:

- Develop a programme to achieve AA standard Web Content Accessibility Guidelines for our e-commerce sites

Our business:

- Fulfil 85% of European (excluding UK) orders through our German Eurohub to reduce emissions from stock and vehicle movements across Europe

Our community:

- Achieve £200,000 fundraising target for the ASOS Foundation



"I'm committed to ASOS transforming how fashion impacts on people and our planet. We can do this if we're determined enough, work together, make brave decisions and continue to be open and honest about what needs to be done."

Nick Beighton, CEO



OUR PRODUCTS

Respecting people and the planet with great products that our customers can trust

Alongside commercial criteria, our sourcing strategy also focuses on ethical trading, sustainable sourcing and animal welfare.

Ethical trading

For ASOS, ethical trade means it's our responsibility to make sure every worker in our supply chain is respected and protected. Everyone in our supply chain should be safe at work, financially secure and respected by their employers and fellow workers. To achieve this, we set high ethical standards and assess and support our suppliers to help them meet these standards. We also work with others to bring about long-lasting improvements in supply chain working conditions.

Our standards and sourcing practices

Our ethical trade standards are set out in these policies:

- **ASOS Supplier Ethical Code:** based on the Ethical Trading Initiative (ETI) Base Code and ILO Fundamental Conventions and defines the minimum standards we require from all our suppliers.
- **ASOS Child Labour, Remediation and Young Worker Policy:** sets out the steps suppliers need to take to

protect young workers and to make sure no children are involved in the manufacture of any of our products.

- **ASOS Migrant and Contract Worker Policy:** sets out supplier requirements for the recruitment and employment of migrant and contract workers, two groups vulnerable to exploitation.

Our Board approved a new Ethical Trade Strategy in January 2017, setting out our long-term vision for increasing respect for workers' rights across our supply chain. Our strategy is two-pronged – it focuses on improving our business practices to protect human rights in our supply chain from the top down, while empowering workers to realise their fundamental rights from the bottom up. Our key priorities centre on:

- **Supply chain transparency:** we recognise the importance of supply chain mapping and due diligence to uphold human rights and prevent undeclared subcontracting. We're developing ways to ensure the transparency of our supply chain and traceability of our products (see the case study on the next page).
- **Purchasing practices:** we're committed to improving our buying practices so that we limit any negative

human rights impacts resulting from how we buy our products. We're undertaking an independent review of our purchasing practices within the framework of the Action, Collaboration, Transformation (ACT) initiative on living wage. This will help to highlight gaps in our practices so we can agree actions for improving our purchasing mechanisms.

- **Freedom of association:** workers' rights to organise and bargain collectively is an essential step towards their enjoyment of other labour rights. We recognise the barriers to freedom of association that exist in our sourcing regions, and are working to overcome them by building relationships with trade unions both at the global and local level.
- **Living wage:** all workers in our supply chain are entitled to a wage that meets their basic needs. Through our participation in the ACT initiative on living wage, we're working to improve wages in key garment sourcing countries through sectoral collective bargaining.
- **Gender equality:** women represent the highest proportion of the workforce in the garment supply chain, but are still vulnerable to exploitation. We're piloting an in-factory gender programme to better understand and address some of the obstacles for women in gaining equal opportunity employment. We're also working with NGOs and academics to deliver and evaluate the impact of this programme before rolling it out to our wider supply chain.
- **Health and safety:** worker safety is a priority for ASOS at all times. We're raising awareness of the steps needed to protect workers from harmful chemicals and other workplace hazards by setting clear standards and guiding suppliers on their effective application.
- **Modern slavery:** we're working with our suppliers, industry colleagues and other key stakeholders on programmes to address and reduce modern slavery risks in our supply chains. See our Modern Slavery Statement for details about our efforts in this area.
- **Child labour:** we're working to better identify and stop child labour in our supply chains by conducting unannounced factory audits and preventing unauthorised subcontracting. We're also developing relationships with local NGOs to deliver effective remediation programmes where needed.

- **Third-party brands:** ASOS stocks over 850 third-party brands, and we have a new programme to work with these brands on ethical trade and promote best practice. There are three main aims to this programme:
 - 1 To learn from and collaborate with established brand partners with strong human rights programmes
 - 2 To influence those who aren't showing a high level of commitment
 - 3 To support smaller, new brands in building their capacity for ethical trade and sustainability as they grow.

To make sure we achieve these goals, we've expanded our Ethical Trade team both at head office and in our key sourcing regions. In the last year, our head office team has tripled in size and we now have 12 people in our Sourcing department. We're also

expanding team capacity in our key product sourcing regions to make sure the people responsible for driving ethical standards understand country-specific risks and engage regularly with local stakeholders.

Monitoring and supporting suppliers

We only work with suppliers who are committed to meeting our standards and improving conditions for the 107,312 people working in our supply chain. We currently have 178 suppliers, who use 594 factories across 28 countries. Our regional ethical trade teams are based in our main sourcing regions – China, Eastern Europe, India, Turkey and the UK – where over 80% of the factories making our products are located. Here are some examples of the way we engage with our suppliers on ethical trade:

- **Supply chain mapping:** we work with the Sustainable Sourcing team to map our supply chain beyond tier one suppliers (see the case study below).
- **Factory assessments:** we carried out 487 audits between September 2016 and July 2017 to check how factories are performing against our standards and to give support where needed. The majority of our audits are unannounced, giving us a more realistic picture of actual working conditions.
- **Supplier support:** we continue to help our suppliers to make necessary improvements at the factory level by giving guidance on difficult issues. We held four regional supplier and factory conferences in the past financial year to raise awareness of key issues and offer advice to suppliers on how to address them.

“We're working towards full visibility of our entire supply chain, all the way back to raw material.”

Alice Strevens, Head of Ethical Trade

Transparency and product traceability

We believe supply chain transparency is essential to make sure we're not contributing to negative environmental and social impacts when sourcing our raw materials and manufacturing our products. We want to lead the industry in disclosing our human rights impacts. So, this year we published our factory list which gives gender-disaggregated workforce data for all our mapped tier one to tier three sites and is updated every two months.

We've developed and disseminated a new subcontracting policy. This strengthens our long-held requirement for suppliers to declare all factories involved in the manufacture of ASOS products and work with us to make sure only approved units are used.

We've traced 44% of our cotton to its country of origin, 60% of our viscose to the fibre producer and 90% of our leather back to tannery level.

We'll continue to expand both the breadth and depth of our disclosure and have committed to mapping our product supply chain down to tier five for key raw materials by 2020 (see our Modern Slavery Statement).

"This year, we've recognised that our priority must be to close the loop and engage in a circular economy, prioritising recycling and design for re-use."

Simon Platts, Sourcing Director



Working with others to improve supply chain practices

We're engaging in a number of initiatives to collaboratively address challenges in implementing labour standards, including:

- ACT, an initiative which brings together 17 clothing brands and trade unions to address the issue of living wage in the textile and garment supply chain
- Fast-forward, an auditing initiative involving other major UK retailers, aimed at addressing UK-specific supply chain issues and promoting best practice standards across the industry
- Ethical Trading Initiative (ETI), an alliance of companies, NGOs and trade unions which promotes labour standards in global supply chains.

Sustainable sourcing

There are four elements that continue to define our focus on sustainable sourcing.

- 1 Traceability of raw materials:** mapping our commodities to better understand and influence how they're sourced.
- 2 Lower environmental impact:** increasing the conversion from traditional materials and processes to lower-impact alternatives.

3 Craftsmanship: investing in suppliers and projects that support local skills and community development.

4 Engaging customers on sustainability: raising awareness around an increasingly broad range of sustainable fashion and beauty products across ASOS.

The continued growth of our Sustainable Sourcing team reflects the engagement and ambition throughout ASOS to fully embed sustainability into the way we do business. Our achievements this year include:

- The graduation of 70 ASOS retail and marketing employees from the Sustainable Leaders at ASOS training programme in collaboration with the Sustainable Fashion Academy
- Making accelerated progress towards our 2020 goal of 95% more sustainable cotton in our collections – with 44% verified sustainable cotton sourced by June against our 2017 target of 70%
- Launching our wood and wood pulp policy and working with suppliers to ensure wood, paper and cellulosic fibres in our own-buy products and our office isn't from ancient or endangered forests
- Joining the Sustainable Apparel Coalition (SAC) and completing our

first environmental self-assessment, with 30% of our factories (including wet processing units) also completing their own self-assessment

- Setting out our commitment to transition to a circular fashion system by signing the Global Fashion Agenda
- Joining the European Clothing Action Plan (ECAP) and collaborating with industry partners to address environmental challenges at every stage of the clothing life cycle
- Setting sustainable fibre targets, including increased use of recycled polyester, water-based leather alternatives and more sustainable cotton
- Developing guidance on chemical management and restricted substances for all brands sold through asos.com
- Introducing supplier scorecards to assess the sustainability performance of our suppliers
- Offering sustainably made products, including swimwear with recycled nylon and denim with recycled cotton from post-consumer waste, with press and social media promotion supporting customer engagement and sales
- Presenting our sustainability strategy to over 230 suppliers and factories in the UK, China, India and Romania, and setting out how they can help us achieve our sustainability goals
- Mapping the tanneries in our leather supply chain prior to a programme of ethical trade inspection.

Animal welfare

We strongly believe that no animals should suffer in the name of fashion or cosmetics. So we regularly review our animal welfare policy and guidelines for buyers and suppliers to make sure we continue to advance animal welfare standards in our supply chain. We promote alternatives to animal-derived materials by featuring faux fur, non-leather and synthetic down products in our collections. And we continuously update training and guidance, including how to ensure faux fur is truly fake with our Quality Control team in Barnsley and our retail teams, suppliers and brands.

OUR CUSTOMERS

Helping young people to look, feel and be their best

At ASOS, we focus relentlessly on reflecting the needs of our customers all over the world. We do this in two ways: by ensuring that our products and communications are inclusive, responsible and celebrate diversity, and by providing the best possible customer care 24/7.

Inclusive products and communications

We celebrate and promote our customers' diversity through our clothing ranges, our social media presence, our editorial content and our website.

Positive self-image

We always want to use our influence among young fashion lovers in a responsible way by promoting a healthy, positive body image to our customers. We do this by:

- Making sure our own Model Welfare policy and guidelines on digital manipulation are fully followed to protect our models and our customers

- Bringing in experts to train our employees on body image and health
- Publishing articles on diverse and inspirational young men and women in ASOS Magazine, focusing on their achievements not their looks
- Communicating with customers about issues such as body image and mental health
- Working with the anti-bullying charity, the Diana Award, to produce and run sessions to help open up discussions with young people about body image issues – between September 2016 and August 2017 over 650 students between 13 and 18 years old took part
- Partnering with the UK's eating disorders charity, Beat, to provide an online support service which helped more than 10,000 people with eating disorders between September 2016 and August 2017
- Working with youth homelessness charity Centrepoint to provide essential mental health services for young adults at risk

Focusing on disability

Our Celebrating Diversity disability programme aims to raise awareness of disability internally, improve access to our products and services for customers with disabilities, and create opportunities for young people with disabilities. Some of our activities in the past 12 months include:

ASOS and British Paralympic Association

- Designing and producing the ceremony and formal wear for 600 Paralympics GB athletes and staff at the Rio 2016 Summer Paralympic Games
- Extending our current partnership with the British Paralympic Association to include the PyeongChang 2018 Winter Paralympic Games and the Tokyo 2020 Summer Paralympics
- Hosting Come and Try sessions where students from Haverstock School in Camden played wheelchair basketball with British Paralympic Association coaches.



Promoting positive self-image through ASOS Magazine

Our quarterly magazine goes out to customers in the UK, France, Germany and the USA. Customers praise our magazine for pushing boundaries and being inclusive across its content, whether this is by featuring people from diverse ethnic backgrounds or with body shapes you don't typically see in mainstream media. We see words like 'empowering', 'inspiring' and 'refreshing' again and again in customers' feedback. The magazine team have a shared belief that we're not just here to sell clothes, but to help our audience negotiate a time in their life that isn't always easy. Our 2017 issues have featured Hunter Schafer, a teenage transgender rights activist; Mama Cax, an amputee and body positivity advocate; and Anne-Marie Imafidon, the founder of a social enterprise encouraging girls to get involved in science, technology, engineering and maths careers.

Accessible website

- As part of the ASOS web redesign project we've given real attention to making the user experience accessible to everyone, whether people have vision, dexterity or any other barriers to accessibility. The User Experience team have been working to established technical implementation guidelines (The Web Accessibility Guidelines or WCAGs), and we're aiming to be one of the first fashion e-commerce sites to achieve AA standard.
- We've done research with the RNIB using 20 participants with different disabilities to truly understand how they access websites and apps and what they expect from a fashion e-commerce site. This is helping us to identify the work we still have to do and understand how other sites and apps are addressing the same questions.

We donated £88,229 in products to disability charity Scope to raise money for employment accessibility programmes for young adults. And we're a member of the Business Disability Forum who are helping us to make ASOS a disability-smart organisation.

Customer care

To make sure that our customers have full confidence in our experience, we provide a 24/7/365 customer care service. This year we handled 16.1m contacts including phone calls, social media, emails and live chat. We also have up-to-date information on our website help pages in nine different languages.

One of the most important things we do for our customers is provide fraud protection and data privacy services. Our Fraud Prevention team work 24/7 to make sure threats are mitigated as efficiently and effectively as possible. This year, our team prevented £10.9m of fraud attacks across 80,108 orders. We also have technical and physical security controls to prevent unauthorised access to customer data, including access restrictions, encryption of certain customer data and alert systems, and give our customers the control over their data that they are entitled to expect.



OUR BUSINESS

Achieving growth while adding social value and minimising environmental impact

We believe in growing our business in a sustainable way while ensuring our long-term commercial viability. We do this by focusing on two things: our people and the environment.

Our people

At ASOS, we work hard to create a unique culture where people can feel valued, respected, enjoy their work, know they make a real difference each day and have some fun along the way. We want ASOS to be a diverse, inclusive and inspiring place to work that attracts the very best talent from around the world.

All our employees (ASOSers, as we like to call them) and third-party colleagues are central to our success. As at 31 August 2017, we employed 3,579 people including 3,463 full-time and 116 part-time ASOSers. Most people are based at our headquarters in Camden, North London, and our Customer Care site in Leavesden, with smaller teams in Paris, Birmingham, Berlin, New York and Sydney. To support our operations, we also employ people through our outsourced partners at our Barnsley fulfilment centre, and at our international Customer Care centres in Glasgow, Lisbon, Vladimir and Columbus, Ohio.

We communicate regularly with everyone about our performance and objectives, and we encourage ASOSers to suggest where we can make improvements and fast track our business. This year we've continued to

build employee engagement. We launched our values – authentic, brave and creative – at our first Leadership Summit at the start of the year; and each area then held activation sessions to bring it to life across the business. Our values are now part of ASOSers' everyday thinking. As we grow and age, maintaining our culture and high levels of engagement is even more critical; and we've developed important initiatives with this in mind.

We introduced ASOS Anniversaries in April to celebrate more and more ASOSers who are staying with us for longer. We now celebrate each person's 'ASOS birthday' every year with birthday coffee and cake. And for the bigger anniversaries (3, 5, 10 and 15 years) we're giving ASOSers extra holiday time and cash – and even naming products (10 years) and rooms (15 years) after people.

It's important that we don't lose touch with our ASOSers, and we want to capture their creative, brave ideas in the decisions we make. With this in mind, we've launched an ASOS in Touch forum with representatives from all areas and locations of the business. A member of our executive team meets with these representatives regularly, giving them a direct line to our decision-makers. This group will help keep us true to our values and be a direct line to the wider ASOS population.

Another key initiative has focused on wellbeing, especially mental health.

For the first time, we held events across our UK and global locations for Mental Health Awareness Week. We want to start breaking down the stigma around mental health – to give people the chance to talk openly about it and come up with ideas for supporting mental health, whether they have a condition or not.

Alongside this, we've focused on inclusion on a wider scale with ASOS All In – our commitment to treating everyone as equals and encouraging diversity. We're proud that ASOSers represent all sections of society and the diverse customer base we enjoy – and that we work in an environment where everyone feels respected and valued for who they are. This year we've kicked off ASOS All In with Women In Tech – events and initiatives to support more women in our technology space, such as Women in Silicon Milkroundabout. We'll be building on this next year, focusing on LGBTQIA and disability with events, external speakers and education for all ASOSers.

As well as these initiatives, we've been looking at nailing the basics and setting ourselves up for the future. As we expand globally, we need to hire great people who will support our growth. We've reviewed and put in place solid foundations for our people policies and contracts globally. We regularly include our third-party colleagues in Company-wide communications and show our appreciation of the contributions

they make by including them in our employee discount programme.

Having strong ethical standards is important to us. We expect all our ASOSers and third-party colleagues to act with integrity and behave ethically in everything they do.

Attracting talent and investing in our people

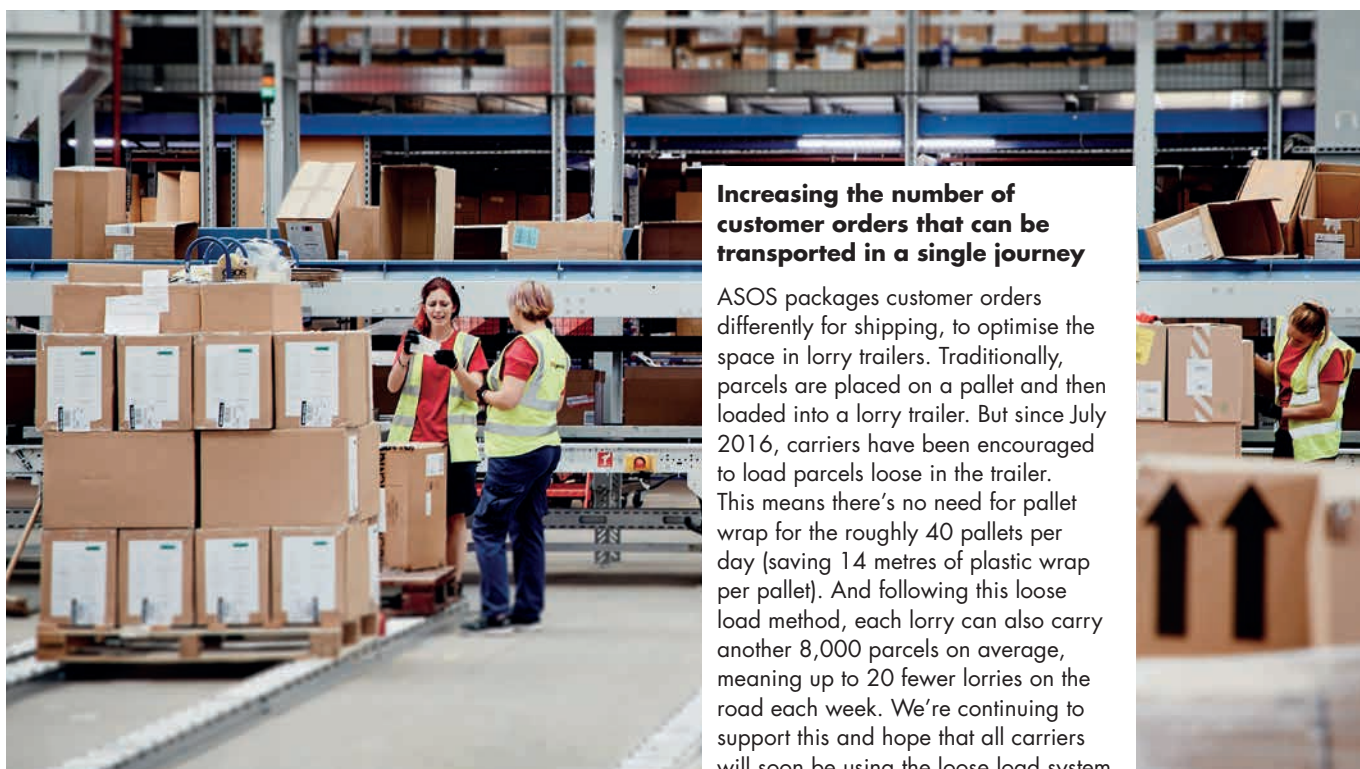
Attracting, developing and retaining the best people who will thrive in our fast-paced environment remains our number one priority. This has been recognised by LinkedIn, who voted us as the second most attractive UK employer, up from sixth place last year. Over the past 12 months, we've strengthened our executive team in critical areas, with the promotions of Andy Berks to digital product director, Nick Loveday to retail director of womenswear and Stefan Pesticcio to retail director of menswear.

We also made some key strategic appointments in our Global Trading, Technology, People Experience, Finance, Supply Chain, Content and Engagement, Brand Experience, Corporate Responsibility, and Legal teams. Across the business, apprenticeships and internships help us to attract more junior and emerging talent, and we continue to build partnerships with a variety of universities and colleges.

Once we have the best talent on board, we develop our people by offering opportunities that match both their professional and

personal aspirations. We have a robust learning offer to support them through their journey here at ASOS, focusing on employability and personal development. We greet people on their first day with an immersive induction, including a history of the business, time with our executive team and a tour of our HQ to see everything from our Technology department to the Catwalk. Once people have settled in, we offer a varied learning offer for people at all levels of the business. Leadership and management development takes place in-house and during away days, and we have programmes available on a mobile platform so people can enjoy training on demand. We support everyone with their professional qualifications; and we offer diverse role- and department-specific training, including coaching, classroom, psychometric, informal and social learning, all in line with the ASOS culture.

We also encourage ASOSers to put time into the community and give them various chances to do this (see Our Community section on pages 45 and 46). As well as being a good thing to do in its own right, this kind of voluntary work helps people feel involved and gives them a stronger connection with our brand. Our overall aim is to ignite the passion which so clearly exists throughout ASOS by creating an environment where it's easy for each person to fulfil their true potential.



Increasing the number of customer orders that can be transported in a single journey

ASOS packages customer orders differently for shipping, to optimise the space in lorry trailers. Traditionally, parcels are placed on a pallet and then loaded into a lorry trailer. But since July 2016, carriers have been encouraged to load parcels loose in the trailer. This means there's no need for pallet wrap for the roughly 40 pallets per day (saving 14 metres of plastic wrap per pallet). And following this loose load method, each lorry can also carry another 8,000 parcels on average, meaning up to 20 fewer lorries on the road each week. We're continuing to support this and hope that all carriers will soon be using the loose load system.

We are aware of the importance of making it easy for ASOSers to raise any concerns that they have about their job, and what they see and hear. We have a ‘Whistleblowing’ helpline as is required of a business the size of ASOS, with a confidential helpline that is available 24/7 in different local languages. We proactively promote this each year to ensure that we are never complacent.

Equal opportunities

ASOS is committed to encouraging diversity and inclusion, and discrimination of any form has no place in our business. We want each person to feel respected and able to do their best. This means recognising their individuality, their personal styles and ways of working. We treat all ASOSers equally regardless of age, disability, sex, sexual orientation, gender reassignment, marital or civil partner status, family status, race, nationality, ethnic or national origin, religion or belief. And if anyone develops a long-term illness or disability, we do our best to support them to return to work.

We’re particularly keen to ensure that women have equal chances to develop fulfilling careers and rise to the top of our business. On 31 August 2017 there were three women and four men on our Board. Across ASOS, 63% of our full-time employees are women and 37% men (2016: 65% women and 35% men), while 92% of our part-time employees are women and 8% men (2016: 93% women and 7% men).

Safety

Our employees and everyone working on behalf of ASOS are entitled to work in a safe environment. We carry out health and safety risk assessments regularly and frequently review our safety policy, ‘Be Smart’. During the 2017 financial

year, we had no reportable work-related incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR) (2016: none).

Environment

As an online business, we deliver products directly to customers without the need for bricks and mortar stores. We ship to customers in over 230 countries and territories from our fulfilment centres in Germany, the UK and the US. So the biggest environmental impacts from our business are waste from our packaging and carbon emissions from customer deliveries and the running of our buildings. This is where we’re largely focusing our efforts to improve operational and resource efficiency.

Carbon footprint

Our carbon footprint continues to increase in line with our business growth. We’ve also seen an increase in our carbon impact as we increase the transparency of our carbon reporting.

We can only publish emissions data from the previous year in this report due to differing reporting timeframes. For the year ended 31 August 2016, our total carbon footprint rose to 207,650 tonnes of CO₂ (2015: 48,336 tonnes). Overall, emissions have increased by 329% compared to the previous year, primarily due to improvements in data quality and an expansion of our reporting scope.

Our carbon intensity has increased to 5.27kg CO₂ per customer order. This is largely due to widening the scope of our carbon emissions reporting to include emissions from inbound and inter-site transporting of goods, as well as from transporting customer returns.

Transporting goods

Inbound stock movements from suppliers, inter-site stock movements and outbound deliveries/returns to and from customers make up the largest proportion of our footprint, accounting for 92.3% of emissions. So reducing delivery emissions is an ongoing priority for ASOS. In the last year, we’ve reviewed our methodology for calculating our transportation emissions. And in doing so, we’ve been able to identify some important ways we can reduce the size of our footprint. For example, we’re more aware of which delivery/return routes and options (i.e. standard versus fast delivery option) are the most carbon intensive. This means we can start to work more closely with the carriers that cover these routes to minimise carbon emissions. We can also make better decisions about where to locate future regional hubs.

We’re continuing to increase the amount of stock we hold in our German fulfilment centre (Eurohub 2), where 85% of European orders, excluding the UK, are now fulfilled. This is helping us to reduce stock and vehicle movements across Europe and lower emissions as a result.

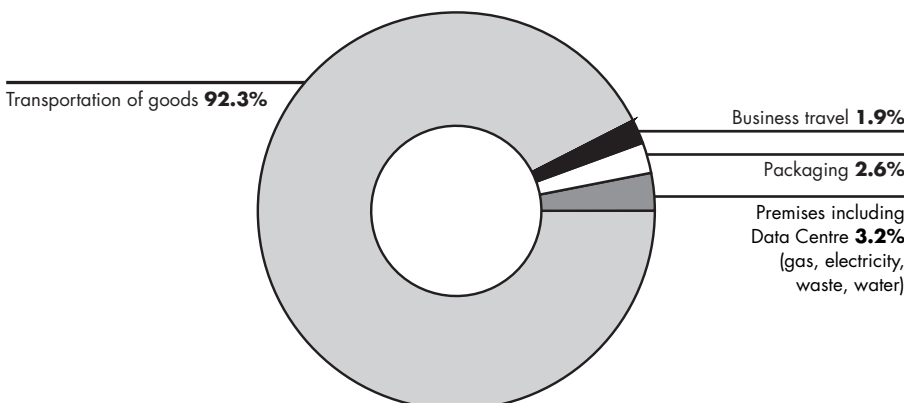
Waste

As well as continually reviewing our packaging options with suppliers to reduce the volume of packaging, we’re focusing on reusing and recycling used packaging. We recycle packaging from customer returns, apart from returns forms which currently aren’t recyclable. Between September 2016 and August 2017, our returns processing site in the UK recycled 352 tonnes of cardboard and sent 458 tonnes of plastic to be turned into manufacturing pellets. If we receive returns where the original garment packaging has clearly not been opened, we leave them in the original packaging rather than replacing it.

We’ve become a member of REcycling of Used Plastics Limited (RECOUP), a not-for-profit charity that works with stakeholders such as plastics manufacturers, brands and plastics recyclers to increase plastics recycling in the UK. By supporting RECOUP, we’re helping with plastics packaging research, engaging stakeholders from plastics recycling sectors, consulting with government bodies, advising on closed loop projects and sharing best practice.

We’ve also been working to produce a packaging impact assessment tool – this will allow us to more accurately calculate

BREAKDOWN OF OUR CARBON FOOTPRINT



the emissions associated with our mailing and garment packaging. It will also help us to make more informed decisions around product materials and our supply chain, as we'll be able to compare their impact on emissions.

To help us meet our goal of zero waste from all our offices, we're having our unwanted office furniture, electrical equipment and used ink cartridges collected to be reused or recycled instead of being sent to landfill.

Energy efficiency in buildings

Emissions from our buildings make up the second largest proportion of our carbon footprint, 3.2%. Although our total carbon footprint increased significantly compared to the previous year, our building emissions actually decreased by 8%, showing the effect of reducing energy consumption at our premises.

We've taken several measures to improve building energy efficiency over the past year:

- An environmental appraisal for the refurbishment of our London head office including detail on energy use, water stewardship, waste reduction and use of sustainable materials.
- Strengthening the roof at Eurohub 2 so we can install solar panels.
- Replacing all the external lighting at our Barnsley fulfilment centre with low-emission LED alternatives.

We are also carrying out a renewables appraisal for a new US fulfilment centre hub so that renewable energy generation can be factored into the building design.

Employee travel

Our business travel emissions increased by 56% compared with 2015. This is partly down to our growth, and partly due to a change in the methodology we use to calculate flight emissions. We now follow Defra best practice and account for radiative forcing in flight emissions – the higher impact of greenhouse gases when they're released at altitude.

In the UK, we started an employee car-sharing scheme at our Barnsley, Hemel Hempstead and Leavesden premises. This has led to a saving of 40,612 miles, equating to 7.98 tonnes of CO₂ (September 2015 to 30 July 2017).



OUR COMMUNITY

Making a positive difference to young people's lives in the communities where we operate

Our community programmes aim to create opportunities for young adults to reach their full potential. Our community work is supported by ASOS, our employees and the ASOS Foundation – an independent charity (charity number 1153946). We do most of our work in the UK, particularly in the four areas where we employ the most people: London, Hemel Hempstead/Leavesden, Barnsley and Birmingham.

We also contribute money, resources and expertise to community projects in Kenya (where the ASOS Made in Kenya range is made) and India (where some of our product and IT suppliers are based). The ASOS Foundation works with long-term charity partners including The Prince's Trust and Centrepoint in the UK, SOKO Community Trust and Wildlife Works Carbon Trust in rural Kenya, and Udayan Care in New Delhi, India.

UK community work

ASOS community:

- We gave continued support to Call to Create at the Roundhouse in Camden, who offer circus, dance, poetry and music programmes for young adults, and also ran a coding club for 11 to 14 year-olds.

- Our funding for entrepreneurship programmes in partnership with Barnsley College enabled the college to run their popular Global Entrepreneurship Week, involving 800 students and 25 employers.

ASOS Foundation:

- We continued to fund a clinical lead at Centrepoint HQ in London and committed new funding for two health specialists in Barnsley to support homeless young people with complex needs in the town.
- Funding from the ASOS Foundation enabled Centrepoint to launch the UK's first specialist helpline for 16 to 25 year-olds who are homeless or at risk of homelessness – this aims to intervene early and work with the estimated 130,000 young people at risk of homelessness each year.
- We trained 70 young people through a range of courses run with our partner The Prince's Trust – in 2017, these included Get Started with Web Design, Get Started with Fashion, Get Started with Customer Care, Get Into Fashion and Get Into Technology.
- The Prince's Trust awarded 104 young people development grants for equipment to enable them to access work or training.

- We established our first Get Into Fashion course which led to nine young people being offered temporary roles in the ASOS Buying and Merchandising teams – five students were also offered 12-month Fixed Term Contract roles after finishing our Get Into Technology programme.
- We supported Arrival Education’s Success for Life programme for young people with potential who are disengaged from school and learning due to challenging circumstances in their personal lives. As part of this, we also set up ASOS employee mentoring, a GCSE focus day to support those at risk of not getting 5 A* to Cs, and a workshop for students interested in law.

Kenya – Project Pipeline

- We continued to maintain the original 6km pipeline installed to provide fresh drinking water to 3,800 people in the Kasigau region, including two schools.
- We delivered emergency water supplies by truck to 4,000 primary and secondary school pupils.
- We provided three large water storage tanks and one small tank along with piping at Buguta Secondary School as well as an extra-large water storage tank at Mackinnon Road Secondary School.

- We connected the Cafgem school to mains water and provided one extra-large water storage tank.
- We continued to run Stitching Academy Hub programmes, offering graduates low-cost space and equipment to rent so they can start their own businesses.
- We continued to deliver the Pipeline Roadshow, a programme of community workshops in rural villages including women’s health, free eye-care clinics and training in financial management for women and families.

India – Udayan Care

- Through the ASOS Foundation, we continued to support 72 children at Udayan Care homes throughout Delhi and Greater Noida.
- Our second Udayan Care home in Kurukshetra, which will include space for a community mentoring programme and IT centre, will open at the end of 2017.
- We’re currently looking for land to buy for our third Udayan Care home.
- Ten ASOS employees were able to volunteer in India at Udayan Care this year, refurbishing living spaces and running workshops for the children as part of our fourth annual Give a Week Away.

Employee involvement

We encourage all ASOS employees to be more involved with our communities and offer them various ways to donate, fundraise and volunteer. During the year, ASOS employees have been engaged in:

- Payroll Giving: more than 15% of employees make regular donations to charity from their pay – we received our Gold Quality Mark for Payroll Giving in April.
- Payday Pennies: launched in 2014, 13% of employees now donate the pennies from their salary directly to the ASOS Foundation.
- Give a Day Away: our employees volunteered 3,253 hours to give time and expertise to our community programme partners or to their chosen charity or community group.
- ASOS Active and ASOS Engage: employees doing sponsored challenges and organising fundraising events contributed more than £117,000 to the ASOS Foundation.
- Employee sample sales: sample sales raised more than £108,000 for the ASOS Foundation.



ASOS employees raise over £45,000 in second Walk for Water Challenge

Our big annual fundraiser took place for the second year running, with ASOS Barnsley, Birmingham, Hemel Hempstead and London employees all taking part in one of the four 24-mile routes.

All money raised went to support our partner SOKO Community Trust with water projects throughout Kenya. Our priority is more pipes, tanks, catchments, repairs and boreholes. This will make sure that 4,000 children have clean water to drink and wash with and will keep them safe from disease so that they can stay in school.



GOVERNANCE REPORT

- 48 Chairman's Governance Overview**
- 49 Board of Directors**
- 52 Corporate Governance Report**
- 57 Audit Committee Report**
- 60 Directors' Remuneration Report**
- 72 Directors' Report**
- 74 Statement of Directors' Responsibility**

CHAIRMAN'S GOVERNANCE OVERVIEW

ASOS prides itself on doing the right thing. Our corporate governance framework exists to ensure 'doing the right thing' resonates meaningfully throughout our business



Our context

ASOS is a fast-paced, dynamic, entrepreneurial business. Having grown at around 30% for many years, our trajectory is impressive and we're incredibly proud to be part of this story. But we are not blind to its challenges and are continually aware of the need to maintain an appropriate governance infrastructure that supports the increasing size and profile of the business, and monitor the ever-evolving regulatory and legal landscape, while preserving the culture that enables ASOS to move and grow at speed.

Our take on corporate governance

As a Board, we recognise and appreciate the uniquely special culture that is ASOS. Corporate governance, without care, can easily become an ineffective box-ticking exercise. Internally, we embrace 'doing the right thing' as core to how we do business; it's even the name of our Code of Integrity. 'Doing the right thing' speaks to a mindset and an attitude that we as a Board strive to embed throughout the business. For us, this is primarily about establishing the right culture and values in our people to produce the right way of thinking and behaviour

in all of our actions and interactions. We believe this underpins effective corporate governance that can build long-term value for shareholders, a sustainable business and a trusted brand. Of course, this must be supported by policies, processes and training. But beyond that, we empower our people to use and trust their instincts. We aim to nurture people who engage with the spirit of why we do things in a certain way, not just the letter. This is a more meaningful approach to governance for our business and our demographic.

Governance highlights over the year

We previously identified a need for a dedicated Business Assurance function to increase the effectiveness of our risk management and compliance. This has been in place since January 2017 and is successfully embedded in the business, with increased focus on enhancing resilience across key areas.

Read more in our Risk Report on pages 26 to 31.

I'd like to personally commend our Ethical Trading and CR teams for the great work done on our first Modern Slavery statement. We're proud of the commendations this has received which only reinforces our commitment and desire to embody Fashion with Integrity as a way of doing business.

As an AIM-listed company, we fulfilled the requirements of the AIM 'Rules for Companies – July 2016' during the year. However, in recognition of best practice, we go beyond these rules to meet the provisions of the UK Corporate Governance Code in a number of areas. In this spirit, we also conducted our first externally facilitated Board evaluation this year.

I invite you to read more about our governance framework in the following Corporate Governance Report.

Brian McBride
Chairman

BOARD OF DIRECTORS



Brian McBride
Chairman

Appointed
Chairman of ASOS Plc in November 2012

Experience

Brian is also chairman of Wiggle Ltd, a private-equity owned online cycling and apparel business. He sits on the UK government's Digital Advisory Board, facilitating the delivery of world-class public services through emerging technologies and digital trends. Brian is the senior non-executive director and chair of the Remuneration Committee at AO World Plc, an online retailer specialising in household appliances, and a senior adviser at Lazard. He's also a member of the Advisory Board of Scottish Equity Partners. Before joining ASOS, Brian was the UK managing director of Amazon.co.uk from 2006 to 2011.

Committees

Nomination (Chair)



Nick Beighton
Chief Executive Officer

Appointed
Chief financial officer in 2009 and chief executive officer in September 2015

Experience

Nick is a chartered accountant, who qualified at KPMG and has been CEO of ASOS since 2015. He joined the Company as chief financial officer in 2009 and took the expanded role of chief operating officer in 2014. Before ASOS, Nick was head of finance at Matalan in 1999, later moving into the role of business change and IT director. He joined the Matalan retail board in 2003. In 2005, Nick joined the board of Luminar Entertainment Group as finance director, and became a member of the EU e-Commerce Task Force and the Future Fifty Programme Advisory Panel.



Helen Ashton
Chief Financial Officer

Appointed
September 2015

Experience

Helen is a chartered management accountant with 20 years of post-qualification experience, including more than 10 years working at senior director level. She has spent 10 years within regulated financial services businesses driving major change and growth programmes, both in managing director and finance director roles. This included consumer-facing roles at Barclays and Lloyds Banking Group and as chief executive officer of a private equity-backed UK consumer debt purchaser, Capquest. Prior to this, Helen held senior finance roles at ASDA and GUS.



Ian Dyson

Senior Independent Director and Chairman of the Audit Committee

Appointed
October 2013

Experience

Ian is the senior independent director of Paddy Power Beffair plc and chairman of the Audit Committees of Intercontinental Hotels Group PLC and SSP Group plc. He has more than 20 years' experience in the public market arena and has held both executive and non-executive directorships at FTSE100 and FTSE250 companies. He was group finance and operations director of Marks & Spencer Group plc from 2005 to 2010 before becoming chief executive of Punch Taverns plc in 2010. Before that, Ian was group finance director of Rank Group Plc and was formerly a non-executive director and chair of the Audit Committee of Misys Plc.

Committees

Audit (Chair)
Remuneration
Nomination



Rita Clifton

Non-Executive Director

Appointed
April 2014

Experience

Rita is chairman of BrandCap, the global brand consultancy, and of Populus, the research consultancy. She's also a non-executive director of Nationwide Plc and senior independent director of Ascential plc, the international business-to-business media company. Previous non-executive directorships include Bupa, Dixons Retail plc and Emap Plc. Rita started her career in advertising, becoming vice chairman and strategy director at Saatchi & Saatchi. She joined Interbrand as chief executive officer of the London office in 1997, becoming chairman in 2002. She's a fellow of WWF-UK, the conservation and environmental protection charity, and has been a member of the government's Sustainable Development Commission. Rita has also chaired the sustainability charity TCV and sits on the Advisory Board for BP's carbon offsetting programme, Target Neutral. In 2014, Rita was awarded a CBE for services to the advertising industry.

Committees

Audit
Remuneration
Nomination



Hilary Riva

Chair of the Remuneration Committee

Appointed
Non-executive director in 2014 and chair of the Remuneration Committee in January 2016

Experience

Hilary joined Shepherd Neame, Britain's oldest brewer, as a non-executive director in April 2016. She is also a non-executive director of Shaftesbury Plc and London & Partners, and a director of The Alexander Centre Community Interest Company. Between 1996 and 2001, Hilary was a member of the Management Board of Arcadia serving as managing director of Evans, Topshop, Principles, Wallis, Dorothy Perkins and Warehouse. In 2001, as managing director of Rubicon Retail, she jointly led the management buy-out of Principles, Hawkshead, Warehouse and Racing Green from Arcadia. Following the sale of Rubicon in 2005, Hilary joined the British Fashion Council as chief executive officer on a pro bono basis. Hilary stood down in 2009 having put in place the industry engagement, strategic plan, financial resources and management structure to provide a sustainable future for the organisation. Hilary was awarded an OBE for services to the fashion industry in 2008.

Committees

Remuneration (Chair)
Audit
Nomination



Nick Robertson

Founder and Non-Executive Director

Appointed

Co-founded asos.com Limited in 2000, and served as its chief executive officer until September 2015, when he became a non-executive director

Experience

Nick's career began in 1987 at the advertising agency Young & Rubicam. In 1991, he moved to Carat, the UK's largest media planning and buying agency. In 1995, he co-founded Entertainment Marketing Ltd, a marketing services business. He's chairman of the ASOS Foundation, a registered charity funded by ASOS which works to improve the lives of young people in the UK and overseas through long-term partnerships with established local charities. Nick was awarded an OBE in 2011 for his achievements in the world of fashion retailing.



Andrew Magowan

General Counsel & Company Secretary

Appointed

January 2012

Experience

Before joining ASOS, Andrew was legal director of helicopter operator Bristow Group's Global Operations division, and before that was general counsel for FTSE-listed Alpha Airports Group Plc. He qualified and worked as a corporate lawyer with Berwin Leighton Paisner, and moved in-house with Associated British Foods plc. In March 2017, Andrew was appointed Chair of the Barons Court Project a charity for people who are homeless or living with mental health problems.

CORPORATE GOVERNANCE REPORT

It is the Board's job to ensure that ASOS, its subsidiaries and all its businesses (together 'the Group') are managed for the long-term benefit of all shareholders, while having regard for employees, customers, suppliers, and our operational impact on the community and environment. The application of standards of corporate governance that are appropriate for the Group's nature, culture, status, profile, size and circumstances is an important part of this job. We explain more about how the Board has delivered on that commitment in the last financial year across the following pages.

The board

The Board's primary tasks are to enhance shareholders' long-term interests by:

- reviewing and approving the Group's overall strategy and direction
- determining, maintaining and overseeing controls, audit processes and risk management policies to ensure ASOS operates effectively and sustainably in the long term
- reviewing and approving the risk appetite, and the checks and controls applied to operate the business in line with that appetite
- approving the financial statements, as well as revenue and capital budgets and plans
- approving material agreements and non-recurring projects
- reviewing and approving remuneration policies

The Board delegates specific responsibilities to three Board committees, as shown in the table below.

BOARD COMMITTEES

The Board is supported by the Audit, Remuneration and Nomination Committees, each of which has access to the resources, information and advice that it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. Those duties are set out in the Terms of Reference of each committee, which are available at www.asosplc.com. Executive directors are not members of the Board committees, although they may be invited to attend meetings. The general counsel & company secretary acts as secretary to each committee. The minutes of committee meetings are circulated to all committee members and are given by each relevant committee chairman to the Board.

The specific responsibilities of each committee are set out within this section.

Audit Committee	The composition, responsibilities and activities of the Audit Committee are set out in the separate Audit Committee Report on pages 57 to 59.
Remuneration Committee	The composition, responsibilities and activities of the Remuneration Committee are set out in the Directors' Remuneration Report on pages 60 to 71, along with our Remuneration Policy and details of how that policy was implemented during the year to 31 August 2017.
Nomination Committee	<p>The Nomination Committee comprises all of the independent non-executive directors, and our chairman acts as the committee chair. Our CEO is also invited to attend meetings, unless he has a conflict of interest. Other directors, and the general counsel & company secretary, are invited only as appropriate (and only if there is no conflict of interest). The committee is also assisted by executive search consultants as and when required.</p> <p>The committee's principal responsibility is to evaluate the Board's requirements and ensure that appropriate procedures are in place for the nomination, selection and succession of directors to meet those requirements. During the year to 31 August 2017 there was one scheduled meeting when the committee met to consider succession planning and to review conflicts of interest. Whilst there is no immediate plan to recruit to the Board, the Committee monitors Board composition to ensure that the skills and experience continue to be of the right mix to lead ASOS.</p>

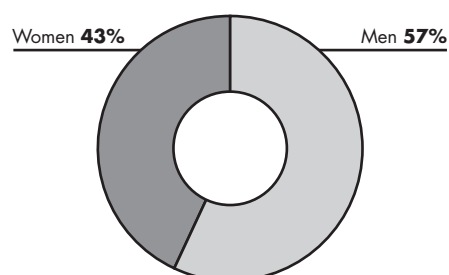
Board composition

As at 16 October 2017, the Board comprised the chairman, two executive directors and four other non-executive directors. A short biography of each of the directors in office at the year end is set out on pages 49 to 51. There were no changes to the composition of the Board during the financial year to 31 August 2017.

The composition of the Board is monitored by the Nomination Committee. The Board is satisfied that, between the directors, it has an effective and appropriate balance of skills and experience, including (without limitation) in the areas of retailing, fashion, finance, innovation, international trading operations, ecommerce and marketing. The Board is also satisfied that it has a suitable balance between independence (of both character and judgement) on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All directors are encouraged to use their independent judgement and to constructively challenge all matters, whether strategic or operational.

We also have effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board. The Nomination Committee has formally reviewed these during the year.

BOARD DIVERSITY



We are committed to encouraging diversity among our workforce and 43% of the ASOS Plc Board are women (three of seven).

For further information on diversity within ASOS, read about our people in the Corporate Responsibility Report on page 42.

Appointment, removal and re-election of directors

The Board makes decisions regarding the appointment and removal of directors and there is a formal, rigorous and transparent procedure for appointments. Our Articles of Association state that one-third of the directors must stand for re-election by shareholders annually in rotation; that all directors must stand for re-election at least once every three years; and that any new directors appointed during the year must stand for election at the AGM immediately following their appointment. However, to underline their accountability to shareholders and the Board's commitment to appropriate corporate governance, each director offers themselves for re-election at the upcoming AGM. The Board unanimously believes that the contributions of each director continue to be effective. We therefore encourage shareholders to support their re-election.

Roles of the chairman and chief executive officer

There is a clear division of responsibility at the head of the Company. Our chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. Our CEO is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of ASOS through the Executive Board.

Board and committee meetings

The Board has a formal schedule of matters reserved for its decision, through which it manages ASOS, with a minimum of eight Board meetings scheduled each year to consider those matters. Before the start of each financial year, a schedule of dates for

that year's eight Board meetings (as well as the committee meetings) is compiled to align as far as reasonably practicable with the Company's financial calendar on the one hand, and the trading calendar on the other, while also ensuring an appropriate spread of meetings across the financial year. This may be supplemented by additional meetings when required. The table below sets out Board attendance during the year to 31 August 2017.

The Board and its committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and committee papers are distributed several days before meetings take place. Any director can challenge proposals, and decisions are taken democratically after discussion. Any director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all directors. Specific actions arising from such meetings are agreed by the Board or relevant committee and then followed up by management.

The directors also have access to the advice and services of the Company Secretarial team, including the general counsel & company secretary, who is responsible for ensuring that all Board procedures have been complied with. Individual directors are also able to take independent legal and financial advice at the Company's expense when necessary to support the performance of their duties as directors. Throughout their period in office, the directors are also updated on the Group's businesses and the regulatory and industry-specific environments in which they operate by way of written briefings and meetings with senior executives and, where appropriate, external parties. Appropriate training is

also available to all directors to develop their knowledge and ensure they stay up to date on matters for which they have responsibility as a Board member.

Key Board actions during the year

At the beginning of the last financial year, the Board agreed to pay a total of £20.2m in cash to secure a comprehensive co-existence and a full, final and global settlement of all trade mark infringement disputes with high-performance cycle wear manufacturer Assos of Switzerland GmbH (Assos), and German menswear retailer, Anson's Herrenhaus KG (Anson's). The disputes had resulted in several cases being heard in court, as well as multiple trade mark registry actions around the world.

Following a lot of work by the Executive Board and their senior management team, the Board reviewed and approved a detailed, ambitious but realistic long-term plan for the business, seeking to both take advantage of – and be prepared for – upcoming potentially disruptive trends and developments across the business departments and our key markets.

The next phases of the ongoing development of our infrastructure were also approved by the Board. We agreed to invest in further automation and facilities improvements in our Barnsley warehouse, the opening and then Phase 2 extension of our new Eurohub 2 fulfilment centre, the start of a new project to open a US fulfilment centre near Atlanta, Georgia during the next financial year, and the further development of our head office in Camden, London.

The Board also authorised further capital expenditure into several transformational technology projects. These will further enhance our ability to grow and scale with

	PLC Board meetings		Committee meetings					
	Eligible to attend	Attended	Audit		Remuneration		Nomination	
			Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Brian McBride	8	8	–	–	–	–	1	1
Nick Beighton	8	8	–	–	–	–	–	–
Helen Ashton	8	8	–	–	–	–	–	–
Rita Clifton	8	8	4	4	4	4	1	1
Ian Dyson	8	8	4	4	4	4	1	1
Hilary Riva	8	8	4	4	4	4	1	1
Nick Robertson	8	8	–	–	–	–	–	–

the opportunities ahead in key markets, while continuing to develop and enhance our core customer digital experience.

In the previous financial year, we identified the need for a dedicated Business Assurance function to build on our risk management and compliance function. This has been in place since January 2017, and has added value to strengthen links and engagement with compliance and risk management across the business. Please see our Risk Report on pages 26 to 31 for more information.

Board performance

Looking back

An effective Board is vital to the success of ASOS. Annually the Board evaluates its performance, usually led by the chairman. Key outputs from last year's internal evaluation included more focus on succession planning, and increased interaction between the Board and the senior management team. In response, over the last year, the Nomination Committee met to discuss succession planning. A series of departmental 'deep dives', led by senior management on operationally significant areas, were also instigated with the Board.

Looking forward

Having carried out internal reviews for the last few years, a different approach to Board evaluation was taken last year through an externally facilitated exercise. This provided a useful external expert perspective on the performance of the Board. The exercise was led by the senior independent director (SID), rather than the chairman. The external review was facilitated by Prism Cosec, a provider with no prior connection to ASOS. Following a review of Board and committee agendas, papers and associated minutes from the previous financial year, focus areas were then compiled in collaboration with Prism, the SID and the company secretary. Prism then conducted private one-to-one interviews with each director and the company secretary, before producing their final report for discussion with the SID. Individual matters were discussed directly between the SID and the relevant director, while key collective outputs were shared collectively with the Board in the September Board meeting.

The proposed resulting actions include:

- Holding more off-site Board meetings.

- Build on the Board's exposure to senior management.
- Further work on succession planning.

Executive board

The Executive Board consists of the executive directors and key functional directors and meets weekly. Under the chairmanship of our CEO, the Executive Board is collectively responsible for developing the proposed strategic focus for submission to the Board, the day-to-day management of the Group's business and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development and corporate responsibility programmes. The CEO reports to the Board on issues, progress and recommendations for change that come out of the Executive Board's meetings. As at 16 October 2017, 20% of the Executive Board are women (two of ten).

EXECUTIVE BOARD MEMBERS

Chief executive officer (chair)

Chief financial officer

General counsel & company secretary

People experience director

Retail director (womenswear)

Retail director (menswear)

Chief information officer

Supply chain & global trading director

Brand experience director

Digital experience director

Financial controls

ASOS has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Executive Board, the Audit Committee and the Board as an ongoing assessment of significant risks facing the Company.

- As outlined in this Corporate Governance Report, the Board is responsible for reviewing and approving overall Company strategy, approving revenue and capital budgets and plans, and for determining the financial structure of ASOS including treasury, tax and dividend policy. Monthly results and

variances from plans and forecasts are reported to the Board.

- The Audit Committee assists the Board in discharging its duties regarding the financial statements and accounting policies, as well as with the maintenance of proper internal business and operational and financial controls, including the results of work performed by the internal audit function. The committee provides a direct link between the Board and the external and internal auditors through regular meetings.
- The Board has established an organisational authority structure, with clearly defined lines of responsibility and approval thresholds, to specify the transactions requiring its approval. The chief financial officer is responsible for the functional leadership and development of ASOS's finance activities, including compliance with this organisational authority structure.
- There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and plans, and for forecasting expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and balance sheets. Monthly results are reported against budget and compared with the prior year, and forecasts for the current financial year are regularly revised in light of actual performance.
- ASOS has a consistent system of prior appraisal for investments, overseen by the chief financial officer, with defined financial controls and procedures with which each business area is required to comply to be granted investment funds for development. Regular post-investment reviews are also carried out to check the extent to which investment cases were delivered in line with plans.

Non-financial controls

ASOS has a number of non-financial controls covering areas such as legal and regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate responsibility (including ethical trading, supplier standards, environmental concerns and employment diversity). The key elements of those non-financial controls are set out opposite.

- Appropriate standards and policies: the Board is committed to maintaining appropriate standards for all of our business activities and ensuring that these standards are set out in written policies. Key examples of such standards and policies include Do The Right Thing, our Code of Integrity (designed to ensure that everybody who works for and on behalf of ASOS acts with integrity, behaves ethically and works within best practice); Fashion with Integrity, our corporate responsibility framework standards, which include objectives relating to the impact that the Group's activities have on the environment, workplace, marketplace and community (further details of which are set out on pages 36 to 46) of this report; the ASOS Supplier Standards (which set out the core trading requirements expected of all ASOS suppliers).
- Appropriate approvals: all material contracts are reviewed by the Procurement and Legal departments, and signed by a senior executive of ASOS.
- Appropriate oversight: as businesses change, so do their challenges and risks. Given ASOS's continued growth, the Board regularly reviews all standards and policies to ensure they remain appropriate to ASOS as its size and shape evolves. The most significant of these is our risk management process, which is based around our Risk Register. Business Assurance has primary responsibility for the Risk Register. It has deep links with the executive directors and senior management team in its oversight of risk and its management. Through its review, and the implementation of business continuity plans to address key risks with an immediate impact, risks facing the business are re-assessed and potential actions are considered and implemented to mitigate against those risks and prepare the business to handle them should they arise. The Risk Register is reviewed on a regular basis and presented to the Audit Committee twice a year.
- Appropriate assistance: each year, Deloitte, our internal auditors, carry out reviews of our internal processes in a number of different areas to assist with our risk management processes, provide an objective independent view of the effectiveness of various procedures and policies, and identify where improvements could be made. Deloitte report to the Audit Committee; and the

day-to-day relationship is managed by our general counsel & company secretary and the chief financial officer with links into Business Assurance. The internal audit plan for each year is compiled after consultation with the Executive Board members approved by the Audit Committee; and the reports and recommendations from each audit are reviewed by the relevant business department, the Executive Board, Audit Committee and Business Assurance.

- Appropriate engagement: recognising that, where standards and policies apply across ASOS, they are only effective if their intended audiences fully engage with them, and that ASOS has a non-traditional but effective culture, we dedicate a lot of time and effort to ensure that all ASOS-wide standards and policies in all areas (including business integrity, anti-bribery, gifts and hospitality, intellectual property and design rights) are written and communicated to the organisation in a way that resonates with and engages ASOSers.
- Appropriate internal disclosure: with a business as large as ASOS, we know we rely on our people to be our eyes and ears on what's happening across the organisation. So, under the banner of 'Say It', we have a number of ways in which ASOSers can provide us with feedback on any matter, including anything that just doesn't feel right. One of those – called We're Listening – is through an external independent provider which anyone connected to ASOS can contact to share concerns about the business. This service, which is anonymous, multilingual and independent, can be contacted through a website portal or by calling a local-rate telephone number. The Audit Committee is advised of any significant concerns raised through this service and subsequent investigations. We ensure that all ASOSers, new and long-serving, know of these feedback channels and encourage their use across ASOS.

Relations with shareholders

ASOS is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. We communicate with shareholders through the Annual Report and Accounts, full-year and half-year announcements, trading updates and the

annual general meeting (AGM); and we encourage shareholders' participation in face-to-face meetings. A range of corporate information (including all ASOS announcements and presentations) is also available to shareholders, investors and the public on our corporate website, www.asosplc.com.

Private shareholders

The AGM is the principal forum for dialogue with private shareholders, and we encourage all shareholders to attend and participate. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the Board and all committees, together with all other directors, attend the AGM and are available to answer questions raised by shareholders. Shareholders vote on each resolution, by way of a poll. For each resolution, the number of votes received for, against and withheld is announced. The results of the AGM are subsequently published on www.asosplc.com.

Institutional shareholders

The directors actively seek to build a mutual understanding of objectives with institutional shareholders. Shareholder relations are managed primarily by the chief financial officer and director of investor relations, supported by our CEO as appropriate. Our chief executive officer and chief financial officer make presentations to institutional shareholders and analysts immediately following the release of the full-year and half-year results. ASOS communicates with institutional investors frequently through a combination of formal meetings, participation at investor conferences, roadshows and informal briefings with management. In addition, we review analysts' notes and brokers' briefings to achieve a wide understanding of investors' views.

The Board as a whole is kept informed of the views and concerns of major shareholders by briefings from the chief financial officer, supported by the director of investor relations when required. Any significant investment reports from analysts are also circulated to the Board. The non-executive directors, including the senior independent non-executive director, are available to meet with major shareholders whenever required to discuss issues of importance to them.

The table below sets out the key institutional shareholder engagement activities carried out during the year.

Month	Conference name	Where	Month	Conference name	Where
September 2016	BoAML Global Consumer & Retail Conference	London	January 2017	Macquarie Disruptive Impact of the Internet Conference	London
		Deutsche Bank Store Tour		Birmingham	
October 2016	London Full Year Roadshow	London	February 2017	UBS UK Retail Investor Day	Milan
	US Full Year Roadshow	US		Jefferies 2017 London Investor Relations Forum	London
				Berenberg Benelux Roadshow	Benelux
November 2016	SG SRI Conference	Paris	April 2017	London Half Year Roadshow	London
	Deutsche Bank Retail Roundtable Event	London		US Half Year Roadshow	US
	UBS European Conference	London			
	Morgan Stanley Technology, Media & Telecom Conference	Barcelona			
	JPM Asia Roadshow	Asia			
	Exane Midcap Symposium	London	May 2017	UBS Nordics Roadshow	Nordics
December 2016	Annual Berenberg European Conference	Bagshot		Goldman Sachs European Small and Mid-Cap Symposium	London
	Barclays European Retail Conference	London		JPM Global Consumer & Retail Conference	London
			Citibank European Internet & Digital Conference	London	
			June 2017	SG 'Nice' Conference	Nice
				Exane European IR Conference	London

AUDIT COMMITTEE CHAIRMAN'S STATEMENT

All members of the Audit Committee appreciate the crucial role the committee plays in helping the Board to discharge its overall responsibility to protect as far as possible the long-term success of ASOS by appropriately managing the risks to the business. We do this by monitoring, reviewing and challenging the effectiveness of the Group's systems of control and processes in areas such as financial reporting, risk management, business continuity, and business assurance on critical topics like cyber security, fraud, bribery and corruption. The committee also monitors and reviews the appointment of ASOS's external and internal auditors, the nature and scope of their work, and their independence and effectiveness. It is vital that we as a committee assess what processes and systems make ASOS more effective, robust and sustainable in the long term, while preserving and fostering the business' agility, adaptability and growth.

Audit Committee composition

The Audit Committee currently comprises three independent non-executive directors: Ian Dyson (committee chair), Rita Clifton and Hilary Riva. The table below sets out each member's attendance record at committee meetings during the financial year.

Committee member	Role	Attendance record
Ian Dyson	Committee chair	4/4
Rita Clifton	Non-executive director	4/4
Hilary Riva	Non-executive director	4/4

The Board is satisfied that the committee chair, Ian Dyson, has recent and relevant financial experience. He's a chartered accountant, has held executive roles in financial positions in other companies and has chaired audit committees for a number of other listed companies. The committee's other members have all played an active role in committee meetings held throughout the year.

Although not members of the Audit Committee, our Company chairman, our chief executive officer, our chief financial officer, our general counsel & company secretary, our finance director (Accounting & Control) and our business assurance manager are also invited to attend meetings, unless they have a conflict of interest. Other senior members of the Finance team are invited to attend meetings as appropriate, unless there's a potential conflict of interest.

The committee has engaged the following external advisers to help it meet its responsibilities, both of whom are invited to attend committee meetings unless they have a conflict of interest: PricewaterhouseCoopers (PwC) act as external auditors to ASOS and Deloitte act as our internal auditors. The Audit Committee chair and members also regularly meet with both the external and internal auditors, without the executive directors or members of the Finance team present. ASOS also receives advice as needed from KPMG, EY and Slaughter and May on tax and legal issues relating to corporate matters.

The Audit Committee: responsibilities

The committee's principal responsibilities are:

- Monitoring the integrity of ASOS's financial statements in relation to the Company's financial performance
- Reviewing the effectiveness of the internal and external audit processes
- Reviewing the effectiveness of the Group's financial and internal controls, including the process for the evaluation, assessment and management of risk

The full Terms of Reference for the committee are available on our corporate website, www.asosplc.com. They were last updated on 19 January 2017.

The Audit Committee met four times for scheduled meetings during the year. Its activities included:

- Reviewing and approving the Annual Report and Accounts to 31 August 2016 and half-year results to 28 February 2017
- Considering reports from the external auditors and identifying any accounting or judgemental issues requiring attention
- Overseeing the appointment of and relationship with the external auditors, including an assessment of their independence and a review of the policy for use of external auditors to provide non-audit services
- Reviewing and considering reports on the work of the internal audit function
- Reviewing and approving the Group's tax and treasury strategies
- Reviewing the capitalisation process for fixed assets
- Reviewing the robustness of the cyber security processes and systems, and the work of the Cyber Security team
- Reviewing the Company's Business Risk Register and the risk mitigation actions undertaken during the year
- Considering reports on the Company's Gifts and Corporate Hospitality Policy
- Reviewing the committee's Terms of Reference

Financial reporting

The Board has discussed areas of risk with the auditors and agree on the following areas of heightened risk to be reviewed and assessed in the audit of ASOS's performance in the financial year to 31 August 2017.

- **Capitalisation of costs may not be appropriate:** given the increased capital expenditure during the year, there is a risk that additions may be incorrectly capitalised.
- **Revenue may not be correctly recorded:** as revenue is recognised on dispatch and the returns provision is based on estimates there is a risk that revenue may not be accurately recorded.
- **Inventory not recorded correctly:** as a result of the increased inventory holding in the overseas warehouses and the fast-moving nature of the fashion market, there is an increased risk that the closing inventory is not accurately recorded or that the inventory provisioning is not complete in the financial statements.

The committee reviewed the appropriateness of management's accounting in relation to each of these significant risks and PwC reported to the committee on the work performed in assessing each during their audit. Details of this work are provided in PwC's Audit Report on pages 76 to 79.

External audit

The external auditors, PwC, were first appointed in the financial year to 31 March 2008. The fees paid to PwC for the financial year to 31 August 2017 were £246,000. In line with its Terms of Reference, the Audit Committee undertakes a thorough assessment of the quality, effectiveness, value and independence of the audit provided by PwC each year, seeking the views of the Board, together with those of relevant members of the Executive Board.

The Board is satisfied that the Company has adequate policies and safeguards in place to ensure PwC maintain their objectivity and independence. The external auditors report to the Audit Committee annually on their independence. Periodic rotation of key audit partners is also required and, in line with that policy, having overseen our external auditing for five years, the previous audit partner from PwC stood down and was replaced by Andy Latham with effect from the financial year ended 31 August 2017.

The Board has a formal policy on the Company's relationship with PwC in respect of non-audit work. Proposals for all non-audit services above £50,000 must be approved by the Audit Committee before being carried out, and PwC may only provide such services if their advice doesn't conflict with their statutory responsibilities and ethical guidance.

Following the most recent review, the Audit Committee recommended the reappointment of PwC as auditors of ASOS, and PwC expressed their willingness to continue. A resolution to reappoint PwC and a resolution to enable the directors to determine their remuneration will be proposed at the 2017 AGM.

Risk management and internal controls

The Board oversees risk management and has a policy of continuous identification and review of principal business risks. This includes the use of key internal controls and processes to identify key risks, and to consider how those risks may affect the achievement of business objectives and determine appropriate mitigation actions, taking into account the Company's risk appetite.

The Executive Board implements the internal controls and processes to put the Board's policies on risk and control into effect, and provides assurance on compliance with these policies and processes. On a day-to-day basis, the business assurance manager facilitates the day-to-day operation of the Group Risk Management process. This is overseen by the general counsel & company secretary who has executive responsibility for Risk Management. The business assurance manager joined the business in January 2017 to ensure there is a more integrated, deeper focus on applying and evolving risk management and internal controls throughout the business.

As part of our risk management framework, our Business Risk Register, is reviewed regularly using a consistent approach to identify the impact and likelihood of any material risk to the business, as well as any mitigating factors or controls. The output of the risk review is reported on a regular basis to the Executive Board, the Audit Committee and the ASOS leadership team.

In the financial year to 31 August 2017, we undertook an unannounced cyber security breach simulation exercise to assess the Executive Board's readiness to respond and deal with an actual incident. Security of customer data is a key risk to the business, with significant reputational impact for ASOS that could materially impact the business's viability should such a breach occur. It helped to both ensure that risk and crisis management is embedded within our key processes and to identify other key mitigation and planning that we could put in place to be better prepared for the crystallisation of a key risk. Alongside the risk register review, we also repeated the Black Swan risk review process which was initiated in the previous financial year to identify unlikely – but potentially significant – risks

that could affect the business. This has helped to strengthen our holistic view of risk and encourage a culture that's never complacent about identifying new and evolving risks.

We continue to make particular effort to ensure that all ASOS-wide processes and controls are written, positioned and refreshed in such a way that everyone connected with ASOS can understand and engage with them. Such an approach continues to be essential for these processes and controls to be effective across our fast-moving high-growth business.

The Board is satisfied that the risk management and internal controls systems for all parts of the business operated effectively for the financial year to 31 August 2017 and up to and including the date of this report.

Internal audit

Our internal audit function is outsourced to Deloitte, who update the committee at each meeting on their ongoing reviews. The fees paid to Deloitte for the financial year to 31 August 2017 were £210,000. The committee reviewed the schedule of planned internal audits undertaken during the year and monitored progress in fixing the management actions highlighted by these audits. Key internal audits conducted included reviews of zonal pricing, fraud, anti-bribery and corruption procedures, carrier contractor compliance, and the core controls in place for the new finance and retail IT systems ahead of implementation.

A schedule of internal audit review projects for the financial year to 31 August 2018 was approved by the Audit Committee in March.

Committee evaluation

During this financial period, an externally facilitated Board evaluation to assess the effectiveness of the Board and the Board committees was undertaken by Prism Cosec, as explained on page 54 of this report. This review concluded that the Audit Committee is working effectively.

Our priorities for the year ahead

During 2018, the committee will continue to focus on the integrity of the financial controls, risk management systems and robustness of the Company's cyber security arrangements, to make sure they reflect the changing risks of our high-growth business. The security of our customer data will be a key focus in the financial year ahead, and this will be regularly monitored by the committee. The committee will also oversee the governance of the various transformation projects that are ongoing across the business to ensure that those projects are being appropriately managed and sequenced, both from an individual perspective and holistically.



Ian Dyson
Audit Committee Chair

16 October 2017

REMUNERATION COMMITTEE CHAIRMAN'S STATEMENT

Dear shareholder

On behalf of the Board, I present the Remuneration Committee's report for the year to 31 August 2017, my second report as Committee Chair.

Business strategy and remuneration philosophy

The Committee is pleased to report that the Management team has continued to deliver against the key facets of ASOS's business strategy, including those reflected within the remuneration arrangements both for executive directors and ASOSers. ASOS remains committed to driving growth in customers and revenue within a fast moving, dynamic environment while also delivering a sustainable level of profit growth for our shareholders.

To be successful in its mission to become the World's Number One Fashion Destination for 20-somethings, ASOS needs to be able to attract, motivate and retain the top talent in the market. To enable that, the Committee must ensure that their remuneration policy is appropriate for this diverse, high calibre team and complex, fast-paced, agile business. At the same time, the Committee recognises the need for remuneration governance and pay decisions that are appropriate for the size, nature and profile of the Company.

The year under review

The year to 31 August 2017 has been a strong one for the business, as you will have already read in this Annual Report.

Turning specifically to our incentive programmes, the Company-related performance condition for our annual bonus for the last financial year was based on both growth in revenue, which was up 33%, and in Profit Before Tax, which increased by 26%. The long-term incentive award that vested at the end of the financial year was subject to three year performance conditions for the period from 1 September 2014 to 31 August 2017, relating to the compound annual growth rate in Earnings Per Share, which came in at 19.8%, and ASOS' Total Shareholder Return compared to a basket of companies from the FTSE All-Share General Retailers Index, where ASOS ranked in the upper quartile.

In view of these achievements, the Committee has determined that the CEO and the CFO will receive annual bonus payouts of 64.9% and 64.2% respectively, of their maximum opportunities, with the FY14 ALTIS

awards vesting at 99.1% of the maximum. These are the first vested awards under the ASOS Long Term Incentive Scheme (ALTIS), coming four years since the last long-term incentive award vested within ASOS and the Committee and I are pleased to see the long-term focus and dedication of those award holders be rewarded. Taken together the Committee believes this is a fair and appropriate level of reward to reflect the results that have been delivered and the value that has been created for shareholders over the last three financial years.

The year ahead

The Committee regularly reviews the effectiveness of our remuneration policy to ensure it remains appropriate as the business continues to grow. During the year, the Committee has sought to gain a strong understanding of the changing UK corporate governance landscape and emerging market trends to help guide our thinking. But we are also conscious that several significant enhancements have been made to our remuneration mechanics over recent years. In view of this, the Committee determined that it would be beneficial to maintain the current remuneration arrangements for the year ahead.

While we have not made any fundamental changes to the way in which our executive directors are remunerated this year, the Committee has made a number of changes to certain dimensions of the executive pay framework to ensure continuous improvement in ASOS's remuneration effectiveness:

- We have further enhanced the annual bonus plan mechanics to help simplify the scheme while maintaining strong strategic alignment
- We have adopted a more rigorous approach to performance measurement and the way in which we set targets for the purpose of our incentives
- We have invested significant time in enhancing the way in which management performance objectives are set to ensure they are consistently stretching and achievable

The Committee is also pleased to be able to highlight ASOS's progress with the

provision of a voice for employees through the establishment of an employee forum, 'ASOS In Touch' at each of our UK sites. The purpose of this initiative is to create representative groups with the remit to directly discuss with the Executive Leadership team and the Board things we can do better and differently, in order to continue making this a formidable company to be a part of.

We are aware that gender reporting will be implemented with effect from our next financial year, and we have already undertaken a thorough analysis of the diversity of our team so we will be well placed to report on this and inform our shareholders on ASOS's position in this regard.

Concluding remarks

The Committee is aware of the prevailing pressures on executive remuneration for main market listed companies and continues to monitor developments as they arise. We will continue to consider the implications for ASOS's executive remuneration policy on a needs basis.

While we are an AIM-listed company, we seek voluntary shareholder approval for our Remuneration Report to provide invaluable public accountability for the Board over the appropriateness of our remuneration policy and its implementation. At the AGM last year, only 66% of shareholders voted in favour of the Directors' Remuneration Report, which was disappointing. We have listened to the feedback raised last year and will reflect this in our approach to the ongoing governance of remuneration at ASOS. The Committee values open and transparent dialogue with shareholders and our broader stakeholders, and welcomes any feedback on the ongoing executive remuneration arrangements. We hope that you find this year's Remuneration Report informative and look forward to your continuing support in the coming year.



Hilary Riva
Chair of the Remuneration Committee

REMUNERATION POLICY

The Remuneration Committee determines ASOS's policy on the remuneration of the executive directors and other senior executives. The principles that underpin this policy aim to encourage strong performance and engagement, both in the short and long term. They also exist to enable the Group to achieve its strategic objectives and create sustainable shareholder value – and to make sure high performance is required to access high rewards, and that the total reward cost to ASOS is affordable and sustainable. Our Remuneration Policy must also help attract, retain and motivate high-calibre, high-performing engaged employees. It must reward people for their contributions to the success of ASOS in a fair and responsible

manner, over both the short and long term. And, it must be communicated in a way that's straightforward, effective and easy to understand.

In determining the practical application of the policy, the Remuneration Committee considers a range of internal and external factors. These include pay and conditions for employees generally, shareholder feedback and appropriate market comparisons with remuneration practices in FTSE-listed, AIM-listed and other retail and internet/technology-based companies. The Remuneration Committee is satisfied that this policy successfully aligns the interests of executive directors, senior managers and other employees with the

long-term interests of shareholders. We do this by ensuring that an appropriate proportion of total remuneration is directly linked to the Group's performance over both the short and long term, with an emphasis for executive directors and senior managers on share-based remuneration and long-term shareholding.

Remuneration Policy components

Each component forms part of an overall competitive remuneration package designed to attract and retain appropriate talent with the necessary skills to implement the Company's strategy in order to create long-term value for shareholders.

FIXED REMUNERATION ELEMENTS

Element	Purpose	How it operates	Maximum opportunity	Performance-related framework
Base salary	Reflects an individual's responsibilities, experience and performance in their role	<p>Reviewed annually, normally with effect from 1 September, with any changes taking effect from that date.</p> <p>Salaries are normally paid monthly. Decisions on salary levels are influenced by:</p> <ul style="list-style-type: none"> – Responsibilities, abilities, experience and performance of an individual – The performance of the individual in the period since the last review – The Company's salary and pay structures and general workforce salary increases <p>Salaries are benchmarked periodically against FTSE-listed, AIM-listed and other retail and internet/technology-based companies.</p>	<p>There is no prescribed maximum annual base salary or salary increase.</p> <p>The committee is guided by the general increase for the broader employee population, but has discretion to decide to award a lower or higher increase to executive directors to recognise, for example, an increase in the scale, scope or responsibility of the role and/or take account of relevant market movements.</p>	When reviewing salaries, we consider the performance of the individual in the period since the last review.
Pension	To contribute financially post retirement	<p>Defined contribution arrangement or salary supplement.</p> <p>Only base salary is pensionable.</p> <p>ASOS's contribution depends on the employee's seniority and may be matched to the level of contributions the employee chooses to make.</p>	<p>ASOS may contribute up to 15% of base salary (in the case of the CEO) and up to 12.5% of base salary (in the case of other executive directors).</p> <p>The Committee has discretion to amend the contribution level should market conditions change.</p>	Not applicable
Other benefits	<p>To support the personal health and wellbeing of employees</p> <p>To reflect and support ASOS culture</p>	<p>Package of taxable benefits offered through our flexible benefits scheme, ASOS Extras, which offers all employees a fixed value depending upon their seniority, and can be used either to buy a variety of benefits or be taken in cash.</p> <p>Benefits include private medical insurance and life assurance.</p> <p>Other benefits may be added to the package where appropriate.</p>	There is no overall maximum level of benefits provided to executive directors, and the level of some of these benefits is not pre-determined but may vary from year to year based on the overall cost to ASOS.	Not applicable

VARIABLE REMUNERATION ELEMENTS

Element	Purpose	How it operates	Maximum opportunity	Performance-related framework
Annual bonus	Provides a link between remuneration and both short-term company and individual performance	<p>The annual bonus plan applies to all employees, including executive directors, in each case with reference to a percentage of each individual's base salary.</p> <p>The bonus is earned based on performance against targets set and assessed by the committee.</p> <p>Targets are reviewed annually and the committee can adapt the targets appropriately to take into account exceptional items.</p> <p>Bonus payments are normally awarded in cash and are not pensionable.</p>	<p>150% of base salary for the CEO and 100% of base salary for other executive directors.</p> <p>60% of that maximum is payable for on-target performance.</p>	<p>Normally measured over a one-year performance period, based on a mix of financial targets (e.g. profit before tax and exceptional items), non-financial performance and personal objectives relevant to the year, which are set taking into account the Company's strategic objectives over that period.</p>
ASOS Long-Term Incentive Scheme (ALTIS)	Supports the strategy and business plan by incentivising and retaining the ASOS senior management team in a way that is aligned with both ASOS's long-term financial performance and the interests of shareholders	<p>Annual awards of shares to selected employees, which vest after three years subject to the achievement of performance conditions.</p> <p>Clawback and malus provisions allow awards to be recouped in certain circumstances.</p>	<p>200% of base salary (300% in exceptional circumstances) in any financial year.</p> <p>The value of any dividends paid by ASOS over the vesting period will be payable on vesting, to the extent that awards vest.</p>	<p>Subject to three-year performance conditions linked to the business strategy and ensuring strong alignment with the long-term interests of shareholders.</p> <p>Performance conditions for awards granted from FY17 onwards are based on a blend of financial metrics: sales growth and earnings per share (EPS), TSR, and a customer engagement measure: net promoter score (NPS).</p>
Share ownership guidelines	<p>Increases alignment between the Board and shareholders.</p> <p>Shows a clear commitment by all Board directors to creating value for shareholders in the long term</p>	<p>Guidelines require executive directors to hold 50% of any shares acquired on vesting of the ALTIS, and any subsequent share awards thereafter (net of tax), until the required shareholdings are achieved.</p> <p>The guideline limit for the CEO and other executive directors is 500% and 200% of salary respectively.</p>	Not applicable	Not applicable
All-employee share plans – SAYE	<p>Increase alignment between employees and shareholders in a tax-efficient manner</p> <p>Supports retention of employees</p>	<p>An HMRC-approved all-employee Save As You Earn share option scheme (SAYE) encourages employees to take a stake in the business, aligning their interests with those of shareholders.</p>	Consistent with prevailing HMRC limits.	Not applicable
Non-executive directors	Provide fees appropriate to time commitments and responsibilities of each role	<p>Cash fee normally paid on a monthly basis.</p> <p>Fees are reviewed periodically.</p>	<p>There is no prescribed maximum annual fee or fee increase. The Board is guided by the general increase for the broader employee population and takes into account relevant market movements.</p>	Not applicable

Remuneration policy for other employees

The remuneration policy for executive directors has been developed with consideration of the reward philosophy, strategy, and policy for ASOSers across the whole organisation. Where possible, we aim to create alignment between the way executive remuneration is structured and the way ASOSers more generally are rewarded. Inevitably, there are some differences between our management and the rest of the business. This is typically a result of developing reward arrangements that are competitive for the different talent markets from which we recruit or to which we risk losing staff. The policy for executive directors and the senior levels within ASOS's leadership group also places a larger emphasis on pay-at-risk through incentives and long-term remuneration through the ALTIS programme.

All employees are entitled to base pay, benefits and pension contributions and are eligible for participation in the ASOS annual bonus plan, and during the financial year 196 employees joined the ALTIS.

ASOS operates a Save As You Earn Scheme for all employees. More information about the scheme is given on page 62. We encourage a strong culture of ownership across the organisation and encourage all

ASOSers to behave and think like owners. We are very proud of the enthusiasm and support for these schemes shown by our fellow ASOSers, with 34% of employees participating in the SAYE 2017 scheme.

Remuneration Policy developments

Revisions to the Remuneration Policy and its implementation require the approval of the Remuneration Committee, to whom the Board delegates responsibility for the policy. There have been no changes to the Remuneration Policy this year.

Performance measure selection and approach to target setting

For the ASOS annual bonus and ALTIS, our policy is to choose performance measures that help drive and reward the achievement of our strategy and also provide alignment between executives and shareholders. The committee reviews metrics each year to ensure they remain appropriate and reflect the strategic direction of ASOS.

The measures used in the 2018 annual bonus reflect ASOS's KPIs for the year. Long-term performance targets for 2018 are based on a combination of absolute and relative performance:

- TSR provides strong alignment with shareholders and is measured against

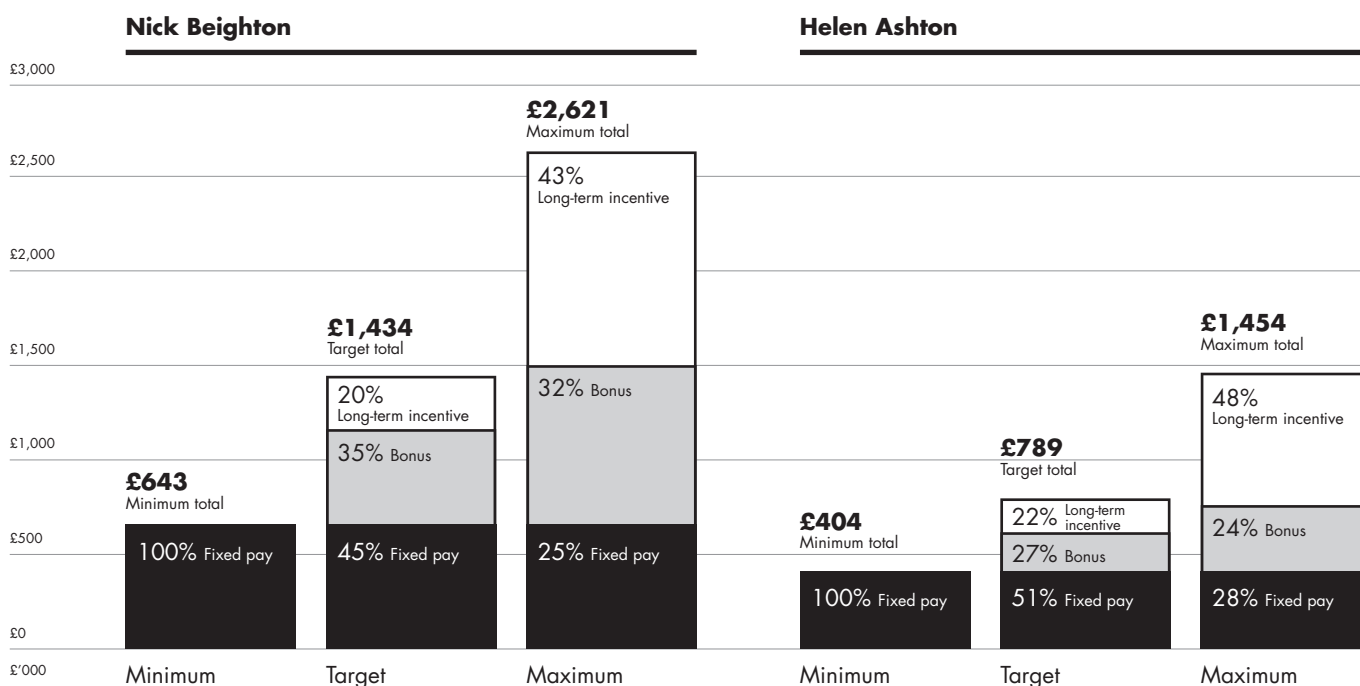
the FTSE All-Share General Retailers as this provides a robust and relevant benchmark.

- EPS is considered an objective and well accepted measure of Company performance which reinforces the objective of achieving profitable growth.
- Revenue captures top-line growth and is a key element of our progress towards our mission.
- Net Promoter Score captures customer engagement, which is a key element of our strategy.

Targets for each performance measure are set by the committee with consideration to an extensive set of reference points including internal plans and budgets, forecasts for the sector, relevant sector benchmarks and external expectations. Performance is generally measured on a sliding scale, so that incentive payouts increase pro rata for levels of performance between the threshold and maximum performance targets.

When considering any annual salary increases for executives, the Committee does so in the context of the proposals for salary increases to the broader workforce more generally, as it does for any other changes to other elements of remuneration being considered.

Total potential remuneration for executive directors in the 2018 financial year (£'000)



Total potential remuneration for executive directors in the 2018 financial year

The chart on page 63 shows the potential remuneration at different levels of performance of each executive director in the 2018 financial year from the remuneration opportunity granted to them by ASOS's remuneration policy.

Basis of calculation:

- Minimum – fixed pay only (salary + benefits + pension*). Salary and pension are those effective from 1 September 2017 and benefits are based on actual figures for 2016/17
- Target – fixed pay, plus target bonus opportunity of 90% of salary for the CEO and 60% of salary for the CFO, plus 25% of the face value of the ALTIS award on grant (i.e. 50% of salary)
- Maximum – fixed pay, plus maximum bonus opportunity of 150% of salary for the CEO and 100% of salary for the CFO, plus the full face value of the ALTIS award on grant (i.e. 200% of salary)

* Pension is net of employers tax and NIC

Recruiting new executive directors or senior executives

When recruiting any executive director or senior executive, we seek to apply consistent policies on fixed and variable remuneration components in line with the remuneration policy set out above. This helps to ensure that any new executive director or senior executive is on the same remuneration footing as existing executive directors or senior executives respectively, while still taking into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

The granting of payments or share awards on joining in order to secure the appointment of an executive director or senior executive is normally limited to the fair value of any deferred remuneration that would be forfeited at the previous employer, taking into account relevant factors including the form of the awards, remaining vesting period and the likelihood of any performance conditions being met. Any such proposal for executive directors requires the prior approval of the Remuneration Committee. The committee may also agree that ASOS will meet certain relocation and/or incidental expenses as appropriate.

Executive directors' service contracts and payments for loss of office

It is our policy that all executive directors should have rolling service contracts with an indefinite term, but a fixed period of notice of termination. The services of all executive directors may be terminated on a maximum of 12 months' notice by the Company or the individual. Our approach to remuneration in each of the circumstances in which an executive director may leave is set out in the table below, with an individual's status being determined by the Remuneration Committee in accordance with the rules of any applicable scheme.

Remuneration component	'Bad' leaver situation	'Good' leaver situation
Salary in lieu of notice	Provided up to the effective leaving date	Up to a maximum of one year's salary; normal practice is to make a phased payment
Pension and other benefits	Provided up to the effective leaving date – no benefits would be provided after that date, unless this is in the interests of ASOS	Up to one year's worth of pension and benefits
Bonus	None	Paid in accordance with bonus scheme terms – normal practice is for payment to be time and performance pro-rated to the effective leaving date
Long-term incentives	Awards lapse	May vest in accordance with scheme rules – normal practice is for the vested award to be time and performance pro-rated to the effective leaving date
Other payments	None	Disbursements such as contributions to legal costs and outplacement fees

Non-executive directors' letters of appointment

Non-executive directors do not have service contracts with ASOS. Instead, they have letters of appointment which provide for a maximum of three months' notice of termination by the Company or the individual at any time, with no pre-determined amounts of compensation.

REMUNERATION GOVERNANCE

The Remuneration Committee

Composition

The Remuneration Committee comprises three independent non-executive directors: Hilary Riva (committee chair), Rita Clifton and Ian Dyson. The table below sets out each member's attendance record at committee meetings during the financial year.

Committee member	Role	Attendance record
Hilary Riva	Committee chair	4/4
Rita Clifton	Non-executive director	4/4
Ian Dyson	Non-executive director	4/4

Appropriate members of the management team, as well as the committee's advisers, are invited to attend meetings as appropriate, unless there's a potential conflict of interest.

Responsibilities

The committee's principal responsibilities are to:

- Determine and recommend to the Board the Company's overall remuneration policy, and then monitor the ongoing effectiveness of that policy
- Determine and recommend to the Board the remuneration of executive directors, the chairman and the other members of the Executive Board
- Monitor, review and approve the levels and structure of remuneration for other senior managers and employees
- Determine the headline targets for any performance-related bonus or pay schemes
- Determine specific targets and objectives for any performance-related bonus or pay schemes for the executive directors and the other members of the Executive Board

- Review and approve any material termination payment

The full Terms of Reference of the Remuneration Committee are available on our corporate website, www.asosplc.com. These were last updated on 14 September 2017.

The remuneration of non-executive directors other than the chairman is determined by the chairman of the Board and the executive directors.

Key activities in 2016/17

- Reviewed and approved performance against annual objectives and ALTIS targets
- Reviewed executive remuneration market trends and corporate governance developments
- Prepared the FY17 Directors' Remuneration Report
- Reviewed approach to target setting and performance measurement
- Reviewed approach to annual bonus funding and performance measurement
- Reviewed performance conditions and targets for the 2017/18 bonus and ALTIS awards

Key areas of focus for the year ahead

- Review and approve any salary increases for the Executive Board
- Determine 2016/17 annual bonus outcome and 2014 ALTIS awards vesting
- Approve 2017/18 ALTIS targets and awards, and 2017/18 annual bonus
- Prepare the FY18 Directors' Remuneration Report
- Prepare and publish our first Gender Pay Position Report

Advisers to the Remuneration Committee

The committee has engaged the external advisers listed below to help it meet its responsibilities.

- New Bridge Street, part of Aon plc, have been appointed as independent advisers to the committee; they provided advice throughout the financial year on all remuneration matters considered by the committee. For that advice, New Bridge Street received fees totalling £85,510 in the financial year to 31 August 2017. New Bridge Street are signatories to the Remuneration Consultants' Code of Conduct, and the committee is satisfied that the advice that it receives is objective and independent. Aon plc, the parent company of New Bridge Street, also provides insurance broking services to ASOS.
- When required, ASOS also receives advice relating to remuneration matters from Willis Towers Watson, PricewaterhouseCoopers LLP and KPMG LLP, and Slaughter and May LLP on reward, tax and legal matters respectively.

As a matter of course, the committee also receives advice and assistance as needed from our people experience director, our reward director, our general counsel & company secretary, our chief executive officer and our chief financial officer.

REMUNERATION POLICY IMPLEMENTATION

Details of how ASOS's Remuneration Policy has been applied in the year to 31 August 2017 are set out below. Certain information within this section has been audited as highlighted.

Directors' remuneration table (audited)

The remuneration of the directors for the years to 31 August 2017 and 31 August 2016 is set out in the table below.

Executive directors

		Fixed remuneration			Variable remuneration		Total remuneration £
		Base salary £	Benefits £	Pensions £	Bonus £	LTIP ² £	
Nick Beighton	2017	550,000	5,420	71,115	535,095	1,980,201	3,141,831
	2016	550,000	4,623	71,115	573,782	–	1,199,520
Helen Ashton	2017	340,000	16,030	36,635	218,382	665,801	1,276,848
	2016	340,000	14,868	36,635	440,924 ¹	–	832,427
Total	2017	890,000	21,450	107,750	753,477	2,646,002	4,418,679
	2016	890,000	19,491	107,750	1,014,706	–	2,031,947

1 Includes a one-off cash payment of £204,000 to buy out a portion of Helen Ashton's long-term incentives from her previous employer as already disclosed last year.
2 This is the FY14 ALTIS award as detailed on page 68. Based on a share price of £58.91, being the average share price for the last quarter of the financial year, from 1 June to 31 August 2017.

Non-executive directors

Director	Year to 31 August 2017				Basis for additional fee	Year to 31 August 2016
	Base fee £	Additional fee £	Other taxable benefits £	Total remuneration £		Total remuneration £
Brian McBride	190,000	NIL	962	190,962	Chair of Board	190,000
Ian Dyson	55,000	15,000	NIL	70,000	SID and Audit Chair	66,667
Hilary Riva	55,000	10,000	NIL	65,000	Remuneration Chair	60,001
Rita Clifton	55,000	NIL	NIL	55,000		53,333
Nick Robertson ¹	55,000	NIL	1,299	56,299		53,333

1 Nick Robertson donated all of his base service fee to the ASOS Foundation.

Payments to past directors

During the year to 31 August 2017, no payments were made to any past directors.

Payments for loss of office

During the year to 31 August 2017, no payments were made for loss of office.

Annual bonus for the year ended 31 August 2017

For both Nick Beighton and Helen Ashton, the annual bonus plan for the year ended 31 August 2017 was based 70% on a Company objective and 30% on non-financial objectives (15% on personal objectives and 15% on net promoter score NPS). Nick's maximum bonus opportunity as CEO was 150% of salary, and Helen's maximum bonus opportunity as CFO was 100% of salary for the year.

The Company objective was based on a matrix of stretching PBT and sales growth targets. This helps ensure investment made to drive sales is executed while delivering a sustainable profit margin for shareholders. During the year, actual sales growth achieved was 33% against a target of 27%, and actual PBT achieved (including operating losses from discontinued operations but before exceptional items) was £80m.

2017 bonus target			
	Target	Maximum	Actual achieved
PBT ¹	£78m	£86m	£80m
Sales growth	27%	–	33%

¹ straight-line interpolation between points in the range

2017 NPS target			
Objective	Weighting	Target of maximum bonus	Actual achieved
NPS	15%	Below 63 – 0%	66
		63 – 3%	
		64 – 9%	
		65 or more – 15%	

For the CEO, the personal objectives were based around several core strategic priorities that focused on the areas of continued development of the Executive team; enhancement of the organisation's approach to reputation management; and implementation of the Group's Fashion with Integrity programme.

For the CFO, the personal objectives were based around the development of an enhanced business performance management programme; successful development of ASOS's risk management framework; and delivery of the first phase of ASOS's Finance Transformation programme.

The CEO's and CFO's respective achievement against those objectives following careful consideration by the committee, were as follows:

Bonus out turn for 2017

Performance conditions	Nick Beighton			Helen Ashton		
	Maximum 150% of salary	% of maximum paid	% of salary paid	Maximum 100% of salary	% of maximum paid	% of salary paid
Company	105.0%	59.4%	62.4%	70.0%	59.4%	41.6%
NPS	22.5%	100.0%	22.5%	15.0%	100.0%	15.0%
Personal	22.5%	55.2%	12.4%	15.0%	51.0%	7.6%
Actual bonus for FY17			97.3%			64.2%

As a result, taking into account the PBT and sales outcomes under the Company objective, and the achievement of NPS and personal objectives under the non-financial objectives:

- Nick Beighton's annual bonus was 97.3% of his annual salary as CEO, out of the maximum 150% of base salary
- Helen Ashton's annual bonus was 64.2% of her annual salary as CFO, out of the maximum 100% of base salary

Overall, the committee is satisfied that the bonus payments reflect ASOS's performance during the year.

FY14 ALTIS awards vesting for performance to 31 August 2017

The ALTIS awards with a performance period ending in the 2017 financial year are due to vest on 31 October 2017. These awards were based 70% on EPS and 30% on relative TSR versus the FTSE All-Share General Retailers Index over the three-year performance period from 1 September 2014 to 31 August 2017. The performance targets and level of achievement against those targets were as follows:

Measures	Weighting	Targets	Percentage vesting	Actual achievement	Vesting
Compound annual fully diluted EPS growth	70%	Below 10%	0%	19.8%	98.7%
		10%	25%*		
		Between 10% and 20%	Between 25% and 100%*		
		20% or more	100%		
TSR versus FTSE All-Share General Retailers Index	30%	Below median	0%	Upper quartile	100%
		Median	25%*		
		Between median and upper quartile	Between 25% and 100%*		
		Upper quartile or above	100%		

* straight-line interpolation between points in the range

Details of vesting for each individual executive director:

Executive director	Number of shares granted	Number of shares vesting	Date of vesting	Value of awards vesting ¹
Nick Beighton	33,923	33,614	31.10.2017	£1,980,201
Helen Ashton	11,406	11,302	31.10.2017	£665,801

¹ Based on a share price of £58.91, being the average share price for the last quarter of the financial year, from 1 June to 31 August 2017, as is normal practice.

ALTIS awards granted in the year

In the year under review, ALTIS awards with a face value of 200% of salary were granted to the executive directors on 16 December 2016:

Executive director	Basis of award	Number of shares granted	Face value of award ¹
Nick Beighton	200% of salary	21,245	£1,099,854
Helen Ashton	200% of salary	13,133	£679,895

¹ Based on the five-day average share price of £51.77 as at 19 October 2016.

The performance conditions for these awards are in the table below, with performance measured over the three-year period from 1 September 2016 to 31 August 2019, and vesting on 31 October 2019:

Measures	Weighting	Targets	% vesting
Sales growth	30%	Below 15%	0%
		15%	25%
		Between 15% and 25%	Between 25% and 100%*
		25% or more	100%
Compound annual fully diluted EPS growth	30%	Below 15%	0%
		15%	25%
		Between 15% and 25%	Between 25% and 100%*
		25% or more	100%
TSR versus FTSE All-Share General Retailers Index	30%	Below median	0%
		Median	25%
		Between median and upper quartile	Between 25% and 100%*
		Upper quartile or above	100%
NPS	10%	Below 64	0%
		64	25%
		Between 64 and 66	Between 25% and 100%*
		66 or more	100%

* straight-line interpolation between points in the range

Directors' interests in share plans (audited)

Director	Share option scheme	Date of grant	31 August 2016 (no. of shares)	Granted during the year to 31 August 2017 (no. of shares)	Lapsed during the year to 31 August 2017 (no. of shares)	Exercised during the year to 31 August 2017 (no. of shares)	31 August 2017 (no. of shares)	Exercise price (pence)	Exercise date/period
Nick Beighton	SAYE	12.06.13	304	–	–	(304)	–	2,955.0	01.08.16 – 31.01.17
	SAYE	08.05.14	255	–	–	(255)	–	3,519.0	01.07.17 – 31.12.17
	SAYE	08.06.17	–	369	–	–	369	4,869.0	01.07.20 – 31.12.20
	ALTIS ¹	16.01.15	33,923	–	–	–	33,923	–	31.10.17
	ALTIS ³	30.10.15	36,194	–	–	–	36,194	–	31.10.18
	ALTIS ⁴	16.12.16	–	21,245	–	–	21,245	–	31.10.19
Helen Ashton	SAYE	06.06.16	620	–	–	–	620	2,901.0	01.07.19 – 31.12.19
	ALTIS ¹	30.09.15	11,406	–	–	–	11,406	–	31.10.17
	ALTIS ³	31.10.15	22,374	–	–	–	22,374	–	31.10.18
	ALTIS ⁴	16.12.16	–	13,133	–	–	13,133	–	31.10.19
Nick Robertson ²	SAYE	08.05.14	255	–	(255)	–	–	3,519	01.07.17 – 31.12.17

1 The performance conditions applying to the awards granted under the ALTIS to the Company's Executive Directors for the performance period from 1 September 2014 to 31 August 2017 comprise two independent conditions based on:

(a) compound annual fully diluted EPS growth over the three financial years of the Company (the EPS Condition) ending on or around 31 August 2017 (the 2017 financial year)

(b) a relative TSR-based condition measuring the Company's TSR performance against that of a comparator group of companies comprising the constituents of the FTSE All-Share General Retailers Index (the Comparator Group) over a period of three years starting on 1 September 2014 (the TSR Condition).

The EPS Condition applies to 70% of the total number of shares held under that award. The part of an award subject to the EPS Condition shall only vest if compound annual fully diluted EPS growth over the three years to the 2017 financial year is at least equal to 10%; thereafter, the part of such awards subject to the EPS Condition shall vest in accordance with the table below for awards made from 2017 onwards.

Compound annual EPS growth	Percentage of award subject to the EPS Condition that vests
Below 15%	0%
15%	25%
Between 15% and 25%	Between 25% and 100%
25% or more	100%

The TSR Condition applies to 30% of the total number of shares held under such awards. For the purposes of the TSR Condition, the committee will compare the TSR of the Company over the performance period against the TSR performance of each member of the Comparator Group over the same period, calculated by reference to a three-month averaging period prior to the start and to the end of the performance period. If, at the end of the performance period, the Company is notionally ranked at least median against the members of the Comparator Group, the part of such awards subject to the TSR Condition shall vest in accordance with the table below.

Rank of the Company	Percentage of award subject to the TSR Condition that vests
Below median	0%
Median	25%
Between median and upper quartile	Pro rata between 25% and 100% based on rankings plus interpolation between intermediate rankings
Upper quartile or above	100%

2 Nick Robertson options under the 2014 SAYE lapsed during the year

3 The performance conditions applying to the awards granted under the ALTIS to the Company's Executive Directors for the performance period from 1 September 2015 to 31 August 2018 comprise two independent conditions based on:

(a) compound annual fully diluted EPS growth over the three financial years of the Company (the EPS Condition) ending on or around 31 August 2018 (the 2018 financial year)

(b) a relative TSR-based condition measuring the Company's TSR performance against that of a comparator group of companies comprising the constituents of the FTSE All-Share General Retailers Index (the Comparator Group) over a period of three years starting on 1 September 2015 (the TSR Condition).

The EPS Condition applies to 70% of the total number of shares held under that award. The TSR Condition applies to 30% of the total number of shares held under such awards. Both conditions vest on the same basis as set out in footnote 1 above.

4 Performance conditions for these awards are set out on page 68.

Directors' shareholdings

The directors who held office at 31 August 2017 had the following interests, including family interests, in the shares of ASOS.

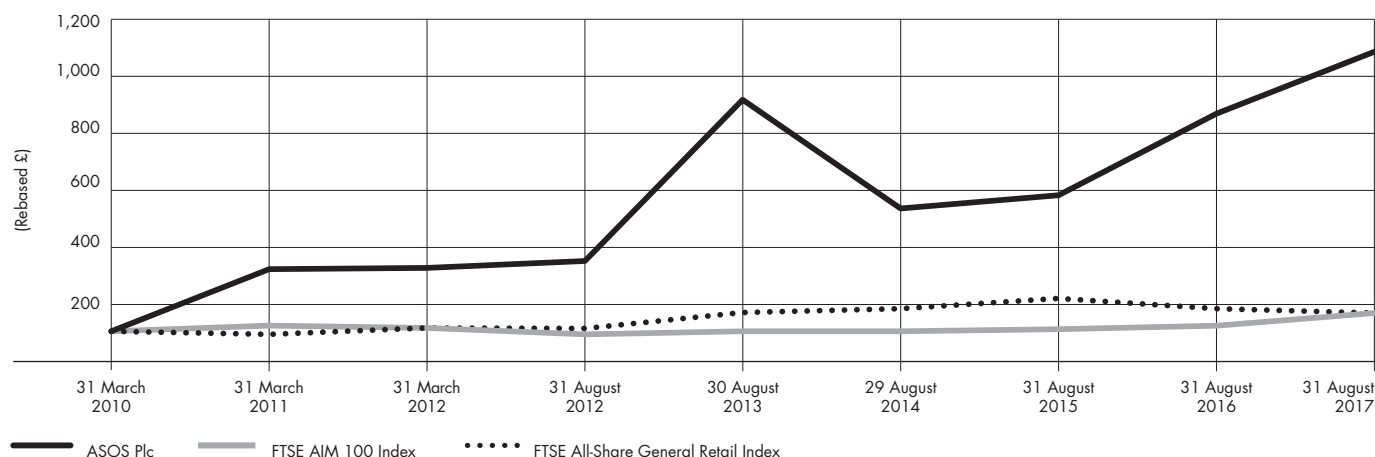
Director	Beneficially owned as at 31 August 2017 (no. of shares)	Beneficially owned as at 31 August 2016 (no. of shares)	Outstanding share options (SAYE/ALTIS) (no. of shares)	Shareholding guideline met
Brian McBride	13,302	13,302	–	N/A
Nick Beighton	150,503	149,944	91,731	Yes
Helen Ashton	–	–	47,533	No ¹
Rita Clifton	–	–	–	N/A
Ian Dyson	–	–	–	N/A
Hilary Riva	227	227	–	N/A
Nick Robertson	5,196,414	5,496,414	–	N/A

1 Progress has been made against the guideline in line with the committee's expectations given her time in the role.

Share price during the financial year to 31 August 2017

The market price of ordinary shares at 31 August 2017 was £56.67 (31 August 2016: £45.30) and the range during the year to 31 August 2017 was from £45.19 to £64.25 (year to 31 August 2016: £24.73 to £48.32).

TSR performance growth



This graph shows the value, by 31 August 2017, of £100 invested in ASOS Plc on 31 March 2010 compared with that of £100 invested in the FTSE AIM 100 and the FTSE All-Share General Retail Indices. The other points plotted are the values at the intervening financial year ends, including the five-month period to 31 August 2012. Source: Aon plc.

Chief executive officer's remuneration over the past eight years

	Year to 31 March 2010	Year to 31 March 2011	Year to 31 March 2012	Year to 31 August 2013	Year to 31 August 2014	Year to 31 August 2015	Year to 31 August 2016 ⁴	Year to 31 August 2017
Salary (£)	340,000	340,000	350,200	500,000	333,333	77,420	550,000	550,000
Other taxable benefits (£)	1,596	1,706	3,320	3,843	3,860	3,860	4,623	5,420
Pension (£)	-	-	-	-	-	-	71,115	71,115
Annual bonus (£)	-	-	210,120	300,000	-	-	573,782	535,095
Long-term incentive (£) ¹	1,742,914	1,399,115	54,646,748	-	-	-	-	1,980,201
Total remuneration (£)	2,084,510	1,740,821	55,210,388	803,843	337,193	81,280	1,199,520	3,141,831
Annual bonus % ²	-	-	60%	60%	-	-	70%	65%
Long-term incentive % ³	-	-	100%	-	-	-	-	99.1%

1 Gains made under long-term incentive plans are recognised above in the final year of the performance period to which they relate. The gain in the year to 31 March 2012 is the sum of two tranches of the Management Incentive Plan, which covered the performance period from 1 April 2009 to 31 March 2012.

2 Annual bonus percentage figure shows the percentage of the individual's maximum bonus percentage received in that financial year.

3 Long-term incentive percentages show the percentage of the award that vested in the financial year.

4 During the year to 31 August 2016, the Chief Executive Officer changed from Nick Robertson to Nick Beighton. During the year to 31 August 2015, Nick Robertson opted to waive receipt of £442,580 of his base salary, and any entitlement to bonus.

Note that the data above is for 12-month periods only and excludes the five-month period to 31 August 2012 to give a consistent view of the Chief Executive Officer's annual remuneration.

Percentage change in CEO's remuneration

The table below shows the percentage change in the CEO's salary, benefits and annual bonus between the financial years ended 31 August 2017 and 31 August 2016, compared with all employees of ASOS.

	Salary change	Benefits change	Bonus change
Chief executive officer	0.0%	17.2%	(6.7%)
All employees ¹	1.5%	(15.8%)	(14.8%)

¹ This is calculated by dividing the actual salary costs (including capitalised salaries) by the average number of employees across the year.

Relative importance of spend on pay

The following table shows ASOS's actual spend on pay (for all employees) relative to dividends and retained profit.

	2017	2016	Change
Staff costs (£m)	128.5	108.1	19%
Dividends (£m)	–	–	0%
Profit before tax from continuous operations before exceptional items (£m)	80.0	63.7	26%

Implementation of remuneration policy in FY18

Salary

The Remuneration Committee has awarded salary increases to the CEO and CFO of 2.7% and 2.9% respectively, in line with the increases given to the general workforce.

Executive director	Salaries from 1 September 2016	Salaries from 1 September 2017 ¹	% increase
Nick Beighton	£550,000	£565,000	2.7%
Helen Ashton	£340,000	£350,000	2.9%

¹ There was no salary increase for the CEO and CFO in FY2017, the above increase took effect in September 2017.

Pension

Pension* contributions will remain unchanged, with Nick Beighton's at 15% of salary and Helen Ashton's at 12.5% of salary.

* Pension is net of employers tax and NIC

Annual bonus

Maximum annual bonus opportunities for the CEO and CFO for 2017/18 will be unchanged at 150% of salary and 100% of salary respectively. The performance conditions will continue to be based 70% on a Company objective (PBT and sales) and 30% on non-financial objectives, with 15% related to NPS performance and 15% to personal objectives. Any bonus payout will be delivered entirely in cash.

ALTIS awards

ALTIS awards will be made to the CEO and CFO in 2017/18 with a face value of 200% of salary, as set out on page 68.

NED fees

The committee is not proposing any changes to NED and chairman fees for 2017/18 at this point in time.

	Fees from 1 September 2017
Non-executive chairman	£190,000
Non-executive director base	£55,000
SID and Audit Committee chairman	£70,000
Remuneration Committee chairman	£65,000

Much of the information previously provided as part of the Directors' Report is now required, under company law, to be presented as part of the Strategic Report. This Directors' Report includes the information required to be included under the Companies Act or, where provided elsewhere, an appropriate cross-reference is given. The Corporate Governance Report approved by the Board is provided on pages 52 to 56 and incorporated by reference into this Directors' Report.

Subsidiaries

The Company has 21 subsidiaries, a complete list is provided at Note 8 of the Parent Company Financial Statements on page 110.

Dividends

As last year, the directors do not recommend the payment of a dividend (2016: £nil).

Strategic report

This is set out on pages 1 to 46 of the Annual Report and includes an indication of likely future developments.

Significant events since the end of the financial year

There have been no significant events affecting the Group since 1 September 2017.

Risk management and principal risks

A description of the principal risks facing the business, and the Company's approach to managing those risks, is on pages 26 to 31.

Directors

Details of the directors as at the date of this report are set out on pages 49 to 51.

The interests of the directors and their closely associated persons in the share capital of the Company, along with details of directors' share options and awards, are contained in the Directors' Remuneration Report on pages 60 to 71. At no time during the year did any of the directors have a material interest in any significant contract with ASOS or any of its subsidiaries.

ASOS maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. The Company has also provided an indemnity for its directors, which is a qualifying third-party indemnity provision, for the purposes of section 234 of the Companies Act 2006. This was in place throughout the year and up to the date of approval of the financial statements.

Articles of association

ASOS's Articles of Association can only be amended by special resolution and are available at www.asosplc.com/investors/shareholder-information/company-documents.

Share capital

The issued share capital of the Company at 31 August 2017 was 83,429,874 ordinary shares of 3.5 pence. Full details of the issued share capital, together with the details of shares issued during the year to 31 August 2017, are shown in Note 17 to the financial statements on page 96.

Substantial shareholders

As at 1 October 2017, the Company was aware of the following interests in 3% or more of its ordinary share capital:

Holder	Number	Percentage holding
Aktieselskabet af 5.5.2010	24,618,522	29.51
The Capital Group Companies, Inc.	8,622,640	10.38
Baillie Gifford & Co	6,366,887	7.63
Nick Robertson	5,196,414	6.23
Sands Capital Management LLC	4,776,389	5.73
Carmignac	2,681,180	3.21

Directors' interests

The interests of the directors in the share capital of ASOS Plc as at 31 August 2017 are set out on page 69.

Employee benefit trust

ASOS uses an employee benefit trust to facilitate the acquisition of ordinary shares in the Company for the purpose of satisfying awards and options granted under ASOS share schemes. During the financial year, ASOS used both the Employee Benefit Trust (EBT) and the Capita Trust (CT) to satisfy awards granted under its SAYE and SIP share schemes:

- The EBT is a discretionary trust, the sole beneficiaries being employees (including executive directors) and former employees of the Group who have received awards under the SAYE Scheme (or their close relations in the event of their death). The trustee of the EBT is Capita Trustees Limited, an independent professional trustee company based in Jersey. Under the terms of the Trust Deed, ASOS funds the EBT to purchase on the EBT's own account ordinary shares in the Company on the open market in return for the EBT agreeing to use the ordinary shares in the Company that it holds to satisfy certain outstanding awards and options made under the Company's share schemes.
- The CT holds shares awarded under the SIP solely for the benefit of current employees (including executive directors) who participate in it. The trustee of the SIP is Capita IRG Trustees Limited, an independent professional trustee company based in the United Kingdom. Under the terms of the Trust Deed, ASOS funds the CT to buy the shares on the open market and retain those shares on behalf of the underlying beneficiaries.

As at 31 August 2017, the EBT and CT (combined) held 337,648 shares in ASOS Plc (2016: 395,185 shares) to the value of £0.6m (2016: £2.7m). The EBT and CT are both recognised within the EBT reserve for accounting purposes. The Group's accounting policies are detailed within Note 24 to the financial statements and movements are detailed in the Consolidated Statement of Changes in Equity on page 81.

Going concern

The Group's business activities, financial position and cash flows, together with the factors likely to affect its future performance and position, are set out in the Strategic Report on pages 1 to 46. In addition, details of the Group's objectives and policies on financial risk management are set out in Note 18 to the financial statements on pages 96 to 98.

The Group continues to have a strong financial position including cash and cash equivalents of £160.3m at 31 August 2017 and an undrawn £20m revolving credit facility, available until October 2018. The directors have reviewed current performance and cash flow forecasts, and are satisfied that the Group's forecasts and projections, taking account of potential changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the foreseeable future and at a minimum for 12 months from the date of signing the Group financial statements. The directors have therefore continued to adopt the going concern basis in preparing the Group's financial statements.

Viability statement

The directors have also assessed the Group's prospects and viability over a three-year period to 31 August 2020. This three-year assessment period was selected as it corresponds with the Board's strategic planning horizon as well as the time period over which senior management are remunerated via long-term incentive plans.

In making this assessment, the directors took account of the Group's current financial position, annual budget, three-year plan forecasts and sensitivity testing. The Board also considered a number of other factors, including the Group business model (pages 6 and 7), its strategy (pages 1 to 9), risks and uncertainties (pages 26 to 31) and internal control effectiveness (pages 58 and 59). While the principal risks and uncertainties could impact future performance, none of them is considered likely, individually or collectively, to affect the viability of the business during the three-year assessment period. The Group is operationally strong with a robust balance sheet and cash position, and has a track record of delivering profitable and sustainable growth, which is expected to continue.

Based on this assessment, the directors have a reasonable expectation that the Group will continue in operation and meet all its liabilities as they fall during the period up to 31 August 2020.

Statement on disclosure of information to auditors

The directors confirm that, so far as each is aware, there's no relevant audit information of which the Group's auditors are unaware. Each of the directors has taken all the steps he or she should have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Political donations

No political donations have been made during this financial year.

Annual general meeting

The Annual General Meeting of the Company will be held at 12.00 noon on Thursday 30 November 2017 at Greater London House, Hampstead Road, London NW1 7FB. The Notice of Meeting will be available to view on www.asosplc.com, sufficiently in advance of that meeting.

By order of the Board



Andrew Magowan

Company Secretary
16 October 2017

STATEMENT OF DIRECTORS' RESPONSIBILITY

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable IFRS as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it's inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that show and explain the Group and the Company's transactions. These must disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website, www.asosplc.com. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the directors, whose names, functions and short biographies are set out on pages 49 to 51, confirms that, to the best of his or her knowledge:

- The Group financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group.
- The Company financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Company.
- The Strategic Report on pages 1 to 46 includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.



Andrew Magowan
Company Secretary
16 October 2017

FINANCIAL STATEMENTS

76	Independent Auditors' Report to the Members of ASOS Plc
80	Consolidated Statement of Total Comprehensive Income
81	Consolidated Statement of Changes in Equity
82	Consolidated Statement of Financial Position
83	Consolidated Statement of Cash Flows
84	Notes to the Financial Statements
105	Company Statement of Changes in Equity
106	Company Statement of Financial Position
107	Company Statement of Cash Flows
108	Notes to the Company Financial Statements
111	Five-Year Financial Summary (unaudited)
113	Company Information



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, ASOS Plc's Group financial statements and parent company financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 August 2017 and of the Group's profit and the Group's and the parent company's cash flows for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union and, as regards the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and parent company statements of financial position as at 31 August 2017; the consolidated statement of total comprehensive income, the consolidated and parent company statements of cash flows, and the consolidated and parent company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

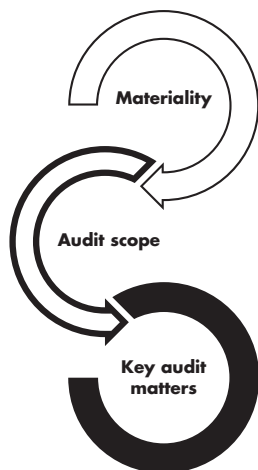
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under ISAs (UK) are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



-
- Overall Group materiality: £4,000,000 (2016: £3,000,000) – having regard to the revenues and profitability of the business
 - Overall parent company materiality: £235,000 (2016: £170,000) – based on 1% of total assets
-

- Full scope audit of:
 - ASOS Plc – the parent entity holding investments throughout the Group
 - asos.com Limited – the trading entity that generates the vast majority of the trading results for the Group through the asos.com website
-

- Capitalisation of internal staff costs
 - Recording of revenue
 - Inventory provisioning
-

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

We determined that there were no key matters applicable to the parent company to communicate in our report.

KEY AUDIT MATTER**Capitalisation of internal staff costs**

The Group continued to invest heavily in its operational infrastructure spending £73.9m on property, plant and equipment as set out in note 12, and £93.6m on intangible assets as set out in note 11. The most significant elements of this expenditure, as described in the CFO's review, was related to the newly opened Eurohub 2 distribution centre in Berlin, additional expenditure to further automate the Barnsley distribution centre and new retail and financial systems due to go live in the coming year.

We focussed on this area due to the size of the costs capitalised and, as set out on page 84, the fact that there was judgement involved in assessing whether the criteria set out in accounting standards for the capitalisation of such costs had been met. In particular we focussed on the capitalisation of internal staff costs to confirm that costs capitalised were a fair reflection of actual costs incurred and the associated time was spent on projects which met the criteria to be capitalised.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We gained an understanding through walkthroughs performed and discussion with management of the process in place for evaluating and approving capital expenditure. We had a particular focus on staff time capitalised in relation to capital projects which included an assessment that individual projects met the criteria set out in accounting standards for capitalisation.

We tested management's control in relation to capital funding request forms which evidenced that the requisite capitalisation criteria had been considered and that the projects were appropriately approved. We were able to place reliance on this control for the purpose of our audit.

In addition we performed detailed testing on a selection of projects. Our work covered capitalisation of employee time for internal staff and external contractors. We obtained an understanding of various selected capitalised projects, tested time charged to them back to timesheet data and third party payroll data and independently assessed whether sufficient economic benefits were likely to flow from the projects to support the values capitalised.

Our testing did not identify any costs that had been inappropriately capitalised.

Recording of revenue

The Group has one main source of revenue which relates to sales made through ASOS.com and its website. Sales of goods sold via the website are recognised on dispatch from the warehouse, as described on page 103, with customers having the right to return the goods, should they so choose, within a predefined window. Should customers return any goods, the Group will refund the associated revenue relating to the returned goods.

The nature of the Group's revenue and revenue recognition policies generated two specific heightened areas of focus for our audit:

- Firstly, we assessed whether the policy of recognising revenue on dispatch rather than delivery could significantly enhance revenues and profits inappropriately.
- Secondly, we focussed on the level of provision recorded for returns and the associated reduction in revenue and profit arising as a result of recording this provision.

We discussed the revenue recognition policy with management and performed a walkthrough to understand the revenue recognition process.

To test revenue transactions during the year, we utilised transactional data software to identify those revenue transactions which did not follow the expected business process. For unusual amounts we performed substantive testing to gain evidence over the commercial rationale for these items to leave an amount untested below materiality.

We examined management's assessment of the estimated financial impact of recognising sales on dispatch rather than on receipt by customer, as well as performing an independent calculation of the potential difference from recognising revenue on dispatch rather than delivery. We determined that the sales and profit impact of this on the results for the year was not material.

We understood the methodology used to calculate the returns provision and determined it was consistent with the prior year. We tested the inputs to the calculation to source data and assessed the key assumption driving the calculation which was assessed returns rates having regards to historic returns rates. We also compared the provision to actual returns of sales made pre year end processed in the period post year end.

No issues arose from our work to suggest that the provision was materially misstated.

Inventory provisioning

The Group held £323.3m of inventory as at 31 August 2017. The nature of the Group's business model is to service demand in a dynamic and fast moving fashion market which inherently means there is a risk of inventory falling out of fashion and proving difficult to sell above cost.

There are key assumptions that drive the inventory provision, which is netted against the Group's inventory balance, including the ability to sell through older inventory and the realisable value that will be achieved on sale. The provision broadly comprises two elements: a provision for items looking to be sold off at below cost and a provision for aged items which there is a concern may ultimately be sold at below cost.

As the Group's business further expands internationally and the gross value of inventory increases, the risk around the completeness of inventory provisioning remains a focus area for the audit.

We understood the methodology used to calculate the inventory provision and determined it was consistent with that applied in the prior year.

We reconciled the inventory values used in the provision to the general ledger.

For items looking to be sold at below cost we checked the calculation performed by management as to the required provision to write these items down to net realisable value. We also independently validated the quantum and associated cost of these items and assessed the appropriateness of the level of income expected to be received from selling these items.

For aged inventory we obtained an ageing summary of inventory which we reconciled back to the general ledger. We then tested a sample of items to validate the accuracy of the ageing applied in this summary.

We then recomputed the level of provision having regard to the Group's provisioning methodology and performed some sensitivity analysis to assess whether there was a risk of material misstatement of the provision.

Nothing arose from our work to suggest that the provisions recorded were materially inaccurate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

We determined there to be two entities in scope for our Group audit. ASOS Plc is the parent entity holding investments throughout the Group, and asos.com Limited represents the vast majority of the trading results for the Group through the asos.com website.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
Overall materiality	£4,000,000 (2016: £3,000,000).	£235,000 (2016: £170,000).
How we determined it	With reference to both revenue (reflecting the size of the business) and profit before tax.	1% of total assets.
Rationale for benchmark applied	Within the Group there is a focus on driving sales given the Group's strategy on reinvesting profits into significant capital expansion to underpin future growth. At the same time, the business remains focussed on delivering an acceptable short term return as it expands sales. Having regard to both the size of the business and its profitability, £4m was viewed as an appropriate level to set materiality.	The parent company does not trade. As a result we believe that total assets is the most appropriate benchmark to use for the company.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £3,900,000 and £235,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £200,000 (Group audit) (2016: £100,000) and £9,000 (parent company audit) (2016: £8,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and parent company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 August 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibility set out on page 74, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

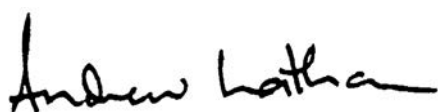
OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Andrew Latham (*Senior Statutory Auditor*)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
16 October 2017

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year to 31 August 2017

	Note	Year to 31 August 2017 ¹ £m	Year to 31 August 2016		
			Before exceptional items £m	Exceptional items (Note 4) £m	After exceptional items £m
Continuing operations					
Revenue	3	1,923.6	1,444.9	–	1,444.9
Cost of sales		(965.3)	(722.7)	–	(722.7)
Gross profit		958.3	722.2	–	722.2
Distribution expenses		(299.2)	(216.0)	–	(216.0)
Administrative expenses		(579.5)	(443.2)	(20.9)	(464.1)
Operating profit	4	79.6	63.0	(20.9)	42.1
Finance income	6	0.4	0.7	–	0.7
Profit before tax		80.0	63.7	(20.9)	42.8
Income tax expense	7	(15.9)	(12.3)	4.2	(8.1)
Profit from continuing operations		64.1	51.4	(16.7)	34.7
Discontinued operations					
Loss before tax from discontinued operations	8	–	(3.6)	(6.5)	(10.1)
Tax on discontinued operations	7	–	0.3	(0.5)	(0.2)
Loss after tax from discontinued operations		–	(3.3)	(7.0)	(10.3)
Profit for the year attributable to owners of the parent company		64.1	48.1	(23.7)	24.4
Net translation movements offset in reserves		(0.3)	(1.4)	–	(1.4)
Net fair value gains/(losses) on derivative financial instruments	18	15.8	(82.3)	–	(82.3)
Income tax relating to these items	7	(3.3)	16.2	–	16.2
Other comprehensive income/(loss) for the year²		12.2	(67.5)	–	(67.5)
Total comprehensive income/(loss) for the year attributable to owners of the parent company		76.3	(19.4)	(23.7)	(43.1)
Earnings per share attributable to the owners of the parent during the year:					
Basic earnings per share					
From continuing operations	9	77.2p	61.9p	(20.1p)	41.8p
From discontinued operations	9	–	(3.9p)	(8.5p)	(12.4p)
Total		77.2p	58.0p	(28.6p)	29.4p
Diluted earnings per share					
From continuing operations	9	76.6p	61.8p	(20.1p)	41.7p
From discontinued operations	9	–	(4.0p)	(8.4p)	(12.4p)
Total		76.6p	57.8p	(28.5p)	29.3p

1 There were no exceptional items in the year to 31 August 2017.

2 All items of other comprehensive income may subsequently be reclassified to profit or loss.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year to 31 August 2017

	Note	Called up share capital £m	Share premium £m	Retained earnings ¹ £m	Employee Benefit Trust reserve £m	Hedging reserve £m	Translation reserve £m	Total equity £m
At 1 September 2016		2.9	6.9	254.7	(2.6)	(60.0)	(1.5)	200.4
Profit for the year		-	-	64.1	-	-	-	64.1
Other comprehensive income/(loss) for the year		-	-	-	-	12.5	(0.3)	12.2
Total comprehensive income/(loss) for the year		-	-	64.1	-	12.5	(0.3)	76.3
Net cash received on exercise of shares from Employee Benefit Trust	17	-	-	-	1.8	-	-	1.8
Transfer of shares from Employee Benefit Trust on exercise		-	-	(0.2)	0.2	-	-	-
Share-based payments charge	19	-	-	7.6	-	-	-	7.6
Deferred tax	16	-	-	1.0	-	-	-	1.0
Balance as at 31 August 2017		2.9	6.9	327.2	(0.6)	(47.5)	(1.8)	287.1
At 1 September 2015		2.9	6.9	225.1	(3.6)	6.3	(0.3)	237.3
Profit for the year		-	-	24.4	-	-	-	24.4
Other comprehensive loss for the year		-	-	-	-	(66.3)	(1.2)	(67.5)
Total comprehensive income/(loss) for the year		-	-	24.4	-	(66.3)	(1.2)	(43.1)
Net cash received on exercise of shares from Employee Benefit Trust	17	-	-	-	0.7	-	-	0.7
Transfer of shares from Employee Benefit Trust on exercise		-	-	(0.3)	0.3	-	-	-
Share-based payments charge	19	-	-	5.0	-	-	-	5.0
Deferred tax	16	-	-	0.5	-	-	-	0.5
Balance as at 31 August 2016		2.9	6.9	254.7	(2.6)	(60.0)	(1.5)	200.4

1 Retained earnings includes the share-based payments reserve.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2017

	Note	31 August 2017 £m	31 August 2016 £m
Non-current assets			
Goodwill	10	1.1	1.1
Other intangible assets	11	176.9	112.4
Property, plant and equipment	12	137.4	77.2
Derivative financial asset	18	1.3	–
Deferred tax asset	16	9.2	13.3
		325.9	204.0
Current assets			
Inventories		323.3	257.7
Trade and other receivables	13	28.6	15.0
Derivative financial asset	18	2.3	–
Cash and cash equivalents	14	160.3	173.3
		514.5	446.0
Current liabilities			
Trade and other payables	15	(480.7)	(370.7)
Derivative financial liability	18	(57.7)	(55.0)
Current tax liability		(5.8)	(2.9)
		(544.2)	(428.6)
Net current (liabilities)/assets		(29.7)	17.4
Non-current liabilities			
Derivative financial liability	18	(9.1)	(21.0)
		(9.1)	(21.0)
Net assets		287.1	200.4
Equity attributable to owners of the parent			
Called up share capital	17	2.9	2.9
Share premium		6.9	6.9
Employee Benefit Trust reserve		(0.6)	(2.6)
Hedging reserve		(47.5)	(60.0)
Translation reserve		(1.8)	(1.5)
Retained earnings		327.2	254.7
Total equity		287.1	200.4

Notes 1 to 24 are an integral part of the financial statements.

The consolidated financial statements of ASOS Plc, registered number 4006623, on pages 80 to 104, were approved by the Board of Directors and authorised for issue on 16 October 2017 and were signed on its behalf by:



Nick Beighton
Director



Helen Ashton
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year to 31 August 2017

	Note	Year to 31 August 2017 £m	Year to 31 August 2016 £m
Operating profit from continued operations		79.6	42.1
Loss before tax from discontinued operations		-	(10.1)
Operating profit		79.6	32.0
Adjusted for:			
Depreciation of property, plant and equipment	4	13.7	10.5
Amortisation of other intangible assets	4	28.6	21.2
Loss on disposal of non-current assets from continuing operations	4	0.5	0.8
Loss on disposal of non-current assets from discontinued operations		-	4.3
Increase in inventories		(65.6)	(63.8)
(Increase)/decrease in trade and other receivables		(13.6)	4.2
Increase in trade and other payables		103.3	128.7
Share-based payments charge	19	7.6	4.5
Other non-cash items		(0.6)	(1.7)
Income tax paid		(7.6)	(10.0)
Net cash generated from operating activities		145.9	130.7
Investing activities			
Payments to acquire intangible assets		(89.5)	(55.7)
Payments to acquire property, plant and equipment		(72.0)	(23.5)
Finance income		0.5	0.8
Net cash used in investing activities		(161.0)	(78.4)
Financing activities			
Net cash inflow relating to Employee Benefit Trust		1.8	0.7
Finance expense		-	(0.1)
Net cash generated from financing activities		1.8	0.6
Net (decrease)/increase in cash and cash equivalents		(13.3)	52.9
Opening cash and cash equivalents		173.3	119.2
Effect of exchange rates on cash and cash equivalents		0.3	1.2
Closing cash and cash equivalents	14	160.3	173.3

NOTES TO THE FINANCIAL STATEMENTS

For the year to 31 August 2017

1 SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the course of preparing the financial statements, management necessarily makes estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Actual results may differ from the initial estimate or judgement and any subsequent changes are accounted for with an effect on the financial statements at the time such updated information becomes available. The Audit Committee considers estimates and judgements made by management, as detailed in the Audit Committee Report on pages 57 to 59.

The estimates and assumptions which have the most significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities are:

Accounting estimates

Inventory valuation

Inventory is carried at the lower of cost and net realisable value, on a weighted average cost basis, which requires an estimation of products' future selling prices. A provision is also made to write down any slow-moving or obsolete inventory to net realisable value. The provision is £5.5m at 31 August 2017 (2016: £4.7m).

Refund accruals

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management's latest best estimates, although actual returns could vary from these estimates. The accrual for net refunds totalled £42.6m (2016: £23.2m). For further details, see Note 3 on page 85.

Loyalty scheme deferral

An accrual is made to defer the fair value of consideration received on loyalty scheme sales. This revenue is subsequently recognised over the period that the awards are redeemed. The fair value of loyalty awards is determined with reference to the fair value to the customer and considers factors such as future redemption rates. Assumptions included in this fair value calculation are reviewed regularly and updated to reflect management's latest best estimates, although actual redemption rates could vary from these estimates. At 31 August 2017, £4.4m (2016: £2.7m) has been provided against future expected redemption of outstanding points and vouchers.

Calculation of share-based payment charges

The charge related to equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date they are granted, using an appropriate valuation model selected according to the terms and conditions of the grant. Judgement is applied in determining the most appropriate valuation model and in determining the inputs to the model. Third-party experts are engaged to advise in this area where necessary. Judgements are also applied in relation to estimations of the number of options which are expected to vest, by reference to historic leaver rates and expected outcomes under relevant performance conditions. See Note 19 on pages 99 to 101.

Depreciation of property, plant and equipment and amortisation of other intangible assets

Depreciation and amortisation are provided to write down assets to their residual values over their estimated useful lives. The determination of these residual values and estimated lives, and any change to the residual values or estimated lives, requires the exercise of management judgement. See Notes 11 and 12 on pages 92 and 93.

Capitalisation criteria

Where assets are acquired or developed in house, management exercises judgement in determining that the asset meets the criteria to be capitalised as either an intangible or tangible fixed asset.

Impairment of property, plant and equipment and other intangible assets

Property, plant and equipment and other intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an impairment is required, the recoverable amount is determined based on value-in-use calculations prepared using management's assumptions and estimates. See Notes 11 and 12 on pages 92 and 93.

Accounting judgements

Legal contingencies

Where legal proceedings are brought against the Group and material future economic outflow is considered possible but not probable, or cannot be reliably measured, the Group discloses the nature of the contingent liability in the notes to the financial statements but does not recognise a liability in respect of the contingency. A liability is recognised only when a future economic outflow is probable and the amount of that outflow can be reliably measured. Judgement is required in the determination of probability and as to whether the Group's exposure can be reliably estimated. See Note 22 on page 101.

2 CHANGES TO ACCOUNTING POLICIES

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year to 31 August 2016. Various new accounting standards and amendments were issued during the year, none of which have an impact on the current year.

The following accounting standards are in issue but not yet effective and have not been adopted by the Group:

- IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments Recognition and Measurement'. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group has completed an assessment of IFRS 9 and it is expected that adoption will not have a material impact on the results or financial position of the Group.
- IFRS 15 'Revenue from Contracts with Customers' replaces IAS 18 'Revenue'. This standard is effective for accounting periods beginning on or after 1 January 2018. The Group has completed an assessment of IFRS 15 and it is expected that adoption will not have a material impact on the results or financial position of the Group.
- IFRS 16 'Leases' is effective for periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 has also been adopted. The standard will require lease liabilities and the right of use assets for leases to be recognised on the Statement of Financial Position. The Group has completed an assessment of IFRS 16. This assessment indicates that there will be a significant impact on the value of non-current assets and lease liabilities as the leases for warehousing and office space are currently accounted for as operating leases. For the current level of operating lease commitments, see Note 21. There will be an immaterial impact on the reported profit for the year.

Accounting policy references are included in the relevant notes throughout the financial statements and also in Note 24.

3 SEGMENTAL ANALYSIS

IFRS 8 'Operating Segments' requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been determined to be the Executive Board who receive information on the basis of the Group's operations in key geographical territories, based on the Group's management and internal reporting structure.

The Executive Board assesses the performance of each segment based on revenue and gross profit after distribution expenses, which excludes administrative expenses.

See Note 24 for the Group's accounting policy on revenue recognition.

	Year to 31 August 2017				
	UK £m	US £m	EU £m	RoW ¹ £m	Total £m
Retail sales	698.2	261.6	544.1	372.6	1,876.5
Delivery receipts	16.1	6.3	10.8	7.6	40.8
Third-party revenues	6.0	0.2	0.1	–	6.3
Total revenues	720.3	268.1	555.0	380.2	1,923.6
Cost of sales	(389.7)	(103.5)	(292.4)	(179.7)	(965.3)
Gross profit	330.6	164.6	262.6	200.5	958.3
Distribution expenses	(81.9)	(69.2)	(89.8)	(58.3)	(299.2)
Segment result	248.7	95.4	172.8	142.2	659.1
Administrative expenses					(579.5)
Operating profit					79.6
Finance income					0.4
Profit before tax					80.0

1 Rest of World

3 SEGMENTAL ANALYSIS continued

	Year to 31 August 2016				
	UK £m	US £m	EU £m	RoW ¹ £m	Total £m
Retail sales	603.8	179.2	374.9	245.8	1,403.7
Delivery receipts	15.3	5.5	7.3	6.4	34.5
Third-party revenues	6.4	0.1	0.1	0.1	6.7
Internal revenues	–	–	–	3.0	3.0
Total segment revenues	625.5	184.8	382.3	255.3	1,447.9
Eliminations	–	–	–	(3.0)	(3.0)
Total revenues	625.5	184.8	382.3	252.3	1,444.9
Cost of sales	(331.0)	(72.9)	(202.5)	(116.3)	(722.7)
Gross profit	294.5	111.9	179.8	136.0	722.2
Distribution expenses	(72.8)	(46.8)	(54.2)	(42.2)	(216.0)
Segment result	221.7	65.1	125.6	93.8	506.2
Administrative expenses					(443.2)
Exceptional items					(20.9)
Operating profit from continuing operations					42.1
Finance income					0.7
Profit before tax from continuing operations					42.8
Loss before tax from discontinued operations					(10.1)
Profit before tax					32.7

1 On 5 May 2016, the Group discontinued its local operations in China which were undertaken by ASOS (Shanghai) Commerce Co. Limited (ASOS.cn).

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

No analysis of the assets and liabilities of each operating segment is provided to the Chief Operating Decision Maker in the monthly management accounts. Therefore no measure of segmental assets or liabilities is disclosed in this note.

The total amount of non-current assets located in the EU is £46.1m (2016: £9.1m).

4 OPERATING PROFIT

	Year to 31 August 2017 £m	Year to 31 August 2016 £m
a) Operating profit from continuing operations is stated after charging/(crediting):		
Depreciation of property, plant and equipment	13.7	10.5
Amortisation of other intangible assets	28.6	21.3
Loss on disposal of other intangible assets	0.5	0.8
Cost of inventory recognised as an expense	967.2	722.0
Adjustment of inventories to net realisable value	0.3	(0.3)
Net foreign exchange losses	0.6	5.9
Operating leases	12.1	8.8
Exceptional items (see note on page 87)	–	20.9
b) Auditors' remuneration:		
<i>Audit and audit-related services:</i>		
Statutory audit of parent company and consolidated financial statements	0.1	0.1
Statutory audit of the Company's subsidiaries pursuant to legislation	0.2	0.2
Total	0.3	0.3

4 OPERATING PROFIT continued

Costs relating to the audit of the parent company are borne by asos.com Limited. The policy for the approval of non-audit fees is set out in the Audit Committee Report on pages 57 to 59. Costs related to non-audit services provided by the Company's auditors were less than £0.1m (2016: less than £0.1m).

No exceptional items were identified for the year to 31 August 2017.

Exceptional items in relation to discontinued operations are included in Note 8.

Exceptional items recognised during the year to 31 August 2016 related to a full and final global settlement of £20.2m for the trademark infringement disputes brought against it by Assos of Switzerland (a high-performance cycle-wear brand), and Anson's Herrenhaus (a German menswear retailer), which was presented, along with associated legal fees of £0.7m, as an exceptional item in the financial statements.

5 STAFF COSTS INCLUDING DIRECTORS' REMUNERATION

The Group's monthly average number of employees during the year was as follows:

	Year to 31 August 2017	Year to 31 August 2016
By activity:		
Fashion	762	631
Operations	1,898	1,400
Technology	504	350
	3,164	2,381

The Group's costs for employees, including Directors, during the year were as follows:

	Year to 31 August 2017 £m	Year to 31 August 2016 £m
Wages and salaries	142.2	110.6
Social security costs	13.3	10.0
Other pension costs	4.3	3.1
Share-based payment charge (Note 19)	7.6	4.5
Gross Total	167.4	128.2
Less: salaries capitalised in relation to capital projects	(31.3)	(15.6)
	136.1	112.6

The Group contributes to the personal pension plans of certain employees under a defined contribution scheme. The costs of these contributions are charged to the Statement of Total Comprehensive Income on an accruals basis as they become payable under the scheme rules.

The aggregate compensation to key management personnel, being the Directors of ASOS Plc (Executive and Non-Executive) plus the members of the Executive Board of asos.com Limited, was as follows:

	Year to 31 August 2017 £m	Year to 31 August 2016 £m
Short-term employee benefits	5.5	5.3
Post-employment benefits	0.1	0.2
Share-based payment charge	3.3	0.9
	8.9	6.4

The highest paid director exercised 559 share options during the year (2016: nil); all other components of the highest paid director's remuneration are detailed in the Directors' Remuneration table on page 66.

Directors' aggregate emoluments and pension payments are detailed in the Directors' Remuneration Report on pages 60 to 71, along with Directors' interests in issued shares and share options on page 69.

6 FINANCE INCOME

Finance income receivable on cash and cash equivalents is recognised in the Statement of Total Comprehensive Income as it is earned.

	Year to 31 August 2017 £m	Year to 31 August 2016 £m
Interest receivable on cash and cash equivalents	0.4	0.7

7 INCOME TAX EXPENSE

See Note 24 for the Group's accounting policy on taxation.

	Year to 31 August 2017 £m	Year to 31 August 2016 £m
Continuing operations		
Tax on profit	13.8	8.0
Adjustment in respect of prior year corporation tax	0.2	1.2
Total current tax charge	14.0	9.2
Deferred tax		
– Origination and reversal of temporary differences	1.2	0.7
– Adjustment in respect of prior year	0.7	(1.8)
Total deferred tax charge	1.9	(1.1)
Tax on profit – continuing operations	15.9	8.1
Tax on profit – discontinued operations (Note 8)	–	0.2
Tax on profit	15.9	8.3
<i>Effective tax rate</i>	19.9%	25.2%

Reconciliation of tax charge

The tax on the Group's profit before tax differs from the income tax expense as follows:

	Year to 31 August 2017 £m	Continuing operations £m	Discontinued operations £m	Total £m
Profit before tax	80.0	42.8	(10.1)	32.7
Tax on profit at standard rate of UK corporation tax of 19.58% (2016: 20.00%)	15.7	8.5	(2.0)	6.5
Effects of:				
Expenses not deductible for taxation purposes	0.4	0.2	–	0.2
Non-taxable income	(0.9)	(0.1)	(0.1)	(0.2)
Rate differences: overseas tax	0.1	0.1	(0.3)	(0.2)
Rate differences: UK tax	(0.3)	(0.1)	–	(0.1)
Deferred tax assets not provided	–	–	1.3	1.3
Deferred tax asset written back	–	–	1.2	1.2
Adjustment in respect of prior years	0.9	(0.5)	0.1	(0.4)
Tax on profit	15.9	8.1	0.2	8.3

7 INCOME TAX EXPENSE continued

Tax recognised in other comprehensive income

	Year to 31 August 2017 £m	Year to 31 August 2016 £m
Deferred tax credit on net translation movements	–	0.2
Deferred tax (charge)/credit on movement of derivative financial instruments	(3.3)	16.0
	(3.3)	16.2

Tax recognised in the statement of changes in equity

	Year to 31 August 2017 £m	Year to 31 August 2016 £m
Deferred tax credit on movement in tax base of share options	1.0	0.5
	1.0	0.5

Amounts which have been recognised in equity are included in the Consolidated Statement of Changes in Equity on page 81.

8 DISCONTINUED OPERATIONS

On 5 May 2016, the Group discontinued its local operations in China which were undertaken by ASOS (Shanghai) Commerce Co. Limited (ASOS.cn). This decision was made in order to serve the Group's growing China customer base via asos.com where they can benefit from the full ASOS product range in a more efficient, less costly manner.

No operations were discontinued during the year ended 31 August 2017.

	Year to 31 August 2017 £m	Year to 31 August 2016 £m
Results of China discontinued operations		
Revenue	–	6.3
Expenses	–	(9.9)
Operating loss before exceptional items	–	(3.6)
Exceptional items	–	(6.5)
Loss before tax from discontinued operations	–	(10.1)
Tax	–	(0.2)
Loss for the year from discontinued operations	–	(10.3)
Basic loss per share from discontinued operations	–	(12.4p)
Diluted loss per share from discontinued operations	–	(12.4p)

The exceptional items of £6.5m in the year ended 31 August 2016 relate to costs incurred as a result of closing down the local business operations in China and includes £4.3m loss on disposal of non-current assets. All cash flows relating to discontinued operations are shown below.

	Year to 31 August 2017 £m	Year to 31 August 2016 £m
Cash flows from discontinued operations		
Operating cash flows	–	(4.0)
Investing cash flows	–	(0.3)
Total cash flows	–	(4.3)

9 EARNINGS PER SHARE

Basic 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 year. Own shares held by the Employee Benefit Trust and Capita Trust are eliminated from the weighted average number of ordinary shares.

Diluted earnings per share is calculated by dividing the earnings by the weighted average number of ordinary shares in issue during the period, adjusted for the effects of potentially dilutive share options.

	Year to 31 August 2017	Year to 31 August 2016
Weighted average shares in issue for basic earnings per share (no. of shares)	82,996,217	82,972,285
Weighted average effect of dilutive options (no. of shares)	712,861	224,372
Weighted average shares in issue for diluted earnings per share (no. of shares)	83,709,078	83,196,657

Earnings attributable to owners of the parent company:

From continuing operations (£m)	64.1	34.7
From discontinued operations (£m)	-	(10.3)
	64.1	24.4

Basic earnings per share:

From continuing operations	77.2p	41.8p
From discontinued operations	-	(12.4p)
Basic earnings per share from all operations:	77.2p	29.4p

Diluted earnings per share:

From continuing operations	76.6p	41.7p
From discontinued operations	-	(12.4p)
Diluted earnings per share from all operations:	76.6p	29.3p

10 GOODWILL

See Note 24 for the Group's accounting policy on goodwill.

	Total £m
Cost	
At 1 September 2015, 31 August 2016 and 31 August 2017	1.4
Accumulated impairment losses	
At 1 September 2015, 31 August 2016 and 31 August 2017	(0.3)
Carrying value	
At 31 August 2017	1.1
At 31 August 2016	1.1

Goodwill is not amortised, but tested annually for impairment with the recoverable amount being determined from value-in-use calculations.

Goodwill has been allocated for impairment testing purposes to cash-generating units (CGUs), which include the geographical business segments as described in Note 3. The key assumptions for the value-in-use calculations are the long-term growth rate and the discount rates. Value-in-use was calculated from cash flow projections for three years using data from the Group's latest results and financial forecasts approved by the Board. The budgeted cash flow assumes a growth rate which is higher than the long-term growth rate of the UK economy, based on the Group's recent performance and current performance expectations. No reasonably possible change in the assumptions used in the value-in-use calculations could result in a material impairment of goodwill.

The goodwill balance relates to the historic acquisition of asos.com Limited, a 100% subsidiary of the Group.

11 OTHER INTANGIBLE ASSETS

See Note 24 for the Group's accounting policy on intangible assets.

	Domain names £m	Software £m	Assets under construction £m	Total £m
Cost				
At 1 September 2015	0.2	81.6	28.9	110.7
Additions	–	30.4	33.3	63.7
Transfers	–	16.0	(16.0)	–
Disposals – discontinued operations	–	(6.4)	(0.3)	(6.7)
Disposals – continuing operations	–	–	(0.8)	(0.8)
At 31 August 2016	0.2	121.6	45.1	166.9
Additions	–	64.6	29.0	93.6
Transfers	–	31.0	(31.0)	–
Disposals – continuing operations	–	(0.7)	(0.3)	(1.0)
At 31 August 2017	0.2	216.5	42.8	259.5
Accumulated amortisation				
At 1 September 2015	–	35.6	–	35.6
Charge for the year	–	21.3	–	21.3
Disposals – discontinued operations	–	(2.4)	–	(2.4)
At 31 August 2016	–	54.5	–	54.5
Charge for the year	–	28.6	–	28.6
Disposals – continuing operations	–	(0.5)	–	(0.5)
At 31 August 2017	–	82.6	–	82.6
Net book amount				
At 31 August 2017	0.2	133.9	42.8	176.9
At 31 August 2016	0.2	67.1	45.1	112.4

All domain names have been determined to have an indefinite useful life as they relate to ongoing use of the ASOS brand, and are assessed for impairment annually based on their value-in-use. Domain names have been allocated for impairment testing based on the territory to which they relate. No impairment charge in respect of domain names has been recognised during the year (2016: £nil).

Other intangible assets and assets under construction as at 31 August 2017 relate to internal and external costs incurred for the development of software (essentially management information system software) for internal use. The majority of assets under construction are expected to go live by March 2018.

Total additions arising from internal development projects were £86.5m (2016: £53.7m).

12 PROPERTY, PLANT AND EQUIPMENT

See Note 24 for the Group's accounting policy on property, plant and equipment.

	Fixtures, fittings, plant and machinery £m	Computer equipment £m	Assets under construction £m	Total £m
Cost				
At 1 September 2015	73.1	12.9	4.9	90.9
Additions	9.0	2.5	11.8	23.3
Transfers	4.4	0.1	(4.5)	–
Disposals	(0.1)	–	–	(0.1)
At 31 August 2016	86.4	15.5	12.2	114.1
Additions	26.1	3.6	44.2	73.9
Transfers	15.4	0.9	(16.3)	–
Disposals	–	(1.3)	–	(1.3)
FX	0.1	–	–	0.1
At 31 August 2017	128.0	18.7	40.1	186.8
Accumulated depreciation				
At 1 September 2015	17.1	9.4	–	26.5
Charge for the year	8.3	2.2	–	10.5
Disposals	(0.1)	–	–	(0.1)
At 31 August 2016	25.3	11.6	–	36.9
Charge for the year	11.0	2.7	–	13.7
Disposals	–	(1.3)	–	(1.3)
FX	0.1	–	–	0.1
At 31 August 2017	36.4	13.0	–	49.4
Net book amount				
At 31 August 2017	91.6	5.7	40.1	137.4
At 31 August 2016	61.1	3.9	12.2	77.2

Assets under construction as at 31 August 2017 comprise mainly of costs incurred in building the automation equipment for the new Eurohub 2 warehouse in Germany.

13 TRADE AND OTHER RECEIVABLES

Trade and other receivables are non-interest bearing and are initially recognised at fair value. Subsequently, they are measured at amortised cost using the effective interest rate method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that amounts will not be recovered. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Any provision made against an impaired receivable is recognised within administrative expenses in the Statement of Total Comprehensive Income.

	31 August 2017 £m	31 August 2016 £m
Trade receivables	7.3	4.8
Provision for doubtful debts	(0.1)	–
Trade receivables net of provision for doubtful debts	7.2	4.8
Prepayments	12.6	9.3
Other receivables	8.8	0.9
	28.6	15.0

All other receivables are non-interest bearing. The other receivables balance includes £5.9m UK VAT receivables (2016: £nil). The fair value of trade and other receivables is not materially different from their carrying value.

Trade and other receivables fall into the 'loans and receivables' category of the Group's financial assets.

At 31 August 2017, trade receivables with a gross value of £0.1m (2016: £nil) were individually determined to be impaired and the provision for impairment of these trade receivables was £0.1m (2016: £nil). The other amounts within trade and other receivables do not contain impaired assets, as they are deemed fully recoverable.

Movements in the provision for impairment of trade receivables are as follows:

	Year to 31 August 2017 £m	Year to 31 August 2016 £m
At start of year	–	(0.4)
(Provided)/released during the year	(0.1)	0.4
At end of year	(0.1)	–

As at 31 August 2017, trade receivables of £nil (2016: £nil) were past due but not impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

14 CASH AND CASH EQUIVALENTS

	31 August 2017 £m	31 August 2016 £m
Net movement in cash and cash equivalents	(13.3)	52.9
Opening cash and cash equivalents	173.3	119.2
Effect of exchange rates on cash and cash equivalents	0.3	1.2
Closing cash and cash equivalents	160.3	173.3

Cash and cash equivalents comprise funds which the Group can access without restriction that at acquisition had a maturity of three months or less.

The Group has in place a £20.0m revolving loan credit facility available until October 2018, which has not been drawn down at the year end.

15 TRADE AND OTHER PAYABLES

Trade and other payables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

	31 August 2017 £m	31 August 2016 £m
Trade payables	75.5	56.1
Taxation and social security	6.5	5.8
Accruals	302.7	248.1
Other payables	96.0	60.7
	480.7	370.7

The fair value of trade, other payables and accruals is not materially different from their carrying value. Included in other payables are UK VAT payables of £nil (2016: £0.5m).

16 DEFERRED TAX ASSET/(LIABILITY)

	Accelerated capital allowances £m	Share-based payments £m	Derivatives £m	Other £m	Total £m
At 1 September 2015	(4.9)	0.2	(1.2)	1.5	(4.4)
Credit/(charge) to the Statement of Total Comprehensive Income	3.0	1.0	16.0	(1.8)	18.2
Impact of discontinued operations	0.2	–	–	(1.2)	(1.0)
Charge to equity	–	0.5	–	–	0.5
At 31 August 2016	(1.7)	1.7	14.8	(1.5)	13.3
(Charge)/credit to the Statement of Total Comprehensive Income	(1.6)	1.3	(3.3)	(1.5)	(5.1)
Credit to equity	–	1.0	–	–	1.0
At 31 August 2017	(3.3)	4.0	11.5	(3.0)	9.2

The deferred tax assets and liabilities have been offset as they are due to reverse in the same jurisdiction.

The Company has losses of £0.2m (2016: £0.2m) which are available for offset against future taxable profits. The Group has no other losses which are available to be carried forward against future taxable profits (2016: £14.5m). A deferred tax asset of approximately £0.1m (2016: £3.5m) relating to a portion of these losses has not been reflected in the financial statements since it is not anticipated that they will reverse in the foreseeable future. Of this unrecognised deferred tax asset, £0.1m (2016: £0.3m) relates to the UK and £nil (2016: £3.2m) relates to China. The Group had losses of £14.2m which are no longer available to offset against future profits because the companies have ceased to trade.

The deferred tax asset on share-based payments is created by the temporary difference between the carrying value of outstanding share-based payment options on the Statement of Financial Position and the tax base of these options, being the estimated future tax deduction expected to crystallise on exercise of the option. The tax base is calculated by reference to the Company's share price at the reporting date and the number of share options outstanding, which has increased during the year to 31 August 2017.

It is estimated that deferred tax assets of £12.4m (2016: £13.3m) will be recovered within one year. It is estimated that deferred tax liabilities of £nil (2016: £nil) will be payable within one year. Deferred tax assets of £2.4m (2016: £nil) and deferred tax liability of £5.6m (2016: £nil) will be recovered in more than one year.

During the year to 31 August 2016, the substantively enacted corporation tax rates changed to 19% with effect from 1 April 2018 and to 18% with effect from 1 April 2020. During the year ended 31 August 2017, the substantively enacted corporation tax rate with effect from 1 April 2020 was reduced by a further 1% to 17%. The changes in the rates reduced the deferred tax asset by £0.8m.

17 CALLED UP SHARE CAPITAL

	31 August 2017 £m	31 August 2016 £m
Authorised:		
100,000,000 (2016: 100,000,000) ordinary shares of 3.5p each	3.5	3.5
Allotted, issued and fully paid:		
83,429,874 (2016: 83,429,874) ordinary shares of 3.5p each	2.9	2.9

Ordinary shares are classified as equity.

During the year, nil (2016: nil) ordinary shares of 3.5 pence each were issued as a result of exercise of employee share options. Total consideration received in respect of exercise of employee share options was £nil (2016: £nil). No shares were issued to the Chairman (2016: nil), as part of his remuneration package.

Employee Benefit Trust

The provision of shares to satisfy some of the Group's share incentive plans is facilitated by purchases of own shares by the Group's Employee Benefit Trust and Capita Trust (the Trusts). Shares held by the Trusts are valued at the weighted average historical cost of the shares acquired and the carrying value is shown as a reduction within shareholders' equity. The costs of operating the Trusts are borne by the Group but are not material.

During the year to 31 August 2017, 57,537 shares (2016: 26,374 shares) were transferred from the Trusts to employees in settlement of share options and awards in exchange for cash consideration of £1.8m (2016: £0.7m). Nil shares (2016: nil) were purchased by the Trusts to satisfy future options and awards, at a cost of £nil (2016: £nil). The Trusts have waived the right to receive dividends on these shares.

At 31 August 2017, the carrying value of the 337,648 shares held by the Trusts (2016: 395,185 shares) was £0.6m (2016: £2.7m).

18 FINANCIAL INSTRUMENTS**Categories of financial instruments**

	31 August 2017 £m	31 August 2016 £m
Financial assets		
Derivative assets used for hedging at fair value	3.6	–
Loans and receivables	176.3	179.0
Financial liabilities		
Derivative liabilities used for hedging at fair value	(66.8)	(76.0)
Amortised cost	(474.2)	(364.9)

Loans and receivables includes trade and other receivables and cash and cash equivalents, and excludes prepayments. Included in Financial liabilities at amortised cost are trade payables, accruals and other payables.

Risk management

The Group's Treasury function seeks to reduce exposures to capital risk, liquidity risk, credit risk, interest rate risk and foreign currency risk, to ensure liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group does not engage in speculative trading in financial instruments and transacts only in relation to underlying business requirements. The Group's treasury policies and procedures are periodically reviewed and approved by the Audit Committee.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders through an appropriate balance of debt and equity funding, while maintaining a strong credit rating and sufficient headroom. The Group makes adjustments to its capital structure in light of changes to economic conditions and the Group's strategic objectives. At 31 August 2017, the Group had capital of £447.4m (2016: £373.7m).

18 FINANCIAL INSTRUMENTS continued

Liquidity risk

The Group manages its exposure to liquidity risk by continuously monitoring short- and long-term forecasts and actual cash flows and ensuring it has the necessary banking and reserve borrowing facilities available to meet the requirements of the business. At 31 August 2017, the Group had an undrawn revolving loan credit facility of £20.0m that is available until October 2018. Borrowings under the revolving loan credit facility bear interest at a rate linked to LIBOR. Commitment interest is payable on the daily undrawn balance of the facility. The facility, which is unsecured, includes covenants related to the earnings before interest, tax, depreciation and amortisation cover of net financing costs, and net balance sheet debt.

Any surplus cash is placed on deposit to maximise returns on cash balances, within the terms of the investment policy and agreed by the Audit Committee.

The Group's financial liabilities at amortised cost as at 31 August 2017 and 31 August 2016 all mature in less than one year.

Credit risk

Credit risk is the risk that a counterparty may default on its obligation to the Group in relation to lending, hedging, settlement and other financial activities. The Group's principal financial assets are trade and other receivables, bank balances, and cash in hand. The Group's credit risk is primarily attributable to its trade and other receivables. The amounts included in the Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The Group has a low retail credit risk due to transactions being principally of high volume, low value and short maturity. The Group's trade receivables are primarily with large advertising companies with which the Group has a long-standing relationship, and the risk of default and write-offs due to bad debts is considered to be low. The Group has no significant concentration of credit risk, as exposure is spread over a large number of counterparties and customers.

The credit risk on liquid funds is considered to be low, as the Board-approved Group Treasury Policy limits the value that can be placed with each approved counterparty to minimise the risk of loss.

Interest rate risk

The Group is exposed to cash flow interest rate risk on its revolving credit facilities to the extent that these are utilised.

During the year, the Group had no drawings under its revolving loan credit facility. The Group may draw down periodically on the revolving loan credit facility in the future if required, but no drawdown will be long term in nature and therefore the Group has not entered into interest rate derivatives to mitigate the interest rate risk.

Foreign currency risk

The Group operates internationally and is therefore exposed to foreign currency transaction risk, primarily on sales denominated in US dollars, euros and Australian dollars and on costs denominated in US dollars and euros. The Group's presentational currency is pounds sterling, therefore the Group is also exposed to foreign currency translation risks due to movements in foreign exchange rates on the translation of non-sterling assets and liabilities.

The Group's policy is to match foreign currency transactions in the same currency, taking into account where sales and costs both arise in the same currency. Where appropriate, the Group uses financial instruments in the form of forward foreign exchange contracts to hedge future highly probable forecast foreign currency cash flows. The Group's policy is to layer hedges over a 24-month period, with 100% (2016: 80%) coverage of the net unmatched exposure for the first 12 months, 60% for 13 to 18 months and finally 40% from 19 to 24 months, with hedges currently in 12 currencies. These forward foreign exchange contracts are classified as Level 2 derivative financial instruments under IFRS 13, 'Fair Value Measurement'. They have been fair valued at 31 August 2017 with reference to forward exchange rates that are quoted in an active market, with the resulting value discounted back to present value.

	31 August 2017 £m	31 August 2016 £m
Fair value of derivative financial instruments		
Non-current assets		
Fair value of derivatives	1.3	—
Current assets		
Fair value of derivatives	2.3	—
Current liabilities		
Fair value of derivatives	(57.7)	(55.0)
Non-current liabilities		
Fair value of derivatives	(9.1)	(21.0)
	(63.2)	(76.0)

18 FINANCIAL INSTRUMENTS continued

The Group's forward foreign exchange contracts were assessed to be highly effective at 31 August 2017, and the net fair value of outstanding contracts was £63.2m liability (2016: £76.0m liability). Cash flows related to these contracts will occur in the periods set out below, and will impact the Statement of Total Comprehensive Income over the same periods:

	31 August 2017 £m	31 August 2016 £m
Cash flows relating to forward contracts:		
Within six months	31.4	29.6
Between six months and one year	24.0	25.4
Between one and two years	7.8	21.0
	63.2	76.0

Cash flow hedges included within Other Comprehensive Income during the year were as follows:

	31 August 2017 £m	31 August 2016 £m
Gains/(losses) arising during the year on currency forward contracts:		
Losses/(gains) previously in OCI, reclassified to profit or loss ¹	56.4	(6.1)
Net unrealised loss during the year	(40.6)	(76.2)
	15.8	(82.3)

¹ The amounts reclassified to profit or loss were all included within Revenue.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 24 months. Therefore, the fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

Financial instrument sensitivities**Foreign currency sensitivity**

The Group's principal financial instrument foreign currency exposures are to US dollars, euros and Australian dollars. The table below illustrates the hypothetical sensitivity of the Group's reported profit before tax and closing equity to a 10% increase and decrease in the value of each of these currencies relative to pounds sterling at the reporting date, assuming all other variables remain unchanged. The sensitivity rate of 10% is deemed to represent a reasonably possible change based on historic exchange rate volatility.

The following assumptions were made in calculating the sensitivity analysis:

- all sensitivities affecting the Statement of Total Comprehensive Income also impact equity
- exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge relationship affect the fair value reserve in equity and the fair value of the hedging derivatives, with no impact on the Statement of Total Comprehensive Income
- all hedge relationships are fully effective
- translation of foreign subsidiaries and operations into the Group's presentation currency has been excluded from the sensitivity analysis.

Positive figures represent an increase in profit before tax or in equity.

	Profit before tax		Equity	
	2017 £m	2016 £m	2017 £m	2016 £m
<i>Sterling strengthens by 10% against:</i>				
US dollar	0.5	0.3	0.3	(0.3)
Euro	0.2	0.6	(3.8)	(3.6)
Australian dollar	(0.1)	(0.4)	(1.2)	(2.0)
<i>Sterling weakens by 10% against:</i>				
US dollar	(0.5)	(0.3)	(0.3)	0.3
Euro	(0.2)	(0.6)	3.8	3.6
Australian dollar	0.1	0.4	1.2	2.0

The above sensitivities are calculated with reference to a single moment in time and are subject to change due to a number of factors including fluctuating trade payable and cash balances and changes in the currency mix. As the sensitivities are limited to financial instrument balances as at the reporting date due to ASOS's hedging policy, they do not take account of the Group's revenues and costs of sale, which are sensitive to changes in exchange rates. In addition, each of the sensitivities is calculated in isolation while, in reality, foreign currencies do not move independently.

Interest rate sensitivity

The Group has determined that at 31 August 2017 and 31 August 2016 there was no significant sensitivity to changes in market interest rates.

19 SHARE-BASED PAYMENTS

See Note 24 for the Group's accounting policy on share-based payments.

The Group recognised a charge of £7.6m (2016: £4.5m) related to share-based payments during the year to 31 August 2017, all of which relates to equity-settled schemes. In addition, £nil (2016: £0.5m) was charged directly to equity, representing the recycling of upfront cash paid by Executive Directors on joining the ALTIP scheme after it failed to meet its performance conditions.

Summary of movements in awards

	Save-As-You-Earn Scheme (no. of shares)	Performance Share Plan (no. of shares)	Share Incentive Plan (no. of shares)	ASOS Long-Term Incentive Scheme (no. of shares)	Total (no. of shares)	Weighted average exercise price (pence)
Outstanding at 1 September 2015	208,133	44,954	18,377	254,734	526,198	1,302
Granted during the year	103,405	–	–	313,550	416,955	719
Lapsed during the year	(52,820)	(32,686)	(1,737)	(87,826)	(175,069)	1,004
Exercised during the year	(22,745)	–	(3,629)	–	(26,374)	2,514
Outstanding at 31 August 2016	235,973	12,268	13,011	480,458	741,710	1,001
Exercisable at 31 August 2016	21,934	–	6,744	–	–	2,955
Outstanding at 1 September 2016	235,973	12,268	13,011	480,458	741,710	1,001
Granted during the year	142,862	–	–	305,789	448,651	1,550
Lapsed during the year	(33,704)	(12,268)	(150)	(47,535)	(93,657)	1,193
Exercised during the year	(53,665)	–	(3,872)	–	(57,537)	3,068
Outstanding at 31 August 2017	291,466	–	8,989	738,712	1,039,167	1,107
Exercisable at 31 August 2017	27,158	–	8,989	–	36,147	3,519

The weighted average share price at date of exercise of shares exercised during the year was 5,181 pence (2016: 4,326 pence).

The weighted average remaining contractual life of outstanding options at the end of the year was 1.6 years (2016: 1.1 years). The aggregate fair value of options granted in the year was £15.8m (2016: £9.7m).

Save-As-You-Earn (SAYE) Scheme

Under the terms of the current SAYE Scheme, the Board grants options to purchase ordinary shares in the Company to employees who enter into an HMRC-approved SAYE Scheme for a term of three years. Options are granted at up to a 20% discount to the market price of the shares on the day preceding the date of offer and are normally exercisable for a period of six months after completion of the SAYE contract. These option grants are settled on exercise through a transfer of shares from the Employee Benefit Trust.

Date of grant	1 September 2016 (no. of shares)	Granted during the year (no. of shares)	Lapsed during the year (no. of shares)	Exercised during the year (no. of shares)	31 August 2017 (no. of shares)	Exercise price (pence)	Exercise period
12.06.13	21,934	–	(828)	(21,106)	–	2,955	01.08.16 – 31.01.17
08.05.14	61,533	–	(3,109)	(31,997)	26,427	3,519	01.07.17 – 31.12.17
04.07.14	1,633	–	(660)	(242)	731	2,462	01.08.17 – 31.01.18
08.05.15	49,386	–	(8,935)	(37)	40,414	3,301	01.07.18 – 31.12.18
06.06.16	101,487	–	(15,761)	(283)	85,443	2,910	01.07.19 – 31.12.19
08.06.17	–	142,862	(4,411)	–	138,451	4,869	01.07.20 – 31.12.20
	235,973	142,862	(33,704)	(53,665)	291,466		

The fair value of SAYE options granted during the current and prior year was calculated using the Black-Scholes model, assuming the following inputs:

	Year to 31 August 2017	Year to 31 August 2016
Share price (pence)	6,100	3,520
Exercise price (pence)	4,869	2,901
Expected volatility (%)	49.7	51.3
Expected life (years)	3.1	3.1
Risk-free rate (%)	0.15	0.43
Dividend yield	–	–
Weighted average fair value of options (pence)	2,538	1,494

Volatility has been estimated by taking the historical volatility in the Company's share price over a three-year period.

19 SHARE-BASED PAYMENTS continued**Performance Share Plan (PSP)**

Under the terms of the PSP, selected employees may be granted conditional awards to acquire ordinary shares in the Company (in the form of nil-cost options), which will only vest and become exercisable to the extent that the related earnings per share performance targets are met. No employee who participates in the ALTIP or ALTIS is entitled to receive grants under the PSP. These grants are settled on exercise through a transfer of shares from the Employee Benefit Trust.

Date of grant	1 September 2016 (no. of shares)	Granted during the year (no. of shares)	Lapsed during the year (no. of shares)	Exercised during the year (no. of shares)	31 August 2017 (no. of shares)	Exercise price (pence)	Exercise period
24.10.13	12,268	–	(12,268)	–	–	nil	24.10.16
	12,268	–	(12,268)	–	–		

Share Incentive Plan (SIP)

Under the terms of the SIP, the Board grants free shares to every employee under an HMRC-approved SIP. Awards must be held in trust for a period of at least three years after grant date and become exercisable at this date. These option grants are settled on exercise through a transfer of shares from the Capita Trust.

Date of grant	1 September 2016 (no. of shares)	Granted during the year (no. of shares)	Lapsed during the year (no. of shares)	Exercised during the year (no. of shares)	31 August 2017 (no. of shares)	Exercise price (pence)	Exercise period
28.12.12	6,744	–	–	(1,726)	5,018	nil	Post 28.12.2015
15.11.13	6,267	–	(150)	(2,146)	3,971	nil	Post 15.11.2016
	13,011	–	(150)	(3,872)	8,989		

ASOS Long-Term Incentive Scheme (ALTIS)

Under the terms of the ALTIS, certain executive directors and members of management may be granted conditional awards, the base value of which is calculated as a fixed multiple of salary, and will only vest to the extent the related performance targets, as detailed in the Directors' Remuneration Report on page 68, are met. These options grants are settled on exercise through issue of new ordinary shares by the Company.

Options granted under the ALTIS are shown below.

Date of grant	1 September 2016 (no. of shares)	Granted during the year (no. of shares)	Lapsed during the year (no. of shares)	Exercised during the year (no. of shares)	31 August 2017 (no. of shares)	Exercise price (pence)	Exercise period
15.01.15	185,749	–	(12,365)	–	173,384	nil	31.10.17
25.03.15	9,398	–	–	–	9,398	nil	31.10.17
27.07.15	8,452	–	(151)	–	8,301	nil	31.10.17
30.09.15	11,406	–	–	–	11,406	nil	31.10.18
22.10.15	241,616	–	(17,450)	–	224,166	nil	31.10.18
25.02.16	17,779	–	(707)	–	17,072	nil	31.10.18
26.05.16	5,785	–	(256)	–	5,529	nil	31.10.18
14.07.16	273	–	–	–	273	nil	31.10.18
16.12.16	–	263,527	(15,777)	–	247,750	nil	31.10.19
01.03.17	–	32,579	(829)	–	31,750	nil	31.10.19
07.06.17	–	8,159	–	–	8,159	nil	31.10.19
14.09.17	–	1,524	–	–	1,524	nil	31.10.19
	480,458	305,789	(47,535)	–	738,712		

19 SHARE-BASED PAYMENTS continued

The fair value of options granted during the current and prior year under the ALTIS EPS performance conditions were calculated using the Black-Scholes model and the fair value of options granted under the ALTIS TSR performance conditions were calculated using the Monte Carlo model. Both sets of inputs are shown below.

	2017				2016				
	Grant 1	Grant 2	Grant 3	Grant 4	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Share price (pence)	4,914	5,432	6,260	5,657	2,600	3,308	2,308	3,571	4,500
Exercise price (pence)	-	-	-	-	-	-	-	-	-
Expected volatility (%)	52.3	46.4	38.1	35.3	52.7	51.6	53.2	54.7	51.1
Expected life (years)	2.9	2.7	2.4	2.1	2.1	3.0	2.7	2.4	2.3
Risk-free rate (%)	0.32	0.17	0.09	0.34	0.60	0.77	0.40	0.47	0.14
Dividend yield	-	-	-	-	-	-	-	-	-
Weighted average fair value of options for EPS performance condition (pence)	4,914	5,432	6,260	5,657	2,600	3,308	2,808	3,571	4,500
Weighted average fair value of options for TSR performance condition (pence) ^{1, 2}	1,553	1,717	1,978	1,788	858	1,092	927	1,178	1,485

- Inputs to the Monte Carlo model for all four grants from 2017 were as follows: share price of 4,914 pence, exercise price of nil, expected volatility of 46.0%, expected life of 3.0 years, risk-free rate of 0.220% and dividend yield of nil.
- Inputs to the Monte Carlo model for all five grants from 2016 were as follows: share price of 3,308 pence, exercise price of nil, expected volatility of 54.0%, expected life of 3.0 years, risk-free rate of 0.808% and dividend yield of nil.

20 CAPITAL COMMITMENTS

Capital expenditure committed at the reporting date but not yet incurred is as follows:

	31 August 2017 £m	31 August 2016 £m
Fixtures and fittings	23.4	7.9
Intangible assets	7.0	0.4
	30.4	8.3

21 OPERATING LEASE COMMITMENTS

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 August 2017 £m	31 August 2016 £m
Within one year	14.9	11.7
Within two to five years	92.4	48.7
In more than five years	197.4	114.8
Total	304.7	175.2

The Group's operating leases relate to warehousing and office space.

22 CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

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 e-commerce 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.

At 31 August 2017, the Group had contingent liabilities of £19.1m (2016: £7.3m) in relation to supplier standby letters of credit, rent deposit deeds and other bank guarantees. The likelihood of cash outflow in relation to these contingent liabilities is considered to be low.

In the year to 31 August 2016, ASOS reached a full and final global settlement of £20.2m for the trademark infringement disputes brought against it by Assos of Switzerland (a high-performance cycle-wear brand), and Anson's Herrenhaus (a German menswear retailer), which was presented, along with associated legal fees of £0.7m, as an exceptional item in the financial statements.

23 RELATED PARTY TRANSACTIONS

Transactions with key management personnel

There were no material transactions or balances between the Group and its key management personnel or their close family members during the year to 31 August 2016 and the year to 31 August 2017 other than remuneration disclosed in Note 5.

Transactions with asos.com Limited Employee Benefit Trust and Capita Trust (the Trusts)

During the year, £1.8m (2016: £0.7m) was received by the Trusts on exercise of employee share options.

Transactions with other related parties

During the year, the Group made purchases of inventory totalling £36.2m (2016: £26.7m) from Aktieselskabet af 5.5.2010, a company which has a significant shareholding in the Group. At 31 August 2017, the amount due to Aktieselskabet af 5.5.2010 was £7.1m (2016: £4.3m).

24 ACCOUNTING POLICIES

General information

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 the UK, US, Australia, France, Germany, Spain, Italy and Russia. The Company is a public limited company which is listed on the Alternative Investment Market (AIM) and is incorporated and domiciled in the UK. The address of its registered office is Greater London House, Hampstead Road, London NW1 7FB.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has therefore been adopted in preparing the financial statements. Further details are contained in the Directors' Report on pages 72 and 73.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations, as adopted by the European Union (EU), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. As at the reporting date these are the standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board (IASB) that have been endorsed by the EU.

On 5 May 2016, the Group discontinued its local operations in China which were undertaken by ASOS (Shanghai) Commerce Co. Limited (ASOS.cn). As a result, the China operation met the recognition criteria of a discontinued operation under IFRS 5 'Non-current assets held for sale and discontinued operations' and is therefore presented as such throughout this report.

a) Accounting convention

The financial statements are drawn up on the historical cost basis of accounting, excluding derivative financial instruments held at fair value. The financial statements are presented in sterling and all values are rounded to the nearest hundred thousand pounds except where otherwise indicated.

b) Basis of consolidation

The consolidated Group financial statements include the financial statements of ASOS Plc, all its subsidiaries, and the Employee Benefit Trust and Capita Trust up to the reporting date. All intercompany transactions and balances between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(i) Subsidiaries

Subsidiary undertakings are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases. Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting. A list of all the subsidiaries of the Group is included in Note 8 of the parent company financial statements. All apply accounting policies which are consistent with those of the rest of the Group.

Any non-controlling interest acquired on acquisition of a subsidiary is recognised at the proportionate share of the acquired net assets. Subsequent to acquisition, the carrying amount of non-controlling interest equals the amount of those interests at initial recognition plus the non-controlling share of changes in equity since acquisition. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Total comprehensive income is attributed to a non-controlling interest even if this results in the non-controlling interest having a deficit balance.

(ii) Employee Benefit Trust and Capita Trust

The Employee Benefit Trust and Capita Trust (the Trusts) are considered to be controlled by the Group. The activities of the Trusts are conducted on behalf of the Group according to its specific business needs in order to obtain benefits from its operation and, on this basis, the assets held by the Trusts are consolidated into the Group's financial statements.

24 ACCOUNTING POLICIES continued

Additional accounting policy information

a) Revenue recognition

Revenue consists primarily of internet and advertising sales as well as postage and packaging receipts (delivery receipts).

Retail sales and delivery receipts are recorded net of an appropriate deduction for actual and expected returns, relevant vouchers, sales taxes, and deferral of the fair value of loyalty incentives which are yet to be redeemed. Retail sales and delivery receipts are recognised upon despatch from the warehouse at which point title and risk passes to third parties and revenue can be reliably measured.

Third-party revenue relates to advertising income earned from the website and the ASOS magazine and is measured at the fair value of the consideration received or receivable, net of value added tax, and is recognised when the magazine is delivered to customers, at which date the service is completed.

The amount of revenue arising from the sale of goods and provision of services has been disclosed in Note 3 to the financial statements.

b) Foreign currency translation

The trading results and cash flows of overseas subsidiaries are translated at the average monthly exchange rates during the period. The Statement of Financial Position of each overseas subsidiary is translated at year-end exchange rates. The resulting exchange differences are recognised in the translation reserve within equity and are reported in Other Comprehensive Income.

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end exchange rates. Exchange differences on monetary items are recognised in the Statement of Total Comprehensive Income.

c) Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency exposure. These derivatives are designated as cash flow hedges.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequent changes in the fair value of foreign currency derivatives which are designated and effective as hedges of future cash flows are recognised in equity in the hedging reserve and in Other Comprehensive Income, and are reclassified to profit or loss when the hedged item affects profit or loss. Changes in the fair value of foreign currency derivatives which are ineffective or do not meet the criteria for hedge accounting in accordance with IAS 39 are recognised immediately in the Statement of Total Comprehensive Income.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

d) Exceptional items

Items of income and expenditure which are material and non-recurring are presented separately in the Consolidated Statement of Total Comprehensive Income. The separate reporting of exceptional items helps to provide an indication of the underlying performance of the Group.

e) Inventories

Inventories are valued at the lower of cost and net realisable value, on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Cost of purchase comprises the purchase price including import duties and other taxes, transport and handling costs and any other directly attributable costs, less trade discounts.

A provision is made to write down any slow-moving or obsolete inventory to net realisable value.

f) Taxation

The tax expense included in the Statement of Total Comprehensive Income and Statement of Changes in Equity comprises current and deferred tax. Current tax is the expected tax payable based on the taxable profit for the period, and the tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current and deferred tax is charged or credited in the Statement of Total Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the current or deferred tax is also recognised directly in equity.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates and in accordance with laws that are expected to apply in the period/jurisdiction when/where the liability is settled or the asset is realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities and where there is an intention to settle the balances on a net basis.

24 ACCOUNTING POLICIES continued**g) Share-based payments**

The Group issues equity-settled share-based payments to certain employees, whereby employees render services in exchange for shares or rights over shares of the parent company.

Equity-settled awards are measured at fair value at the date of grant. The fair value is calculated using an appropriate option pricing model and is expensed to the Statement of Total Comprehensive Income on a straight-line basis over the vesting period after allowing for an estimate of shares that will eventually vest. The level of vesting is reviewed annually and the charge adjusted to reflect actual and estimated levels of vesting.

Where an equity-settled share-based payment scheme is modified during the vesting period, an additional charge is recognised over the remainder of that vesting period to the extent that the fair value of the revised scheme at the modification date exceeds the fair value of the original scheme at the modification date. Where the fair value of the revised scheme does not exceed the fair value of the original scheme, the Group continues to recognise the charge required under the conditions of the original scheme.

In accordance with IFRS 2, asos.com Limited is required to recognise share-based payment arrangements involving equity instruments where asos.com Limited has remunerated those providing services to the entity in this way. ASOS Plc makes contributions to asos.com Limited equal to the charge for the share-based payment arrangement which is reflected as an increase in ASOS Plc's investment in asos.com Limited.

h) Leases

Rent payable under operating leases, where substantially all the benefits and risks of ownership remain with the lessor, is charged to the Statement of Total Comprehensive Income on a straight-line basis over the lease term.

i) Business combinations and goodwill arising thereon

The Group applies the acquisition method of accounting to account for business combinations in accordance with IFRS 3, 'Business Combinations'.

The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, equity instruments issued and liabilities incurred or assumed in exchange for control of the acquiree. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Total Comprehensive Income. Acquisition expenses are recognised in the Statement of Total Comprehensive Income as incurred.

Goodwill represents the excess of the cost of acquisitions over the Group's interest in the fair value of the identifiable assets and liabilities (including intangible assets) of the acquired entity at the date of acquisition. Goodwill is recognised as an asset and assessed for impairment at least annually. Any impairment is recognised immediately in the Statement of Total Comprehensive Income. For the purposes of impairment testing, goodwill is allocated to those CGUs that have benefited from the acquisition. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

j) Other intangible assets

The cost of acquiring and developing software that is not integral to the related hardware is capitalised separately as an intangible asset. This does not include internal website development and maintenance costs, which are expensed as incurred unless representing a technological advance leading to future economic benefit. Capitalised software costs include external direct costs of material and services and the payroll and payroll-related costs for employees who are directly associated with the project.

Capitalised software development costs are stated at historic cost less accumulated amortisation. Amortisation is calculated on a straight-line basis over the assets' expected economic lives, normally between three to seven years. In prior years the range was between three to five years, this has been increased to reflect the planned usage of projects. Amortisation is included within administrative expenses in the Statement of Total Comprehensive Income. Software under development is held at cost less any recognised impairment loss.

Acquired domain names and trademarks are recognised initially at cost. Those deemed to have a definite useful life are amortised on a straight-line basis according to the estimated life of the asset. Those deemed to have an indefinite useful life are tested for impairment annually or as triggering events occur. Any impairment in value is charged to the Statement of Total Comprehensive Income in the period in which it occurs.

k) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment in value. Cost includes the original purchase price of the asset and the costs attributable in bringing the asset to its working condition for its intended use. Residual values and useful lives are assessed at each reporting date.

Depreciation is recognised to write off the cost of items of property, plant and equipment to their estimated residual values, on a straight-line basis as follows:

- Fixtures, fittings, plant and machinery depreciated over five years or over the remaining lease term where applicable
- Computer equipment depreciated over three to five years according to the estimated life of the asset

Depreciation is included in administrative expenses in the Statement of Total Comprehensive Income. Assets under construction are not depreciated.

At each reporting date, property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future pre-tax cash flows of the relevant CGU or fair value less costs to sell if higher. Any impairment in value is charged to the Statement of Total Comprehensive Income in the period in which it occurs.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year to 31 August 2017

	Called up share capital £m	Share premium £m	Retained earnings ¹ £m	Total equity £m
At 1 September 2015	2.9	6.9	3.2	13.0
Loss for the year and total comprehensive loss	–	–	(0.5)	(0.5)
Share-based payment contribution	–	–	4.5	4.5
At 31 August 2016	2.9	6.9	7.2	17.0
Loss for the year and total comprehensive loss	–	–	(0.8)	(0.8)
Share-based payment contribution	–	–	7.6	7.6
At 31 August 2017	2.9	6.9	14.0	23.8

¹ Retained earnings includes the share-based payments reserve.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 August 2017

	Note	31 August 2017 £m	31 August 2016 £m
Non-current assets			
Investments	8	22.6	15.0
Current assets			
Other receivables	3	1.2	2.1
Current liabilities			
Other payables	4	-	(0.1)
Net current assets		1.2	2.0
Net assets		23.8	17.0
Equity			
Called up share capital	6	2.9	2.9
Share premium		6.9	6.9
Retained earnings		14.0	7.2
Total equity		23.8	17.0

Notes 1 to 8 are an integral part of the financial statements.

As shown in Note 2, the company incurred a loss for the year of £0.8m (2016: loss of £0.5m).

The financial statements of ASOS Plc, registered number 4006623, on pages 105 to 110, were approved by the Board of Directors and authorised for issue on 16 October 2017 and were signed on its behalf by:



Nick Beighton
Director



Helen Ashton
Director

COMPANY STATEMENT OF CASH FLOWS

For the year to 31 August 2017

	Year to 31 August 2017 £m	Year to 31 August 2016 £m
Operating loss	(0.8)	(0.5)
Adjusted for:		
Decrease in other receivables	0.9	0.5
Decrease in payables	(0.1)	–
Net cash used in operating activities	–	–
Net movement in cash and cash equivalents	–	–
Opening cash and cash equivalents	–	–
Closing cash and cash equivalents	–	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year to 31 August 2017

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations, as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. As at the year end, these are the standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board (IASB) that have been endorsed by the European Union.

The financial statements are prepared under the historical cost convention. The accounting policies have been applied consistently in the current and prior years. The financial statements have been prepared on a going concern basis as explained on page 72 and 73 of the Directors' Report. No new accounting standards or amendments issued during the year have had, or are expected to have, any significant impact on the Company.

The following accounting standards are in issue but not yet effective and have not been adopted by the Company:

- IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments Recognition and Measurement'. The standard is effective for accounting periods beginning on or after 1 January 2018. The Company has completed an assessment of IFRS 9 and it is expected that adoption will not have a material impact on the results or financial position of the Company.
- IFRS 15 'Revenue from Contracts with Customers' replaces IAS 18 'Revenue'. This standard is effective for accounting periods beginning on or after 1 January 2018. The Company has completed an assessment of IFRS 15 and it is expected that adoption will not have a material impact on the results or financial position of the Company.
- IFRS 16 'Leases' is effective for periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 has also been adopted. The Company has completed an assessment of IFRS 16 and it is expected that adoption will not have a material impact on the results or financial position of the Company.

The financial statements are presented in sterling and all values are rounded to the nearest hundred thousand pounds except where otherwise indicated.

The Company's principal accounting policies are the same as those set out in Note 24 of the Group financial statements, with the addition of those included within the relevant notes below. Unless otherwise stated, these policies have been consistently applied to all the periods presented.

2 LOSS FOR THE YEAR

The Company has not presented its own Statement of Total Comprehensive Income as permitted by section 408 of the Companies Act 2006. The loss for the year and total comprehensive loss attributable to shareholders was £0.8m (2016: loss of £0.5m).

3 OTHER RECEIVABLES

Other receivables are non-interest bearing and are initially recognised at fair value. Subsequently, they are measured at amortised cost using the effective interest rate method less provision for impairment. A provision for impairment of receivables due from subsidiary undertakings is established when there is objective evidence that amounts will not be recovered.

	31 August 2017 £m	31 August 2016 £m
Receivables from subsidiary undertakings	1.2	2.1

The fair value of other receivables is not materially different to their carrying value.

As at 31 August 2017, receivables from subsidiary undertakings of £1.2m (2016: £2.1m) were unimpaired and considered by management to be fully recoverable. Receivables from subsidiary undertakings that are less than three months past due are not considered impaired. As at 31 August 2017, receivables of £1.2m (2016: £2.4m) were more than three months past due but not impaired. These relate to subsidiary undertakings for which there is no history of default. The ageing analysis of these receivables is as follows:

	31 August 2017 £m	31 August 2016 £m
Three to six months	–	(0.2)
More than six months	1.2	2.6
	1.2	2.4

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

4 OTHER PAYABLES

	31 August 2017 £m	31 August 2016 £m
Accruals	–	0.1

All accruals are due within one year. The fair value of accruals is not materially different from their carrying value.

5 FINANCIAL INSTRUMENTS

	31 August 2017 £m	31 August 2016 £m
Financial assets		
Loans and receivables	1.2	2.1
Financial liabilities		
Amortised accruals	-	(0.1)

Loans and receivables include cash and cash equivalents and receivables due from subsidiary undertakings, and exclude prepayments.

6 CALLED UP SHARE CAPITAL

	31 August 2017 £m	31 August 2016 £m
Authorised:		
100,000,000 (2016: 100,000,000) ordinary shares of 3.5p each	3.5	3.5
Allotted, issued and fully paid:		
83,429,874 (2016: 83,429,874) ordinary shares of 3.5p each	2.9	2.9

During the year, nil (2016: nil) ordinary shares of 3.5 pence each were issued as a result of exercise of employee share options. Total consideration received in respect of exercise of employee share options was £nil (2016: £nil). No shares were issued to the Chairman (2016: nil), as part of his remuneration package.

7 RELATED PARTY TRANSACTIONS

During the year, the Company entered into transactions in the ordinary course of business with related parties as follows:

	Year to 31 August 2017 £m	Year to 31 August 2016 £m
Costs recharged by subsidiary undertakings	0.9	0.5

For transactions with Directors and key management of ASOS Plc, see Note 23 to the consolidated financial statements on page 102.

8 INVESTMENTS

Investments in subsidiary companies are stated at cost and are subject to review for impairment if an impairment indicator is identified.

In accordance with IFRS 2, asos.com Limited is required to recognise share-based payment arrangements involving equity instruments where asos.com Limited has remunerated those providing services to the entity in this way. ASOS Plc makes contributions to asos.com Limited equal to the charge for the share-based payment arrangement which is reflected as an increase in ASOS Plc's capital contribution to asos.com Limited. For the year to 31 August 2017, asos.com Limited recognised a charge of £7.6m (2016: £4.5m) in respect of share-based payment arrangements. Accordingly, this is shown as an increase (2016: increase) in the capital contribution balance in the table below.

	Investment £m	Capital contribution £m	Total £m
Cost and net book amount			
At 1 September 2015	1.7	8.8	10.5
Additions	-	4.5	4.5
At 31 August 2016	1.7	13.3	15.0
Additions	-	7.6	7.6
At 31 August 2017	1.7	20.9	22.6

The directors believe the carrying value of investments is supported by their underlying net assets.

8 INVESTMENTS continued

At 31 August 2017, the Company's subsidiaries were as follows:

Name of company	Country of incorporation	Proportion of ordinary shares held	Nature of business
ASOS Intermediate Holdings Limited	UK	100%	Holding company
Mornington & Co (No. 1) Limited	UK	100%	Vehicle for implementation of ALTIP
Mornington & Co (No. 2) Limited	UK	100%	Vehicle for implementation of ALTIP
ASOS.com Limited ¹	UK	100%	Internet retailer
Crooked Tongues Limited	UK	95%	Internet retailer
Covetique Limited	UK	100%	Discontinued internet marketplace
ASOS Marketplace Limited	UK	100%	Internet marketplace
ASOS Global Limited	UK	100%	Holding company
ASOS US, Inc	US	100%	Employer of marketing staff based in the US
ASOS Germany GmbH	Germany	100%	Employer of marketing staff based in Germany
ASOS France SAS	France	100%	Employer of marketing staff based in France
ASOS Transaction Services France SAS	France	100%	Payment processing company
ASOS Australia Pty Limited	Australia	100%	Employer of marketing staff based in Australia
ASOS Brand Services Limited	UK	100%	Holding company (dormant)
ASOS Canada Services Limited	Canada	100%	Non-trading company
ASOS Transaction Services Limited	UK	100%	Holding company
ASOS Transaction Services Australia Pty Limited	Australia	100%	Payment processing company
ASOS US Sales, LLC	US	100%	Payment processing company
ASOS Projects Limited ²	UK	100%	Holding company
ASOS Ventures Limited	UK	100%	Holding company
ASOS (Shanghai) Commerce Co. Limited	China	100%	Discontinued internet retailer

1 ASOS.com Limited has a 7.4% interest in Needle and Thread Design Holdings Limited.

2 ASOS Projects Limited has a 12.4% interest in Action Artificial Intelligence Limited.

ASOS Intermediate Holdings Limited, Mornington & Co (No. 1) Limited and Mornington & Co (No. 2) Limited are direct subsidiaries of the Company. All others are indirect subsidiaries of ASOS Plc.

All operating subsidiaries' results are included in the consolidated financial statements, based on percentage of voting rights held. No subsidiaries have non-controlling interests that are material to the consolidated financial statements of ASOS Plc.

The accounting reference date of all subsidiaries of ASOS Plc is 31 August, except for ASOS (Shanghai) Commerce Co. Limited which has an accounting reference date of 31 December due to Chinese statutory requirements.

All UK incorporated entities share the same registered office as ASOS Plc and non-UK entities registered offices are detailed below:

ASOS US Inc: 874 Walker Road, Suite C, Dover, Kent DE 19904, United States

ASOS Germany GmbH: Chausseestrasse 1, Berlin 10115, Germany

ASOS France SAS: TMF France SAS, 52 Rue De La Victoire, 75009 Paris, France

ASOS Transaction Services France SAS: TMF France SAS, 52 Rue De La Victoire, 75009 Paris, France

ASOS Australia Pty Limited: Suite 402, 50 Holt Street, Surry Hills, Sydney NSW 2010, Australia

ASOS Canada Services Limited: 1500 Royal Centre, 1055 West Georgia Street, PO Box 11117, Vancouver BC V6E4N7, Canada

ASOS Transaction Service Australia Pty Limited: c/o Company Matters Pty Limited, Level 1 333 Collins Street, Melbourne VIC 3000, Australia

ASOS US Sales LLC: 874 Walker Road, Suite C, Dover, Kent DE 19904, United States

ASOS (Shanghai) Commerce Co. Limited: Room 807-809, 597 Langao Road, Putuo District, Shanghai, China

FIVE-YEAR FINANCIAL SUMMARY (UNAUDITED)

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year to 31 August 2013 £m	Year to 31 August 2014 (restated) £m	Year to 31 August 2015 (restated) £m	Year to 31 August 2016 £m	Year to 31 August 2017 £m
Revenue	769.4	970.1	1,143.0	1,444.9	1,923.6
Cost of sales	(370.8)	(483.2)	(569.9)	(722.7)	(965.3)
Gross profit	398.6	486.9	573.1	722.2	958.3
Distribution costs	(115.2)	(146.9)	(168.2)	(216.0)	(299.2)
Administrative expenses	(229.0)	(287.8)	(358.8)	(443.2)	(579.5)
Operating profit before exceptional items	54.4	52.2	46.1	63.0	79.6
Exceptional items	–	3.1	6.3	(20.9)	–
Operating profit after exceptional items	54.4	55.3	52.4	42.1	79.6
Finance income	0.3	0.3	0.3	0.7	0.4
Finance expense	(0.1)	(0.1)	–	–	–
Profit before tax	54.6	55.5	52.7	42.8	80.0
Income tax expense	(13.7)	(11.6)	(11.7)	(8.1)	(15.9)
Profit from continuing operations	40.9	43.9	41.0	34.7	64.1
Discontinued operations					
Loss from discontinued operations before tax	–	(8.6)	(5.2)	(10.1)	–
Tax from discontinued operations	–	1.3	1.0	(0.2)	–
Loss from discontinued operations after tax	–	(7.3)	(4.2)	(10.3)	–
Profit for the year attributable to owners of the parent company	40.9	36.6	36.8	24.4	64.1
Net translation movements offset in reserves	–	(0.2)	(0.1)	(1.4)	(0.3)
Net fair value gains/(losses) on derivative financial instruments	0.2	2.0	4.1	(82.3)	15.8
Income tax relating to these items	–	–	–	16.2	(3.3)
Other comprehensive income/(loss) for the period	0.2	1.8	4.0	(67.5)	12.2
Profit/(loss) attributable to:					
Owners of the parent company	40.9	37.0	36.8	24.4	64.1
Non-controlling interest	–	(0.4)	–	–	–
	40.9	36.6	36.8	24.4	64.1
Total comprehensive income/(loss) attributable to:					
Owners of the parent company	41.1	38.8	40.8	(43.1)	76.3
Non-controlling interest	–	(0.4)	–	–	–
	41.1	38.4	40.8	(43.1)	76.3
Underlying earnings per share¹					
Basic	50.1p	50.0p	43.4p	61.9p	77.2p
Diluted	49.2p	49.8p	43.4p	61.8p	76.6p
Earnings per share					
Basic	50.1p	44.6p	44.4p	29.4p	77.2p
Diluted	49.2p	44.5p	44.4p	29.3p	76.6p

¹ Underlying EPS is calculated using profit after tax before exceptional items and discontinued operations.

GROUP STATEMENT OF FINANCIAL POSITION

	As at 31 August 2013 £m	As at 31 August 2014 £m	As at 31 August 2015 £m	As at 31 August 2016 £m	As at 31 August 2017 £m
Non-current assets	78.6	119.3	140.8	204.0	325.9
Current assets	233.2	260.7	337.1	446.0	514.5
Total assets	311.8	380.0	477.9	650.0	840.4
Equity attributable to owners of the parent company	159.8	193.4	237.3	200.4	287.1
Non-controlling interest	–	(0.4)	–	–	–
Current liabilities	152.0	185.6	237.3	428.6	544.2
Long-term liabilities	–	1.4	3.3	21.0	9.1
Total liabilities, capital and reserves	311.8	380.0	477.9	650.0	840.4

GROUP STATEMENT OF CASH FLOWS

	Year to 31 August 2013 £m	Year to 31 August 2014 £m	Year to 31 August 2015 £m	Year to 31 August 2016 £m	Year to 31 August 2017 £m
Net cash generated from operating activities after exceptional items	74.2	68.6	93.2	130.7	145.9
Net cash used in investing activities	(31.1)	(61.9)	(50.1)	(78.4)	(161.0)
Net cash generated from/(used in) financing activities	0.1	(3.4)	0.8	0.6	1.8
Net movement in cash and cash equivalents	43.2	3.3	43.9	52.9	(13.3)
Opening cash and cash equivalents	27.9	71.1	74.3	119.2	173.3
Effect of exchange rates on cash and cash equivalents	–	(0.1)	1.0	1.2	0.3
Closing cash and cash equivalents	71.1	74.3	119.2	173.3	160.3

COMPANY INFORMATION

Annual General Meeting

The AGM will be held at 12.00 noon on Thursday 30 November 2017 at:
Greater London House
Hampstead Road
London NW1 7FB

The notice of the meeting is available on our website setting out the business to be transacted.

Directors

Brian McBride (Chairman)
Nick Beighton
Helen Ashton
Rita Clifton
Ian Dyson
Hilary Riva
Nick Robertson

Company Secretary

Andrew Magowan

Registered office

Greater London House
Hampstead Road
London NW1 7FB

Registered in England
Company Number 4006623

Shareholder helpline

0871 664 0300

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
10 Bricket Road
St Albans
Hertfordshire AL1 3JX

Lawyers

Slaughter and May
1 Bunhill Row
London EC1Y 8YY

Financial adviser, nominated adviser and joint broker

J.P. Morgan Cazenove
25 Bank Street
London E14 5JP

Joint broker

Numis Securities Limited
5th Floor
10 Paternoster Square
London EC4M 7LT

Financial PR

Instinctif Partners
65 Gresham Street
London EC2V 7NQ

Registrars

Capita Asset Services
34 Beckenham Road
Beckenham
Kent BR3 4TU

Thank you to all the #AsSeenOnMe contributors for allowing their photographs to be used in this report

marieLaurebt, zhugying, modestinspirations_blog, ethantodd, fatchuckbass, avantalia, natinstablog, conrellhawkins, bellamy_david, BFluent, fashionbelle, Choped_sui, acwhiteee, the_miji_mojo, sarabrown, kimcosmeticsgermany, kvvadvo, cullenjamie, clothesminded1, mariciajosephs, georgehollins, ralphkem, ronniesheree, ryanmules, mamacaxx, gerrenharding, iamfabio, miss_madelines, louis_baooo, onlyitboy, aleksgamzo, brittnishalit, leeloconway, djward_9, bychloesmn, marlonantonio, margezze, jazzmynejay, the.parisien, loreal_blackett, curlsandcouture, snapitsash, iamalycianeal, kaiiwong, crystalrock, Vouchalize, samcperry, inmyjoi, annadfletcher, mogimike, amyfuchsia, SyanafromParis, stephogs, neiljamesstacey, cryscastles, and ASOS insiders Anna, Ashley, Astrid, Barbara, Debbie, Hannah, Jono, Lesley, Lotte, Luce, Oliver, Sara, and Shope.

Designed, edited and produced by Falcon Windsor. www.falconwindsor.com



Printed by Park Communications on FSC® certified paper.

Park is an EMAS certified company and its Environmental Management System is certified to ISO 14001.

100% of the inks used are vegetable oil based, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be recycled.

This document is printed on Galerie Satin, a paper containing 15% recycled fibre and 85% virgin fibre sourced from well managed, responsible, FSC® certified forests. The pulp used in this product is bleached using an elemental chlorine free (ECF) process.



asos

